

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

Time Allowed: 3:00 Hours

Maximum Marks: 100

SECTION – A: ENTERPRISE INFORMATION SYSTEMS (Marks: 50)

Part 1: Multiple Choice Questions (15 Marks)

Case Based Scenario

OTC Industries Pvt. Ltd. is an automobile manufacturer of spare parts of four wheelers in India. The company has four manufacturing units in various locations across the country. It also has two branch offices located in Mumbai and Jaipur to handle activities like orders, delivery, complaints and stock operations.

The company maintains its account with PNB Bank from where it also has taken various loans and advances.

Sometime ago, the company's business processes like accounting, purchase, sales and inventory were maintained in manual mode. The management of the company observed that the manual processing of these activities hinder the overall working of the business related daily operations. This resulted in huge gap in the flow of information, pending orders, delayed deliveries, and delayed decision making due to lack of business reports and therefore overall non-performance. Thus, the management committee decides to adopt the process of automation for its various business operations so that information flow would be timely and consolidated within its branches and manufacturing units.

To attain this objective, the service models of Cloud Computing are proposed to be adopted so that the branches and manufacturing units are interconnected with centralized mechanism of data sharing and storage.

The proposed system with well-implemented access controls will provide robust data security among its systems of branches and manufacturing units. Not only the record keeping, but also data maintenance and reports generation would become simpler after the implementation of proposed system.

The management is also looking for better prospects of adhering to the legal compliances of the country and also to initiate its business operations through online mode.

Subsequently, the company hires a consultant Om Trivedi to carry out the feasibility study of its proposed system who prepares a feasibility report and submits to the management.

Based on the go ahead report of Om Trivedi's report, a project team is scheduled to be constituted who will work under him to execute the project and ensure its delivery on time.

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

Based on the above case-based scenario, answer the following MCQs:

1. The Management committee of OTC Industries Pvt. Ltd. decides to automate its entire business processes anticipating reaping better benefits for the company. Which of the following does not come under the category of benefits of Automation?
 - A. Consistency of automated processes
 - B. Automating Redundant processes
 - C. Reduction of turnaround time
 - D. Better utilization of employees' time
2. In purview of above case scenario, the management of OTC Industries Pvt. Ltd. decides to adopt the process of automation for its various business processes so that information flow within its units and branches would be timely and consolidated. The data is centralized and in case of loss of any set of data from this location, whole business may come to stand still. Identify from the following controls that may be useful to overcome the aforementioned risk.
 - A. It can be controlled by removing redundant data.
 - B. Back up arrangement needs to be strong.
 - C. To allocate some funds in case of contingencies.
 - D. Overhauling of organizational structure is required.
3. If the company hires Amazon Azure as its Cloud Computing service provider, which of the following model of Cloud Computing would be useful for OTC Industries Pvt. Ltd. if Amazon Azure proposes to host company's application at its data centre over the internet to make it accessible to the customers of OTC Industries Pvt. Ltd.?
 - A. Infrastructure as a Service
 - B. Platform as a Service
 - C. Software as a Service
 - D. Database as a Service
4. In purview of the above case scenario, the company decides to install various internetwork processors like routers and firewalls etc. for its business application through online mode in order to make its whole network secure. Which type of control the company is planning to work on?
 - A. Corrective Control
 - B. Preventive Control

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

- C. Network Control
- D. Detective Control

5. OTC Industries Pvt. Ltd. maintains its account in PNB Bank which faces the application risk of incorrect classification and provisioning of Non-Performing Asset (NPA) resulting in financial mismanagement, of company's account. Which control would be best suggested to take care of this?

- A. Access for changes made to the configuration, parameter settings should be restricted to authorized user.
- B. Unique Id should be created for each asset.
- C. The system parameters need to be set up as per business process rules of the bank.
- D. To ensure existence of configuration/customization in the application to perform NPA classification as per relevant RBI guidelines.

Question No(s) 6 to 10 carries 1 mark each.

6. Which of the following is an example of a Logical Access Controls in ISA?

- A. Background checks on employees
- B. Employee training programs
- C. Firewalls and intrusion detection systems
- D. Access controls to physical facilities

7. Which of the following is a key component of the CBS Technical Architecture?

- A. Operating System
- B. Firewall
- C. Data Centre
- D. Application Server

8. Which of the following statement is not correct for XBRL?

- A. XBRL runs on XML technologies such as XML schema, and ensures that financial and non-financial data is tagged to form a comparable reporting format.
- B. XBRL has the capability to allow the tagging of transactions that can themselves be aggregated into XBRL reports.
- C. To publish performance information and allow straight through information processing are key features of XBRL.

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

D. XBRL is an open standard reporting language which is governed by XBRL, a non-profit organization.

9. NMN Ltd. has its five branches in different cities of India. All branches are interconnected and use centralized mechanism for data sharing and storage. To have a secure communication between its various branches, the company has installed anti-virus software and intrusion prevention system. The installation of these systems is covered under which type of control?

- A. Detective Control
- B. Preventive Control
- C. Community Control
- D. Application Control

10. VV designers, the manufacturers of bath accessories allow their customer to pay in cash only. Now, with the demand of cashless economy the company decided to allow its customers to pay either through cash or through credit/debit cards. The company uses the key control that transaction cannot be made if the aggregate limit of out- standing amount exceeds the credit limit assigned to customer. Identify the risk related to credit card processing for which this key control is applied.

- A. Credit Line setup is unauthorized and not in line with the bank's policy.
- B. Credit Line setup can be breached.
- C. Masters defined are not in accordance with the Pre-Disbursement Certificate.
- D. Inaccurate reconciliations performed.

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

Part 2: Descriptive Questions (35 Marks)

Question No. 1 is compulsory.

Answer any three questions from the rest.

Question 1: Explain the following questions in brief:

(3+2 = 5 Marks)

- a. Application software performs many functions such as receiving the inputs from the user, interprets the instructions and performs logical functions so a desired output is achieved. In most software, there are three layers which together form the application. Explain all the 3 layers of an application briefly.
- b. Explain Continuous and Intermittent Simulation (CIS) as a tool of concurrent audit.

Question 2:

(6+4 = 10 Marks)

- a. Maximum Insurance Co. (India) Ltd. is country's largest medical and general insurance services provider in the country. It has a collaborative network of more than 25,000 hospitals and a customer base of more than 85,00,000 customers across the country. It handles Mediclaim requests of approximately 51,000 patients on daily basis. The numbers are so large that there is a great risk of fraud in Mediclaim processing. Keeping the situation in mind, Maximum Insurance Co. (India) Ltd. urgently needs a modern computing technology that can handle such a huge volume of Mediclaim requests from 85 lacs customers and 25,000 hospitals and mine data from partner hospitals to detect and prevent fraud at the right time. It appoints OTC and Associates as its auditor. You are an article clerk with OTC and Associates.

Required:

- i. As an auditor, which emerging computing technology will you suggest to Maximum Insurance Co. (India) Ltd.?
- ii. Define the suggested emerging computing technology.
- iii. Explain the Computing Architecture and resources of the suggested emerging computing technology.
- b. Define Programming Management Control and explain in brief the different phases of PDLC.

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

Question 3:

(6+4 = 10 Marks)

- a. OTC Virtuals is a dynamic and modern one-stop online learning platform that provides modern and effective quality education for CA, CS, CMA, and commerce aspirants. Founded in 2017 by Prof. Om Trivedi, an IIM-C alumnus, ICAI visiting faculty, and external subject expert, OTC Virtuals offers the best professionals and professors for professional degrees like CA, CS, and CMA.

As the organization started showing growth signs, it needed integration for improved communication, data sharing, and collaboration across departments, automation to reduce manual errors, increases efficiency, and frees up employees to focus on higher-value activities and standardization to reduce variability, improve quality, and simplify compliance with regulatory requirements. Therefore, OTC Virtual's Top Management approved the implementation of ERP system within the organization to manage the end to end enterprise processed in an efficient and effective manner. However, the top management is not happy with the implementation aspects of ERP and planning to withdraw the ERP implementation. In your opinion, what are those factors which you consider as the main reason behind the above likely decision of the top management.

Required:

Discuss all the aspects with risks and their corresponding controls related to the above.

- b. What is ERM? Discuss any 6 benefits of ERM.

Question 4:

(6+4 = 10 Marks)

- a. Discuss the possible risks and their controls around the CASA process in CBS environment.
- b. CA Saksham Loona is the chief IT manager of a company who designed a new advisory for all employees mentioning the various cyber-crimes which may attract prosecution as per penalties and offences prescribed in Information Technology Act, 2000. Describe the various cybercrimes that CA Saksham Loona could have incorporated in his advisory.

Question 5:

(6 + 4 = 10 Marks)

- a. A bank has 500 employees. The salary paid to each employee is sum of his Basic Pay (BP), Dearness Allowance (DA) and House Rent Allowance (HRA). For computing HRA, bank has classified his employees into three classes A, B and C. The HRA for each class is computed at the rate of 30%, 20% and 10% of the BP Pay respectively. The

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

DA is computed at a flat rate of 60% of the Basic Pay. Draw a flow chart to determine percentage of employee falling in the each of following salary slabs:

- (i) Above ₹ 30,000
- (ii) ₹ 15,001 to ₹ 30,000
- (iii) ₹ 8,001 to ₹ 15,000
- (iv) Less than or equal to ₹ 8,000

b. Money Laundering Process

Or

Short note on Threats and Vulnerability

SECTION – B: STRATEGIC MANAGEMENT (Marks: 50)

Part 1: Multiple Choice Questions (15 Marks)

Case Based Scenario

Rohansh Bakshi a 22-year-old from Maharashtra, started a gaming equipment company called TEEMOX, which specialises in gaming chairs, gaming consoles, controllers, wireless keyboard, and touchscreen mouse pads. Rohan has been an innovator and loves building products. Hence, to prioritise his time more on development, he insisted Mr. N. Muniyappa, his mentor, to be the CEO of the company and spearhead business from the front. Rohansh has always believed in bringing something new to the consumer and that is clearly projected in the products offered by TEEMOX. His designs reflect youth with exciting colors and comfort, and they match the quality of global big brands. However, to make his products worth the money that his customers are paying, the procurement is done from Indonesia and Vietnam, where the materials are easily available at low costs.

Interestingly, Rohansh's AI based gaming chairs have been a huge hit for the company, bringing in the maximum revenue and margins. The business has gone from 200 units sold to over 5000 units sold in just six months. To add to it, a famous FMCG Brand approached TEEMOX to collaborate for a sports drink focused on gamers. The team is excited about this collaboration as the deal shall bring in more awareness and open newer markets for them. But Mr. Muniyappa insists that this might as well displease the existing consumers who relate to TEEMOX as a customer-oriented brand rather than yet another money minting business.

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

Nonetheless, the plans seem to be working in the company's favour for now and the future seems bright. To put in context, the gaming industry is booming with a Compound Annual Growth Rate (CAGR) of 190%, adding over 20 million new customers every quarter. Clearly, opportunities are enormous, and the brand is on track. A well-established vision and mission for the company could be a strong strategic advantage for challenging times to come.

Based on the case-based scenario, answer the following MCQs (1 Marks each):

1. Based on the above case which of the following seems true about the Strategy of TEEMOX?
 - A. Strategy was unified and comprehensive.
 - B. Strategy was comprehensive and integrated.
 - C. Strategy was integrated and unified.
 - D. Strategy was integrated, unified and comprehensive.
2. Gaming chair business of TEEMOX is a cash cow. Which of the following strategies helped it become such an influential business?
 - A. Organisation differentiation
 - B. Product differentiation
 - C. Focused differentiation
 - D. Low-cost product provider
3. By routing its products from Indonesian and Vietnam, TEEMOX was able to achieve which of the following strategies on the holistic level of business?
 - A. Product differentiation
 - B. Horizontal integration of business
 - C. Best cost provider in the industry
 - D. Globalisation of business
4. With the appointment of Mr. N. Muniyappa, Rohansh can be designated as which of the following?
 - A. Vice President
 - B. CEO Emeritus
 - C. Chairman
 - D. Functional Head

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

5. Which Ps of marketing have been the winning Ps for TEEMOX?

- A. Product and Place
- B. Promotion and Price
- C. Price and Product
- D. Promotion and Place

Question No(s) 6 to 10 carries 2 mark each.

6. KKD company has a product that has a low market share in a market that has a high growth rate. KKD company decides to invest heavily in this product to capture a larger market share. Which category of the BCG matrix would this product line fall under after the investment?

- A. Cash cow
- B. Star
- C. Dog
- D. Question mark

7. KKD Company (KKDC) is a manufacturer of a wide range of clothing. Fashion is one of the five divisions of KKDC. Fashion is operating in a market with high growth and is a market leader. By the next year, it is predicted to have 10% of the market share in a growing market. Fashion should be classified as which of the following according to the BCG matrix.

- A. Star
- B. Dog
- C. Cash cow
- D. Question mark

8. As the head of an MNC, KKDC you have been asked to bring in radical changes in your organisation through BPR. Which of these is the thrust area you would focus on reducing:

- A. Total cycle time
- B. Total order time
- C. Total inventory time
- D. NOTA

9. A famous restaurant, KKD Shiva Mama Dhaba enjoys full occupancy during the lunch and dinner time for last few months. In fact, many customers go back as they have to wait for

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

their turn. Between 15:00 hours to 18:00 hours, the occupancy rate is near to nil. To raise the footfalls of customers during this lean time, the owner offers a discount of 20% on total bill if a customer comes in these 3 hours. Which type of marketing strategy does the KKD Shiva Mama Dhaba follow to attract the customers in the lean period?

- A. Differential Marketing
- B. Synchro-marketing
- C. Place Marketing
- D. Concentrated Marketing

10. After an earnest attempt to bring in a strategic change in your organization, you the operational head of OTC Ltd., succeeded but still your organization couldn't achieve the desired competitive position in the market. Out of the following what could be the reason?

- A. Strategy Formulation
- B. Strategy Model
- C. Strategy Implementation
- D. Strategy Decision

Part 2: Descriptive Questions (35 Marks)

Question No. 6 is compulsory

Answer any three questions from the rest.

Question 6:

(5 Marks)

The first Prius hybrid car was introduced by Toyota Motors in 1997. It was expensive to produce and had a limited market. However, Toyota continued to refine its production processes and invest in research and development, resulting in improved efficiency and lower costs. As a result, the price of the Prius has dropped significantly over the years, making it more affordable to consumers and increasing its popularity.

As Toyota produced more vehicles, it was able to identify and eliminate inefficiencies in its production processes, resulting in higher productivity and lower costs. In addition, Toyota invested heavily in research and development, which allowed the company to introduce new technologies and innovations to its manufacturing processes. These innovations further improved efficiency more and more.

Toyota Motor Corporation has been able to consistently reduce its production costs over time by improving its manufacturing processes and accumulating experience in producing automobiles.

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MNAAGEMENT

Adoption of this strategy allowed Toyota to maximize it's market share and to maintain its competitive edge in the automotive industry by continuously improving its operations and reducing costs year by year after the origin of any of its portfolio of cars.

Required:

- I. In your opinion which type of concept and it's effect is evident in Toyota's production of the Prius hybrid cars? Discuss.
- II. Also Discuss that why this concept is so important for Toyota to manage the organization strategically?

Question 7:

(5 + 5= 10 Marks)

- a. Pepsi Co Ltd. has several divisions (SBUs) producing different products in India. The company provides the following information on its website for its stakeholders and customers as on 30-09-2018.

Divisions	Revenue (In '000)	Revenue (%)	Profit (In '000)	Profit (%)	Market Share	Market Growth
Pepsi	13,224.00	31%	3,258.00	38%	1	5.42%
Mountain Due	1,884.00	4%	628.00	7%	1	-0.95%
Mist	5,703.00	13%	904.00	10%	0.9	-3.26%
Diet-Lipton	10,116.00	23%	2,172.00	25%	0.8	-7.51%
Aquafina	6,727.00	16%	932.00	11%	0.4	-2.38%
Cheetos	5,578.00	13%	716.00	8%	0.3	8.97%
Total	43,232.00	100%	8,610.00	100%		

Required: Analyse the data of each division and prepare a BCG Matrix of Pepsi Co Ltd. as on 30-09-2018.

- b. Mr. Raman is the Managing Director of BI industries Ltd. located in Kolkata. In a review meeting with the head of finance, Mr. Rahul Sinha he said that in the first five years of last decade the company grew between 8-10 percent every year, then the growth rate started falling and in previous year the company managed 1 per cent. Mr. Rahul Sinha replied that the company is facing twin issues, one the strategy is not being implemented as planned; and two the results produced by the strategy are not in conformity with the intended goals. There is mismatch between strategy formulation and implementation. Mr. Raman disagreed and stated that he takes personal care in implementing all strategic plans.

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

Required: You have been hired as a strategy consultant by the BI industries Ltd. Advise way forward for the company to identify problem areas and correct the strategic approaches that have not been effective.

Question 8:

(5 + 5 = 10 Marks)

- a. Hyundai is a competitive company inside the Automobiles (car) market because they have achieved constant success every year. This company is based on the development of new strategies that helps Hyundai to differentiate from the competitors like Honda, Toyota, Suzuki, Ford, GM, etc.

Required: Analyse the data of each competitor and suggest Hyundai the major steps to be taken to understand the competitive landscape.

- b. Bata has not moved far from its footwear emphasis. The company has not demonstrated a desire to diversify into other apparels as have of its competitors. It's emphasis is on consolidation after a rapid growth. In your opinion, what type of Grand Strategy is being followed by Bata. Discuss in detail with its objectives behind doing so.

Question 9:

(5 + 5 = 10 Marks)

- a. Airlines industry in India is highly competitive with several players. Businesses face severe competition and aggressively market themselves with each other. Luxury Jet is a private Delhi based company with a fleet size of 9 small aircrafts with seating capacity ranging between 6 seats to 9 seats. These aircrafts are chartered by big business houses and high net worth individuals for their personalized use. With customized tourism packages their aircrafts are also often hired by foreigners.

Required:

Identify and explain the Michael Porter's Generic Strategy followed by Luxury Jet.

- b. What are strategic roles of a human resource manager in a large manufacturing and distribution company?

Question 10:

(5 + 5 = 10 Marks)

- a. Airlines industry in India is highly competitive with several players. Businesses face severe competition and aggressively market themselves with each other. Jet Airways is also facing the heat of cut-throat competition within the industry. Its profit, profitability, market share, cost and price structure has been hit negatively and

MODEL TEST PAPER I: MAY 2023

CA Intermediate – Group II

ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

significantly due to higher **intensity of competition**. Jet Airways is making full efforts to determine the **Intensity of Competition** in the airlines industry. It is in search for a powerful and widely used tool for systematic diagnosis of the significant **competitive pressures** in the market and assessing their strength and importance.

Required:

- i. Suggest Jet Airways a tried and tested MODEL for systematic diagnosis of the significant competitive pressures and Intensity of Competition within the industry.
 - ii. Explain the model in detail and justify the purpose of using this model for Jet Airways.
- b.** What do you mean by Core Competencies (CC)? Discuss C K Prahalad's 3 competencies that can be termed as CC.

Or

Distinguish between the Market Development and Product Development under Ansoff's Product Market Growth Matrix.

How to Submit your Answer Sheet?

Scan your Answer Sheets, rename it by using your Name & Mobile no. and submit it in PDF Format over Mail ID: eissmchd@gmail.com