



Mini Mock Exam - Questions

Management Case Study – November 2022 / February 2023

The examination is structured as follows:

| Section number | Time for section (minutes) | Number of tasks | Number of sub task/s | % time to spend on each sub task |
|----------------|----------------------------|-----------------|----------------------|----------------------------------|
| 1 | 45 | 1 | 2 | (a) 60% (b) 40% |
| 2 | 45 | 1 | 2 | (a) 52% (b) 48% |

Each section (task) has a number of sub tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub task in the text of the question (and summarised in the table above).

This information will be available for you to access during the examination by clicking on the Pre-seen button.



Section 1 (45 mins)

Today is Monday the 14th of November 2022. Your immediate supervisor Senior Finance Manager Yongmei Qin has forwarded you an email from Jamil addressed to the senior management.

From: Yongmei Qin, Senior Financial Manager

To: Financial Manager

Subject: New Range of Toys

Hi FM,

Wanted to loop you in on this. Have two attachments to this email: one an email from Jamil with his views on the new range of products we are considering bringing in to our retail product portfolio, and the other an extract from the first draft business case prepared by one of the managers and his team under him. I know this isn't really an 'accountant's' cup of tea, but as you are working towards becoming a CIMA associate member I believe you have the technical savvy to deal with a wide range of complex business issues! Jamil in particular wanted you on this as well (please see his mail attached).

Upon Jamil's request to help him out I am obliged to tend to his queries, but as you well know I am quite caught up with a board review coming up tomorrow. Please prepare a report that caters to the following below:

- Firstly, identify and explain the main business risks associated with the possible addition of each new toy variant to our retail product portfolio, including your thoughts on how we can work to overcome them.
- Secondly, recommend a suitable retail pricing strategy for each of the two new products with appropriate justifications to your conclusions.

[sub task (a) = 60%]

[sub task (b) = 40%]

*Kind regards,
Yongmei.*

-----REFERENCE MATERIAL ARE AVAILABLE ON THE NEXT PAGE-----

Reference Material 01

Forwarded email from Jamil Ahmad

Hey Yongmei!

Got some interesting new product proposals brought to us by two toy manufacturers. Both products are toy variants associated with two different T.V. cartoon programmes; “*Old Age Mutant Samurai Frogs*” (children aged 8 to early teens) and “*The Adventures of Laura the Explorer*” (children aged 5-9) that have grown and continue to grow in popularity in Westaria.

We believe that it would be a great time and opportunity to sell some recreational toys to capitalise on this trend as soon as possible. I have attached for your reference an extract from some of the key points taken from the first draft business case. Need your help in outlining the risks and mitigation strategies associated with this, including your advise on pricing. Would be great if you could rope in our FM as well to collaborate on this.

Cheers,

Jamil.



Reference Material 2

Extract from Business Case Summary

OLD AGE MUTANT SAMURAI FROGS



An action-based entertainment program involving a group of Samurai Frogs fighting against evil and crime in the city of Histaria. The program has been around for nearly a year and was on the verge of being cut from the air, but has gained unexpected momentum in Westaria in the last quarter due to similar-looking generic frog toys gaining popularity, which translated into a rebirth of sorts for the program. This was initiated by a small-scale online toy manufacturer called blissfultoy.com.

The program has begun to increase its on-air presence across Westaria with various cable networks as it tries to gain more and more new viewers in addition to sustaining the newfound surge in demand for as long as possible.

The plan is to first sell a few generic action figures and plush toys to test the waters for a few months, and then later look at buying the toys directly from a licensed manufacturer if we continue to see growth in popularity of the program.

The Adventures of Laura the Explorer



A local kids TV program about a little girl who travels the world as an explorer meeting new friends along the way. The show is largely watched by kids coming from upper-middle-class families in urban cities. The production company is looking at rolling out a handheld gaming device that will enable children to embark on their own exploration adventures with Laura via complementary gaming cartridges. The plan is to initially combine one gaming cartridge with the product, and then sell newer game versions later on based on the popularity.

Key points to note: The manufacturer wants us to enter into an exclusive retail contract whereby Happy Playz will be the only retailer for the product in Westaria. This contract also involves a substantial down-payment for the retail rights, and minimum order quantities apply to the video game as well as for the new cartridges to be developed by the manufacturer in the next 3 years. Furthermore, according to our logistics department, we are facing a small issue regarding storage capacity for electronic products at our warehouse which has turned out to be a bit of a bottleneck as we have fully loaded for the upcoming 4th quarter. An alternative is to rent out a third-party warehouse that is occasionally used by competitor Gleetill as well, our sources tell us.

Section 2 (45 mins)

A month has gone by, Happy Playz has directly entered into a licensing agreement for both the toys, based on your recommendation to not go with generic toys - particularly for the “Old Age Mutant Samurai Frogs”

You have received the following email from Cui Suping, Finance Director.

From: Cui Suping, Finance Director

To: Finance Manager

Subject: Big data and integrated reporting in terms of value

Hey FM,

Great work on the risks and pricing you did on the new range of products. Jamil and Yongmei were gracious enough to mention all your efforts involving the project. Would like to directly rope you in for some other work that I need done. The board had an extraordinary meeting with its shareholders a few days back who raised some concerns. The main one was about the fact that we, as a business, were not providing them with sufficient insight and information regarding our online sales segment. I've attached an article that may give further insight into the matter. Moreover, shareholders also wanted us to overall provide reporting beyond just financials, as they want to be able to see the full spectrum of how Happy Playz creates value for its stakeholders.

I need you to prepare a report covering the following:

- Firstly, how big data analytics in the context of our website can help in the process of adding value to the Happy Playz business model.

[sub task (a) = 52%]

- Secondly, explain how adopting integrated reporting may help give Happy Playz's stakeholders a perception beyond merely the financial value of the company.

[sub task (b) = 48%]

Kind regards,

Yongmei

-----REFERENCE MATERIAL IS AVAILABLE ON THE NEXT PAGE-----

Reference Material

Abstract from business journal article titled “*Big Data and Value Propositions to Business Models*”

Abstract:

Big data analytics examines and analyses data on a larger scale, requiring organisations to understand the patterns in their consumers' behavior, uncover hidden patterns, correlations, and also give insights to make better business decisions. Organisations have understood the need to evolve from a knowledge based to a learning organization. Moreover, they want to be more objective and data-driven and so they are using the best gift of the human brain technology. Data analytics help them anticipate any behavior change in their consumers and also such analytics enhance accuracy.

With the recent technical advances in digitalisation and big data, the real and the virtual worlds are continuously merging, which, again, leads to entire value-added chains being digitalised and integrated. The increase in industrial data combined with big data technologies triggers a wide range of new technical applications with new forms of value propositions that shift the logic of how business is done. To capture these new types of value, data-driven solutions for the industry will require new business models.



Suggested Answers are available at:

www.studyattcs.com



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