You are Hoi Lui, a management consultant leading a small team which has been commissioned to prepare a consultancy report for the Data Communications Services (DCS) Company directors to help them plan for the next three years.

DCS Company has two product areas. The largest area is the manufacture of data communications components which it mainly sells to original equipment manufacturers (OEM). The other smaller and less developed area is based on supply and support contracts for specialist IT management network systems, mainly to domestic medium-sized enterprises. You are a qualified accountant and your colleagues are Danny Leman, a company researcher, and Freddie Lithium who is a part-qualified finance professional. You and your team have collected and analysed the following information about DCS Company to help you prepare the consultancy report.

– Exhibit 1: A report on DCS Company's organisational overview, the external environment and the business model sourced and prepared by Danny Leman, your colleague

– Exhibit 2: A transcript from interview which was held between you and Java Peraya, the CEO of DCS Company.

– Exhibit 3: Summary of financial and business performance of DCS Company extracted from the Integrated Report (2012–2015) presented to you by the finance director of DCS Company

– Exhibit 4: The October board report, a recent board meeting notes which include strategic choices facing DCS Company – presented to you by the marketing manager of DCS Company

– Exhibit 5: An evaluation of alternative future strategies being considered by the DCS Company board, prepared and presented to you by your colleague, Freddie Lithium

– Exhibit 6: Minutes from the focus group meeting you held with middle management of DCS Company

Following your findings you are now starting to prepare the consultancy report and associated tasks for DCS Company.

The case requirements are included in the tasks shown below:

1 (a) From the information you have collated, draft a section of the consultancy report for the directors of DCS Company to include the following:

(i) An analysis of the industry and market which DCS Company is competing in, using an appropriate model. (15 marks)

(ii) An evaluation of the overall performance of DCS Company between 2012 and 2015 from an integrated reporting perspective. (12 marks)

Professional Skills marks are available for demonstrating evaluation skills relating to DCS Company's environment and performance. (4 marks)

Exhibit 3

Extracts of the integrated reporting data (2012–2015) from the finance director – Tosh Mondal

Financial performance: (all figures in $m)

Financial periods:	2015	2014	2013	2012
Sales revenue (domestic and international)	6·95	7·40	6·80	4·75
Cost of sales	4·97	4·85	4·25	2·62
Gross profit	1·98	2·55	2·55	2·13
Overhead expenses	1·12	1·51	1·41	1·30
Profit before tax and finance costs	0·86	1·04	1·14	0·83
Finance costs	0·69	0·38	0·37	0·14
Tax expense	0·02	0·06	0·08	0·15
Profit for the year	0·15	0·60	0·69	0·54

Other data:	2015	2014	2013	2012
Number of employees	127	135	143	150
Staff turnover (%)	10%	7%	5%	4%
% of orders delivered late	10%	8%	7%	5%
Forward contract order book (number of orders)	2,500	3,750	4,150	3,505
Customer complaints as a percentage of total orders and existing contracts	3·4%	2·4%	2·0%	1·5%
Employee satisfaction survey score (100% max)	61%	65%	68%	72%
Investment in non-current manufacturing equipment as a percentage of sales revenue	7%	8%	8%	10%
R&D expenditure as a percentage of sales revenue	3%	5%	5%	6%
Carbon emissions in kg per $1,000 sales revenue	80	75	65	60

Professional skills may be additionally rewarded as in the following rubric:

How well has the candidate demonstrated Professional skills as follows:	Not at all	Not so well	Quite well	Very well
1 (a) Evaluation skills in assessing the environment and performance of DCS Company	*The candidate has failed to select an appropriate environmental scanning model or to analyse the performance of the company against any of the six capitals of <IR>. The candidate has therefore failed to adequately evaluate either the strategic position or the overall performance of the company meaningfully.*	*The candidate has demonstrated some basic evaluative skills in the environmental scanning model selected. The candidate has only identified one or two of the six capitals of <IR> and has omitted many of the key performance indicators (KPI) or ratios in their evaluation of company performance.*	*The candidate has demonstrated good evaluative skills in the environmental scanning model selected, using key facts from the case. The candidate has also selected some of the most important KPIs or ratios when evaluating company performance against most of the six capitals.*	*The candidate has demonstrated comprehensive evaluative skills in the environmental scanning model or models selected, using most of the key facts from the case. The candidate has also selected comprehensive and appropriate KPIs or ratios when evaluating company performance against all of the six capitals.*
	0	1	2	4