

**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 questions 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**

**Question.1**

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

- (i)** Blue Ocean Strategy is concerned with:
  - (a) Moving into new market with new products.
  - (b) Creating a new market places where there is no competition
  - (c) Developments of products and markets in order to ensure survival
  - (d) Making the product unique, in terms of attributes
  
- (ii)** Product development policy and strategy involves four phases namely:
  - (a) Concept development, product marketing, product/process engineering and product launch
  - (b) Concept development, product planning, product/process engineering and pilot production/ramp up
  - (c) Product planning, product/process engineering, pilot production/ramp up, marketing
  - (d) None of the above
  
- (iii)** State Bank of India's slogan of "reaching out" would be in your mind, best described as a:
  - (a) Mission statement
  - (b) Vision statement
  - (c) A competency statement
  - (d) None of the above
  
- (iv)** Price fixation for the first time takes place when:
  - (a) A company develops or acquires a new product
  - (b) Introducing existing product into a new geographic area or a new distribution channel
  - (c) A service, the company bids for a new contract work
  - (d) All of the above
  
- (v)** Delphi Technique is used in:
  - (a) Budgeting
  - (b) Projecting Business
  - (c) Market Research Technique
  - (d) Technological Forecasting

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

- (i)** Offensive strategy is appropriate for small companies and requires that they concentrate on just one segment of market.
- (ii)** "Special Economic Zone" created by the government of India, encourage industry, investment and FDI.
- (iii)** "Merger" is the purchase of controlling interest of another company.
- (iv)** "Simulation model" helps to narrate and predict the characteristics of a given system under different conditions.
- (v)** "Dogs" are the products in a high-growth market but where they have a low market share.

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

- (i)** Value Engineering
- (ii)** Forecasting
- (iii)** Strategic vision
- (iv)** Loss Leader
- (v)** Market Segmentation

**Question.2**

- (a)** Describe the BCG Matrix in the context of evaluation of Business Portfolio. **[10]**
- (b)** What are the various criteria used in selecting a forecasting method? **[5]**

**Question.3**

- (a)** Define e-business as per in Judy Strauss and Raymond Frost's E-marketing model. **[5]**
- (b)** Explain how different Forecasting Models assist in management decisions. **[10]**

**Question.4**

- (a)** What are the strategies adopted to combat hostile takeover? **[8]**
- (b)** "Growth through concentric diversification into a related industry may be a very appropriate corporate strategy" Discuss. **[4]**
- (c)** "Complementary mergers may result in each firm filling in the missing pieces of their firm with pieces from other firm" Discuss. **[3]**

**Question.5**

Write short note on;

[3x5=15]

- (i) Audit Committee
- (ii) Strategic Outsourcing
- (iii) Bargaining Power of Customer

## Section-II

### Question.6

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

- (i) Business Risk which is inherent to a business due to:
  - (a) Its nature and susceptibility to environment, e.g., change of fashion, business cycles
  - (b) Its nature and susceptibility to environment, e.g., conflicts like war, insurgency
  - (c) Its nature and susceptibility to environment, e.g., cross border terrorism, technological obsolescence, etc.
  - (d) All of the above
  - (e) None of the above
- (ii) The most commonly used techniques for measurement of liquidity risks is:
  - (a) The gap analysis of maturing assets to the maturing liabilities
  - (b) The financial analysis
  - (c) The audit of maturing assets
  - (d) The gap analysis of current assets to the maturing liabilities
  - (e) None of the above
- (iii) Performance related risk measures do not include:
  - (a) Operating earnings
  - (b) EBITDA
  - (c) WACC
  - (d) EVA
  - (e) Shortfall risk
- (iv) \_\_\_\_\_refers to the uncertainty of market volumes in the future and the quantum of future income caused by the variations in the interest rates.
  - (a) Market risk
  - (b) Physical risk
  - (c) Interest rate risk
  - (d) Pooling risk
  - (e) Exchange risk
- (v) MTO stands for:
  - (a) Mark to order
  - (b) Move to order
  - (c) Move to open area
  - (d) Make to order
  - (e) None of the above

(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.

[1x5=5]

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- (i) EPD in risk management means 'Expected Policy Holder' deficit;
- (ii) Physical risk arising out of Social, Political, Economic and Legal Environments are often identified through the performance of lead indicators.
- (iii) 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;
- (iv) MTS stands for "Make to assembly".
- (v) "Risk" arises when different people behave and react differently to the same situation.

### Question.7

- (a) Why is Risk Reporting considered to be an important step in Risk Management? **[7]**
- (b) What are the strategies to be adopted to hedge and diversity project risk? **[3]**
- (c) Write short note on Probability of Ruin. **[5]**

### Question.8

- (a) What is the role of management accountants in insurance risk management? **[5]**
- (b) Discuss about the RAPM. **[5]**
- (c) Write a short note on the Solvency related measures in the context of risk management. **[5]**

### Question.9

- (a) Enterprise risks involved in solvency transactions as well as ageing debts have to be taken care of on a day-to-day basis in the business. What are the instruments used for this purpose and application there of? **[6]**
- (b) What are the characteristics of Insurance Exposures? **[6]**
- (c) What are the broad categories of risks that can be identified for an organisation? **[3]**