Certified Finance and Accounting Professional Stage Examination

ICAP

Strategy and Performance Measurement

CRN:

Name:

INSTRUCTIONS

Please carefully read the following instructions:

1. You are required to access your answer working area by using your Student ID and Password as mentioned on your Admit Card.

2. The overall duration of the exam is 3 hours and 30 minutes, which includes the 15-minute reading time and an extra 15 minutes of time that has been allocated due to the introduction of computer-based examinations.

3. All questions are compulsory.

4. Questions can be attempted in any sequence.

5. There is no specific time allocated for individual questions.

6. An auto-save function runs every minute. Further, your answers are saved automatically when you navigate between questions or click on the > **(NEXT)** or < **(BACK)** symbols.

7. Each question provides an answer area with a Rich Text Format (RTF) editor for writing your answers. Additionally, below the RTF editor, a spreadsheet is provided, where necessary, to facilitate examinees in doing rough calculations or other workings. **However, please note that any work performed in the spreadsheet will not be considered for marking. To ensure your work is considered, you must copy and paste it from the spreadsheet to the RTF editor.**

8. Work done in the spreadsheet of one question can also be copied into the RTF editor of the same or another question.

9. You may use Microsoft Office applications such as MS Word or MS Excel for rough working. However, please remember that any work performed in these applications cannot be copied into the examination software, and vice versa. Furthermore, any such work will not be uploaded with your exam for marking.

10. You may use pen and paper for rough work, but please note that pen and paper work should only be done on the last page of the question paper that are specifically allocated for this purpose. Remember that any rough work done on the last page will not be uploaded with your exam for marking.

11. An external calculator can be used, provided it is included in the list of permissible calculators issued by ICAP.

12. During the exam, access to any website other than exam software website is strictly prohibited. Engaging in such activities will be considered a violation under the policy on the use of unfair means.

Q.1 Premium Readers Limited (PRL) is one of the country's most influential publishing and distribution firms. PRL operates four strategic divisions: Academic Textbooks (ATB), Children's Storybooks (CSB), Self-Help and Business Books (SBB), and Fashion & Lifestyle Magazines (FLM). The target markets for ATB and SBB include middle - and high-income readers. Their products are distributed through 850 educational retailers and bookstores in 10 major cities. In contrast, CSB and FLM target high-income niche readers and their products are marketed through exclusive events, boutique outlets, and curated book fairs in Karachi, Lahore, and Islamabad.

PRL's marketing research team has compiled the following data:

		ATB	CSB	SBB	FLM
		----------------- Rs. in million -----------------			
2022	PRL Revenue	2,800	420	5,500	3,400
(Actual)	Market Size	61,000	7,800	39,000	6,200
2023	PRL Revenue	3,900	480	6,200	3,390
(Actual)	Market Size	66,000	8,500	43,000	6,190
2024*	PRL Revenue	5,050	550	7,000	3,380
(Actual)	Market Size	73,000	9,500	48,000	6,170
2025	PRL Revenue	6,500	600	8,100	3,375
(Estimated)	Market Size	81,000	10,700	54,000	6,145
2026	PRL Revenue	8,000	690	9,400	3,350
(Estimated)	Market Size	91,000	12,100	61,200	6,115

* In 2024, the percentage market shares of market leaders for ATB, CSB, SBB, and FLM businesses are 6.9%, 14.2%, 14.6%, and 54.8%, respectively.

As part of a corporate growth initiative, PRL's newly appointed Head of Divisions, Mansoor Shahid, has presented the following proposals for each division:

(i) **ATB:** "We should expand our portfolio of books by incorporating additional subjects and titles. Our aim should be to become a one-stop shop for all academic textbook needs."

(ii) **CSB:** "Let's boost brand awareness via animated storytelling trailers, influencer parenting blogs, and partnerships with top cartoon channels."

(iii) **SBB:** "Introduce price bundles, loyalty cards for repeat buyers, and student discounts to attract young working professionals."

(iv) **FLM:** "To stay relevant, we must pivot toward digital subscriptions, launch mobile-first editions, and broaden our target market to include middle-income audiences in other cities."

Required:
(a) Using the 2024 data, analyze the strategic position of PRL's four divisions. **(06)**
(b) Analyze Mansoor Shahid's proposals and provide appropriate recommendations for each division. **(10)**

(Hint: Use BCG Matrix and Ansoff Matrix for your analysis, with a 10% growth rate cutoff for classification)

Q.2 SpectraTech (Spectra), a European technology company, has developed an innovative line of smart home devices, including energy management systems, smart thermostats, and integrated security solutions. These products are known for their superior efficiency, reliability, and cutting-edge technology. Spectra's products require precise manufacturing, advanced technical expertise, and stringent quality controls to ensure optimal performance.

As Spectra considers expanding into the rapidly growing Asian market, it faces several challenges. The smart home devices market in Asia is highly competitive, with strong local brands and rapidly evolving consumer preferences. Asian customers often expect tailored solutions that align with local home designs, energy requirements, and cultural preferences, requiring a deep understanding of local markets. Furthermore, the region presents significant regulatory and cultural complexities.

Required:
Discuss the suitability of a joint venture or franchising agreement for Spectra's market expansion, and recommend the most appropriate option with justification. **(10)**

Q.3 InSync Solutions Limited (ISL) provides call center services to a number of clients which includes banks, insurance companies, airlines and mobile network operators. Over the last couple of years, ISL's performance has declined, primarily due to inability to adapt to widespread industry disruption caused by the rapid advancement of technologies especially Artificial Intelligence (AI). However, a modest turnaround was observed in 2024-25, with both revenues and profits showing signs of improvement.

ISL's summarized income statement and key operational data is presented below:

	2024-25	2023-24
	------ Rs. in million ------	
Revenue		
Pakistani clientele	14,280	13,860
European clientele	28,360	25,860
Others (non-recurring sources)	1,820	410
	44,460	**40,130**
Costs		
Salaries and other benefits	23,400	21,340
Training and development	3,800	3,000
Marketing and sales	350	150
Infrastructure and utilities	11,480	9,850
Technology and software development	1,000	1,250
Others	3,090	3,250
	43,120	**38,840**
Net profit	**1,340**	**1,290**
Average exchange rate – PKR per EUR	320	300

In their report, the directors have highlighted the company's turnaround as evidence of the effectiveness of the strategic changes they introduced. A summary of their remarks is as follows:

(i) Revenues increased by 10.8% as compared to just 2.3% in the previous year, with total billed minutes increasing from 198 million to 210 million.
(ii) Net profit increased by 3.88%, reversing the 4.6% decline recorded last year, despite a 16.5% increase in the electricity costs due to the general inflationary pressures in the country.
(iii) 30 new clients were successfully added and integrated into ISL's information systems, compared to only 11 in the last year.
(iv) Revenue per client increased from Rs. 40 million to Rs. 45 million.
(v) Customer satisfaction score increased from 6.8 to 7.1 (on a scale of 10). This improvement was attributed to extensive staff training, reflected in the increased investment in training and development.
(vi) To manage workload and maintain staff motivation, the number of staff increased from 20,800 employees in 2023-24 to 21,200 in 2024-25. During the year, 2,070 (2023-24: 1,380) new staff were hired, while the number of resignations received was 1,670 (2023-24: 1,325).
(vii) The company began integrating AI driven tools and automating routine tasks, leading to measurable productivity gains.

Required:
(a) Critically evaluate the directors' remarks by considering all the financial and non-financial information provided and / or derived. **(14)**
(b) Discuss the significance of the non-financial information derived in part (a), and its implications for the company's future prospects. **(06)**

Q.4 TechWear Limited (TWL) is a mid-sized manufacturer and retailer of certified performance sportswear in accordance with industry standards. TWL recently adopted Artificial Intelligence (AI) tools for demand forecasting, inventory management, and basic product recommendations. However, it does not have an in-house data science team and relies on third-party vendors for AI support.

Key competitors such as ProFit Sports and Athliva have gone further by using AI in smart product design, fully automated logistics, and 24/7 customer service. These competitors have in-house AI teams and faster product development cycles.

TWL sources performance fabrics from a small group of specialized international suppliers. Some of these suppliers now use AI for dynamic pricing and predictive logistics. Additionally, a three-supplier consolidation through merger has further reduced sourcing options.

TWL's main customers – urban Gen Z and millennial consumers – expect fast, personalized, and eco-friendly experiences. They are quick to switch brands based on innovation, convenience, and ethical values. In parallel, startups in the wellness tech space are offering AI-powered virtual fitness apps bundled with smart apparel, such as posture-correcting wearables and biometric performance gear.

Required:
Use Porter's Five Forces framework to analyze how technological and other market changes are reshaping competition in the industry in which TWL operates. **(12)**

Q.5 An international NGO is evaluating two projects submitted under its Sustainable Communities Initiative. The selected project will receive full funding and implementation support. Your role is to assess the two projects using the Triple Bottom Line (TBL) framework and recommend which one should be funded.

Project A: Urban Green Gardens
This project proposes turning ten vacant urban plots into community gardens in low-income city neighborhoods. The key features of this project are as follows:

(i) Provide local residents with access to fresh vegetables and herbs at discounted prices.
(ii) Sell surplus produce to nearby organic grocery chains or upscale retailers, particularly if local demand is limited due to affordability or other factors.
(iii) Offer part-time jobs to local youth, including school dropouts. Informal roles for children under the age of 14 are included as part of "skill-building" initiatives.
(iv) Reduce the urban heat by adding more plants and promoting biodiversity, although the selected plants are mainly decorative and not native to the area.

Project B: Solar Microgrid for Rural Villages
This project aims to install a decentralized solar microgrid to provide electricity for homes, schools, and clinics in three off-grid villages. The main features of this project are as follows:

(i) Reduce reliance on diesel generators and kerosene, thereby improving air quality and public health.
(ii) Train local youth to operate and monitor the system in collaboration with a private energy company.
(iii) Source imported equipment, although limited information is available on its environmental impact.
(iv) Cover maintenance costs for the first two years, after which users will contribute a small monthly fee to sustain the system.

Required:
(a) Present the pros and cons of each project under the relevant TBL dimensions. **(09)**
(b) Suggest practical ways to address the cons identified in part (a). Based on your analysis, provide a recommendation on which project should receive funding, supported by clear justification. **(06)**

Q.6 Meer Associates, a management consulting firm, has been facing significant financial pressure due to declining revenues over the past three years. In its early years, the firm expanded rapidly, leasing a 10,000 square feet office in a prestigious commercial district, which contributed to its strong brand image. However, with a shrinking client base and rising operational costs, the firm's profit margins have sharply declined.

To address this, the executive team has proposed the following strategic changes:

(i) Downsize to a 3,000 square feet office facility, potentially reducing fixed costs by 30%.
(ii) Cut support staff by 40%, primarily from the IT and administrative departments.
(iii) Implement a work-from-home policy for 70% of the consulting staff to reduce costs.
(iv) Invest in cloud-based project management tools to facilitate effective remote collaboration.
(v) Introduce a results-based performance evaluation system.

Required:
(a) Discuss the key challenges Meer Associates is likely to face in implementing the strategic changes proposed by the executive team. **(07)**
(b) Propose actionable strategies to address the challenges discussed in part (a) above. **(08)**

Q.7 PakCool Energy Solutions is building a solar-powered cold storage facility in Multan for one of its customers. The engineering team has provided a project activity table outlining dependencies and durations presented below:

	Activity	Duration in weeks (week = 7 days)	Preceding activity
A	Site survey and soil testing	2	-
B	Foundation construction	1	A
C	Structure assembly (wall+roof)	3	B
D	Solar panel installation	2	C
E	Cold room setup	3	C
F	Electrical wiring	2	C
G	Internal insulation	1	D,E,F
H	Install cooling units	3	G
I	Final interior finishing	2	H
J	Gutters, drainage and final fixtures	1	H
K	Safety and performance testing	3	I,J
L	Site clean-up and client handover	2	K

The CEO has emphasized the need to complete the project within a strict 19-week completion window to align with the harvesting season of key crops. The management team realizes that the current project must be shortened to meet this deadline. To meet the overall project duration, the team is considering the following two options:

(i) Allocate an additional resource to accelerate one of three activities (C, D, or F), which would reduce the timeline by 1 week as a result.
(ii) Start Activity I in parallel with Activity H, immediately after the completion of Activity G. Activity J would then commence after both Activities I and H are completed. This is considered an innovative and unprecedented approach.

Required:
(a) Analyze the impact of each option on the project timeline. **(08)**
(b) Evaluate both options and recommend which option should be adopted. **(04)**

(Hint: Use Network Analysis (or Gantt Chart), critical path, floats and path dependencies for analysis)

(The End)

Rough Sheet