**Paper – 13: Management Accounting –Strategic Management**

**Time Allowed: 3 Hours** **Full Marks: 100**

**Answer Question No.1 and Question No.6, which are Compulsory and any three Questions from Section I and another two Question from Section-II.**

**Working Notes should form part of the answer**
**"Wherever necessary, suitable assumptions should be made and indicated in answer by the candidates."**

## Section I

**1.(a) Choose the most appropriate one from the stated options and write it down: [1x5=5]**

(i) The difference between strategic alliances and joint ventures can best be explained by

(a) All strategic alliances are joint ventures
(b) All joint ventures are strategic alliances
(c) All strategic alliances are temporary phenomena
(d) There is no connection between SA and JVs.

(ii) Pepsi's 'Nothing Official About it' would be an example of

(a) Mission
(b) Vision
(c) Strategic intent
(d) Policy

(iii) The difference between Horizontal integration and Vertical integration can be best explained in terms of:

(a) economics
(b) vision
(c) choices
(d) perspective
(e) profitability.

(iv) The maturity stage of the PLC is most often associated with:

(a) rapid growth
(b) uncertainty in market
(c) improvements in manufacturing processes
(d) high exit barriers
(e) re-alignment of competitive structure.

(v) 'Niche' is similar to the

(a) Growth strategy
(b) Milking strategy
(c) Flanking strategy
(d) Survival strategy

**(b) Define the following terms in not more than two/three sentences: [1 x5=5]**

(i) Turbulence
(ii) Market Espionage
(iii) Brand Positioning
(iv) Product Differentiation
(v) Marketing Data base

**(c) State whether the following statements are 'True' or 'False'. [1x 5=5]**

(i) Penetration Pricing is the use of price to drive a competitor out of business.
(ii) 'Repositioning' involves moving the product or brand into a different market segment.
(iii) 'Acquisition' is nothing but the joining of two separate firms to form a single firm.
(iv) 'Divestment' means selling off a part of a firm's operations, or putting out of certain product-market operations.
(v) 'Forward Integration' means in-house production of critical inputs for the main business.

**2. (a)** What do you know about recycling of strategy? **[9]**

**(b)** Discuss how 'Gap Analysis' might be applied to a product/market situation. **[6]**

**3.(a)** "An organisation can choose from a wide variety of grand strategies such as Stability Strategies, Growth Strategies, Retrenchment Strategies and Combination Strategies". Explain these strategies and highlight the conditions under which each one is the most appropriate.**[8]**

**(b)** What do you understand by "Corporate Reconstructing"? Specify and discuss about Corporate Level Restructuring Strategies. **[5]**

**(c)** Define Divestiture Strategy. **[2]**

**4. (a)** Explain the variants of Retrenchment Strategy? **[9]**

**(b**) What is Turnaround Management? **[6]**

**5.(a) Distinguish the following statements:**

**(i)** "Delphi can never be useful as a sales forecasting tool though it may be a reasonably good tool for demand estimating".

**(ii)** "Regression may be appropriate at the aggregate level of an industry but it may not be so at the level of a company". **[3+3]**

**(b)** How are decisions taken with regard to brand selection and its use in the Indian context? **[9]**

## Section II

**6. (a) Choose the most appropriate one from the stated options and write down: [1x5=5]**

(i) MTA stands for

(a) Mark to area
(b) Move to assembly
(c) Make to assembly
(d) Monitor in area
(e) Move to accelerate

(ii) Post-loss objectives in risk management are

(a) Survival of the organisation, Continuance of the organisation's operations
(b) Initiate and improve the income /earnings
(c) Obligation to society
(d) Both (a) and (b)
(e) All the above

(iii) ___ is the uncertainty of the purchasing power of the monies to be received, in the future.

(a) Purchasing power risk
(b) Market risk
(c) Physical risk
(d) Interest rate risk
(e) Exchange risk

(iv) EPD in risk management means

(a) Economic policy holder deficit
(b) Expected probability of holder deficit
(c) Expected policy holder deficit
(d) Expected policy holder default
(e) None of the above

(v) Performance related risk measures do not include

(a) Operating earnings
(b) EBITDA
(c) WACC
(d) EVA
(e) Shortfall risk

**(b) State whether the following statements are 'True' or 'False'.** **[1x5=5]**

(i) The concept of pooling risk is the process of identification of separate risks and put them all together in a single basket, so that the monitoring, combining, integrating or diversifying risk can be implemented.
(ii) ECOR in risk management means 'Economic Cost of Ruin'.
(iii) Risk management techniques include among other things the risk premium payable.
(iv) Risk cannot be avoided through insurance but may be considered as a means to transfer the risk.
(v) Purchasing power risk is the uncertainty of the purchasing power of the monies to be received, in the future.

**7. (a)** Explain management accountant's role in insurance risk management. **[7]**

**(b)** What are the strategies adopted for Corporate Risk Management? **[5]**

**(c)** How do you hedge and diversify project risk management and what are the strategies to be adopted? **[3]**

**8.(a)** What is systematic risk and what is unsystematic risk? Discuss the further classification of systematic and unsystematic risk. **[10]**

**(b)** Write a brief note on significance of "Corporate Governance" in today's context in India.**[5]**

**9. Explain briefly the following:** **[5 x 3=15]**

**(i)** Diversification of risk
**(ii)** Hedging risk
**(iii)** Transfer risk
**(iv)** Combine risk
**(v)** Sharing risk