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November 2022 Examination

Apex Level
ICS – 501 Integrative Case Study
Common Scenario I

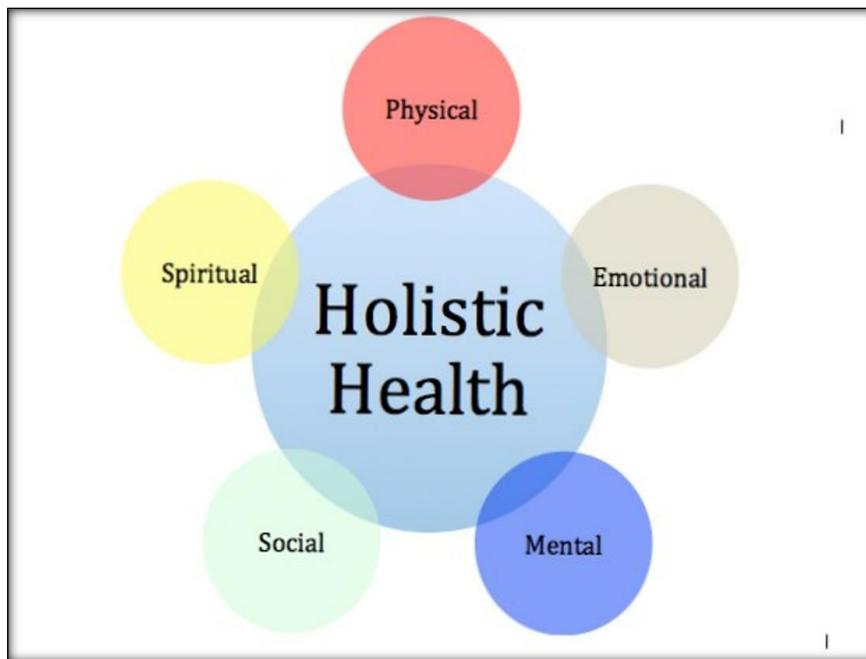
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Scenario I

Reliable Health Care Group of Companies - (RHC) Group

RHC Group – ‘Health is Wealth’

Health is such an important yet somewhat deceptive aspect of human life, that often most people become cognizant of its immeasurable value only when one’s health is affected in some form or the other. Dineash Saparamadu, the founding chairman of Reliable Health Care (RHC) Group, and an active promoter of the popular quote ‘health is wealth’, always considered he was fortunate and privileged to have started a leading institution that forms a part of the country’s overall health care system. The board room of RHC prominently displayed the popular holistic model of human health care dimensions.



Introduction

Dineash Saparamadu is the Chairman of the Reliable Pharma Ltd (RPL), Reliable Diagnostics and Fitness products Ltd (RDFL), and Reliable Performance and Antiaging Ltd (RPAL), which are conveniently referred to as Reliable Health Care (RHC) Group. Dineash commenced his business with the formation of Reliable Pharma Ltd (RPL) in 2010 having had to hastily leave his well-paid CEO position at a private-sector pharmaceutical company. At the challenging age of reaching fifty-two years when his children’s post-graduate education was at a critical juncture requiring a commitment of personal wealth, the financial foundation of his company during the formative years in particular was less than desirable. Yet his great resolve, commitment, and riding on his reputation of expertise in the field of pharmacology in the country, he was able to make steady progress in his business. The critical success factors of growth in the pharmaceutical industry require primarily the ability to develop professional relationships with reputed overseas pharma

manufacturers that will assist in obtaining agency rights for their drug distributions in Sri Lanka, relationships with premier medical consultants in the respective fields of specialization to promote the company medications and a network of a competent and persevering, a contingent of medical representatives who will have to painstakingly contact and convince the consultants. Financial capability is also imperative as most of the pharmaceuticals that the country requires will have to be imported and therefore requires considerable banking facilities by the companies within the group. While RHC led by Dineash with his industry reputation and professionalism possessed all the above, the financial institutions were very supportive during the growth of RHC as a pharma powerhouse within a relatively shorter period.

The History of RHC Group

professional career of Dineash Saparamadu

Dineash was a bright student from his school days, passed out with a first-class in his degree in pharmacology, and always had a keen interest in research and development in his chosen field. He was able to obtain his postgraduate degree while working as a senior manager at the State Pharmaceutical Corporation (SPC), the principal governmental organization responsible for the procurement and supply of drugs to the Health Ministry and the private sector market through open competitive tender procedures. SPC is an organization that takes an active interest to promote generic drugs. Experience at SPC which is considered an invaluable career milestone for a pharmaceutical professional enabled Dineash to join a leading private sector pharmaceutical company that further sharpened his managerial insights and exposure to a more results-driven, profit-centric, and dynamic organizational culture that was particularly important towards his career development.



Reliable Pharma Ltd (RPL) was the first company of the RHC group that was incorporated in 2010 and its commencement was shrouded with some complications and anxiety. Dineash was the head of the pharmaceuticals division of a large group of companies – Worldwide Agencies Group of Companies (WAGC), which was owned by a family consisting of a dynamic entrepreneur, Mr. Senadhipathi - Chairman, his two sons as the joint managing directors. This was the company he joined leaving the State Pharmaceutical Corporation as mentioned earlier. An astute businessman, the founding father of WAGC managed to develop an entrepreneurial mid-sized company into a large, diversified group where its pharmaceutical company (an SBU) was a growing profitable addition. Even though lacking formal business education, the progressive development of international presence and connections dealing with some reputed continental brands of WAGC, enabled Senadhipathi of acquainted with good business practices and he was

keen to study the foundations of corporate success and introduce such within his corporate empire. Accordingly, he always relied on professionals in the respective fields of business, that the group will have its foothold, and when the opportunity to enter the healthcare industry was presented, he readily accepted the challenge knowing the country's depth of professionalism in this growing field. Dineash was his automatic choice to head the pharmaceutical SBU of this group as its CEO. At the mature age of early fifties with an abundance of knowledge backed by an impressive academic record, experience in the industry working at the country's principal pharmaceutical corporation, and his personality that displayed energy and enthusiasm, Dineash was the WAGC Chairman's automatic choice to lead his s new venture. He believed this opportunity will enable Dineash to fulfill his desire for personal growth, advancement, and career development, compared to a rather stifling, restrictive regulated corporate environment of a typical large public sector organization. As a unique progressive practice of WAGC, all CEOs are presented with 2% of the share capital of the respective organization after their first year of successful performance, and Dineash was such a recipient at that company.

Rising interest costs and an inadequate capital structure to accommodate the growth of varying SBUs of the WAGC group which was endowed with several prestigious industrial brands brought about undue tensions and numerous operational problems including financial constraints within the group. The situation got further aggravated by the two sons of his attempting to divide the companies and restructure SBUs within the WAGC group to their liking and preferences. The WAGC group at that point was experiencing a lack of the required professionalism, experience, and entrepreneurial wisdom of the second generation required to manage growth opportunities that were coming WAGC's way in abundance. The need to manage corporate growth with financial and operational discipline was lacking at WAGC, with the two sons- the joint managing directors were obsessed with obtaining market leadership in some heavy growth sectors like Indian automobiles that require heavy investment.

In the meantime, Dineash was fully engrossed in developing the pharma SBU that was giving him all the job satisfaction, power, and above all an opportunity to realize the creative potential that was valued not only within his own company but also by the respective overseas principals in developing a successful market for their products. When Dineash realized the mounting unfavorable climate at WAGC that has unknowingly reached a level of a high degree of chaos. He realized the gravity of when certain overseas principals of some popular pharmaceutical products have expressed dissatisfaction with continuing financial difficulties in establishing letters of credit (LCs) for ex-stock orders.

Medicine is an area that has zero tolerance for stock unavailability with the distributors and pharmacies because that can spoil all hard work, effort, and money expended in developing a

market for a new pharmaceutical product which is considered very challenging in the pharmaceutical industry. Dineash realized that the finance division has not been very truthful when the reasons for delays have been mentioned to him as temporary financial difficulties, which are far more deep-rooted than mere short-term financial constraints. He also learned that a particular large SBU involved in major industrial air-conditioning projects at WAGC has not been making reported profitability while some other companies in the group have been heavily overtrading as well. All these and more practical issues have slowly developed into a financial crisis within the group further aggravated by the two sons wanting to divide the companies and the respective SBUs under their control.

Dineash resigned from WAGC and commenced his own business as Reliable Pharma Ltd. He also informed his departure from WAGC to the company's overseas manufacturers and suppliers. Fully convinced of Dineash's professional expertise most of them pledged support for Dineash's new venture.

Some perspectives on the Health Care industry

The dictum 'health is wealth' indicate the significance of health care for mankind. The enormity of the scale and scope of the healthcare industry can be easily gauged as the related budgetary provisions for expenses in this field at governmental levels which are usually measured in terms of a nation's gross domestic product (GDP). Such is the importance attached to this industry that provides goods and services to treat patients ranging from preventive, curative, rehabilitative, and palliative care.

The healthcare industry is one of the world's largest industries and in most developed nations the allocation for this industry exceeds ten percent of GDP. For example, it is the largest single industry in the world's biggest economy, the USA. It's an industry growing well into the future, driven by several drivers. Key among them will be technological innovation, integration of medicine and health care, smart healthcare data management, and patient-centered restructuring. For example, a digitized healthcare system will provide better diagnostics, improve the quality of care, and reduce operational costs.

The industry as a whole can be considered to consist of three key segments, namely.

- Healthcare Providers (e.g., Hospitals, Nursing homes)
- Life Sciences (e.g., pharmaceutical firms manufacturing drugs, manufacturing medical equipment, biotechnology firms conducting research & development for firms to create new drugs & equipment, and treatment methods)
- Healthcare Financiers (e.g., companies providing health insurance policies)

The difference between a 'branded drug' and a 'generic drug' is an important difference for Pharma marketers.

A drug that is protected by a patent is a branded drug (Patent Medicine) and a drug that is a copy of branded drug and is equivalent in safety, efficacy, and use is called a generic drug. Sometimes people get confused with the term 'branded generics', and in fact, it means just like it sounds- i.e. 'generic drugs that have a brand name'. These drugs are developed either by a generic drug company or the original manufacturer after the patent expires for the product. Branded drugs are costlier because patients perceive them as superior to generic medicines. Generally, as per regulatory authorities all over, brand-name medicines and generic medicines must work well and be safe as they use the same active ingredients.

Obtaining patent protection is important to safeguard the research and development effort and investment because of the resulting innovativeness by the pharma companies. Drug patents help these companies to recoup and create enormous financial value as well as the years of painstaking effort and high expenditure in such creative efforts. Such patents are intellectual property rights that protect an invention. It is usually estimated that nearly eighty percent of the revenues of pharmaceutical companies. Currently, the period of a patent is a period of 20 years from the date of obtaining the first registration.

On the other hand, not all drugs can be patented because not all inventions are patentable. Certain criteria must be met to be able to apply for patent protection for a drug and these include:

- The invention must be new.
- The invention must be non-obvious i.e. when comparing the invention with previously patented inventions.
- The invention must be useful.

Concept of branded generics

Branded generics are generic drugs that have been given a proprietary market. They may be marketed similarly to how branded drugs are. Branded generics attach proprietary names to generic drug molecules. Ordinary generic drugs are usually known by their chemical name. Hence it is an off-patent medicine sold under a brand name and hence carries the primary value to a marketer's perception of some superiority.

Difference between Prescription and Over the Counter (OTC) Drugs

Prescription drugs should only be taken by patients when they are prescribed by a qualified doctor. Over the counter, drugs are medications available without a prescription.

Examples: Paracetamol - Generic product to relieve headache symptoms -An OTC product

: Panadol - Branded product to relieve headache symptoms -An OTC product

: The first invention for headaches was as far back a couple of centuries ago

Also, it is interesting to note that the Chinese use acupuncture in treating headaches that amply exemplify cultural differences even when it comes to health care.

Marketing of pharma products: Medicines and Vitamins

Most pharma companies market medicines for certain selected types of different diseases as there are many types of diseases among humans e.g., heart diseases, diabetes, mental diseases, etc. On the same token, the thirteen vitamins have different jobs to keep the body working properly.

A brief overview of the companies within the group

Company	Date of Commencement	Principal Divisions	Institutional Head
Reliable Pharma LTD (RPL).	Jan 2010	-Branded Drugs -Generic Drugs	Dineash Saparamadu (Group Chairman, MD and CEO of RPL).
Reliable Diagnostics and Fitness products Ltd (RDFL).	April 2015	-Diagnostic Equipment -Fitness Equipment	Thilanka Saparamadu (MD and CEO).
Reliable Performance and Antiaging Products Ltd (RPAL).	Jan 2018	Vitamin supplements Antiaging products	Bianca Saparamadu (MD and CEO)

Table 1

* All members of the Saparamadu family are directors of all three companies and the younger son is not mentioned in the above table - Bandula is also a director of all three companies and is designated as the Group Finance Director (GFD).

Reliable Pharma Ltd (RPL)

RPL, the group's flagship company by a distance, is controlled by the founding Chairman Dineash who is also the principal shareholder. Presently he mostly spends his time in overall supervision of this large company being ably assisted by two senior general managers as discussed further below. The company is organized under the principal divisions - Branded (also including branded

generics) and Generics. Branded drugs are understandably targeted at the more affluent segments while Generics perform a huge role in the nation's health care by supplying quality generics but at lower price points. Particularly in the current context of our economy, adequate market presence with lower-priced generics in key medicines is an essential ingredient for the successful performance of a large pharma company.

As given in the table above RHC group companies operate as principal divisions that are equivalent to what is technically referred to as SBUs (strategic business units), e.g. Branded and Generic at RPL. Understandably Generics division accounts for nearly two-thirds of the groups operating profits. Other Income which accounts for over 40% of this SBU's operating profit, is derived from tenders that arise mostly on account of supplies under major tenders from the state sector such as SPC and other major groups of private sector healthcare institutions. A salient issue here is that such income is in the form of agency commission, commonly referred to as 'indent income' received from the RPL's overseas suppliers who directly establish letters of credit for such imports based on proforma invoices issued from their local agent- i.e. RPL and these tenders are extremely competitive. In fact, most of the other income of all SBUs of the group arises out of competitive tenders.

Both divisions of the company are involved with ex-stock marketing as well as competing for tenders from the public as well as private sectors.

The divisions of RPL are headed by Mr. A (Branded) and Mr. B (Generics) both being qualified with degrees in science and more importantly experienced, competent pharma marketers who are designated as senior divisional GMs. In the generic drugs division, Mr. B. is further assisted by an experienced manager who is mostly responsible for administrative decisions overlooking all operational aspects with support staff, since B is mostly engaged in the area of tenders. There is a three-member team of qualified pharmacists that assist both divisions because of the required intimate technical pharmacology expertise and particularly the extensive documentation needed to handle a complicated drug registration process as all medicines must be formally registered with NMRA (National Medicine Regulatory Authority) before a company can market any pharmaceutical in our country. Such capability is also considered a KSF in the pharmaceutical industry. The remaining important members of the staff are the key medical marketing representatives, and their role was discussed earlier in this document.

Reliable Diagnostics and Fitness products Ltd (RDFL)

One of the most common types of medical diagnostic equipment that we are familiar with is a *stethoscope* which is used to listen to internal body sounds. Blood pressure monitors, pulse oximeters, X-ray machines, and the list expands into tools such as ECGs, EEGs, and CT scanners

which can take a series of X-Ray pictures that can be amalgamated to create images of the area that was scanned. MRI scanning, a more advanced scanning methodology is one of the top-end medical diagnostic equipment that uses strong magnetic fields and radio waves to produce detailed images of the inside of the body. These scans can assist medical specialists to determine any abnormalities in the body. Understandably, the prices of such equipment scale up with technical complexity and related technology. Hence in a way, there are three possible classifications for diagnostic equipment from class I to III, which can be simplified as class I capable of low-risk detection to class III medical devices capable of highest-risk detection. RDFL mostly promotes Class III with a strong market presence representing a prestigious top-end range of German and French medical equipment. Most of such high-end equipment is procured by major hospitals in both private and public through competitive tenders. The local suppliers/marketers of such diagnostic medical equipment are expected to invest in sample equipment for demonstration purposes, and accordingly this division carries nearly Rs.100 Mn of such. These are being supplied by overseas manufacturers at very special discounted prices and are included under the inventory value. The overseas principals are obliged to replace such demonstration machines with new technological innovations, such equipment being essential to demonstrate during the marketing and create demand for their respective branded products.

Thilanka the elder son of the chairman is an electronic engineer who has undergone extensive foreign training with the Diagnostic division's General Manager Mr. C, an experienced qualified marketer in this specific field also with a technical background. As aftersales service is an essential attribute in the marketing mix of this product range, the division is supported with a fully equipped workshop functioning under a qualified service engineer also being trained by the respective overseas equipment manufacturers. Mostly the marketing effort in this division is by Mr. C assisted by four assistants that are concentrating on market research that may lead to identifying market needs in the industry. Thilanka is mostly involved with developing top-level industry contacts and public relations that are valuable in the strategic marketing efforts of RDFL

The fitness equipment division is handled by a Senior Manager, Mr. D who is qualified and experienced in this field and reports to Mr. Thilanka who has also excelled in sports leading his college rugby team and is also endowed with national colors in the Sri Lankan team. This exposure has led him to start a fitness equipment division at RDFL and carries a range of demonstration machines that are categorized under the company-level fixed assets amounting to Rs.50 Mn. The balance amount under RDFL fixed assets belongs to the diagnostic equipment division's after-sales service division. There are few regional-level sales representatives and appointed agents to market the fitness equipment division's product range.

Reliable Performance and Antiaging Ltd (RPAL)

Dineash's only daughter Bianca is a qualified nutritionist having obtained her degree in bioscience from the University of Colombo. Mr. E is the General Manager of the Vitamins division of RPAL again a qualified pharma professional with marketing exposure. The Anti-aging division the latest divisional entry to the RHC group is managed by a female doctor who has also undergone training in low-end cosmetic surgery.

Saparamadu family's complete presence in the RHC Group

Laying a foundation for the future

By the beginning of the year 2020, Dineash's youngest son – Bandula returned from overseas obtaining a master's degree in Finance and also a few years of experience with a large consulting organization. With his exposure, he was initially involved in improving operational systems and controls of the group, and thereafter his concentration was rectifying some imbalances in the financial structure and disorganized working capital funding of the group's companies. Working with the companies' accountants he was able to reschedule, restructure and reorganize the financial facilities with the group's financial institutions, which was completed and reflected as of the end of the financial year on 31st March 2021. Further one of the most progressive and value-creating strategic decisions that Bandula was able to convince the family was to purchase their existing rented building of nearly 60,000 square feet consisting of semi-luxury office premises and all the stores equipped with infrastructure facilities to store pharmaceuticals. This transaction was formally concluded on 31st March 2021. (For the purpose of this case study it may be assumed that by then the prices of all real estate have undergone enormous increases due to numerous macro-economic factors and such gains are already reflected in the asset structure of RPL as of that date).

To formulate strategic forecasts for the future, Bandula adopts the practice of rearranging the latest audited financials as the base year of forecasting for the future and adjusting for any extraordinary items in forecasting. Accordingly, 1st April 2022 is the commencement of the base year for forecasting purposes, for the future of the RHC group. The objective here is that such will facilitate the implementation of the new accounting software introduced by Bandula that will largely improve the group's management information capability and enable a better connection between financial and management accounts. Further system-driven information capability will also provide a timely presentation of more systematic periodical divisional performance through the new accounting software, as traditionally Malith - Group Financial Controller (GFC) only produces quarterly profit and loss accounts and banking facility utilization as critical financial information.

Accordingly, Appendix 1 - summarized presentations of the audited accounts of the three group companies for the year ended 31st March 2022, of the RHC group, prepared and presented by Malith, re-organized in a manner with the respective divisional results that will assist Bandula and directors to strategically envisage and forecast the group's future projections with a financial focus as well under different lines of business.

The rearranged facilities from the financial institutions as on 31st March 2021 for the group's companies are listed below:

Facility Description	Group Limits (Rs. 000's)	Terms agreed for facilities	Security
To finance, Fixed Assets: -Long-term loan to acquire and finance Land & Buildings and existing loans.	2,100,000	-Granted on 1 st April 2021 -Payable over 20 years at equated installments - A two-year grace period for capital repayments only -20% interest per annum.	-Mortgage of Group's land and buildings, personal guarantees of all family members, and cross-corporate guarantees.
To finance Working Capital: -Pledge loans and overdrafts. (sub-limits, interchangeable)	600,000	Interest at 20% per annum.	Same as above.

Table 2

Financial performance of the group in the last financial year 2021/2022

Dineash, studying the results of the member companies of the group for the financial year 2021/2022 March, the first completed year after the financial reorganization of the companies within the group as explained earlier, could not help being satisfied with the efforts of him and the management team. Apart from being a technical specialist and related challenges, Dineash is also aware of the rigors of a marketer as well when functioning in the Sri Lankan pharmaceutical industry. At times he wonders about the real value that the finance team of the group creates while technical and marketing teams are pressed from top to bottom. However, he was cautious

to only reserve such thoughts to himself personally and decided to carefully follow this thinking before discussing it with Bandula.

Dineash has advocated and taken pride that the group is referred to as the 'Reliable Health Care' (RHC) brand as its top-level corporate identity and believed there will be synergy in everything that they do under the corporate umbrella and will collectively benefit each other.

" Eventually, all that we do can be broadly classified under improving health care from a variety of dimensions and therefore we need to have a core theme for our corporate business domain." – A quote by Chairman when the group incorporated RPAL, being the latest entrant to the group.

Group HR capabilities and policies

The chairman and the directors are well aware of the strategic importance of a highly competent HR function in all companies and divisions as a group that operates in challenging industry conditions. It is much desired that most Key Managerial Personnel (KMPs) have to be capable and experienced professionals with the right blend of several appropriate competencies.

A quote by the group chairman at a meeting with the present head of HR – Mohan, who assumed duties in this newly created group function in 2019:

"In our type of business, the company's propriety trade information is highly sensitive, and therefore honesty, integrity, and confidentiality are basic requirements, in addition to relevant technical knowledge. No compromise on such.

We have been able to recruit competent personnel as we have never compromised on their remuneration packages. Security by way of competitive fixed income in an era of a volatile job market, progressive annual reviews, annual bonuses, and other benefits like company-maintained vehicles, medical insurance, etc. As we have outsourced all remuneration-related payments through an outsourcing arrangement with a recognized consulting company, all such details are only dealt with at the very top levels and hence confidentiality is assured. All executive staff in the group are strictly prohibited to disclose their remuneration packages, as practiced by most reputed large-scale organizations in the country.

One area that you might be able to contribute is to introduce equitable training cycles for all individuals dependent on their respective needs, considering both company development coupled with personal growth."

Some of the major improvements done by Mohan in the HR area since his tenure at RHC were to compile a proper organization chart, identify all KMPs, and conduct an outsourced industry-based

KMP salary survey with the help of a prestigious HR consulting company. Thereupon he reviewed the group's salary structures with competitive industry reward packages under due permission from the group directors.

He also proceeded to develop divisional KPIs for each of the group's divisions, which included a balanced structure of short- and long-term strategic success factors.

Managerial attitudes

Despite being a family company, by and large, Mohan is aware that all owners are well qualified, and this is one of the positive factors that he often admires. Nevertheless, he at times observed some attitudinal issues with certain KMPs and senior executives. When this issue was discussed with the chairman, his opinion was that such could be due to a high-pressure work environment operating in a highly competitive and dynamic industry constantly that is impacted by R & D developments. Sounding somewhat surprised by this revelation, he also hoped that such won't impact the performance of these key personnel.

Mohan has also done some deep thinking into the organizational culture of this family business. Founded by a highly disciplined, the hardworking professional chairman has all along driven the values of conformity, the expectation of unwavering loyalty, and long-term employer-employee relations that will benefit the latter.

Mohan was requested by the chairman to improve any areas of soft skills that he considers need to be developed in the group.

Group Planning Committee of RHC group

With the advent of Bandula to the directorate of RHC, he emphasized the importance of long-term strategic thinking and an orderly approach towards identifying and systematically strategizing to minimize critical weaknesses of the group's businesses. Accordingly, he established a multi-disciplinary group planning committee in 2021, that comprised the GFC- Malith, a professionally qualified accountant who has been with the group almost since the commencement of this family company, and the head of HR as permanent members. Malith was first recruited to RPL, and with the group's expansion, he assumed a more corporate-level position in the finance function, before being appointed as the GFC. Given that all key technical and marketing heads are fully occupied with their busy schedules, this committee was empowered to call any of them as and when needed by the committee.

Some strategic features in relation to the market-driven variables and relative divisional performance of the RHC group were compiled by the committee, as per Table 3

Division Criteria	Branded Drugs	Generic Drugs	Diagnostic Equipment	Fitness Products	Vitamins	Anti-Aging
Market Share	20%	10%	08%	02%	07%	10%
Market Growth rate	15%	10%	15%	20%	10%	15%
Industry level profitability	High	Low	High	Low	High	High
Competitive intensity	Low	High	High	High	Low	Low

Table 3

Appointment of an external management consulting company

With international exposure backed by consulting experience of his own as well as valuing an independent professional perspective that can create strategic value, Bandula the GFD has actively promoted the appointment of Premium Management Consultants (PMC) to do a comprehensive strategic review of the RHC group. Apart from PMC’s experience in the pharmaceutical industry and its panel of consultants including known industry technical experts, the company also has acclaimed experience in transformational initiatives consulting some leading family businesses in the country.

-End of Scenario I-

-Please ignore the impact of Covid19 related issues for the purpose of this case study-

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME									
For the year ended 31st March 2022									
RELIABLE HEALTH CARE GROUP OF COMPANIES									
RELAIBLE PHARMA LTD (RPL)			RELIABLE DIAGNOSTICS AND FITNESS PROD. LTD (RDFL)				RELIABLE PERFROMANCE AND ANTI-AGING PROD. LTD (RPAL)		
(Rs 000's)			(Rs 000's)				(Rs 000's)		
<i>Branded Drugs</i>	<i>Generic Drugs</i>	<i>Company</i>	<i>Diagnostic Eqp.</i>	<i>Fitness Eqp.</i>	<i>Company</i>	<i>Perfromance</i>	<i>Anti-Aging</i>	<i>Company</i>	
<i>Div/SBU</i>	<i>Div/SBU</i>		<i>Div/SBU</i>	<i>Div/SBU</i>		<i>Div (Vitamins)</i>	<i>Div/SBU</i>		
<i>Revenue</i>	701,095	2,612,000	3,313,095	401,700	198,000	599,700	301,900	96,200	398,100
(The revenue is net of all distributor margins, where applicable)									
<i>Other income</i>	79,000	249,500	328,500	145,300	-	145,300	-	-	-
	780,095	2,861,500	3,641,595	547,000	198,000	745,000	301,900	96,200	398,100
<i>Cost of Sales</i>	490,767	2,089,600	2,580,367	341,445	148,500	489,945	241,520	48,100	289,620
<i>Gross Profit</i>	289,329	771,900	1,061,229	205,555	49,500	255,055	60,380	48,100	108,480
<i>Expenses</i>									
<i>Administration (Note 1)</i>	35,055	130,600	227,655	80,340	13,860	94,200	21,163	6,734	27,897
<i>Marketing & Sales (Note 2)</i>	42,066	156,720	240,786	60,255	15,840	76,095	24,182	14,430	38,612
<i>Operating profit</i>	212,208	484,580	592,788	64,960	19,800	84,760	15,035	26,936	41,971
<i>Finance Expenses (Note 3)</i>			479,664			25,370			23,121
<i>Profit before Tax</i>			113,124			59,390			18,849
<i>Taxation @ 20%</i>			22,625			11,878			3,770
<i>Profit for the year</i>		-	90,499			47,512			15,079

STATEMENT OF FINANCIAL POSITION									
As at 31st March 2022									
RELAIBLE PHARMA LTD (RPL)				RELIABLE DIAGNOSTICS AND FITNESS PROD. LTD (RDFL)			RELIABLE PERFROMANCE AND ANTI-AGING PROD. LTD (RPAL)		
(Rs 000's)				(Rs 000's)			(Rs 000's)		
	Branded Drugs Div/SBU	Generic Drugs Div/SBU	Company	Diagnostic Eqp. Div/SBU	Fitness Eqp. Div/SBU	Company	Perfromance Div (Vitamins)	Anti-Aging Div/SBU	Company
Non Current Assets									
Land and Buildings (valuation)			2,398,000			-			-
Office Equipment (WDV)			48,674			174,234			11,232
Total Non Current Assets			2,446,674			174,234			11,232
Current Assets									
Inventories	40,897	348,267	389,164	256,908	24,750	281,658	60,380	12,025	72,405
Trade Receivables	58,425	435,333	493,758	66,950	33,000	99,950	50,317	16,033	66,350
Other Receivables	825	6,245	7,070	752	432	1,184	324	76	400
Total Current Assets	100,147	789,845	889,992	324,610	58,182	382,792	111,021	28,134	139,155
Total Assets			3,336,666			557,026			150,387
Equity and Liabilities									
Capital and Reserves									
Stated Capital and Reserves			907,977			415,985			29,238
Non- Current Liabilites									
Long -Term Loans			2,000,000			50,000			50,000
Current Liabilites									
Expense Creditors	6,427	23,943	30,370	11,716	2,475	14,191	3,779	1,764	5,542
Import Loans			199,345			51,400			41,007
Bank Overdraft			198,974			25,450			24,600
Total Current Liabilities			428,689			91,041			71,149
Total Equity and Liabilities			3,336,666			557,026			150,387

Note 01 -Administration Expenses

Includes the below expenses:

Rent for the RHC group companies all offices and stores amounting to Rs.60 Mn is charged under RPL, this entity is contractually bound to make payments, and also as the principal company responsible for over 70% of total income with all shareholders occupying in their corporate offices, with conference and board room for decision making.

Note 02 -Marketing and Sales expenses

On account of all director allowances, top-level entertainment, and corporate brand/ identity promotion- Rs. 42 Mn charged under RPL

Note 03- Finance Expenses

All loans and working capital facilities are charged at 20% per annum by the financial institutions.

ICS November 2022 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			