

The City School

**Unified Mid-Year Examinations
2018 - 2019
Class 10**



BUSINESS STUDIES
Paper 2 Case Study

7115/22
1 hour 30 minutes

INSERT

INFORMATION

- This insert contains the case study
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers on the insert.**

This document consists of **3 printed pages and 1 blank page.**

Mum & Tum Foods Inc. (M & T)

Mum & Tum Foods Inc. commonly known as M & T, is an American company that manufactures ice cream, frozen yogurt, and sorbet. It was founded in 1978 in Burlington, Vermont, and sold in 2000 to Anglo-Dutch. Today it operates globally and works as a well-known multinational organisation. One of the reason for their success is that they strongly believe in Focused Market Segmentation.

With increasing competition in the market M & T has decided to start a new venture to target a new market. However, before they do that they have to assess the performance of the business (See Appendix 1). Also the directors of M & T are thinking of introducing machinery into the production and packing process in order to increase efficiency.

In order to finance their new venture the Finance director has suggested to apply for a bank loan of \$44m. Due to a slight decrease in their profits in recent years the bank has requested to submit a cash flow forecast before they send the request for approval. (See Appendix 2).

Managers argue that company has been performing well and has done better this year. However, the fall in profits are only due to unexpected expenses company faced in current year.

Appendix 1

Income statement for year

2017 and 2018

		2017		2018
Net sales		200,000		250,000
Cost of goods sold		(15000)		(17500)
Gross Profit		185,000		232,500
Expenses:				
Advertising	2000		45500	
salaries	15000		25000	
insurance	1100		1500	
Stationery	500	18,600	850	72850
Net Profit		166,400		159,650

Appendix 2

	January	February	March	April	May	June
Cash Sales	500	1000	700	300	600	400
Cash from debtors	500	500	1000	700	300	600
Sales revenue	1000	1500	1700	1000	900	1000
Purchase of stock	500	1000	700	300	600	400
Wages	200	400	600	600	600	600
Overheads	400	400	400	400	400	400
Total cost	1100	1800	1700	1300	1600	1400
Net cash flow	(100)	(300)	0	(300)	(700)	(400)
Opening Balance	1000	900	600	600	300	(400)
Closing Balance	900	600	600	300	(400)	(800)

