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**KC5 – CORPORATE STRATEGY AND CONTEMPORARY ISSUES
SEPTEMBER 2017**

Assignment

Equity investment fund for Sri Lankan migrants in Australia - SLEQUITY

Background

Equity Investment Australia Limited (EIAL) is a leading investment fund based in Australia. EIAL has been closely watching the recent changes that are taking place in the macro-economic environment of Sri Lanka in order to find investment opportunities in the country. EIAL has taken a decision in principle to initiate a fund called “SLEQUITY”, primarily aimed at Sri Lankan migrants living in Australia. SLEQUITY plans to collect funds from investors and invest these in terms of equity and debt in selected ventures. EIAL is open for investment in existing ventures for expansion or in potential new start-ups with an investment horizon of 5 – 10 years. However, SLEQUITY will not invest in entities whose primary business activities involve liquor, tobacco, gaming or livestock.

EIAL has performed a fairly comprehensive study on the macro-economic environment of Sri Lanka. Its research team visited the country and had meetings with key institutions such as the Ministry of Finance and Planning, the Ministry of Trade and Commerce, the Central Bank of Sri Lanka, Board of Investment in Sri Lanka, The Ceylon Chamber of Commerce, The Institute of Chartered Accountants of Sri Lanka as well as a few business leaders.

EIAL has also made a note of the recent macro-economic developments in Sri Lanka such as the approval by the International Monetary Fund to grant an Extended Fund Facility (EFF), regaining of GSP+, lifting of the EU ban on Sri Lankan fish exports, proposed bilateral agreements with Asian neighbours, private-public partnership (PPP) approach to development, megapolis project, fiscal policy and the new Inland Revenue Act and the more flexible foreign exchange policy.

Following the initial research, EIAL has engaged the services of a Sri Lankan professional advisory firm to provide an impact assessment and identify the future potential of different industry sectors in Sri Lanka. This is expected to provide an important platform for understanding the impact of the Sri Lankan economic policy framework on different industries to shape the investment approach and strategy that EIAL might adopt.

The advisory firm has formed a team of CA students, preparing for the KC5 examination, and you are a member of this team.

Required:

Select **one** industry of your choice, which you think has potential in the future, and **prepare** an impact assessment report that will meet the requirements of EIAL.

(Total: 20 marks)

The broad framework for the impact assessment report required from the Sri Lankan advisor is set out below.

Policy framework

- Recent developments in Sri Lanka’s economic policy framework
- Broad impact on economic indicators
- Sri Lanka SWOT and other issues if any
- General impact on key industries
- Selection of the industry and justification

Industry

- Industry overview
- Current gaps in the industry
- Analysis of the industry – SWOT, PEST, Porter’s 5 Forces
- Identification of specific opportunities and surrounding issues
- Strategies required to counter the issues

Please note that this is not the exact structure of the report, and is only a broad guideline. The contents of your report should not be limited only to the above aspects, and it need not be arranged in the same order.

Assessment criteria and marking scheme

	Assessment criteria	Marks (%)
1	Understanding the issue	10
2	Illustration of the issue with the facts	15
3	Analysis of the issue	30
4	Use of technical knowledge	15
5	Applicability to Sri Lanka	10
6	Conclusion	10
7	Overall presentation – Professional writing	10

Notes to candidates

- This assignment is to be cost-effective and largely based on publicly available information.
- The report should not merely be a collection of already published material, and should include the advisor's analysis, comments, interpretations, viewpoints and suggestions that would assist EIAL in choosing the appropriate industry.
- Provide references wherever applicable.
- The following materials may be useful

<http://www.imf.org/en/News/Articles/2015/09/28/04/53/socar061416a#.WYXoVnd6oDo.e mail>

<https://www.imf.org/en/News/Articles/2017/07/17/pr17288-imf-completes-second-review-of-the-extended-arrangement-under-the-eff-with-sri-lanka>

https://www.imf.org/~media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2016/_cr16371.ashx

<http://srilankabrief.org/tag/gsp-plus/>

<http://www.ft.lk/article/634002/We-need-microcredit-to-develop-the-rural-economy>

<http://www.ft.lk/article/633991/ETCA-and-the-FTA-agenda--Sri-Lanka-is-a-late-comer-vis-%C3%A0-vis-fast-growing-South-East-countries>

<http://www.ft.lk/article/633987/FCCISL-on-proposed-FTA-with-China--Has-the-country-interest-been-sufficiently-guarded?>

<http://www.ft.lk/article/633996/India-Sri%C2%A0Lanka-FTA--Sri-Lanka-reaping-the-benefits-from-preferential-trade>

Important

1. While not restricting, the candidates are advised to use publicly available information as CA Sri Lanka will not guarantee the confidentiality of the contents of your report.
2. CA Sri Lanka understands that more than one candidate may select the same industry which is not prohibited. However CA Sri Lanka will strictly enforce measures to detect any act of plagiarism on the reports prepared by different candidates which are on the same industry.
3. Candidates are strictly advised not to engage in any act of plagiarism which will be dealt with severe penalties.