

## COMPUTER SCIENCE TRIPOS Part II – 2012 – Paper 7

### 4 Business Studies (JAL)

- (a) Distinguish between a profit and loss statement and cash flow statement. [5 marks]
- (b) A company is proposing to build a low cost single board computer that will sell for £30 direct from its web page. The bill of materials (BoM) costs for components are £15/unit, while manufacturing and other costs are estimated as 33% of sale price. Components can only be bought in lots of 10,000 at a time and must be paid for 1 month before first use. The company estimates sales for the first six months as a ramp for 0 in the first month increasing by 1000/month to 5000 units in month 6.
- (i) Draw up a cash flow estimate for the first six months of operation. Ignore VAT, bank and other charges. [5 marks]
- (ii) How much working capital will be required? [5 marks]
- (iii) In month 5 the company is offered the opportunity to sell 50,000 units but at a price of £25/unit. Should the company take this opportunity? Justify your answer. [5 marks]