

Question for LSE Entrance Examination, 2012

Answers should be given to ONE decimal place.

A Manchester property management company owns 600 properties consisting of 150 one bedroom flats, 350 two bedroom flats and 100 small houses. The two bedroom flats are rented at £1000 per month, the one bedroom flats at 25% less and the houses at 25% more.

- (a) What percentage of the properties are two bedroom flats?
- (b) What is the total annual income due to rentals?

The company employs 30 service staff at £11,000 per annum and 8 technical staff at £21,000 per annum.

- (c) What is the total annual cost to the company for staff?
- (d) What percentage of this is due to service staff?

Annual insurance and maintenance costs for the three types of property are,

1 bedroom flats	£500
2 bedroom flats	£700
Houses	£900

- (e) What is the company's annual profit?

The company has just sold 22 one bedroom flats and built 15 houses on the proceeds. In 2012 they propose to raise all the staff salaries by a uniform percentage and so that their profit remains the same as in previous years.

- (f) By how much percentage should salaries be raised?

In 2013, on behalf of a local charity, the company propose to sponsor some staff costs of a residential property for the elderly. For this they will need to employ an extra 4 service staff and 2 technical staff at the same rates (as in 2012) as their present staff. In order to maintain the present profit level they intend to impose a uniform percentage rise in the rents on all of their properties.

- (g) What percentage rise should they make on all properties to achieve this?