

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI 600086
(For candidates admitted during the academic year 2025-2026 and thereafter)

B.COM DEGREE EXAMINATION- APRIL 2026
HONOURS
SECOND SEMESTER

COURSE : CORE
PAPER : BUSINESS STRATEGY AND MANAGEMENT
SUBJECT CODE : 25BH/MC/BM25
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION A				
Q. No.	Answer all the questions:	(10 x 2 = 20)	CO	KL
1.	State whether each of the following statements is True or False:		CO1	K1
	<ul style="list-style-type: none"> i. Financial statements provide information that supports management in making strategic and operational decisions, such as capital allocation and expansion planning. ii. The sole purpose of accounting reports is to ensure compliance with legal and regulatory requirements. 			
2.	Why is strategic alignment important when developing organisational information systems?		CO1	K1
3.	Write a short note on Esprit de Corps.		CO1	K1
4.	What is an organizational chart?		CO1	K1
5.	Identify whether the task is the responsibility of an Internal Auditor or an External Auditor		CO1	K2
	<ul style="list-style-type: none"> i. Reviewing the effectiveness of the company's internal controls and risk management systems throughout the year. ii. Providing an independent opinion to shareholders on whether the annual financial statements give a true and fair view. 			
6.	Match the following business applications (List A) with the most appropriate description (List B).		CO1	K2
	<p>List A</p> <ul style="list-style-type: none"> i. Enterprise Resource Planning (ERP) Systems ii. Business Intelligence (BI) Tools iii. Communication Systems <p>List B</p> <ul style="list-style-type: none"> a) Digital platforms that facilitate real-time interaction and information exchange among employees and external stakeholders through tools such as messaging, video conferencing, and collaborative workspaces. b) Integrated organisational systems that consolidate core functional areas such as finance, human resources, supply chain, and operations into a unified database environment. c) Analytical applications that convert large volumes of structured data into meaningful insights using dashboards, data visualisation, and predictive modelling techniques. 			

7.	State the need for business organisations in an economy.	CO1	K2
8.	List any two differences between formal and informal organisations.	CO1	K2
9.	What is cloud computing ?	CO1	K2
10.	Write a short note on Blockchain Technology.	CO1	K2
	SECTION B		
Q. No.	Answer the following questions: (4 x 5 = 20)	CO	KL
11.	<p>Lumière Dining is ranked as one of the top restaurants in its country and has won several awards. It has appeared regularly in well-known restaurant guides.</p> <p>Most of the chefs have previously worked in Michelin-starred restaurants. The restaurant employs experienced waiting staff, all of whom have worked in high-end hotels or restaurants.</p> <p>The owner is closely involved in the business and makes all hiring decisions. The Head Chef has full control over kitchen operations and food preparation. Only the highest quality ingredients are purchased, and staff carefully check freshness before cooking. The kitchen uses modern, high-specification equipment.</p> <p>Lumière Dining advertises only in high-quality newspapers aimed at its target market. Customers make reservations using an online booking system, which is regularly updated to ensure reliability.</p> <p>The restaurant focuses strongly on customer experience. Soft classical music is played to create a relaxing atmosphere. The furniture is specially designed and made from high-quality materials. A complimentary valet parking service is also offered, which few competitors provide.</p> <p>Using the above information:</p> <ol style="list-style-type: none"> i. Identify and explain Lumière Dining’s key value-adding activities ii. Clearly link these activities to Porter’s Value Chain model (primary and support activities). 	CO2	K3
12.	<p>A medium-sized manufacturing company operates in a highly regulated environment. The directors are concerned about maintaining business integrity and reducing the risk of financial crime. They are particularly aware of legal requirements relating to record retention, financial reporting standards and audit requirements.</p> <p>Recently, there have also been concerns about potential fraud within the organisation, including possible theft of assets and manipulation of financial statements.</p> <p>(a) Explain the importance of regulation in protecting business integrity, with reference to:</p> <ul style="list-style-type: none"> • Record retention • Financial reporting standards • Audit requirements (6 marks) <p>(b) Describe two types of fraud that may occur within organisations and explain how strong internal controls can help prevent them. (4 marks)</p>	CO2	K3

13.	<p>You are a partner in an accountancy practice. One of your clients, Northbridge Engineering plc, manufactures industrial machinery and has expanded rapidly in recent years. The company plans to seek a stock exchange listing within the next two years.</p> <p>The Chief Executive, Ms Patel, has asked for advice on the effectiveness of the company's internal control and risk management systems. Recently, three non-executive directors were appointed and an audit committee was established. However, Ms Patel believes the audit committee should focus mainly on financial reporting and is unsure whether a separate risk committee is necessary.</p> <p>Several recent events have raised concerns. An employee was seriously injured while operating machinery. Although safety policies were documented and equipment was available, staff were not consistently following procedures and supervisors had not enforced compliance.</p> <p>In another incident, confidential product information provided by a key supplier was discussed by managers in a public place and sensitive documents were left behind. The information was later leaked to a competitor. While the company handbook states that confidential information must be protected, it provides limited practical guidance.</p> <p>A recent staff survey suggested that management places strong emphasis on achieving profit targets. Some employees feel that meeting financial objectives is valued more highly than following internal procedures. In addition, the internal audit function is small, reports to the Finance Director rather than the audit committee, and follow-up on control weaknesses is inconsistent.</p> <p>Using the COSO Internal Control Framework, assess the effectiveness of Northbridge Engineering plc's internal control system. Structure your answer around the five components of COSO.</p>	CO2	K3
14.	Apply the concept of organisational structure to explain how authority and responsibility are distributed in a company.	CO2	K3
Q. No.	SECTION C Answer any two of the following questions: (2 x 10 = 20)	CO	KL
15.	<p>GlowPure Skincare is a medium-sized skincare brand that sells premium beauty products through retail stores and online platforms. Recently, the company has experienced several unusual cash transactions in its physical stores. Some customers have made large cash purchases that are inconsistent with normal buying patterns. In a few cases, customers were reluctant to provide identification details.</p> <p>A member of staff noticed that some of these transactions were structured into smaller amounts processed over several days. The issue was informally mentioned to a supervisor, but no formal report was made.</p> <p>Later, the external auditors identified irregularities in the company's financial records that suggested possible manipulation of transactions. The directors stated that they were unaware of the suspicious activities and believed that fraud prevention was mainly the responsibility of the auditors.</p>	CO3	K4

	<p>You are required to analyse the situation.</p> <p>(a) Explain the three stages of money laundering and apply them to the scenario above. (6 marks)</p> <p>(b) Discuss whose responsibility it was to prevent and report the suspected money laundering, referring to:</p> <ul style="list-style-type: none"> • Staff • Directors • External auditors • Customers <p style="text-align: right;">(4 marks)</p>		
16.	<p>Stream Sphere is a global digital entertainment platform that uses artificial intelligence (AI) to personalise the user experience. A large proportion of programmes watched are selected through its recommendation system rather than direct user search.</p> <p>Instead of relying only on broad genres, the AI analyses detailed content features such as themes, pacing, characters, and storylines. It collects both explicit data (ratings, watch lists, searches) and implicit behavioural data (binge-watching patterns, time of day viewed, skipping episodes, abandonment rates). With millions of active global profiles, the system continuously learns from large-scale data.</p> <p>The algorithm also examines viewing sequences (what users watch before and after a programme), recency of viewing, and engagement levels with specific scenes. Specialist teams tag detailed content metadata, which further improves accuracy.</p> <p>Using this data, Stream Sphere groups viewers into precise “interest clusters.” These insights influence not only programme recommendations but also content production decisions, acquisition strategies, and targeted marketing campaigns. Management believes the AI system strengthens competitive positioning and supports long-term subscriber retention.</p> <p>Using the information in the case study, identify and explain five benefits of AI to Stream Sphere.</p>	CO3	K4
17.	Examine the importance of formal and informal organisations in achieving organisational objectives.	CO3	K4
SECTION D			
Q. No.	Answer any two of the following questions: (2 x 10 = 20)	CO	KL
18.	<p>For each of the following statements, evaluate whether the responsibility primarily lies with a:</p> <ul style="list-style-type: none"> • Management Accountant • Treasurer • Financial Accountant <p>a. Preparing detailed budgets and financial forecasts to guide resource allocation decisions for the next financial year.</p> <p>b. Managing the organisation’s daily cash flow to ensure sufficient liquidity for operational needs.</p> <p>c. Preparing financial statements in accordance with IFRS and ensuring compliance with statutory reporting requirements.</p> <p>d. Analysing cost behaviour and recommending cost reduction strategies to improve profitability.</p> <p>e. Negotiating loan agreements with banks and determining the optimal mix of debt and equity financing.</p>	CO4	K5

	<p>f. Monitoring departmental performance using variance analysis and reporting on KPIs to senior management.</p> <p>g. Implementing hedging strategies to reduce exposure to foreign exchange and interest rate risks.</p> <p>h. Preparing the statement of financial position and coordinating the external audit process.</p> <p>i. Evaluating whether the company should make or buy a component as part of a strategic decision.</p> <p>j. Managing surplus funds by investing in short-term money market instruments while maintaining appropriate risk levels.</p>		
19.	<p>Oak & Heir Furniture is a small, family-owned furniture retailer that has operated in the city centre for over 40 years. The business has traditionally relied on manual record-keeping, paper invoices, and in-store sales only. In recent years, large online competitors have entered the market offering faster delivery, online tracking, and competitive pricing. Oak & Heir has experienced falling sales, rising storage costs, and frequent stock discrepancies. The business is now on the verge of shutting down unless significant changes are made.</p> <p>The founding family is considering investing in new technologies to reduce costs, improve efficiency, and regain competitiveness. They have heard about cloud computing and blockchain technology, but they do not fully understand what these technologies involve or how they might benefit the business.</p> <p>(a) Define cloud computing and explain how it could be useful to Oak & Heir Furniture. (5 marks)</p> <p>(b) Define blockchain technology and explain how it could be useful to Oak & Heir Furniture. (5 marks)</p>	CO4	K5
20.	Assess the role of organisational culture in shaping organisational success and employee commitment.	CO4	K5
SECTION E			
Q. No.	Compulsory Case Study Questions: (2x10 = 20)	CO	KL
21.	<p>Riverdale Resorts is a chain of hotels based in one country. Ninety per cent of its shares are held by members of the family of the founder of the Riverdale Group. None of the family members is a director of the organisation. Over the last few years, the family has been quite satisfied with the steady level of dividends that their investment has generated. Directors are encouraged to achieve high profits through a remuneration package that includes potentially very large profit-related bonuses.</p> <p>The directors of Riverdale Resorts currently wish to take significant steps to increase profits. The area they are focusing on at present is labour costs. Over the last couple of years, many of the workers they have recruited have been economic migrants from another country, the East Asian People's Republic (EAPR). The EAPR workers are paid around 30% of the salary of indigenous workers and receive fewer benefits. However, these employment terms are considerably better than those the workers would receive in the EAPR. Riverdale Resorts has been able to fill its vacancies easily from this source, and the workers from the EAPR that Riverdale has recruited have mostly remained with the company.</p>	CO5	K6

	<p>The board has been considering imposing tougher employment contracts on home country workers, potentially allowing the number of dismissals and staff turnover among home country workers to increase significantly.</p> <p>In Riverdale Resorts' home country, there had previously been a long period of rule by a government that wished to boost business and therefore relaxed labour laws to encourage more flexible working. However, one year ago the opposition party won power, having pledged in its manifesto to tighten labour laws and provide greater protection for home country employees. Since their election, the new government has introduced the promised labour legislation, and there have already been successful injunctions obtained preventing companies from imposing less favourable employment terms on employees.</p> <p>An international chain of hotels has recently approached various members of the founding family with an offer for their shares. This international chain is well known for its aggressive approach to employee relations and the high demands it makes on its managers. Local employment laws allow some renegotiation of employment terms if companies are taken over. You are acting as an advisor to the board, specialising in negotiating changes to employment conditions.</p> <p>a) Using Mendelow's matrix, evaluate the importance of the following stakeholders to the decision to change the employment terms of home country workers in Riverdale Resorts:</p> <ol style="list-style-type: none"> i) The board of directors ii) The founding family shareholders iii) The trade unions to which the home country workers belong iv) Migrant workers (8 marks) <p>b) Classify each of the above stakeholders as internal, connected, or external stakeholders. (2 marks)</p>		
22	<p>Sun Quest Adventures ('Sun Quest') operates a chain of 15 theme parks across Western Europe.</p> <p>Sun Quest's parks are family-oriented and are designed to provide 'a perfect day out for everyone'. Each Sun Quest park offers roller coasters and other thrill rides, live entertainment and themed exhibits (such as wildlife and marine displays). Each park also has a range of food outlets and retail gift shops.</p> <p>You are a management consultant and your firm has been asked to advise Sun Quest on a number of strategic issues, including an analysis of its industry environment.</p> <p>Exhibit: The Theme Park Industry in Western Europe</p> <p>The leisure and entertainment industry in Western Europe is a mature market. In addition to an increasing number of theme parks, there is also a wide range of alternative forms of entertainment available to both tourists and domestic customers – for example, cinemas, sporting events and cultural attractions.</p> <p>There are three main types of theme parks and park operators:</p> <ul style="list-style-type: none"> • Major complexes, operated worldwide by large multinational entertainment corporations • Regional chains, such as Sun Quest • Smaller, simpler local parks 	CO5	K6

	<p>Multinational entertainment corporations benefit from strong marketing capabilities through links with film and television characters. They also have access to the significant capital and advanced technology required to develop innovative new rides. Most multinational and regional theme park chains add at least one new ride per park each year to attract visitors. On average, operators spend around 20% of annual revenue on developing new rides and attractions.</p> <p>Competition within the industry is intense. To increase profits, parks must attract more visitors and increase average spending per visitor. The key success factors in the industry include:</p> <ul style="list-style-type: none"> • Convenient location • Popularity and excitement of rides • Strong health and safety standards • Competitive pricing • Availability and quality of wider amenities (e.g. food outlets and merchandise) <p>The difficult economic climate in Western Europe has reduced consumer spending on leisure activities in general. As a result, theme parks have experienced declining attendance and falling profitability.</p> <p>Due to increasing competition in established markets such as North America and Western Europe, and because suitable land for expansion is expensive and limited, several multinational operators have begun expanding into emerging markets in Asia and South America.</p> <p>Required</p> <p>(a) Using the information provided in the exhibit, analyse the theme park industry using Porter's five forces model in Western Europe. (8 marks)</p> <p>(b) Explain whether a food and beverage wholesaler supplying Sun Quest would have high or low bargaining power, giving reasons for your answer. (2 marks)</p>		
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