

Final_Syllabus 2008_Jun2015_Set 3

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.”

Question.1

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

- (i) Business process re-engineering is
- (a) Eliminating loss-making process
 - (b) Redesigning operational processes
 - (c) Redesigning the product and services
 - (d) Recurring the process engineers
 - (e) Increasing operational process
- (ii) Strategic analysis is concerned with stating, the position of the organisation in terms of:
- (a) Mission, choice of market segments, product selection, financial targets, external appraisal
 - (b) Mission, goals, corporate appraisal, position audit and gap analysis
 - (c) Mission goals, identification of key competitors, SWOT and environmental appraisal
 - (d) Mission, targeted ROI, manpower planning, position audit
 - (e) Mission, SWOT, competitive strategies, stakeholder's position and institutional goal
- (iii) Air India decreasing the airfare on the Kolkata-Mumbai sector following the introduction of No-Frills Airlines is an example of
- (a) Cost Leadership
 - (b) Product differentiation
 - (c) Market Retention
 - (d) Price Leadership
 - (e) Value chain analysis
- (iv) Which of the following could be a core competence?
- (a) A brand
 - (b) Fixed asset
 - (c) Ability to manage the integrity of the asset
 - (d) Enlightened leadership
 - (e) Land
- (v) The BGG growth matrix is based on two dimensions
- (a) Market size and Competitive intensity
 - (b) Profit margins and Market size
 - (c) Relative market share and Market/Industry growth rate
 - (d) Market size and Profit margins
 - (e) Market growth and Loss margins

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- (b) State whether the following statements, based on the quoted terms, are 'True' or 'False' with justifications for your Answer. If any given statement is 'False', you are required to give the correct terms duly quoted. No credit will be given for Answers without justifications.

[1x5=5]

- (i) 'Repositioning' involves moving the product or brand into a different market segment.
- (ii) "Different Cultures" in an organization is the major reason for lower success in cross border-merger.
- (iii) 'Stars' are the products in a high-growth market but where they have a low-market share.
- (iv) 'Diversification' means selling off a part of a firm's operations or pulling out of certain product-market areas.
- (v) Penetration Pricing is the use of price to drive a competitor out of business.

- (c) Define the following terms (in not more than two sentences):

[1x5=5]

- (i) Franchising
- (ii) Exit barrier
- (iii) Conglomerate diversification
- (iv) Problem child
- (v) Core business

Section-I

Question.2

- (a) Write short note on DMAIC (define, measure, analyse, improve, control) Six Sigma Approach. [5]
- (b) Explain the Arthur D. Little's Life Cycle/Portfolio Matrix. [6]
- (c) "Technology forecasting is a crucial input in strategy formulation", which is the best method to forecast the technological changes State. [4]

Question.3

- (a) What does Corporate Mission mean? State the benefits of Mission Statement. [2+5=7]
- (b) Name any major organization and list down the strengths, weaknesses opportunities and threats for that organization. State the methodology adopted to identify such a SWOT. [5+3=8]

Question.4

- (a) Explain the Nine Price-Quality Strategies. [7]
- (b) State concept of 'value-chain' and write down the advantages of value-chain analysis to any organization. [2+6=8]

Question.5

- (a) Benchmarking exercise is based on "best exercise" and not on "best performances". Discuss. Also state briefly the important benchmarking processes used in strategy implementation. [2+3=5]

- (b) What are the five way of Brand Valuation? **[5]**
- (c) "The condition wherein the whole is greater than the sum of its parts; in a synergistic merger, the post merger value exceeds the sum of the separate companies' pre merger values". Illustrate. **[5]**

Section-II

Question.6

- (a) Choose the most appropriate one from the stated options and write down: **[1x5=5]**
- (i) ECOR in risk management means
- (a) Expected cost of ruin
 - (b) Expected cost of opportunity loss
 - (c) Economic cost of ruin
 - (d) Economic cost of opportunity loss
 - (e) None of the above
- (ii) Physical Risk includes
- (a) Natural calamities: fire, tsunami, floods, earthquake, etc.
 - (b) Factory accidents due to fire, mishandling of equipment, breakdown and explosions
 - (c) Occupational hazards
 - (d) Both b and c
 - (e) All of the above
- (iii) While applying statistical analysis, two concepts are applied for assessment of risk:
- (a) Measures of Central Tendency
 - (b) Measures of Variation
 - (c) Measures of end result
 - (d) Both (a) and (b)
 - (e) All of the above
- (iv) The concept of 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.
- (a) Physical risk
 - (b) Financial risk
 - (c) Pooling risk
 - (d) Business risk
 - (e) Sharing risk
- (v) "Building block" approach related to asset liability model refers to successive levels in an organisation. The levels are:
- (a) Standalone risks within a single risk factor are accumulated (Ex, credit risk)
 - (b) Accumulation of risks arising out of different risk factors within a single business area (Ex, combining the assets, liability and operating risks in companies operations)
 - (c) At this level risks across all the business lines in a corporate are aggregated together
 - (d) All of the above
 - (e) None of the above

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- (b) State whether the following statements, based on the quoted terms, are 'True' or 'False' with justifications for your Answer. If any given statement is 'false', you are required to give the correct terms, duly quoted. No credit will be given for any Answers without justifications. [1×5=5]
- (i) ECOR in risk management means 'Economic Cost of Ruin.
 - (ii) Purchasing power risk is the uncertainty of the purchasing power of the moneys to be received, in the futures.
 - (iii) "Benchmarking" is the simulation of cost reduction schemes that help to build commitment and improvement of actions.
 - (iv) Risk cannot be avoided through insurance but may be considered as a means to transfer the risk.
 - (v) RAROC in Risk Analysis means Risk and return on capital.

Question.7

- (a) State 'Asset-Liability Model' and its utility for managing liquidity risk and exchange rate risk. [9]
- (b) State the concept of 'Risk Pooling' and Diversification of Risk? [3+3=6]

Question.8

- (a) "Risk Management Strategies are seven fold". Write them and state any three of them. [4+6=10]
- (b) Write short note on Performance related measure. [5]

Question.9

Write short notes on the following:

[3×5=15]

- (a) Agro and Bio liabilities,
- (b) Corporate Risk Governance;
- (c) Enterprise Risk Management.