

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) 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) all joint ventures involve equity participation

- (ii) BSNLs plan behind introduction of “Internet Plan 99”, ISDN Virtual Private Network etc would be an example of:
 - (a) Utilisation of newer technologies
 - (b) Portfolio generation
 - (c) Diversification of business
 - (d) Product development

- (iii) Green-mail tactics is where a firm
 - (a) Purchases its own stocks at a premium to avert a take-over bid
 - (b) Forestalls the possible take-over bid through legal mode
 - (c) Arranges to sell one of its highly profitable S.B. Us in order to dissuade the predator
 - (d) None of the above.

- (iv) Switching Costs refer to the:
 - (a) cost of changing a firm's strategic group
 - (b) cost of installing new electric switches in a factory when technology changes.
 - (c) onetime costs incurred by the customers when they buy from a different supplier
 - (d) all of the above

- (v) Which of the following is NOT an entry barrier to an Industry?
 - (a) Expected competitor retaliation
 - (b) Economies of scale
 - (c) Customer product loyalty
 - (d) Bargaining power of suppliers

(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]

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- (i) 'Loss leader' is the leader, who is unable to conceptualize and analyse strategic problems.
 - (ii) 'Strategic planning' focuses on forecasting the future by using economic and technical tools.
 - (iii) Synergy signifies a condition where the whole is greater than the sum of its parts.
 - (iv) 'Niche' means concentrating around a product and market.
 - (v) "Balanced Strategy" is about translating the vision, communicating and linking, business planning, target setting, etc.
- (c) Define the following terms in not more than two sentences: [1x5=5]**
- (i) Long Range Planning
 - (ii) Marketing Strategy
 - (iii) Portfolio Planning
 - (iv) Activity Based Management
 - (v) Channels of Distribution

Section-I

Question.2

- (a) Explain how 'Gap Analysis' might be applied to a product/market situation. [5]
- (b) Difference between Cost leadership and Cost reduction. [5]
- (c) Why New Products Fail? [5]

Question.3

- (a) Write short note on the following: [3x5=15]
 - (i) Role of brands in the construction of barriers to entry
 - (ii) Objectives of Sales Promotion activities
 - (iii) Reverse Engineering

Question.4

- (a) What are the types of simulation models? What are the advantages and disadvantages of simulation models? [2+5]
- (b) Write short note on Public-Private Partnership (PPP). [4]
- (c) Write the role of Product development as a part of an overall marketing strategy. [4]

Question.5

- (a) State the factors to be considered while pricing a new product. [7]
- (b) SEBI has introduced Corporate Governance in a comprehensive manner to protect shareholder's interests as well as provide teeth in monitoring a Company's performance through independent directors. Explain. [8]

Section-II

Question.6

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

- (i) Unsystematic Risk relates to
 - (a) Market Risk
 - (b) Beta
 - (c) Inherent Risk
 - (d) Interest Rate Risk

- (ii) Variability in return on investment in the market is referred to as
 - (a) Market Risk
 - (b) Physical Risk
 - (c) Pooling Risk
 - (d) Business Risk

- (iii) Commercial Insurance do not include
 - (a) Jewelers block policy
 - (b) Bankers Indemnity policy
 - (c) Endowment policy
 - (d) Marine cargo policy

- (iv) Financial Risk do not include
 - (a) Trade Cycles
 - (b) Interest Rate Risk
 - (c) Inflation Rate Risk
 - (d) Exchange Risk

- (v) Risk is defined as
 - (a) A Variation from the actual
 - (b) A Variation from the expected
 - (c) A possible event
 - (d) A possible uncertainty

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

- (i) Measures relating to risk profiling are related to the level of operational efficiency of the company.

- (ii) Capital Assets Pricing Model attempts to measure the risk of capital assets of a company.

- (iii) Risk Management Techniques include among other things of the Risk Premium payable.

- (iv) The concept of certainty equivalent coefficient represents the computation of a certain amount equivalent to a probable income or loss.

- (v) Product Liability Policy is one of the products of "Industrial Insurance".

Question.7

(a) "Mathematical Models as well as Statistical analysis have been helpful in risk assessment/evaluation". Recognize the models and measures and discuss them. [3+4]

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- (b) What are the rights and responsibilities of:
(i) Insurer and
(ii) Insured – in the sphere of Risk Insurance. [5]

- (c) State the two functions of insurers. [3]

Question.8

- (a) Write short notes on the following: [3×5=15]
(i) Impact of Macro Economic factors and Risk:
(ii) Computation of Insurance Premium for a particular product
(iii) Strategies adopted for Corporate Risk Management

Question.9

- (a) Define Business Risks. [3]
- (b) How do you measure Physical Risk? [6]
- (c) What do you understand by systematic and unsystematic risks? How do you further classify systematic and unsystematic risks? [3+3=6]