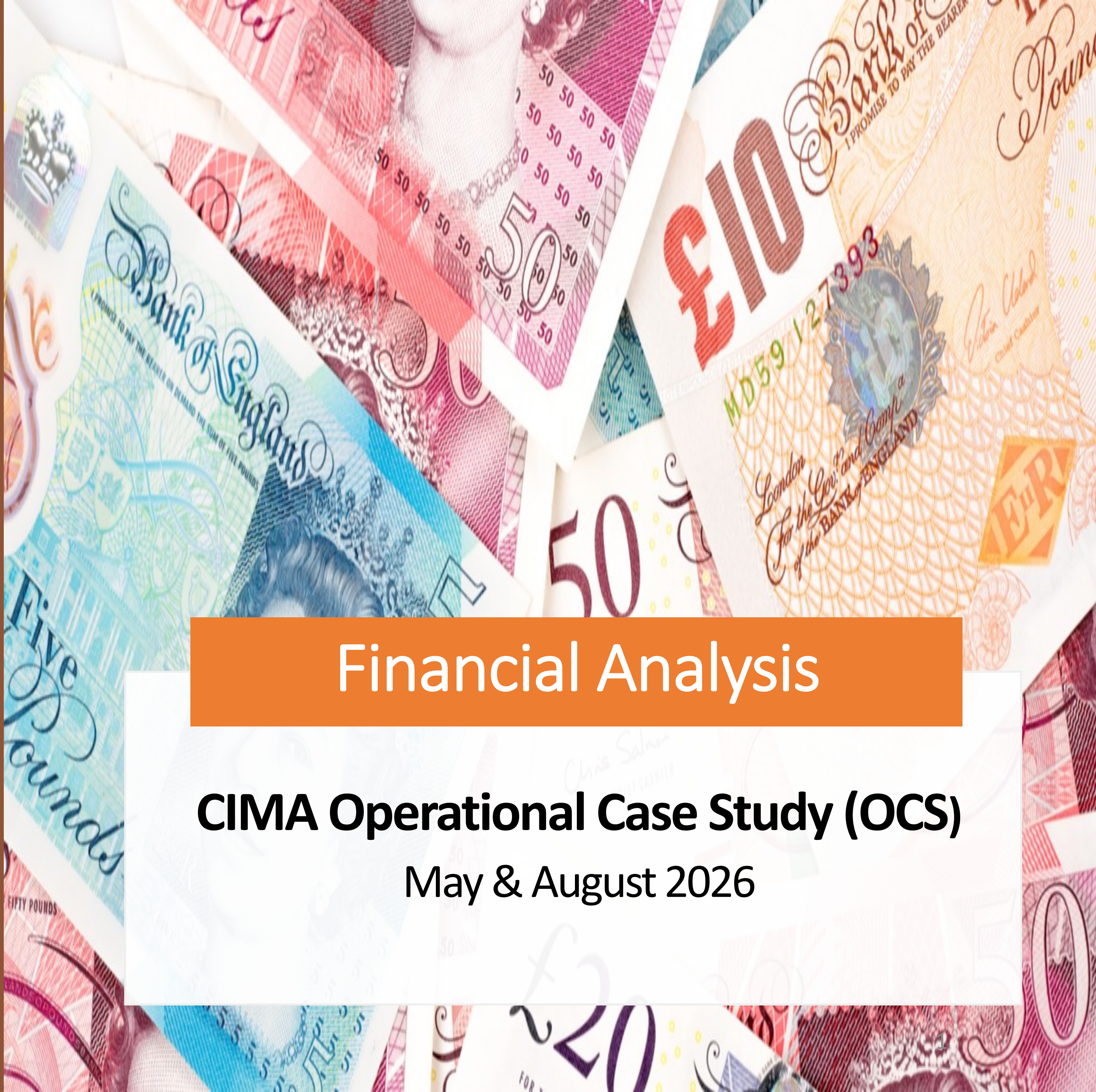

Financial Analysis

CIMA Operational Case Study (OCS)

May & August 2026

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Statement of Profit & Loss

- Revenue
  - *Growth of 15%*
  - *Capturing market share when industry growth is just 4.5%*
- Cost of Sales (CoS)
  - *Increased by 14%*
  - *Growth is lower than the growth in Revenue: Good*
  - *% change in GP is marginally higher than revenue growth due to a lower relative increase in CoS*
- Operating Exp (OpEx)
  - *Increased by 10%*
  - *Growth is lower the growth in Revenue: Good*
  - *Better to reduce further. However, should not reduce unnecessarily*
    ** SP's success depends on marketing & admin*
- Operating Profit
  - *Increased by 43%*
  - *Due to lower relative growth of CoS & OpEx (13%) relative to Sales*
- Net Profit
  - *Increased by 50%*
  - *Due to lower relative growth of Total Exp (13%) relative to Sales*

Item	2025	2024	% Change
Revenue	41,680	36,240	15%
Cost of Sales	-28,100	-24,690	14%
Gross Profit	**13,580**	**11,550**	**18%**
Marketing	-1,420	-1,240	15%
Administration	-8,240	-7,560	9%
Operating Profit	**3,920**	**2,750**	**43%**
Finance Cost	-350	-365	-4%
Profit Before Tax	**3,570**	**2,385**	**50%**
Income Tax	-902	-605	49%
Profit	**2,668**	**1,780**	**50%**

Statement of Financial Position

- PPE
  - *Increased by 11%, aligned with revenue growth*
    - Purchased PPE
- *Retained earnings*
  - *Increased by 27%*
  - *Earnings retained to further invest on PPE/expand?*
- *Cash and cash equivalents*
  - *Significant increase: 22%*
    - S/T Borrowings remained static due to excess cash
    - Dividend payout: 52%
- *Borrowings*
  - *Moderate decrease: 9%*
    - Repaid borrowings: $174,000

Item	2025	2024	% Change
PPE	11,450	10,340	11%
Inventory	230	214	7%
Receivables (Outstanding CCPs)	150	165	-9%
Cash	1,426	1,166	22%
Tota Assets	**13,256**	**11,885**	**12%**
Share Capital	400	400	0%
Share Premium	1,200	1,200	0%
Retained Earnings	6,028	4,760	27%
Total Equity	**7,628**	**6,360**	**20%**
Long-term Borrowings	1,812	1,986	-9%
Short-term Borrowings	174	174	0%
Trade payables	1,450	1,310	11%
Other payables	1,290	1,450	-11%
Tax liability	902	605	49%
Total Equity & Liabilities	**13,256**	**11,885**	**12%**

Statement of Cashflows

- Operating activities
  - *Positive balance*
- Investing activities
  - *Negative balance*
  - *Invested on PPE*
- Financing activities
  - *Negative balance*
  - *Paid dividends: $1,400,000*
  - *Repaid loans: $174,000*

Item	$ '000
Net cashflow from operating activities	5,239
Net cashflow from investing activities	(3,405)
Net cashflow from financing activities	(1,574)
Net cash & cash equivalents	**260**
Opening cash & cash equivalents	1,166
Closing cash & cash equivalents	**1,426**

Ratio Analysis

Type	Ratio	2025	2024	Difference
Profitability	GP Margin	33%	32%	1%
	OP Margin	9%	8%	1%
	NP Margin	6%	5%	1%
	ROCE	42%	33%	8%
Activity	Receivable Days	1	2	(1)
	Inventory Days	3	3	0
	Payable Days	19	19	0
	Cash Conversion Cycle	(15)	(14)	1
Gearing	Gearing (D/(D+E)	19%	24%	-5%
	Interest Cover	11	8	3
Liquidity	Current Ratio	0.5	0.4	0.1
	Quick Ratio	0.4	0.4	0.0

Ratio Analysis: Profitability

- GP Margin: Increased marginally by 1%
  - *CoS increased by a lower percentage relative to Sales*
    - Sales increased by 15%
    - CoS increased by 14%
  - *To further manage CoS;*
    - Conduct variance analysis
    - Embrace automation

- OP Margin: Increased slightly by 1%
  - *Operating Expenses increased by a lower percentage relative to Sales*
    - Sales increased by 15%
    - OpEx increased by 10%

- ROCE: Increased moderately by 8%
  - *Can further improve by increasing OP*
  - *ROCE in absolute terms: 42%: Good*

Ratio Analysis: Activity

- *Inventory days:* *Remained static*
  - *Stocks are converted to cash within 3 days*
  - *Typical due JIT purchasing*

- *Receivable days:* *Decreased by a day*
  - *Dues are recovered within a day on avg.*
  - *SP's receivables mainly relate to CCPs (credit card payments), which are typically received into the bank the day after the transaction*

- *Payable days:* *Remained static*
  - *Suppliers are paid within 19 days on avg.*
  - *SP's payable days is within the expected payment terms of suppliers, which range between 15 to 60 days*
  - *Should follow supplier payment terms to maintain good relationships, especially due to JIT purchasing*

- *CCC* is *(-15) days*
  - *SP has maintained a steady CCC: Good*

Ratio Analysis: Gearing & Liquidity

- Gearing: Decreased by 5%
  - *Gearing (19%) is within the acceptable level*
    - Less than 50%
  - *Can raise debt finance in the future*

- *Interest Cover:* *Good*
  - *The company's OP can cover its finance costs 11 times over*
  - *Can bear finance costs easily in the future*

- *Current Ratio:* *Remained constant*
  - *Ideal is 2:1 (actual is 0.5:1)*
  - *Due to low inventories & receivables*
  - *No indication of liquidity issues in the short term*

- *Acid test/Quick ratio:* *Remained constant*
  - *Ideal is 1:1 (actual is 0.4:1)*
  - *No indication of liquidity issues in the short term*

THANK YOU!

TCS

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