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Serial No.....

**Institute of Certified Management Accountants of Sri Lanka**  
**Apex Level**  
**May 2018 Examination**

**Examination Date :** 20<sup>th</sup> May 2018                      **Number of Pages :** 13  
**Examination Time:** 1.30p:m. – 4.30 p:m.                      **Number of Questions:** 07

**Instructions to candidates:**

1. Time allowed is **three (3) hours**.
2. Attached to the question are **Scenario I** given in advance and **Scenario II**
3. The answers should be given in **English language**.

<u>Subject</u>	<u>Subject Code</u>
<b>Integrative Case Study</b>	<b>(ICS / AL 1 - 501)</b>

**Question (100 Marks) - Exploring the Retail Sector in Sri Lanka**

**You are required to:**

1. **Explain** whether SHL would be in difficulty position from a long term sustainable perspective, as it tries to capture the retail market with international brands in Sri Lanka. **(10 Marks)**
  2. **Critically evaluate** the impact and implications of right issue of shares and private placement of shares at a price of Rs. 17 per share on enterprise value and other shareholders of SHL. **(20 Marks)**
  3. **Write a report** to the Chairman of SHL in the capacity as a consultant, by analyzing the strategic competitive position of SHL in relation to proposed investment in retail sector including supermarket business. **(20 Marks)**
  4. **Explain** with **reasons** what strategies that SHL should adopt in the supermarket sector in order to be successful. **(10 Marks)**
  5. **Discuss** the implications of incorporating SRH and the way the ownership of other companies was transferred to SRH and the possibilities of value creation in the retail sector in future. **(15 Marks)**
  6. **Ascertain the intrinsic value** of a share of SHL and recommend as to whether it is worth to invest in SHL Plc. **(You may make necessary assumptions in valuing the share).** **(15 Marks)**
  7. **Discuss** the possibility that SHL would go for Leverage Buyout (LBO) strategy in future to acquire more companies even though the group is relatively high levered at present. **(10 Marks)**
- (Total 100 Marks)**

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## Exploring the Retail Sector in Sri Lanka

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### Scenario I

#### The retail Industry in Sri Lanka

The Retail industry mainly comprises of establishments ranging from small scale grocery shops located throughout the country and super markets which are gradually consolidating the retail business. A significant portion of the market has been now captured by supermarkets especially in the urban areas. The concept of super market and self-serving retailing is now gradually moving towards rural areas as well. At the beginning, there was a reluctance to visit super markets due to many reasons including a perception that the prices of goods at super markets are high. Operating environment for retailing has been improving and Sri Lanka has secured 12<sup>th</sup> position in terms of global retail development index in the year 2017 compared to the 20<sup>th</sup> position in 2011.

Super market is generally a large establishment in size and offers a wider range of food and other household merchandises with self-service. Supermarket retailing is mainly shared by establishments like Cargills Food City, Keells Super, Arpico Super and Laugfs as private sector entities while Lanka Sathosa as a state-owned entity. Kings Supper City, Sentra, Sunup, and Crystal, are other small players in the supermarket operators though they have not gone to suburbs and villages. In addition, convenience shops also entered into the retail business in Sri Lanka with the launch of Go getter convenience stores within Colombo and suburbs in 2002. However, Go-getter was not that successful and are exiting from the market instead of expanding. The need for convenience is being served to some extent, though it is not so popular, by opening convenient supermarkets by Cargills, Keells and Arpico with separate mini establishments under the same brand name.

It is expected strong top line growth and stable profit margins to help generate sufficient operating cash flows to meet the companies' expansion needs. The aggregate financial performance of three major players namely Cargills, Keells and Arpico in the retail industry is presented in the Table 1 below.

**Table 1: Aggregate Financial Performance of Cargills, Keells and Arpico**

	2017	2016	2015	2014	2013
Revenue (Rs. Mn)	120,913	99,951	86,286	76,676	74,209
Revenue growth (%)	21.0	15.8	12.5	3.3	13.5
EBITDA/ Revenue margin (%)	7.3	6.9	5.5	6.7	5.6
Capex/revenue (%)	3.3	3.1	2.7	4.4	5.1

#### Social Life, Buying Behaviour and Technology

The changes in social life, trends, technology significantly affect the super market industry. Consequently, traditional retailers now face a great challenge of competing with existing super markets as they are not ready to cater for the needs of changing consumer behaviors and lifestyles.

Life style and consumer behavior are rapidly changing and constantly influenced by the technology. Some research finds that the changes in life style, influence of technology and education have greatly influenced customers to consider in buying daily needs.

Busy life of urban people has made them to spend no time for shopping and therefore, freedom to choose and convenience play major roles to attract customers at super markets. Compared to the past, the proportion of women employment has increased thus creating a demand for quick purchases. Therefore, convenience counts on their buying behaviors. Increasing per capita income and rising urbanization make people more affordable. Experts' opinions are that customers will prefer more convenience and quality over price.

Urbanization, income increase, high quality retail export markets, high quality bulk procurement, trade agreements, with other countries, increased migration of Sri Lankan citizens and increased female participation in labor force have created a new demand pattern, shifting the focus towards continuous supply of high quality, value added products with improved processing, packaging and labeling.

Retail industry has been improving its operating efficiency mainly owing to the usage of information technology. IT directly involves with growth and improves customer satisfaction through a quality service delivery. For example, information systems can be seen integrated with other systems thus making it possible to monitor the inventory level and sales at every store on real time. Improvements to ordering system through IT has become a key factor to create value in supermarkets where innovation of proper store-ordering system makes a difference.

## **Economy at a Glance**

Sri Lanka is considered to be a low-middle income country. Per capita GDP has increased to US dollars 4,065 in the year 2017. The average economic growth during the last decade was around 5.8 % a year. The economy is transitioning towards a more urbanized economy oriented around manufacturing and services. However, the average annual import expenditure is double of its exports. High demand for foreign currencies has caused Sri Lankan rupee to continuously decline against the dollar over time. Exchange rate between US dollar and the rupee has reported its highest in 2018.

Despite the fact that there were lots of hopes for boosting the overall economic performances, statistics show that the country's debt burden is continuously increasing and the economic growth is also not matching the expectations. Overall economic growth for the year 2017 was 3.1% which is not only much lower than the expected rate but also the lowest it has been since 2001. Economic growth for the years 2015 and 2016 were 4.5% and 4.4% respectively. However, the country is expecting to rebound its growth by achieving a target of 4.5% in the year 2018.

The government is in a process of carrying out fiscal reforms, taking measures to improve public financial management, increasing public and private investments and addressing infrastructure constraints with a new vision 2025 by giving priorities to strengthen the democracy and reconciliation, to generate inclusive and equitable growth and to ensure good governance.

The growth in household consumption was 4.3% during the year (compared to 10% the year before). The decline in growth of consumption has been mainly influenced by the impacts of higher taxes and interest rates. The Central Bank of Sri Lanka adopted a tightening monetary policy stance in 2016 by raising the rate twice in 2016 and once in 2017. Private sector credit growth started to decline from its peak of 28.5% in July 2016. However, the interest rate was subsequently reduced by 25 basis points in the early 2018.

National poverty headcount ratio been declining from 15.3% in 2007 to 4.1% percent in 2016. Sri Lanka is achieving some social development targets and as a result, was ranked 73<sup>rd</sup> in the Human Development Index in 2015. The external sector also expects some positive consequences especially from the GSP+ preferential access to the European Union, US and tourism receipts.

On the other hand, it is seen the present economic growth has been primarily driven by the Colombo Metropolitan Region which generates 45% of the GDP. Even though the urbanization has not grown up to a critical issue Colombo Metropolitan accounts for about 28% of the population.

## Softlogic Holdings Plc (SHL)

SHL is a business conglomerate having 26 years of business experience in Sri Lanka with a total asset base exceeding Rs. 100 Billion and more than 9,000 employees. SHL commenced its business operations in 1991 as a software developer with 12 employees. SHL is contemplating to achieve for long term sustainability by transforming its capabilities and competencies required to meet challenges. One of the strategies is to explore growing industries and to capitalize them thus assuring the sustainability. Apart from other business sectors, retail sector has been identified as potential to be explored within a long-term futuristic strategy. Accordingly, SHL plans to be a trusted product and service provider delivering high quality to customers while enhancing shareholder value. Group revenue exceeded Rs. 59 Billion for the year 2017. However, the profit after taxation was around one Billion rupees. Selected items from SHL's group financial performances for the last six years are given in table 2 below.

**Table 2: Summary of Group Financial Performances from 2012 to 2017 (Rs. Millions)**

Item	2017	2016	2015	2014	2013	2012
Total Revenue	<b>59,088</b>	54,600	39,564	29,246	25,351	21,81
Gross Profit	<b>19,710</b>	18,559	14,117	11,012	8,983	7,330
EBITDA	<b>8,554</b>	7,897	6,398	5,025	4,227	4,486
EBIT	<b>6,494</b>	6,082	4,959	3,918	3,208	3,608
Earnings Before Taxation	<b>1,685</b>	2,836	2,266	1,258	453	1,601
Earnings After Taxation	<b>966</b>	1,870	1,819	1,009	153	1,016
Total Comprehensive Income Net of Taxation	<b>1,839</b>	2,859	2,160	1,237	2,077	856
Earnings Attributable to Equity Holders	<b>108</b>	565	556	156	(371)	448
Comprehensive Income Attributable to Equity Holders	<b>772</b>	1,829	761	220	557	340

Table 2 shows that group revenue reported a significant growth in the year 2016 b a marginal growth of 8.2% in the year 2017. Total asset base of the group has been increasing and it has passed Rs. 100 Billion at the end of year 2017. A summary of group total assets, equity and the extent of interest bearing borrowing for the same period is given in table 3 below.

**Table 3: Group Assets, Equity and Interest beating Borrowings (Rs. Millions)**

	2017	2016	2015	2014	2013	2012
Total Assets	<b>101,631</b>	93,854	87,324	65,863	53,836	44,688
Total Equity	<b>16,471</b>	16,334	15,356	13,351	13,568	11,312
Total Interest-Bearing Borrowings	<b>52,255</b>	46,480	43,906	31,518	23,037	22,782

Selected ratios based on group figures are given in table 4 below.

**Table 4: Selected Group Ratios**

	2017	2016	2015	2014	2013	2012
Current Ratio (Times)	<b>0.96</b>	0.85	1.04	0.9	0.8	0.7
Asset Turnover (Times)	<b>0.58</b>	0.58	0.45	0.4	0.5	0.5
Debt: Equity Ratio (Times)	<b>3.17</b>	2.85	2.86	2.4	1.7	2.0
Debt: Total Assets Times	<b>0.51</b>	0.50	0.50	0.5	0.4	0.5
Gross Profit Margin (%)	<b>33.4</b>	34.0	36.0	38.0	35.0	34.0
Net Profit Margin (%)	<b>1.64</b>	3.43	5.0	3.0	1.0	5.0
Return on Capital Employed (%)	<b>9.45</b>	9.68	8.37	8.73	8.76	10.58

Market price of the share of SHL did not gain a significant improvement even though the group was consolidating their businesses and expanding the boundaries of operations.

Closing market price of a share of SHL at the end of year 2017 was Rs. 11.9 and it was Rs. 11.2 at the end of year 2012. Stated capital did not change in the recent past and the total number of shares in issue at the end of year 2017 was 779 million. Selected market information pertaining to SHL Plc is given in table 5 below.

**Table 5: Investor Information pertaining to the SHL Plc (Company Only)**

	2017	2016	2015	2014	2013	2012
Closing Market price per share (Rs.)	<b>11.9</b>	13.3	13.2	10.6	10.4	11.2
Number of Shares in Issue (Mn.)	<b>779</b>	779	779	779	779	779
Market Capitalization (Rs.Mn.)	<b>9,270</b>	10,205	10,283	8,257	8,102	8,725
High Market Price Per Share (Rs.)	<b>15.50</b>	18.0	20.4	8.1	13.3	28.0
High Market Price Per Share (Rs.)	<b>11.70</b>	12.30	10.3	12.5	9.4	11.1
Price to Book Value Times	<b>1.01</b>	1.10	1.4	1.5	1.4	1.4
Enterprise Value (Rs.Mn.)	<b>58,730</b>	53,677	52,263	38,014	29,816	30,593
Dividend Per Share (Rs.)	<b>0.50</b>	0.25	-	0.16	0.3	0.1
Earnings Per Share (Rs.)	<b>0.14</b>	0.73	0.72	0.20	(0.44)	0.60
Net Asset Per Share (Rs.)	<b>11.84</b>	11.35	9.47	8.7	9.4	9.2

Statements of financial position of SHL for the years 2017 and 2016 are given in table 6 below.

**Table 6: Statements of Financial Position\_SHL (Rs.)**

<b>Non-Current Assets</b>	<b>2017</b>	<b>2016</b>
Property, Plant and Equipment	201,286,750	130,772,378
Investment Property	609,385,000	546,500,000
Intangible Assets	1,040,254	2,510,822
Investment in Subsidiaries	13,598,298,652	12,062,825,177
Investments in equity accounted investees	11,000,000	11,000,000
Non-current financial assets	<u>1,490,000,000</u>	<u>468,957,025</u>
	15,911,010,656	13,222,565,402
<b>Current Assets</b>		
Trade and other receivables	453,324,075	251,924,055
Amounts due from related parties	5,675,892,404	5,183,549,885
Other current assets	16,829,848	45,288,342
Short term investments	1,665,030,219	2,110,363,247
Cash in hand and at bank	92,204,224	105,683,489
	<u>7,903,280,770</u>	<u>7,696,809,018</u>
<b>Total Assets</b>	<b><u>23,814,291,426</u></b>	<b><u>20,919,374,420</u></b>

Stated Capital	5,089,000,000	5,089,000,000
Revenue Reserves	<u>2,008,175,014</u>	<u>1,373,222,372</u>
<b>Total Equity</b>	<b>7,097,175,014</b>	<b>6,462,222,372</b>
Interest bearing borrowings	8,509,979,172	4,533,628,353
Deferred tax liabilities	23,696,010	22,689,470
Employee benefit liabilities	49,130,021	43,389,551
Other deferred liabilities	147,747,752	-
Other non-current financial liabilities	<u>186,200,000</u>	<u>165,000,000</u>
	8,916,752,955	4,764,707,374
Trade and other payables	24,132,882	31,361,772
Amounts due to related parties	68,063,660	270,683,835
Income tax liabilities	56,554,781	36,662,162
Other current financial liabilities	4,447,997,514	6,727,193,704
Current portion of interest bearing borrowings	2,580,018,501	2,354,816,617
Other current liabilities	73,349,280	30,333,590
Bank overdrafts	550,246,839	241,392,994
	<u>7,800,363,457</u>	<u>9,692,444,674</u>
<b>Total Equity and Liabilities</b>	<b><u>23,814,291,426</u></b>	<b><u>20,919,374,420</u></b>

Its business operations comprise of six major sectors and the table 7 shows a summary of its business. Retail sector that covers consumer durables, clothing, international fashion brands and franchise food such as Burger King and Baskin Robins account for 33% of the total revenue of the group. Information and communication technology sector accounts for 30% of the revenue and the balance is shared among health care services, automotive and leisure. Total employees in the retail sector was 2,212 in the year 2017.

**Table 7: Summary of Contribution to Revenue from Business Sectors of SL**

Business Sector	% of Total Revenue	% of total assets
RETAIL: a leading retailer of consumer durables and fashion which includes ODEL and other leading international fashion brands. The sector also operates the Burger King chain and Baskin Robbins ice cream franchise	33%	24%
INFORMATION AND COMMUNICATION TECHNOLOGY: A dominant player in the handset & accessories and B2B hardware and software markets in Sri Lanka.	30%	6%
HEALTHCARE SERVICES: Sri Lanka's leading private healthcare provider with four hospitals in Colombo and Matara under the Asiri Group.	18%	20%

FINANCIAL SERVICES: a fully-fledged financial services provider whose services include a Registered Finance Company – Softlogic Finance PLC, insurance provider – Softlogic Life Insurance PLC and stockbroker – Softlogic Stockbrokers (Pvt) Ltd.	15%	35%
AUTOMOTIVE: holds distributorship rights for Ford and King Long while operating the service partnership for Daihatsu. This sector includes a fully-fledged collision 1%repair center.	2%	1%
LEISURE and Properties: Opened the country's first five-star city hotel in three decades – Mövenpick City Hotel, while also operating a four-star plus resort in Bentota – CentaraCeysands.	2%	14%

Retail sector strategy of SHL group is to mainly focus on premium brands while expanding the geographical presence with a view to capture long term growth opportunities of the retail sector. The retail sector is mainly run by a Softlogic Retail (Pvt) Limited, a fully owned subsidiary of SHL. Softlogic Retail (Pvt) limited and SHL held 65.83% and 22,5% respectively in OdelPlc as at March 2017. Odel has seven fully owned subsidiaries with a total investment value of Rs. Two billion at the end of year 2017.

Retail sector offers a wide range of brands as seen in figure 1 below.



Geographic presence of SHL in retail business has expanded and here are 292 locations to carry out Operations Island wide as given in the table 8 below.

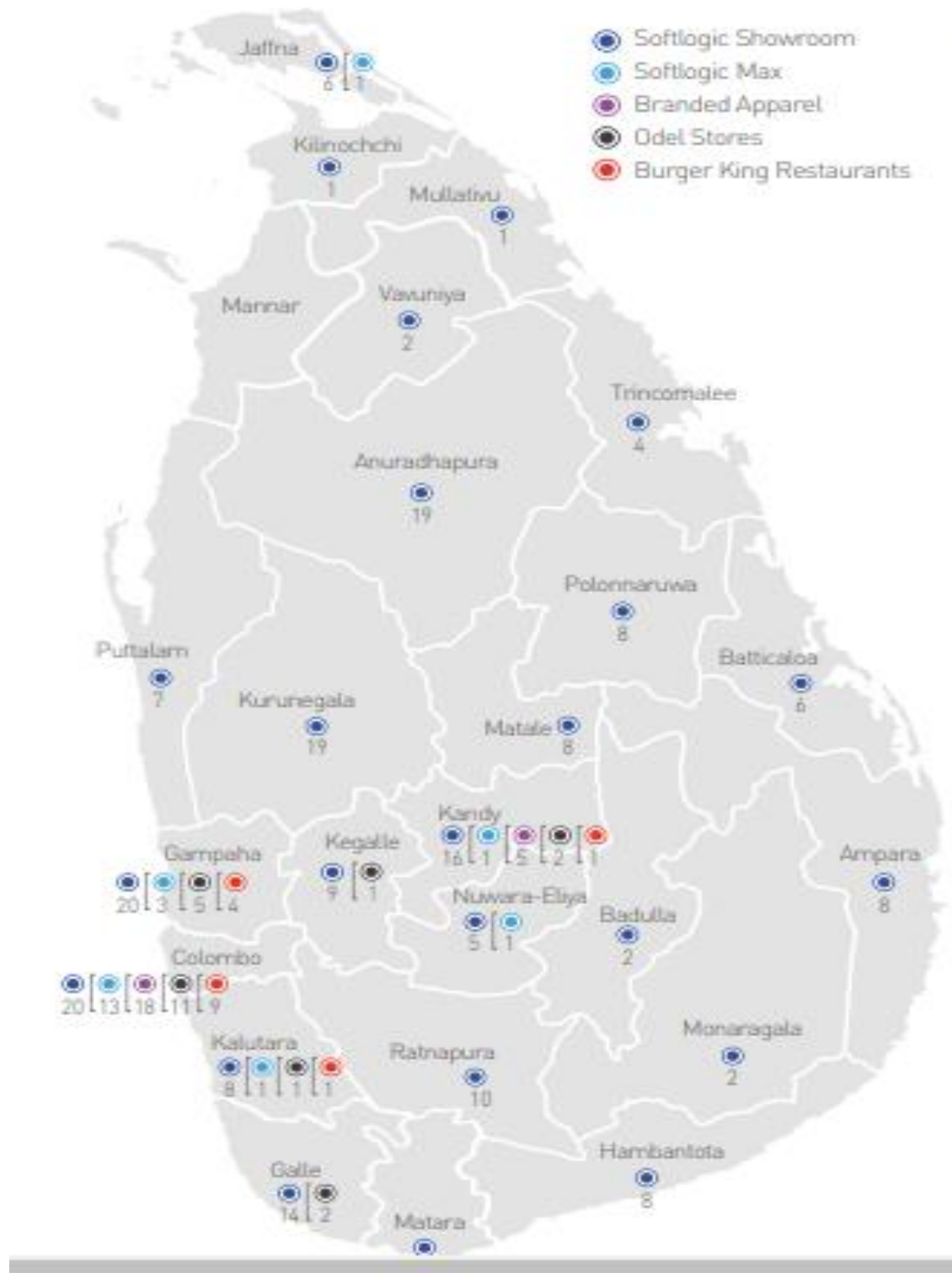


**Table 8: Summary of Outlets in Retail Sector**

<b>Name of Outlet</b>	<b>Total Number</b>
Softlogic Showroom	212
Softlogic Max	20
Branded Apparel	23
Odel Stores	22
Burger King Restaurants	15
Total	292

Figure 2 depicts the geographical locations of present stores operating in the retail sector.

Figure 2 depicts the geographical locations of present stores operating in the retail sector.



Present strategy of SHL for the retail sector focuses on three processes namely employee engagement, talent management and empowering employees within the main theme of “driven by People”. Management of the SHL believe that the Unified retail sector strategy to focus on premium brands and geographical expansion has placed SHL in a strong competitive position so that it would be possible to capture long-term growth opportunities in the sector. Meantime, SHL wants to expand brand offerings and a famous Canadian brand ALDO was signed during the year. SHL also acquired the distributorship rights for leading fashion and accessories brands such as the Toy Store, Armani Exchange, Trussardi, Cavalli Class, Blumarine, Hallmark and Love Moschino in the recent past.

A highly eco-friendly and sustainable Odel mega Mall, is underway with stylish, sophisticated and cosmopolitan mixed development in a space of 640,000 square feet. This project is expected to be completed by 2020 and will include **spa** and sports facilities, culinary diversity covering an array of fine dining and multi-cuisine restaurants providing a gastronomic experience, a multiplex cinema, superlative amenities, open public spaces and 39 exclusive limited-edition luxury apartments and parking for 550 vehicles.

SHL believes that the demand for retailing at supermarkets and hypermarkets will significantly increase in the future compared to the past. At the same time, it believes that the competitive environment will also be vibrant and there would be tendency of decline in prices relative to traditional retailers. This would be possible mainly due to economies of scale. This is a reality in developed countries as well especially with regard to Fast Moving Consumer Goods (FMCGs).

## Related Party Transactions Review Committee

This committee has been established in line with the rules set in the Code of Best Practices on related party transactions issued by the Securities and Exchange Commission to ensure that SHL Group's dealings with the public and other stakeholders meet the highest standards.

Directors individually declare relevant transactions with the Company and its subsidiaries. A formalized process is in place for identifying related party transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed in the Financial Statements. The committee comprises of three directors of which two are non-executive including the chairman. It has met four times during the year.

The opinion of the review committee given to the board of directors mentions that it reviewed the related party transactions and analyzed them to ensure that they are dealt no less favorably to the Group than those generally available to an unaffiliated third party in a similar circumstance. It was observed that all transactions entered during the year were day-to-day dealings of the business.

Chairman who is also the managing director of the company holds 47.14% of shares of SHL Plc. During the year 2017 the chairman bought more than 13 shares within a price ranging from Rs. 11.90 to Rs. 13.00. Summary of shares bought by the chairman is given in table 9 below.

**Table 9: Summary of Shares bought by the Chairman during 2017**

Month	Number of Shares	Price Range (Rs.)
January	144,035	12.60 to 12.80
February	21,388	12.70
March	736,622	11.90 – 12.50
April	403,431	12.90 – 13.00
June	501,523	12.80 – 12.90
July	107,834	12.20 -12.50
August	205,905	12.10 – 12.30
September	367,207	12.00 – 12.20
October	37,245	12.10 – 12.30
November	764,241	12.00 – 12.50
December	9,724,841	12.00 – 12.50

**End of Scenario I**

## **Scenario II – A continuation of Scenario I**

SHL intends to consolidate all retail business activities under one arm and a new super market chain is going to be added to the line soon. It is expected to start the supermarket groceries in 5 places in Colombo district first and then to expand them gradually. Lands from suitable places have been arranged on 12-year lease agreements. Commercial operations are expected to commence soon once the infrastructure facilities are completed.

Unified retail sector strategy of SHL stresses that the sector should hold on to premium brands and expand operations across geographical boundaries with a view to capture long term growth opportunities of the retail sector. Accordingly, Softlogic Retail Holding Private Limited (SRH) was incorporated in March 2018 as a fully owned subsidiary of SHL aiming to consolidate all the retail operations under one arm. As the initial steps of group arrangements, 100% ownerships that SHL had in Softlogic communication services private limited, softlogic mobile distribution private Limited and softlogic international private limited were transferred to SRH for a total consideration of Rs. 2,090,249,773/-. Further, 99.99% of shareholdings of SHL held in Softlogic Retail Private Limited which was managing the retail business before was transferred to SRH for a consideration of Rs. 4,181,143,259/- by the end of March 2018. Then the stated capital of SRH became Rs. 6,272,393,020/- comprising of 627, 239,302 ordinary shares.

In addition, SHL has planned to transfer the group ownership held in Softlogic Restaurants (Pvt) Ltd., and OdelPlc to SRH to further strengthen the group strategy and policies to achieve its objectives. Consideration for this transfer is yet to be determined.

SHL issued 230,814,814 ordinary shares by way of a right issue at a price of Rs. 17 per share. Subsequent to the right issue, another 182, 728,395 ordinary shares of SHL were issued to Samena Ceylon Holdings Limited, an investment holding company incorporated in the Cayman Islands in Mauritius, at a price of Rs. 17 per share. Primary investment strategies of Samena comprises of private equity, direct investment and credit. Proceeds from both issues of shares are expected to be utilized to settle mainly outstanding commercial papers amounting to Rs. 9,731 million, which mature during February to July 2018 and general debt of the company. Market price of a share of SHL had a quick gain in early 2018 and went up to as high as Rs. 25 per share just before the announcement of right issue was made. Even after the right issue current market price of SHL remains around Rs. 20 per share.

Despite the fact that SHL used new equity financing to reduce the leverage, it is well known for using Leverage Buyout (LBO) strategies to turnaround in previous occasions in the past.

**End of Scenario II**

**CMA INTEGRATIVE CASE STUDY – (ICS / AL 1 - 501)**

**May 2018 Examination– Marking Grid**

	Marks	A	B	C	D	E
<b>1. Management Accounting</b> Sound technical knowledge in Management Accounting	<b>20</b>	High level of Management Accounting awareness relating to world examples  <b>17-20</b>	Good Management Accounting awareness relating to case study examples  <b>11-16</b>	Some level of Management Accounting awareness relating to few case study examples  <b>10-14</b>	Low level Management Accounting awareness  <b>5-9</b>	Lack of Management Accounting awareness  <b>0-4</b>
<b>2. Application of theories</b> Diverse knowledge clearly applied in an analytical and practical manner in solving the problems in the case study.	<b>20</b>	High level of application of theory in an analytical manner in solving problems in the case study  <b>17-20</b>	Good level of application of theory in an analytical manner solving problems in the case study.  <b>11-16</b>	Some level of application of theory in an analytical manner solving problems in the case study.  <b>10-14</b>	Low level of application of theory in solving problems in the case study  <b>5-9</b>	Lack of application of theory in solving problems  <b>0-4</b>
<b>3. Identifying key issues</b> Issues to be identified and prioritized in a logical manner with a clear rationale.	<b>10</b>	High level of recognition of key issues and these being prioritized logically with a clear rationale.  <b>8-10</b>	Good level of recognition of issues and these being prioritized logically  <b>5-7</b>	Some level of recognition of issues and these being prioritized  <b>3-4</b>	Low level of recognition of issues  <b>1-2</b>	Lack of recognition of issues  <b>0</b>
<b>4. Decision making skills</b> Ability to recognize and present appropriate alternate solutions and make effective judgment in a logical & rational manner.	<b>20</b>	High level of ability to recognize and present appropriate alternate solutions and make effective judgment in a logical and rational manner  <b>17-20</b>	Good level of ability to recognize and present alternate solutions and make effective judgment in a logical and rational manner.  <b>11-16</b>	Some level of ability to recognize and present alternate solutions in a logical and rational manner  <b>10-14</b>	Low level of ability to recognize alternate solutions  <b>5-9</b>	Lack of ability to recognize alternate solutions  <b>0-4</b>
<b>5. Logical arguments</b> Ability to communicate effectively with realistic recommendations in a concise and logical manner.	<b>20</b>	High level of ability to communicate effectively with realistic recommendations in a concise and logical manner  <b>17-20</b>	Good level of ability to communicate effectively with realistic recommendations in a concise manner  <b>11-16</b>	Some level of ability to communicate effectively with realistic recommendations in a concise manner  <b>10-14</b>	Low level of ability to communicate effectively  <b>5-9</b>	Lack of ability to communicate effectively  <b>0-4</b>
<b>6. Communication skills</b> Style and synthesis in evaluation of a good report to higher management.	<b>10</b>	High level of combining ideas and experiences in a professional manner using relevant appendixes  <b>8-10</b>	Good style in writing a Management Report encompassing ideas and recommendations with some appendixes  <b>5-7</b>	Some style in writing a Management Report encompassing ideas and recommendations  <b>3-4</b>	Poor style in writing a Management Report  <b>1-2</b>	Lack of knowledge in writing a Management Report  <b>0</b>
<b>TOTAL</b>	<b>100</b>					

End of Question Paper