CIMA FINAL ASSESSMENT

Enterprise Strategy

November 2011

Paper E3

Time allowed
Reading and planning: 20 minutes
Writing: 3 hours

Answer ALL compulsory questions in Section A

Answer TWO of the three questions in Section B

Do NOT open this paper until instructed by the supervisor.

During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.

This question paper must not be removed from the examination hall.

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MATHS TABLES AND FORMULAE

PRESENT VALUE TABLE

Present value of $1, i.e. $(1 + r)^{-n}$,where r = interest rate; n = number of periods until payment or receipt

Periods (n)	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239

Periods (n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.206	0.194
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.933
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065

CUMULATIVE PRESENT VALUE OF 1.00 UNIT OF CURRENCY PER ANNUM

Receivable or payable at the end of each year for n years. $\frac{1-(1+r)^{-n}}{r}$

Periods (n)	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	1.970	1.942	1.913	1.886	1.859	1.833	1.808	.1783	1.759	1.736
3	2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487
4	3.902	3.808	3.717	3.630	3.546	3.465	3.387	3.312	3.240	3.170
5	4.853	4.713	4.580	4.452	4.329	4.212	4.100	3.993	3.890	3.791
6	5.795	5.601	5.417	5.242	5.076	4.917	4.767	4.623	4.486	4.355
7	6.728	6.472	6.230	6.002	5.786	5.582	5.389	5.206	5.033	4.868
8	7.652	7.325	7.020	6.733	6.463	6.210	5.971	5.747	5.535	5.335
9	8.566	8.162	7.786	7.435	7.108	6.802	6.515	6.247	5.995	5.759
10	9.471	8.893	8.530	8.111	7.722	7.360	7.024	6.710	6.418	6.145
11	10.37	9.787	9.253	8.760	8.306	7.887	7.499	7.139	6.805	6.495
12	11.26	10.58	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814
13	12.13	11.35	10.63	9.986	9.394	8.853	8.358	7.904	7.487	7.103
14	13.00	12.11	11.30	10.56	9.899	9.295	8.745	8.244	7.786	7.367
15	13.87	12.85	11.94	11.12	10.38	9.712	9.108	8.559	8.061	7.606

Periods (n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	1.713	1.690	1.668	1.647	1.626	1.605	1.585	1.566	1.547	1.528
3	2.444	2.402	2.361	2.322	2.283	2.246	2.210	2.174	2.140	2.106
4	3.102	3.037	2.974	2.914	2.855	2.798	2.743	2.690	2.639	2.589
5	3.696	3.605	3.517	3.433	3.352	3.274	3.199	3.127	3.058	2.991
6	4.231	4.111	3.998	3.889	3.784	3.685	3.589	3.496	3.410	3.326
7	4.712	4.564	4.423	4.288	4.160	4.039	3.922	3.812	3.706	3.605
8	5.146	4.968	4.799	4.639	4.487	4.344	4.207	4.078	3.954	3.837
9	5.537	5.328	5.132	4.946	4.772	4.607	4.451	4.303	4.163	4.031
10	5.889	5.650	5.426	5.216	5.019	4.833	4.659	4.494	4.339	4.192
11	6.207	5.938	5.687	5.453	5.234	5.029	4.836	4.656	4.586	4.327
12	6.492	6.194	5.918	5.660	5.421	5.197	4.988	4.793	4.611	4.439
13	6.750	6.424	6.122	5.842	5.583	5.342	5.118	4.910	4.715	4.533
14	6.982	6.628	6.302	6.002	5.724	5.468	5.229	5.008	4.802	4.611
15	7.191	6.811	6.462	6.142	5.847	5.575	5.324	5.092	4.876	4.675

FORMULAE

Annuity

Present value of an annuity of $1 per annum, receivable or payable for n years, commencing in one year, discounted at r% per annum:

$$PV = \frac{1}{r}\left(1 - \frac{1}{(1+r)^n}\right)$$

Perpetuity

Present value of $1 per annum, payable or receivable in perpetuity, commencing in one year, discounted at r% per annum:

$$PV = \frac{1}{r}$$

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SECTION A

ANSWER THIS QUESTION

1 AYBE

Pre-seen material

Background

Aybe, located in Country C, was formed by the merger of two companies in 2001. It is a listed company which manufactures, markets and distributes a large range of components throughout Europe and the United States of America. Aybe employs approximately 700 people at its three factories in Eastern Europe and supplies products to over 0.5 million customers in 20 countries. Aybe holds stocks of about 100,000 different electronic components.

Aybe is regarded within its industry as being a well-established business. Company Ay had operated successfully for nearly 17 years before its merger with Company Be. Company Ay can therefore trace its history back for 25 years which is a long time in the fast moving electronic component business.

The company is organised into three divisions, the Domestic Electronic Components division (DEC), the Industrial Electronic Components division (IEC) and the Specialist Components division (SC). The Domestic and Industrial Electronic Components divisions supply standard electronic components for domestic and industrial use whereas the Specialist Components division supplies components which are often unique and made to specific customer requirements. Each of the three divisions has its own factory in Country C.

Composition of the Board of Directors

The Board of Directors has three executive directors, the Company Secretary and five non-executive directors. The Chairman is one of the five independent non-executive directors. The executive directors are the Chief Executive, Finance Director and Director of Operations. There is also an Audit Committee, a Remuneration Committee and a Nominations Committee. All three committees are made up entirely of the non-executive directors.

Organisational structure

Aybe is organised along traditional functional/unitary lines. The Board considers continuity to be a very important value. The present structure was established by Company Ay in 1990 and continued after the merger with Company Be. Many of Aybe's competitors have carried out structural reorganisations since then. In 2008, Aybe commissioned a review of its organisational structure from a human resource consultancy. The consultants suggested alternative structures which they thought Aybe could employ to its advantage. However, Aybe's Board felt that continuity was more important and no change to the organisational structure took place.

Product and service delivery

Customers are increasingly seeking assistance from their component suppliers with the design of their products and the associated manufacturing and assembly processes. Aybe's Board views this as a growth area. The Board has recognised that

Aybe needs to develop web-based services and tools which can be accessed by customers. The traditional method of listing the company's range of components in a catalogue is becoming less effective because customers are increasingly seeking specially designed custom made components as the electronics industry becomes more sophisticated.

Financial data

Aybe's historical financial record, denominated in C's currency of C$, over the last five years is shown below.

Year ended 31 December:

	2009	*2008*	*2007*	*2006*	*2005*
	C$m	C$m	C$m	C$m	C$m
Revenue	620	600	475	433	360
Operating profit	41	39	35	20	13
Profit for the year	23	21	16	9	5
Earnings per share (C$)	0.128	0.117	0.089	0.050	0.028
Dividend per share (C$)	0.064	0.058	0	0	0

Extracts from the 2009 financial statements are given at Appendix A. There are currently 180 million ordinary shares in issue with a nominal value of C$0.10 each. The share price at 31 December 2009 was C$0.64. No dividend was paid in the three years 2005 to 2007 due to losses sustained in the first few years after the merger in 2001.

Aybe's bank has imposed an overdraft limit of C$10 million and two covenants: (i) that its interest cover must not fall below 5 and (ii) its ratio of non-current liabilities to equity must not increase beyond 0.75:1. Aybe's Finance Director is comfortable with this overdraft limit and the two covenants.

The ordinary shareholding of Aybe is broken down as follows:

	Percentage of ordinary shares held at 31 December 2009
Institutional investors	55
Executive Directors and Company Secretary	10
Employees	5
Individual investors	30

The Executive Directors, Company Secretary and other senior managers are entitled to take part in an Executive Share Option Scheme offered by Aybe.

Performance Review

Aybe's three divisions have been profitable throughout the last five years. The revenue and operating profit of the three divisions of Aybe for 2009 were as follows:

	DEC Division	*IEC Division*	*SC Division*
	C$m	C$m	C$m
Revenue	212	284	124
Operating profit	14	15	11

Financial objectives of Aybe

The Board has generally taken a cautious approach to providing strategic direction for the company. Most board members feel that this has been appropriate because the company was unprofitable for the three year period after the merger and needed to be turned around. Also, most board members think a cautious approach has been justified given the constrained economic circumstances which have affected Aybe's markets since 2008. While shareholders have been disappointed with Aybe's performance over the last five years, they have remained loyal and supported the Board in its attempts to move the company into profit. The institutional shareholders however are now looking for increased growth and profitability.

The Board has set the following financial objectives which it considers reflect the caution for which Aybe is well known:

(i) Dividend payout to remain at 50% of profit for the year;

(ii) No further equity shares to be issued over the next five years in order to avoid diluting earnings per share.

Capital budget overspends

Aybe has an internal audit department. The Chief Internal Auditor, who leads this department, reports directly to the Finance Director. Investigation by the Internal Audit department has revealed that managers with responsibility for capital expenditure have often paid little attention to expenditure authorisation levels approved by the Board. They have justified overspending on the grounds that the original budgets were inadequate and in order not to jeopardise the capital projects, the overspends were necessary.

An example of this was the building of an extension to the main factory at the DEC division that was completed in 2009 at a final cost of nearly C$3 million which was almost 50% over budget. The capital budget for the extension was set at the outset and the capital investment appraisal showed a positive net present value. It subsequently became apparent that the site clearance costs and on-going construction expenditure were under-estimated. These estimates were provided by a qualified quantity surveyor who was a contractor to Aybe. The estimates supplied by the quantity surveyor were accurately included in Aybe's capital investment appraisal system which was performed on a spreadsheet. However, no regular checks were carried out to compare the phased budgeted expenditure with actual costs incurred. It came as a surprise to the Board when the Finance Director finally produced the capital expenditure project report which showed the cost of the extension was nearly 50% overspent.

Strategic development

Aybe applies a traditional rational model in carrying out its strategic planning process. This encompasses an annual exercise to review the previous plan, creation of a revenue and capital budget for the next five years and instruction to managers within Aybe to maintain their expenditure within the budget limits approved by the Board.

Debates have taken place within the Board regarding the strategic direction in which Aybe should move. Most board members are generally satisfied that Aybe has been turned around over the last five years and were pleased that the company increased its profit in 2009 even though the global economy slowed down. Aybe benefited from a number of long-term contractual arrangements with customers throughout 2009 which were agreed in previous years. However, many of these are not being renewed due to the current economic climate.

The Board stated in its annual report, published in March 2010, that the overall strategic aim of the company is to:

"Achieve growth and increase shareholder returns by continuing to produce and distribute high quality electronic components and develop our international presence through expansion into new overseas markets."

Aybe's Chief Executive said in the annual report that the strategic aim is clear and straightforward. He said "Aybe will strive to maintain its share of the electronic development, operational, maintenance and repair markets in which it is engaged. This is despite the global economic difficulties which Aybe, along with its competitors, has faced since 2008. Aybe will continue to apply the highest ethical standards in its business activities."

In order to facilitate the achievement of the strategic aim, Aybe's Board has established the following strategic goals:

1 Enhance the provision of products and services which are demanded by customers;

2 Invest in engineering and web-based support for customers;

3 Maintain the search for environmentally friendly products;

4 Pursue options for expansion into new overseas markets.

The Board has also stated that Aybe is a responsible corporate organisation and recognises the social and environmental effects of its operational activities.

Concern over the rate of growth

Aybe's recently appointed Director of Operations and one of its Non-Executive Directors have privately expressed their concern to the Chief Executive at what they perceive to be the very slow growth of the company. While they accept that shareholder expectations should not be raised too high, they feel that the Board is not providing sufficient impetus to move the company forward. They fear that the results for 2010 will be worse than for 2009. They think that Aybe should be much more ambitious and fear that the institutional shareholders in particular, will not remain patient if Aybe does not create stronger earnings growth than has previously been achieved.

Development approaches

The Board has discussed different ways of expanding overseas in order to meet the overall strategic aim. It has, in the past, been reluctant to move from the current approach of exporting components. However the Director of Operations has now begun preparing a plan for the IEC division to open up a trading company in Asia. The DEC division is also establishing a subsidiary in Africa.

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APPENDIX A: Extracts of Aybe's Income Statement and Statement of Financial Position

Income statement for the year ended 31 December 2009	2009
	C$million
Revenue	620
Operating costs	(579)
Finance costs	(4)
Profit before tax	37
Income tax expense	(14)
PROFIT FOR THE YEAR	23

Statement of financial position as at 31 December 2009	2009
	C$million
ASSETS	
Non-current assets	111
Current assets	
Inventories	40
Trade and other receivables	81
Cash and cash equivalents	3
Total current assets	124
Total assets	235
EQUITY AND LIABILITIES	
Equity	
Share capital	18
Share premium	9
Other reserves	8
Retained earnings	75
Total equity	110
Non-current liabilities	
Bank loan (8% interest, repayable 2015)	40
Current liabilities	
Trade and other payables	73
Current tax payable	8
Bank overdraft	4
Total current liabilities	85
Total liabilities	125
Total equity and liabilities	235

End of Pre-seen Material

UNSEEN MATERIAL (FOR THIS EXAM ONLY)

Recent Board Meeting

As a recent meeting the Chief Executive informed the Board and senior managers that Black Bear Asset Management (BBAM), Aybe's largest shareholder with 31% of the shares, had expressed concerns that Aybe's latest 2010 profit forecast of C$34m before tax and C$21m after tax was "woefully inadequate" and wanted to see plans for how the Board of Aybe were going to improve matters.

The Chief Executive thus asked for plans that could be communicated to shareholders to reassure them. He felt this was particularly important as there are rumours that a large rival firm might be considering a takeover bid for Aybe.

Planning approach

The senior manager of the specialist components division SC commented that Aybe's problems were due partly to the Board's insistence on a traditional rational approach to strategic planning and pointed out that his division had missed out on three new opportunities in 2009 because the expenditure required would have taken him over budget. He argued that a more emergent approach would allow Aybe to be more flexible.

Lean manufacturing

The senior production manager for the Domestic division (DEC) suggested that lean manufacturing should introduced into his factory and possibly to all three factories. He argued that a combination of Just-in-Time (JiT) to reduce inventory levels, a major emphasis on reducing waste and improving quality should result in reduced costs and greater flexibility to meet customer needs. Furthermore DEC should attempt to streamline the number of components held as he has found that 90% of sales relate to just 70% of components held.

In support of his suggestion the manager produced the following additional figures:

	DEC Current performance	*DEC performance with scheme*	*Industry benchmark*
Inventory days	25 days	10 days	15 days
Total number of components held	35,000	25,000	Not available
% of components rejected in quality control	30	15	20
% of components rejected by customers	5	2	1

Expansion of geographic markets

The Director of operations presented the Board with more details on the plan for the IEC division to open a trading company in Country S, a developing country in South East Asia. Components will still be made in Europe and exported to the trading company in S.

The cost of setting up similar sized operations elsewhere is equivalent to C$50 million, although the Government of S has agreed in principle to cheap loans and tax breaks that effectively halve this figure as it is keen to encourage inward foreign investment.

There has been significant growth in the number of domestic electronics companies in S due to increasing domestic demand, state sponsored university courses in electronics and government investment in manufacturing technology.

The Director of operations has estimated that there is a 60% probability of a high return with net post tax cash inflows (excluding the original investment) as follows:

	Year 1	*Years 2–10*
Net cash inflows (C$ millions)	1.0	6.5

There is a 40% probability that demand will not be as high resulting in inflows being only half the above figures.

Note: Aybe uses a post tax cost of capital for evaluating projects of 10%.

Recent bad publicity

The IEC division recently lost a global car manufacturer as a customer. This was partly due to IEC's prices being too high but also because the car company had received bad publicity over the percentage of materials and components in its vehicles that could be recycled. It subsequently emerged that some of the components supplied by Aybe were particularly difficult to recycle due to the manufacturing processes used.

Required:

(a) Analyse Aybe's current strategic position using a SWOT analysis. (12 marks)

(b) (i) Compare and contrast the traditional rational planning model with an emergent approach to strategic planning. (6 marks)

(ii) Advise the Board on whether to switch to an emergent approach (4 marks)

(c) (i) Briefly explain what is meant by 'lean manufacturing'. (3 marks)

(ii) Evaluate the extent to which the proposal to implement lean manufacturing will enhance Aybe's ability to meet the critical success factors of cost and quality. (9 marks)

(d) (i) Evaluate the strategy to expand into Country S, using the 'suitability feasibility acceptability framework' of Johnson, Scholes and Whittington. (12 marks)

Note: There are 5 marks available for calculations in this requirement.

(ii) Evaluate the usefulness of Porter's Diamond model to Aybe in deciding whether to invest in Country S. (4 marks)

(Total: 50 marks)

SECTION B

ANSWER TWO QUESTIONS FROM THREE

2 S COMPANY

S is a company which has traded very successfully within its domestic market for many years. It has achieved high levels of profitability in providing ground and soil sampling and testing services for a large range of clients in both the public and private sectors. This sampling is mainly undertaken to assess the suitability of former industrial land for building and public use.

In recent years, S has experienced strong competition and its Managing Director (L) has recognised that it is becoming more difficult to obtain new business from within its domestic market. Increasingly, it has been found necessary to offer more than the original basic ground and soil sampling and testing services in order to retain the loyalty of existing clients. This has necessitated a whole range of other services being offered such as testing for the presence of polluted substances in buildings, chemical analysis of water sources, geological surveys and providing for unfit land to be cleaned prior to becoming available for public use.

While these other services have been relatively successful, L is increasingly concerned about the prospect for sustaining the company's profitability because of increasing competition and saturation of the domestic market. With this in mind, L has asked you, as Management Accountant, to advise on the rationale for an overseas expansion strategy and the issues to be considered in its implementation.

Required:

Produce a report to L which:

(a) explains the business case for expansion overseas. (10 marks)

(b) discusses the strategic and operational issues which the directors of S should consider before making a decision on whether to implement an overseas expansion strategy. (15 marks)

(Total: 25 marks)

3 AQUA PLC

Aqua Plc is a large foodstuff distributor based in Europa.

A green backlash against bottled water has hit sales at Aqua Plc despite industry attempts to market the clean, chemical free properties of the product. Sales volumes in the bottled water division, the home of three of the biggest water brands in Europa, fell 5% in the first half of the year compared with a year ago. The fall, which is being repeated across competitors brands, equates to tens of millions fewer bottles of water being sold on the high street.

Aqua Plc, which also owns 3 coffee brands, posted a 3% fall in overall profits for the period. The biggest fall in bottled water sales came in countries where the global recession has already taken hold. This reduced performance has been attributed by the company to the recession and customers trying to save money. However, some leading restaurant chains have begun to supply free tap water with customers meals and in addition, critics of the industry have publicised the high energy costs in terms of bottling water and shipping it around the world. Hence the so called 'green backlash' mentioned above.

The board of directors are concerned about the future of the bottled water division. They are keen to set up some kind of alliance with their competitors to push the environmental credentials of bottled water, of which they believe there are many. They state that 70% of the tap water in Europa is from ground water – rivers, reservoirs and lakes or even treated sewage. In order to make this water drinkable, huge amounts of chlorine must be added.

The directors have asked your advice, as management accountant, both on the suggested alliance and the future of the bottled water division.

Required:

(a) Explain what is meant by the term 'strategic alliance' in the context of the suggestion by Aqua plc's directors. (4 marks)

(b) Evaluate the benefits and drawbacks of such an alliance being formed. (8 marks)

(c) Advise the Board of Directors on possible alternative strategies for the bottled water division at this time. (13 marks)

(Total: 25 marks)

4 OTTO

Otto is a European discount supermarket chain which operates in 17 countries and has over 5000 stores. It is based in Germania, where it is quoted on the stock exchange. Otto has had a reputation which, until recently, meant that few customers boasted about shopping in an Otto store since they were seen as being in a lower league to other large supermarket chains. The perception was not that the products sold by Otto were necessarily inferior but more that the branding and image was not sufficient to suggest quality. Despite this, Otto has grown impressively, is cash rich and has no debt to speak of. 20X8 pre tax profits for the company stood at $100m, a significant increase on the previous year.

Recently, the economic situation in Europe has changed. There is talk of international recession and consumers have become cautious, spending as little as they can on their weekly groceries. This has led to a surge in the popularity of discount shops and brands across Europe, as well as 'price wars' between other supermarket chains, trying desperately to keep customers from defecting to perceived 'cheaper' stores.

The directors of Otto believe there is massive opportunity for expansion in this climate. They are considering opening some stores in Country E which is well developed and densely populated. Currently they have no presence in E at all, but their main 'discount' competitors do. These competitors are reporting strong results and publicising ambitious growth target within Country E. One such competitor, Frank, is spending $3bn on quadrupling the number of stores it operates in Country E. The CEO of Frank recently commented in an interview that 'socio economic group ABC1 customers now account for over half of customers entering Frank stores in Country E.

The directors are seeking your advice, as a management accountant, on possible expansion into Country E. They understand that environmental analysis will need to be carried out before any kind of decision is made.

Required:

(a) Using an appropriate framework, explain why Otto's strategy has succeeded to date, and why it may assist the company to thrive in difficult economic conditions (8 marks)

(b) Justify the use of a PESTEL framework to assist the directors in making their decision (10 marks)

(c) Discuss the difficulties that Otto might experience in carrying out environmental analysis at this time (7 marks)

(Total: 25 marks)