

Top CA Study Examination: Siam IT Solutions (Pvt) Ltd (SITS)

September 2014

Examiners' Observations

1. A case study generally provides a vast amount of information. The Top CA Case Study Examination is designed to provide information at two stages. Based on the Advance Information provided during stage one, the candidates may get ready for different possible scenarios that the given case study could be elaborated on further through Impact Information during stage two, and the probable questions that could be raised at the examination. This preparation itself is a part of the training expected by the case study examination. However, it is important to be selective in answering the exact questions raised at the examination.
2. It was observed that most of the candidates had reproduced a pre-prepared answer. It was also observed that some had reproduced the material provided in the Advance Information (such as lengthy descriptions about the company), rather than answering the particular questions raised at the examination. The candidates should be mindful that each case study is a new experience and that there are no standard answers across different case studies.
3. The case study relating to SITS had raised three distinct questions and also expected three different answers. Some candidates had failed to formulate three answers for the three questions given. They had rather presented everything within a single answer.
4. The candidates in general had provided a satisfactory answer for Question 1. However, some have recommended about the financial goal Dilith *should* be focusing on, while the question is on the financial goal Dilith *seems* to be primarily focused on. While no financial computations were required for this answer some

have carried out ratio analysis which is infact needed for Question 3. Some candidates have failed to identify shareholder value maximization as the proper goal and its relevance for SITS.

5. In Question 2, the majority of the candidates had provided a satisfactory answer regarding the management style of Dilith. However, some had failed to provide satisfactory explanation about the potential corporate governance and agency problems at SITS, and have merely listed the requirements set by the code of corporate governance. Most of the candidates have failed to demonstrate proper understanding of the concepts of corporate governance and agency problem.
6. In Question 3, the management of the company was seeking the services of a management consultant to get his help to resolve the problems currently confronted by the company. The candidates were supposed to identify them and provide a professional opinion / recommendations with justifications. Some candidates had failed to identify these problems properly and to provide a professional opinion therein. A vast majority has followed a particular format, including ***terms of references*** which were not really expected in the answer. The structuring of this section of the answer was also relatively poor with some candidates embedding the ratio computations to the body of the report rather than presenting the ratios as an annexure and the analysis of the ratios as a part of the body of the report.
7. Although it was mentioned in Question 3 as a note that ***carrying out financial analysis may help to understand some key issues faced by the company***, answers of some candidates did not carry any financial computations. In certain cases, financial indicators are misleading and may lead to wrong conclusions. Some students had failed to identify such instances.
8. In relation to this particular case, through ratios what one could understand is the symptoms and the gravity of the problems faced by the company. Ideally, at this stage, a time series comparison (over years) and a cross sectional comparison (with

the industry) would have been performed by the candidates. Only some candidate had performed both these analyses and presented them in different tables/annexures showing the deviations while drawing facts from tables/annexures for the discussion.

9. Next level it was expected to explore the reasons for the symptoms identified through the financial analysis. There it was expected to come up with the whole lot of operational issues confronted by the firm (low productivity, quality issues, not meeting deadlines, customer dissatisfaction and payment delays, process related issues etc.). Next, it was expected to come up with managerial issues that cause the operational issues (planning issues, organizational structure and division of work related issues, employee motivation related issues etc.) Finally, it was expected to identify the strategic causes that led to managerial issues (leadership, governance etc.). However, most of the candidates had failed to rationally identify the sequence of issues. The analysis could have taken either bottom-up or top-down approach.
10. Recommendations were generally expected to be formulated in line with the above discussed problem analysis, and prioritised in terms of time scales (immediate, medium term and long term) taking into consideration gravity of the issues, resources required, explicit corporate objectives (listing of the company).
11. All in all, it is always advisable to read and understand the questions well in advance and take time to plan and structure the answers, rather than providing pre-planned answers.