



Institute of Certified Management Accountants of Sri Lanka
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September 2023 Examination

Apex Level ICS – 501 Integrative Case Study

*No. of Pages:18
No. of Questions: 01(single report)*

Instructions to Candidates:

1. Time Allowed : Reading- **15 minutes.**
Writing - **Three (3) hours**
2. Total : **100** Marks
3. This paper consists of two Parts.
Scenario I: Published before the six weeks of the Exam.
Scenario II: Unseen and the Questions.
4. Answer all question.
5. The answers should be in **English** language.
6. Begin each answer on a separate page in the answer booklet.
7. Only non-programmable calculators are permitted to use.

Scenario I

Superfine Holdings Ltd (SFHL) – A Group in the making

Introduction

Francis Someswaran is a successful entrepreneur who founded and operates a thriving medium-scale business, FS Water Pumps Ltd. (FSW) as one of the key regional manufacturers and marketers of a range of water pumps, based in Kandy. FSW is an established household brand of domestic pumps in particular, but also manufactures/assembles low- end agricultural water pumps. He has been operating his business based in the Central province as well as in its outskirts over several decades and has now reached a stage in his life cycle that requires some decisive action of transition and succession for his next generation.

On his seventieth birthday on the 10th of April 2023, he decided to announce to the family his decision to retire at an opportune date in the near future. Nevertheless, as a hardworking businessman with commitment and driven by a strong desire that his and the family name to be associated with a large growing business enterprise managed by his second generation with wide-ranging interests in the future, he mentioned that he will oversee the process of allocation of the existing business, personal interests, and resources between his three children. However, as members of a very closely knitted family, he asserted that the collective strength of all three together in one large company will be more resilient than being separated on their own. Yet there will be different divisions to their likings within a single company and this was what Francis envisioned as his personal passion. However, maybe only time will tell whether this thinking and wisdom of family integration from a materialistic perspective in the modern age will be the right one.

Apart from being a clever businessman he also possesses technical knowledge in his business with the JTO qualification from a technical college, and adequate exposure and training in manufacturing. Francis, who hailed from a family of ancestral repute and some of his siblings being leading professionals in legal and medical fraternities, always valued higher education and professionalism despite his failure to excel in higher studies. Well aware of the difficulties in commencing a business venture in the modern era compared to lesser volatile conditions long years ago, Francis knows his assistance by sharing his commonsense business insights in whichever new businesses his children wish to pursue will be an invaluable asset. With such insightful thinking, he planned to assign most of the valuable and tangible assets of his possession into a single enterprise under his control and part with the ownership progressively among the

next generation. This thinking also received approval from his tax consultants cum auditors with whom Francis has had a longstanding association.

Superfine Holdings Ltd (SFHL) was incorporated on the 1st of February 2023 as the stepping stone of the succession initiative of Francis Someswaran. On the New Year celebrations on the 14th of April in concluding the traditional family lunch, the share certificates of SFHL, amounting to forty-five percent of the share capital of the company equally divided, were presented to the three children and Francis holding the majority of fifty- five percent. All three children were appointed as directors of SFHL and Francis was appointed as the Chairman who assured his children that he will only be functioning in an advisory, passive capacity. Additionally, Francis also appointed his family friend Lesley, a respected legal dignitary as a director of the company who will certainly bring more color and recognition to this family company. Francis and Lesley, have had several discussions prior to this day as to who should effectively lead this company and as agreed, invited his three children to decide between themselves and recommend one of them to function as the 'Managing Director' of SFHL. Accordingly, Bertram Someswaran, the second born of the Francis family was elected by Anjella Someswaran - the eldest and the only daughter of Francis, and Camillus Someswaran, the youngest son. Having married at a relatively mature age of late - thirties, Francis's first born - Anjella will reach her thirty- fifth birthday in the year 2023, and both Bertram and Camillus, their early thirties.

The second generation of Francis and corporate level directorate of SFHL holdings:

In announcing these developments among the family members, Francis took this opportunity to express his personal vision that he has also discussed with his wife and their longstanding confidant Lesley. Even without technical or conceptual training in business management, Francis firmly believes an adequate understanding of the collective integration of operational, marketing, and cost dynamics of a business is an essential key factor of business leadership for continued success and growth.

"In one of my previous discussions with you, all of you expressed willingness to fulfill your own dreams whilst carefully safeguarding what your mother and I have built up and acquired with much hard work and sweat over the last three decades. I know Camillus and Anjella want to pursue their own ambitions while Bertram was involved with me over the last four to five years. Not only it's coincidental that you both have elected Bertram as your leader, but it's also an encouragement for him to get more involved with the operational aspects of our business, with which we have made all this progress. With a marketing degree supplemented with an accounting qualification also, he is ideally equipped to run my operation as long as he takes sufficient interest and cares to study FSW's business model and understand the basic technicalities of manufacturing and sourcing of raw materials, etc. I know Bertram's capabilities in business

marketing and developing relationships with our dealers etc., but as the head of the Pumps division, he will have to take more overall responsibility”.

Especially addressing Anjella and Camillus, Francis mentioned “But it’s not fair that I expect both of you to also be mere passive partners. Pursue your own interests, but unlike those days it’s important that whatever you do must be with clear focus, commitment, and resolve. I will initially establish Anjella’s and Camillus’s respective business divisions on the premises that I have already, as well as I will acquire and get your ventures up and running.

Accordingly, Chairman Francis advised his three children to resolutely express their business interests for the future within three months and fixed 1st August 2023 which will determine their future intentions and ambitions in a brief outline.

Anjella graduated as a nutritionist who further completed her studies in Sweden in beauty culture. Sometime back she married Kalum - a doctor by profession and also pursued his interest in anti-aging treatment as a part of his postgraduate studies in the UK. He has always been discussing his ambitions with Anjella to get into private practice specializing in anti-aging.

Camillus is a mechanical engineer by profession with a master’s degree in automobile engineering. He is a head of a major automobile import and distribution organization that is currently undergoing serious issues due to recent import restrictions and is largely dependent upon the repair facilities, a SBU of that company. Accordingly, Camillus Someswaran is a key player in his current organization, currently leading its most profitable division. However, he was very excited since Francis made his intentions of affording an opportunity to pursue one’s own business aspirations for an independent lifelong career.

Meeting in August 2023 - Future business aspirations of Francis Someswaran’s second generation

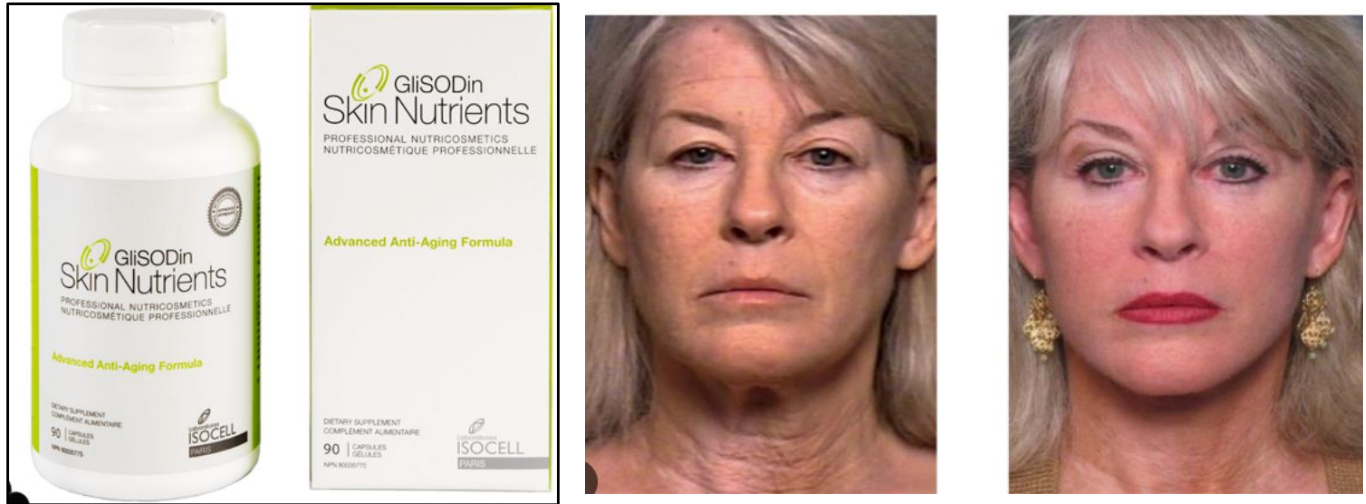
The children of the Someswaran family expressed their intentions and desires for their future careers as below:

Anjella has decided to commence its business division as Superfine Nutritional and Anti-aging Clinic (SNAC). Her husband will also join and manage the division with particular emphasis on anti-aging treatments while Anjella will practice her competencies as a nutritionist. Their clinic will be an upmarket one and will be housed in the property in Colombo 07 that has already been acquired by her father and had made subtle indications of her being given the exclusive usage and ultimate ownership of this asset.

Bertram, in accordance with his father’s wishes, expressed his willingness to manage the family’s traditional water pump business with certain changes that he would propose in due course. This division within SFHL will be named Superfine FSW Pumps Division.

Camillus indicated his section of SFHL will operate as a Superfine Quality Bearings division that will import and market a range of bearings imported from Japan and Sweden. The business divisions of SFHL are discussed below:

An overview of the businesses divisions within Superfine Holdings Ltd (SFHL)



Division 1

Nutritional and Anti-aging treatments division -divisional CEO – Dr. Andrew

Beauty culture mainly addresses the technologies and social practices that help to create shape, color, or form that pleases the aesthetic senses, especially sight. These popularly include hair, make-up, skincare, and nail treatment. Numerous factors have led to the growth of beauty care as an industry in our country such as the increasing trend of female employment. Apart from mere improvement in the exterior appearance of females in particular, the growth in this industry is propelled by deeper motivations such as indulgence in beauty care could lead to potential empowerment and female confidence in society. The increasing number of such salons across the depth and breadth of the island is a clear pointer to the popularity of this societal trend amongst many societal segments.

Anti-aging treatments attract segments who are driven by deeper psychological desires to 'look younger' and related treatments can range from non-surgical to more advanced surgical treatments such as laser refractive surgery and surgical facelifts. It is always customary that more affluent societal segments wish such treatments to take place under qualified medical personnel. Anjella's husband is excited by his vision to be one of the most sought-after anti-aging treatment centers that could mostly serve high net- worth societal segments in the country and could even cater to those at a regional level.

Division 2

Superfine Quality Bearings division- divisional CEO- Engineer Camillus



The product range of this division will include two main product categories of bearings – namely automobile and machinery bearings.

The manufacturers of both of these product groups, which the agency rights to

be held by SFHL produce range of high-quality products. The Japanese manufacturer supplies automobile bearings and the Swedish manufacturer is the supplier of the machinery bearings. The business will be conducted at a newly purchased two stories premises in Maradana-Panchikawatte, the most popular business location to market such equipment and spares, etc. in the country. Given those vehicles in the country are widely disbursed, the vehicle bearings will be distributed through the appointment of a network of a few key distributors across major provinces, who in turn will deal with the repair shops being the ultimate customers of the importing organization. With regards to the machinery bearings too, the industry practice and what SFHL will follow also is to distribute these through the appointment of distributors island-wide as the businesses that use such bearings are widely scattered. Further being a specialized technical product, the distributors will be aided by an internal network of technical marketing staff that will visit and advise on the applications and solve any customer problems.

Division 3

Superfine FSW Pumps Division - divisional GM -Dilan

Bearing in mind that this division includes the pioneering business venture by the founding chairman Francis in the form of domestic pumps, was later extended to market a limited edition of agricultural pumps. Since Bertram will have a group- wide responsibility in his new role as the MD, Dillan, an engineer, was appointed as the divisional General Manager as the division's principal executive directly reporting to Bertram. These are locally





assembled using locally manufactured components and only key parts such as impellers and seals are being imported. Francis always believed in encouraging young local technical entrepreneurs to develop their business talents and has developed a loyal network of SME manufacturers who have always valued the assistance afforded by SFHL and hence returned the

favors by providing consistently high quality at relatively cheaper prices.

Financial planning, forecasting, and strategy formulation initiatives at SFHL.

Shiva is a qualified CMA and has been newly appointed as the head of finance of SFHL. Along with Bertram, an internal planning committee was formed that included the heads of newly formed divisions at SFHL to come up with a financial forecast that will be resultant pursuing the business strategy of each division. These forecasts, as per Appendix 01, have been broken down under the respective divisions and even the product groupings of each such division.

As mentioned above, Appendix 01 contains this summarized, projected financial results compiled by Shiva for a normal year of operations (i.e. once the businesses pass through their initial introductory years), assisted by this multi-functional team of the company and the figures are at current prices. The operational KMPs of the respective divisions confirmed their agreement of being able to comply with the demand as per the sales forecasts given by the respective marketing divisions and Shiva as the financial expert projected the resulting financial figures further incorporating the cost- related information.

On this presentation, Francis was happy to note that the combined operations show a forecasted profit. Since he has negotiated with the bank along with Bertram, SFHL will have to commence repayments of the loan only after two years of commencing commercial operations, and until that time only the interest expenses to be serviced at 20%per annum. This rate is also applicable to any working capital facilities that SFHL plans to obtain to support in conducting its operations. The limit of such financial working capital facilities was agreed with the bankers at Rs. 200 Mn., a limit that will be applicable for the first two years of the company's operation, which includes both any short-term import loans for the imports and the overdraft facility. All L/C facilities for the imports of the company will not fall under such a limit.

Strategic factors that underlie financial forecasts

Figure 1- Price Quality Graph



Lesly advised all the family directors of SFHL on the importance of appointing a good strategy consultant who will advise a systematic strategic approach before launching the activities of the company. Accordingly, Dynamic Industrial Consultants (DIC) was

appointed to guide the internal management team that includes the head of finance, Bertram, and some SFHL senior operational and marketing staff. DIC is known to possess excellent marketing research information across a wide range of businesses and has also guided startup businesses to sharpen their approach to strategy and competitive marketing.

At a meeting DIC held with the directors of SFHL and the head of finance, they suggested that any strategically justifiable financial forecasts should extend beyond mere turnover forecasts given by the marketing managers of the respective divisions. Especially pointing towards Shiva, they advised that particularly being a new entrant, a progressive finance division should understand the strategic relevance and rationale of marketing forecasts that underlie turnover targets and resultant budgets. Further DIC advice continued as:

“That’s how the finance function can be an active strategic partner in a dynamic business environment. When one really looks at a financial forecast /budget in any business division, $\text{turnover} = \text{quantity} \times \text{price}$. Hence actually any forecast is as effective as the goodness of these two critical variables. Further, as you know, the effective strategic positioning of each product group is of vital importance. After all most of the customer segments targeted by SFHL, probably with the exception of Anjella’s division, are those who exhibit rational buying behavior.

Let me show you all a tool that we adopt in Pricing with a strategic flavor. (Figure 01)

At this juncture, Bertram was very interested in further pursuing the advice and requested the consultants to share with the consulting approach for a more strategically relevant approach in planning and arriving at more realistic and challenging targets.

DIC’s research indicates both secondary and primary research and has made use of such in relation to its strategic analysis in respect of its consulting assignment at SFHL.

Given that there are three separate divisions with several product groups within each as well, DIC initially selected the Superfine Quality Bearings division and more specifically the product grouping-Machinery bearings, within this major division at SFHL, for more in-depth studies. Given below is this information comparing SFHL (i.e. S) with two powerful competitors, namely C & D.

Machinery Bearings:

(A)	(S)	(C)	(D)
1.Reliability	85	70	90
2.Availability	75	80	40

Figure 2 - Principle buying motives of the product group- Machinery Bearings

A - Principal buying motives of the customer segments targeted by this product group of the SFHL's Machinery Bearings section, which is considered as equal importance to these customer segments

S - SFHL's score, out of a total score of 100, on each buying motive, as per A above

C - SFHL's principal competitor's score out of 100, on each buying motive as per A above

D - SFHL's second principal competitor's score out of 100, on each buying motive as per A above

As far as Francis is concerned, despite being a seasoned and successful businessman this is quite new jargon, and looked curiously and even more confusingly at Shiva.

DIC concluded the meeting emphatically stating the importance of not only planning strategically, but also the value of implementation and controls at all levels. Specifically, the project leader of DIC mentioned, his experience suggests that to be successful in a dynamic business environment a company must have definitive arrangements to organize and improve systematic performance management mechanisms and practices ideally linked with the planned strategies under each of its SBUs. Totally agreeing with the consulting advice, at this juncture, Bertram announced his decision to assign this responsibility to Shiva, and Marina who will head the HR function at SFHL.

-End of the scenario I-

Appendix 01

1.1) Forecasted Draft Financial results of SFHL- End of the first year's operation
(What the Company will target to achieve under normal circumstances)

Forecasted Income Statement strating from 1st October 2023

Description	(in Rs 000's)
Turnover	1,708,000
Cost of Sales	1,205,200
Gross profit	502,800
Expenses	
Administration	198,800
Marketing and Sales	156,800
Finance Expenses	130,000
Profit Before Tax	17,200
Taxation @ 30%	5,160
Profit after Tax	12,040

1.2) Divisonal breakdown of the (draft) forecasted Trading results of the Divisions, and Product groups of SFHL

	Divison 1 (in Rs 000's)		Divison 2 (in Rs 000's)		Divison 3 (in Rs 000's)	
	Nutritional	Anti-Aging	Auto Bearings	Machinery Bearings	Domestic Pumps	Agricultural Pumps
Turnover	172,000	108,000	288,000	432,000	576,000	132,000
Cost of Sales	120,400	64,800	216,000	324,000	374,400	105,600

1.3) Overheads -Divisonal breakdown

	Divison 1 in Rs 000's)	Divison 2 in Rs 000's)	Divison 3 (in Rs 000's)	Total (in Rs 000's)
Administration	56,000	82,000	60,800	198,800
Marketing	14,000	62,000	80,800	156,800

1.4) Divisonal breakdown of SFHL's forecasted Assets and Liabilities that will support forecasted SFHL's operations							
Description	Divison 1		Divison 2		Divison 3		Total
	(in Rs 000's)		(in Rs 000's)		(in Rs 000's)		(in Rs 000's)
	Nutritional	Anti-Aging	Auto Bearings	Machinery Bearings	Domestic Pumps	Agricultural Pumps	
Non- Curret Assets							
Properties (At valuations)							
At Ward Place Colombo 07		175,000					175,000
At Kandy						165,000	165,000
At Maradana				140,000			140,000
Vehicles (At valuations/Cost)	15,000		25,000	35,000			75,000
Equipment and Tools etc.(At valuations/Cost)	35,000		85,000	15,000			135,000
Office Equiment,furniture etc. (At valuations/Cost)	43,000		25,000	23,000			91,000
Total Non- Curret Assets							781,000
Current Assets							
Inventory	40,133	5,400	36,000	81,000	20,800	5,867	189,200
Spares		3,000	6,000	6,500	5,000	1,000	21,500
Consumables							
Receivables	28,667	480	48,000	36,000	96,000	22,000	231,147
Total Current Assets							441,847
Total Assets							1,222,847
Equity & Liabilites							
Capital and Reserves							
Stated capital and Reserves							542,847
Non- Current Liabilites							
Long term loans							450,000
Current Liabilites							
Accrued Expenses							30,000
Bank overdraft /Short term loans							200,000
Total Current Liabilites							230,000
Total Equity & Liabilites							1,222,847

Scenario II

Bertram, the managing director of SFHL was advised by DIC that are of the opinion, the group should further explore how the forecasted profitability of the SFHL can be improved, as consultants they feel that shareholder value creation is insufficient compared to the resources deployed and effort expended within the group. Accordingly, Bertram shared this opinion with his father, Chairman- Francis and both of them decided to call a meeting of the directors along with the principal KMPs of the associate divisions. Accordingly, Bertram- MD invited the relevant parties along with Shiva and DIC as well, with a brief introduction of the principal purpose of this discussion, being to propose how the originally forecasted divisional profitability can be further improved.

The below sections pertain to certain discussions, additional information, and proposals made in respect of some product groups under different divisions of the group.

1. Division 1- Nutritional and Anti-aging Treatments Division-

During this joint meeting to brainstorm and consider ways of further improving the forecasted profitability of the product groups, the discussion below took place in response to a comment by the marketing manager of the machinery bearings division inquiring about the branding initiatives of this newly created Superfine Nutritional and Anti-aging clinic (SNAC).

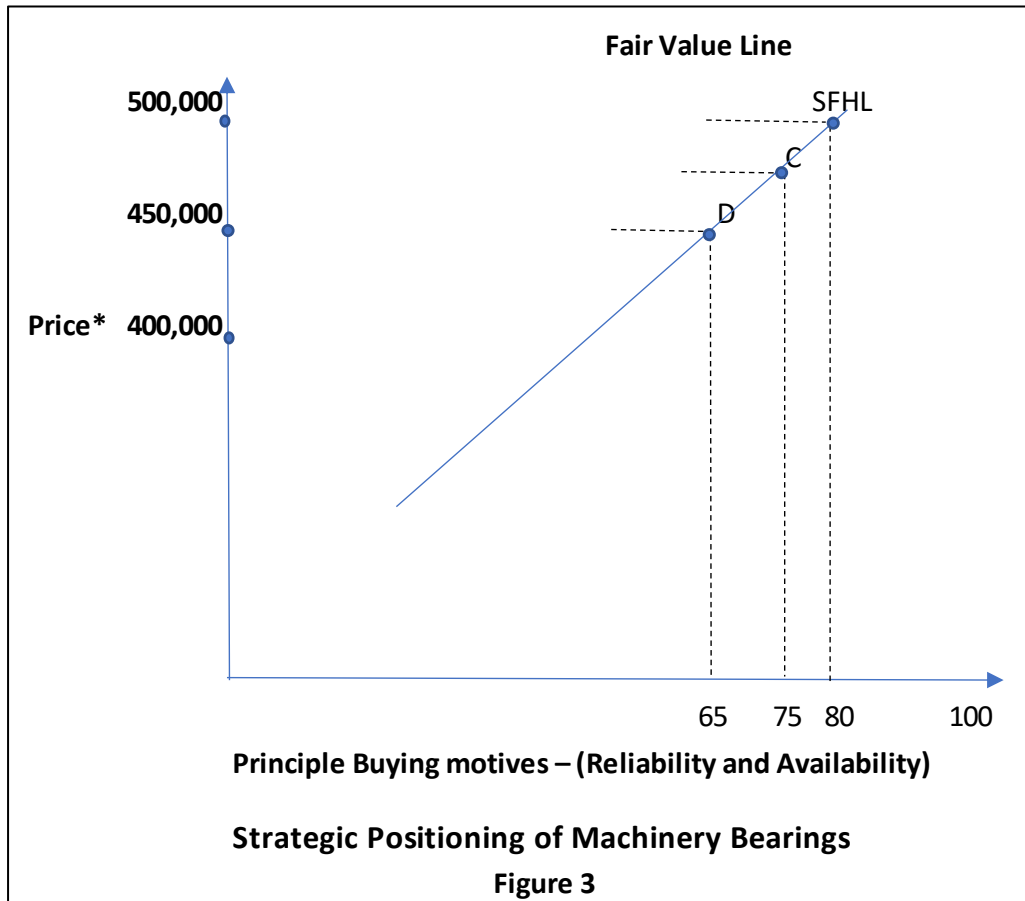
“Divisional CEO Dr. Andrew –

As you are aware, this division is very professionally administered, and all treatments are conducted after scientific evaluations. Even the medication used is highly recognized and consists of reputable products. Hence, I see no reason why we need to brand this division and spend money to even advertise. I am sure our customers are an educated and knowledgeable lot and will rely on our experience and expertise compared to our competition, despite their increased concern about the quality of the treatments. In my opinion, branding is somewhat a cheap tactic to promote inferior products and services.”

2. Division 2 -Superfine Quality Bearings Division- (Product group - Machinery Bearings)

The Chairman- Francis, an experienced industrialist primarily with technical know-how has always been a man keen to improve his knowledge, especially in areas such as commerce and finance which he is not fully conversant with. He felt that the advice and findings by the consultant as mentioned in pre-seen (page 9- Figure 2 -Principle buying motives of the product group -Machinery Bearings), coupled with the diagram titled- ‘Strategic positioning of Machinery bearings’ as per the Figure 3 introduced below, are useful knowledge for the guidance of managerial officials in particular, at the higher levels in SFHL group. Figure 3 is an additional presentation by the DIC during a discussion by the consulting firm with the top

management of the group with regards to their findings in respect of the Machinery Bearings product group. This presentation further explains an important strategic consideration in a company's pricing decision when pricing an industrial product, in addition to mere cost based information.



*Prices charged to their consumers by the competing firms in the strategic group, that SFHL plans to operate in the relevant industry.

Furthermore, Francis was interested in understanding for himself the wisdom and logic of these two pieces of information and the related areas that could be useful to the divisions/product groups within the group. He instructed the Head of Finance, Shiva to explain to him the relevance of the applicability of these concepts to SFHL's Bearings division at this proposed meeting, with specific reference to the benefits of same for further improvements on divisional performance.

2.1. Before meeting the Chairman, Shiva analyzed the notes and workings of the Marketing section in arriving at the forecasts for projecting the turnover of the Machinery bearings division. In the process, he came across a competitor analysis report compiled by the marketing manager. This report included a section that indicated the existing average price per bearing currently charged by the two principal competitors namely, C and D as mentioned in Figure 2 of the pre-seen in comparison to that of SFHL.

C- (As one of the SFHL's principal competitors)-

The weighted average customer price charged per bearing is: Rs. 475,000/-

D- (As one of SFHL's principal competitors)-

The weighted average customer price charged per bearing is Rs.450,000/-

SFHL – Weighted average customer price forecasted to be charged per bearing is Rs 508,235/-
(Includes a dealer discount of 15% on the customer price)

The Forecasted annual quantity	1,000
Dealer Price	Rs 432,000
Forecast annual turnover	Rs 432 Mn

2.2. The marketing manager of the Machinery bearings group has proposed that considering all relevant factors he is recommending an increase in the prices of the machinery bearings of the company by 10%, and such an increase will increase divisional profits by Rs.10.8 Mn, worked out as follows:

The forecasted annual turnover	Rs 432 Mn
The gross profit @ 25%	Rs 108 Mn
Increase in profit because of price increase 108@ 10%	Rs 10.8 Mn

3. Division 3 - Superfine FSW Pumps Division (Product Group-Domestic Pumps)

3.1. The Marketing Manager of the domestic Pumps product group, being the largest SBU that has been in existence from its inception, presented the below proposal, and specifically requested all information and conditions of the proposal to be considered and evaluated together.

Proposal

Background:

The Domestic Pumps SBU effect sales through a carefully selected set of dealers and the turnover of the division shown in the projected financials is the amount of the sales arrived after paying the dealer commission that amounts to 10% of the customer price.

“At my previous meeting with our dealer network which functioned as a close group of reputed dealers, they informed as a definitive commitment, that because of the recent import-related problems in our economy, the trade climate for our locally manufactured products has largely improved and we will be in a position to:

The proposal with the applicable conditions

- Increase the consumer prices of the division’s products by 10%
- The dealers will collectively increase the annual quantities forecasted to be sold, as per turnover mentioned of the pre-seen appendix 1.2 by 5%
- The dealers require their dealer commission percentage to be increased to 15% from the customer price, from an existing level of 10% of the customer price. *
- As a result of better inventory management and increased sales, the proposed change will not result in any change in the existing value of the inventory being held, and as given under Appendix 1.4) of the pre-seen Appendix 1
- However, the average credit period taken by the dealers to make payments to the company has to be increased by one month from the existing average credit period.
- The marketing manager recommends that if the proposal is accepted by the company, it will be advisable to recruit another sales supervisor who will follow up dealer credit management, which will cost Rs.2 Mn a year.

*Sales as per the forecast = Sales at customer price of Rs.640 Mn, and after the existing rate of dealer discount of 10%, company sales at dealer price amount to Rs.576 Mn.

3.2 Cost of sales analysis of the domestic pumps division shows that it includes 20% of production overheads, out of which 50% are fixed manufacturing overheads.

4. The WACC (after tax) applicable to the group and all divisions therein is estimated to be 25%

-End of the scenario II-

Assume you are the Head of Finance of SFHL -Shiva and required to address an initial report to the attention of the Directors of SFHL to clarify certain issues that surfaced during the consulting assignment. This being an internal memorandum, while it is necessary to adopt a report format when presenting your answer, it is not required to include an executive summary that is mostly customary with an external consulting report.

(* 10% of the marks allocated for each question will be in respect of systematic and good presentation)

YOU ARE REQUIRED TO:

A) SFHL and Nutritional and Anti-aging treatments division

Evaluate and **explain** as indicated from i) to iii) below, for the guidance of Chairman Francis who is also not quite familiar and with an understanding of the concept and benefits of branding at SFHL, has sought your confidential opinion as to the comments by the SNAC division's CEO - Dr Andrew, as per the unseen section 1.

- i) The concept and benefits of branding in general, for a division such as SNAC at SFHL
(10 Marks)
 - ii) Strategic advantages of branding for the Nutritional and Anti-aging division
(05 Marks)
 - iii) How branding could be implemented in this division
(05 Marks)
- (20 Marks)

B) Superfine Quality Bearings Division- (Product-Machinery Bearings Product Group):

- i) As per the information provided in the pre-seen, **Construct** the 'Economic profit' generated by the Machinery Bearings SBU, for management accounting purposes, that could be applied to evaluate the divisional financial performance.

(Assume the operational overheads of Division 2 - Superfine Quality Bearings division- are equally spread between the two product groups within this division. Also, presently no levy is being made for company-occupied premises by the divisions within the group and the non-current asset values utilized by the Machinery bearings are estimated to be Rs.100Mn.)

- (15 Marks)
- ii) **Evaluate** your findings as per Bi) immediately above regarding the adequacy of this product group's contribution towards shareholder value creation at SFHL
(05 Marks)

- iii) Considering the relevant information as per the pre-seen, and further information provided under section 2 of this unseen, **explain** with reasons whether an upward revision of the average price level of the bearings as recommended by the marketing manager of the Machinery Bearings division is strategically advisable.

(15 Marks)

(35 Marks)

C) Division 3 -Superfine FSW Pumps Division (Product Group-Domestic Pumps)

Evaluate the financial implications of the proposal by the marketing manager of the Domestic Pumps SBU of the FSW Pumps division, as stated in the section 3.1 and 3.2 of the Unseen.

(25 Marks)

D) Financial planning, forecasting, and strategy formulation initiatives at SFHL.

(Ref: Pls refer to page 7 pre-seen, under the above heading)

Evaluate the process and the manner that SFHL has adopted to arrive at the projected financial results of SFHL as a new company that has been formed, that also include several new product groups that the group has no previous experience and exposure. Also, **advise** improvements that could be made to overcome the drawbacks mentioned as above, in case you have identified any such.

(20 Marks)

[Total 100 Marks]

ICS September 2023 Examination- Marking Grid					
Evaluation		Weightage	Competency assessment (Marks)		
			High level of application	The middle level of application	Low level of application
Knowledge	Technical knowledge (On Management Accounting, Financial Accounting & Business Management).	30	24-30	8-23	1-7
Application	Application of practical solutions based on the knowledge and skills gained through synthesis, analysis, and calculative practices.	20	16-20	6-15	1-5
Integration	Examine a problem/ issue in a holistic sense through drawing from diverse functional disciplines.	15	12-15	4-11	1-3
Prioritization	Demonstrate a rational, balanced outlook supported with evidence to unearth issues and rank them in the order of priority.	15	12-15	4-11	1-3
Decision	Present viable decisions and implementable recommendations.	10	8-10	4-7	1-3
Presentation	Ability to structure answers clearly and legibly in a most appropriate logical sequence with recommendations and relevant references clearly.	10	8-10	4-7	1-3
TOTAL		100			