



KC5 - Corporate Strategy and Contemporary Issues, December 2016

Examiner's comments

General Comments

This has covered the automobile, insurance and finance industries comprehensively in the pre-seen which was given to the students one month prior to the examination. The examiner has formulated his request from students at the final examination, giving a maximum of 40-60 marks for prior analysis. As such I have no doubt if any student had planned well and analysed the facts given in the pre-seen they would have scored more than 50 out of 80 marks. Examiner has guided the students advising them what the examiner's expectation is by providing the areas that the students should consider when they prepare the report as requested by the examiner. This has given some help to the students to prepare the report to the board of Directors of TFA as requested by the examiner.

Observations of Marking Examiners on the students' performance

1. In general all the students have shown poor performance in report writing ability; they could not write a proper Executive Summary/ Introduction as well as a conclusion and recommendation. This area should be improved by CA Sri Lanka having a workshop prior to the examination and should emphasise the importance of being able to write an executive summary, introduction and a recommendation/conclusion.
2. The students who passed had average knowledge of Strategic Management and Finance, valuation of a company with reference to a particular Valuation Model to some extent while the others did not have any idea of this model and got inadequate marks. They even did not have the basic knowledge to provide the valuation of shares to be included in the offer price to acquire RBFC. There were some students who made a lot of calculation errors such as calculating number of shares (unseen has given this including price per share; even then, they have calculated it wrongly and wasted their time unnecessarily) and scored less marks. Most of them scored zero out of 15.

3. Regarding formulation of growth options, the students who failed applied environmental analysis, 5 forces model, BCG Matrix instead of Ansoff Matrix model which was required. The average score was 2-9 out of 9 marks. Majority of students have no idea about the VRIN model to validate HR practices, though it has been explained in the KC5 text book.
4. Most of the students could not understand part (c) (four ways in which value can be created through the supply chain).
5. Majority of students could score only low marks for business strategies for TFA Rent a Car requested in part "(d)".
6. None of the students could write competitive strategies for RBFC though most of the information is given in the pre-seen. Had the students studied the pre-seen, analysed the given balance sheets and P/L of the 4 finance companies, studied the important ratios which are used by the industry people from the annual report published or had gained an idea about the ratios needed to measure the performance and the competition between the finance companies prior to the examination, they would have scored better. Unfortunately students have not done so and most of them have not attempted the question. However, this area is the most important in this report. Except for one or two who scored a maximum of 4 marks, others got zero marks.
7. Though, students mentioned what the risks are in general, they could not identify specific relevant risks in RBF in the light of the proposed changes to its competitive strategies.
8. Total marks varied between 13- 57, majority is in the 40 to 50 range.
9. The number of students who got through is 131 out of 200. That is 65.5%.

In general, we observed that the students showed poor prior preparation including lack of reference to the text book KC 5.