

PRIME ACADEMY

35th SESSION PROGRESS TEST-AUDITING & ASSURANCE

No. of Pages:6

PART - A

Total Marks: 75

Time Allowed: 2Hrs

1. Which of the following is not true about opinion on financial statements?
 - a) The auditor should express an opinion on financial statements.
 - b) His opinion is no guarantee to future viability of business
 - c) He is responsible for detection and prevention of frauds and errors in financial statements
 - d) He should examine whether recognised accounting principle have been consistently
2. The audit engagement letter, generally, should include a reference to each of the following except
 - a) limitations of auditing
 - b) responsibilities of management with respect to audit work
 - c) expectation of receiving a written management representation letter.
 - d) A description of the auditor's method of sample selection.
3. The use of an audit engagement letter is the best method of assuring the auditor will have which of the following?
 - a) Auditor will obtain sufficient appropriate audit evidence.
 - b) Management representation letter
 - c) Access to all books, accounts and vouchers required for audit purpose
 - d) Cooperation from other auditors
4. The least important element in the evaluation of an audit firm's system of quality control would relate to
 - a) assignment of audit assistants
 - b) system of determining audit fees
 - c) consultation with experts
 - d) confidentiality of client's information
5. Which of the following is not a quality control consideration on accepting a new client?
 - a) Availability of audit assistants with necessary skill and competence.
 - b) Provision of other services to the client which may impair independence

- c) Predecessor auditor's advice as to whether audit fees were paid promptly
 - d) Review of audit work done by one partner by the other
6. Of the following, which is the least persuasive type of audit evidence?
- a) Bank statements obtained from the client
 - b) Documents obtained by auditor from third parties directly.
 - c) Carbon copies of sales invoices inspected by the auditor
 - d) Computations made by the auditor
7. Which of the following statements is, generally, correct about the reliability of audit evidence?
- a) To be reliable, evidence should conclusive rather than persuasive
 - b) Effective internal control system provides reliable audit evidence
 - c) Evidence obtained from outside sources routed through the client
 - d) All are correct.
8. Which of the following is not a corroborative evidence?
- a) Minutes of meetings
 - b) Confirmations from debtors
 - c) Information gathered by auditor through observation
 - d) Worksheet supporting consolidated financial statements
9. What would most effectively describe the risk of incorrect acceptance in terms of substantive audit testing?
- a) The auditor has ascertained that the balance is materially correct when in actual fact it is not
 - b) The auditor concludes the balance is materially misstated when in actual fact is not
 - c) The auditor has rejected an item from sample which was not supported by documentary evidence
 - d) He applies random sampling on data which is inaccurate and inconsistent
10. Which of the following best describes the primary purpose of audit programme preparation?
- a) To detect errors or fraud.
 - b) To comply with GAAP
 - c) To gather sufficient appropriate evidence
 - d) To assess audit risk
11. For what minimum period should audit working papers be retained by audit firm?
- a) For the time period the entity remains a client of the audit firm.
 - b) For a period of ten years

- c) For a period auditor opines them to be useful in servicing the client
 - d) For the period the audit firm is in existence.
12. Who is responsible for the appointment of statutory auditor of a limited company ?
- a) Directors of the company
 - b) Members of the company
 - c) The Central Government
 - d) All of the above
13. The board of directors shall appoint first auditor of a company
- a) With in one month of completion of capital subscription state of the company
 - b) With in one month of the promotion of the company
 - c) With in one month of the commencement of the business of the company
 - d) With in one month of incorporation of the company
14. ICICI prudential, a life insurance company, holds thirty two percent of subscribed share capital of Delta Ltd. The statutory auditor of Delta Ltd. would be appointed by__
- a) ordinary resolution
 - b) Special resolution
 - c) either of the above
 - d) none
15. Which of the following is counted for the purposes of section 224(IB) the number of partners of a firm which shall be taken into account would be as on the data of ____
- a) Joint audit
 - b) Audit to non profit companies
 - c) Audit of unlimited companies
 - d) d) All of the above
 - e) (a) and (b) only
16. In order to vouch bought ledger, the auditor obtain confirmations from creditors. The principal reason for the auditor to examine suppliers statements at balance sheet date is to obtain evidence that
- a) the supplier exist
 - b) there are no unrecorded liabilities
 - c) recorded purchases actually occurred
 - d) to link creditors with cash book entries

17. An auditor is verifying valuation of building which has been selfconstructed by the client. Which of the following documents is least relevant to the auditor for verification purposes?
- a) Bills of contractor
 - b) Minutes of meeting of board of directors
 - c) Certificates of engineer and architect
 - d) Loan agreement
18. XYZ Ltd. Conducts quarterly review of operations. It discovers that unrest in a south east Asian country may affect the supply of raw materials to it the next quarter. This is an example of :
- a) risk assessment
 - b) control procedure
 - c) supervision
 - d) control environment
19. The auditor should consider whether the auditor's own participation is sufficient to be able to act as the principal auditor. For this purpose the auditor would NOT consider:
- a) the materiality of the portion of the financial information which the principal auditor audits;
 - b) the principal auditor's degree of knowledge regarding the business of the components;
 - c) the risk of material misstatements in the financial information of the components audited by the other auditor
 - d) work papers of the other auditor
20. The date on auditor's report should not be__
- a) the data of AGM
 - b) later than the date on which the accounts are approved in board's meeting
 - c) earlier than the date on which the accounts are approved by the management
 - d) Both (a) and (b)
21. Which of the following report not result in qualification of the auditor's opinion due to a scope limitation?
- a) Restrictions the client imposed
 - b) Reliance on the report of other auditor
 - c) Inability to obtain sufficient appropriate evidential matter
 - d) Inadequacy of accounting records

22. Which of the following is true about explanatory notes?
- a) These are given by the directors of the company
 - b) These are given to adhere to requirements of section 211.
 - c) These are given by auditors of the company in auditor's report
 - d) All of the above
23. An auditor who accepts an audit but does not possess the industry expertise of the business entity should
- a) engage experts
 - b) obtain knowledge of matters that relate to the nature of entity's business
 - c) inform management about it
 - d) take help of other auditors
24. When an independent auditor relies on the work of an internal auditor, he or she should
- a) examine the scope of internal auditor's work
 - b) examine the system of supervising review and documentation of internal auditor's work
 - c) adequacy of related audit programme
 - d) all of the above
25. When an independent auditor decides that the work performed by internal auditors may have bearing on the nature, timing and extent of planned audit procedures, the independent auditor should evaluate objectivity of the internal auditor. The most important factor influencing it would be
- a) organizational level to which he reports
 - b) qualification of internal auditor
 - c) system of quality control of his work
 - d) all of the above

(25x1=25 Marks)

PART-B

I. Answer all Questions:

1. XYZ Co. Ltd. reappointed A and B as their joint auditors in the Annual General Meeting. The AGM authorised the Board for fill up the vacancy on their own in the event of both or either of auditors declined to accept the assignment. The Board passed a resolution to appoint C if any of the auditors declined to accept the assignment. B declined to accept the assignment and Board of Directors appointed C in place of B as per its resolution. Comment
2. Under what circumstances the retiring Auditor cannot be reappointed?
3. P, the first auditor of XYZ Ltd. resigned as auditors of the Co. Board of Directors appointed Mr. Q as statutory auditors in their place. Comment.
4. A, B & C Company Ltd. removed its first Auditor before the expiry of his term without obtaining approval of the Central Government. Discuss.
5. The accountant of C Ltd. has requested you, not to send balance confirmations to a particular group of debtors since the said balances are under dispute and the matter is pending in the Court. Comment.

(5x3=15 Marks)

II. How do you verify/vouch the following?

- (i) Assets acquired on hire purchase
- (ii) Payment of retirement gratuity to employees
- (iii) Recovery of bad debts written off
- (iv) Advertisement expenses
- (v) Sale of scrap

(5x5=25 Marks)

III. Explain the division of work and responsibilities of a joint auditor as per SA 299?

10 Marks

PRIME ACADEMY
35th SESSION PROGRESS TEST
AUDITING & ASSURANCE
SUGGESTED ANSWERS

PART-A

1	c
2	d
3	c
4	b
5	c
6	c
7	b
8	d
9	a
10	c
11	c
12	b
13	d
14	a
15	e
16	b
17	b
18	a
19	d
20	c
21	b
22	a
23	b
24	d
25	a

PART-B

I

1. Filling up the vacancy of an auditor

In the present case B is one of the joint auditors who was appointed in Annual General Meeting, but declined to accept the appointment. The Board of Directors as per their resolution, appointed C as a joint auditor in his place. In this case, the vacancy created by B is neither caused by resignation of B nor is it a casual vacancy because B's appointment had not become effective. Hence, appointment of C as joint auditor by the Board is not valid. C can only be appointed as joint shareholders in the General Meeting.

2. In the following circumstances, the retiring auditor cannot be reappointed:

- (1) A specific resolution has not been passed to reappoint the retiring auditor.
- (2) The auditor proposed to be reappointed does not possess the qualification prescribed under section 226.
- (3) The proposed auditor suffers from the disqualifications under section 226(3) and 226(4).
- (4) He has given to the company notice in writing of his unwillingness to be reappointed.
- (5) A resolution has been passed in AGM appointing somebody else or providing expressly that the retiring auditor shall not be reappointed.
- (6) A written certificate has not been obtained from the proposed auditor to the effect that the appointment or reappointment, if made, will be in accordance within the limits specified under section 224(1B).

3. The first auditor appointment by the Board holds the office till the conclusion of the first annual general meeting. If P, the first auditor resigns, the board of directors has still power to appoint Mr. Q as auditor till conclusion of first annual general meeting. The company at the AGM may remove auditor so appointed and appoint another auditor.

4. Removal of first auditor

As per provision of Sub-section (7) of Section 224, an auditor may be removed from his office before the expiry of his term by the company in general meeting after obtaining prior approval of the Central Government in that behalf, except that such approval is not required for the removal of first auditor appointed by the directors under the proviso to sub-section (5) of section 224. This is a very stringent provision to ensure that any auditor who is inconvenient to the management cannot be removed so easily. This provision goes a long way to ensure independence of auditor. However, the first auditor appointed by the Board of Directors can be removed by merely passing an ordinary resolution in General Meeting of the company without the prior approval of the Central Government.

5. External Confirmation Requests: SA 505, “External Confirmations”, establishes standards on the auditor’s use of external confirmation as a means of obtaining audit evidence. It requires that the auditor should employ external confirmation procedures in consultation with the management. The auditor may come across certain situations in which the management may request him not to seek external confirmation from certain parties because of dispute with the debtors, etc. The management, for example, might make such a request on the grounds that due to a dispute with the particular debtor, the request for confirmation might aggravate the sensitive negotiations between the entity and the debtor. In such cases, when an auditor agrees to management’s request not to seek external confirmation regarding a particular debtor, the auditor should consider validity of grounds for such a request and assess management’s integrity and obtain evidence to support the same. The auditor should also ask the management to submit its request in a written form, detailing therein the reasons for such a request. The auditor agrees to management’s request not to seek external confirmation regarding a particular matter, the auditor should document the reasons for acceding to the management’s request and should apply alternative procedures to obtain sufficient appropriate evidence regarding that matter. While considering the validity of request, in case the auditor reaches at a conclusion that the same was not valid, he may appropriately modify the report.

II

(i) **Assets acquired on hire purchase:**

- Inspect the hire purchase agreement to ascertain the terms and condition, the installment and amount of interest included in the installment.
- Ensure that these are treated as assets acquired under finance lease as per AS-19.
- Verify that initial recognition of lease should be as an asset and a liability at equal amounts.
- If it is reasonably certain that lessee will get ownership at the end of the term, see that asset is depreciated over its useful life. Otherwise confirm that asset is depreciated over the shorter of its useful life and the lease term.
- Ensure that it is shown separately in the Balance Sheet.

(ii) Payment of retirement gratuity to employees

This may be vouched in the following manner:-

- Examine the basis on which gratuity payable is worked out-actuarial or agreement or on the assumption that all employees retire on the balance sheet date.
- Ensure that the basis of computing gratuity is valid.
- Verify computation of liability of gratuity on aggregate basis.
- Check the amount of gratuity paid to employees who retired during the year with reference to the no. of years of service rendered by the retiring employees.
- If the concern has taken an insurance policy see that the annual premium has been charged to Profit & Loss account.
- Ensure that the concern has adhered to the accounting treatment in accordance with AS-15 (revised).

(iii) Recovery of bad debts written off

- Verify the relevant correspondence with the debtor whose accounts were written off as bad.
- See that the amount recovered is credited to a separate account recovery of bad debts written off.
- Verify the acknowledgement receipt issued.
- Examine notification from the court, bankruptcy trustee, collecting agencies.
- Check credit manager's file for the amount received and see that the amount has been deposited in the bank promptly.
- Review the internal control system regarding writing off and recovery of bad debts.

(iv) Advertisement Expenses:

It should be vouched on the following basis :

- Verify the bill/invoice from advertising agency to ensure that rates charged for different types of advertisement are as per contract.
- See that advertisement relates to client's business.
- Inspect the receipt issued by the agency.
- Ascertain the nature of expenditure – revenue deferred and see that it has been recorded properly.
- Ascertain the period for which payment is made and see that pre-paid is carried forward to balance sheet.

- Compare the statement of account with the ledger account.
- See that all outstanding advertisement bills have been provided for.

(v) Sale of scrap:

- Review the internal control as regards generation, storage and disposal of scrap.
- Check whether the organization is maintaining reasonable record for generation of Scrap.
- Analyze the raw material used, production and generation pattern of scrap and compare the same with figures of earlier year.
- Check the rates at which scrap has been sold and compare the rate with previous year.
- Vouch sales, with invoices raised, advertisement for tender, rate contract with scrap dealers.
- Ensure that there exists a proper control procedure to identify scrap and good units and they are not mixed up and sold as scrap.
- Make an overall assessment of the value of realization from scrap as to its reasonableness.

III.

Division of work

Where joint auditors are appointed, they should, by mutual discussion, divide the audit work among themselves. The division of work would usually be in terms of audit of identifiable units or specified areas. In some cases, due to the nature of the business of the entity under audit, such a division of work may not be possible. In such situations, the division of work may be with reference to items of assets or liabilities or income or expenditure or with reference to periods of time. Certain areas of work, owing to their importance or owing to the nature of the work involved, would often not be divided and would be covered by all the joint auditors. The division of work among joint auditors as well as the areas of work to be covered by all of them should be adequately documented and preferably communicated to the entity.

Coordination

Where, in the course of his work, a joint auditor comes across matters which are relevant to the areas of responsibility of other joint auditors and which deserve their attention, or which require disclosure or require discussion with, or application of judgement by, other joint auditors, he should communicate the same to all the other joint auditors in writing. This should be done by the submission of a report or note prior to the finalization of the audit.

Relationship among joint auditors

In respect of audit work divided among the joint auditors, each joint auditor is responsible only for the work allocated to him, whether or not he has prepared a separate report on the work performed by him. On the other hand, all the joint auditors are jointly and severally responsible –

- (a) in respect of the audit work which is not divided among the joint auditors and is carried out by all of them;
- (b) in respect of decisions taken by all the joint auditors concerning the nature, timing or extent of the audit procedures to be performed by any of the joint auditors. It may, however, be clarified that all the joint auditors are responsible only in respect of the appropriateness of the decisions concerning the nature, timing or extent of the audit procedures agreed upon among them; proper execution of these audit procedures is the separate and specific responsibility of the joint auditor concerned;
- (c) in respect of matters which are brought to the notice of the joint auditors by any one of them and on which there is an agreement among the joint auditors;
- (d) for examining that the financial statements of the entity comply with the disclosure requirements of the relevant statute; and
- (e) for ensuring that the audit report complies with the requirements of the relevant statute.

It is the responsibility of each joint auditor to determine the nature, timing and extent of audit procedures to be applied in relation to the area of work allocated to him. The issues such as appropriateness of using test checks or sampling should be decided by each joint auditor in relation to his own area of work. This responsibility is not shared

by the other joint auditors. Thus, it is the separate and specific responsibility of each joint auditor to study and evaluate the prevailing system of internal control relating to the work allocated to him. Similarly, the nature, timing and extent of the enquiries to be made in the course of audit as well as the other audit procedures to be applied are solely the responsibility of each joint auditor.

Each joint auditor is entitled to assume that the other joint auditors have carried out their part of the audit work in accordance with the generally accepted audit procedures.

It is not necessary for a joint auditor to review the work performed by other joint auditors or perform any tests in order to ascertain whether the work has actually been performed in such a manner. Each joint auditor is entitled to rely upon the other joint auditors for bringing to his notice any departure from generally accepted accounting principles or any material error noticed in the course of the audit.

Reporting responsibilities

Normally, the joint auditors are able to arrive at an agreed report. However, where the joint auditors are in disagreement with regard to any matters to be covered by the report, each one of them should express his own opinion through a separate report. A joint auditor is not bound by the views of the majority of the joint auditors regarding matters to be covered in the report and should express his opinion in a separate report in case of a disagreement.

PRIME ACADEMY
35TH SESSION – PROGRESS TEST
INFORMATION TECHNOLOGY & STRATEGIC MANAGEMENT

No of Pages: 3

Total Marks: 75
Time Allowed: 2 Hrs

PART – A

- 1) CMOS is for _____
 - a) Computer managed operations
 - b) Computer metal oxide semiconductor
 - c) Complementary metal oxide semiconductor
 - d) Computer media output system

- 2) Nerve system of a computer is _____
 - a) CPU
 - b) Control unit
 - c) ALU
 - d) None of the above

- 3) OCR stands for _____
 - a) Optical character reader
 - b) Optical character recognition
 - c) Output character reader
 - d) None of the above

- 4) _____ are the most popular direct access medium
 - a) Magnetic disk
 - b) Floppy
 - c) CMOS
 - d) Motherboard

- 5) Flowcharts are used in the _____ stage of SDLC
 - a) Analysis
 - b) Coding
 - c) Design
 - d) All of the above

- 6) Non-impact printers do not include _____
 - a) Laser jet Printers
 - b) Inkjet Printers
 - c) Thermal Printers
 - d) Dot-matrix Printers

- 7) Bus is a _____
 - a) Processor equipment
 - b) Component
 - c) Communication device
 - d) None of the above

- 8) First generation computers employed _____
- a) Magnetic tapes
 - b) Transistors
 - c) Vacuum tubes
 - d) Integrated circuits
- 9) Smart terminals are _____
- a) Dependent on the connected computer
 - b) Does not exist
 - c) Programmable by users
 - d) Intelligent terminals that contain a micro processor and storage facility
- 10) Server in a LAN environment is a _____
- a) Computer system that provides service
 - b) Computer system which receives service
 - c) Work station
 - d) None of the above

(10x1 = 10 marks)

- 11) Explain the elements of Micro Environment
- 12) What is Kieretsus?
- 13) Discuss the relevance of TWOS Matrix in strategic decision making

(3x5 = 15 marks)

PART – B

Question No 1 is compulsory and answer any three from the rest

- 1) A) Draw a flowchart to find the sum of first 50 odd numbers **(10 marks)**
B) Briefly describe the construction of BCG matrix and its utility in strategic management **(10 marks)**

- 2) A) Describe in brief each of the language translators
B) Describe in brief the co-operation in competitive business environment **(5+5 = 10 marks)**

- 3) A) What is a Port and what are the different types of Ports?
B) What are the five competitive forces in an industry identified by Porter? **(5+5 = 10 marks)**

- 4) A) Differentiate Static RAM and Dynamic RAM
B) Briefly mention the difference between organisational Vision and Mission **(5+5 = 10 marks)**

- 5) Explain with reason whether the statements are correct or incorrect:
a) Strategic actions are always in reaction to the changes in environment
b) The benefit of competition is also enjoyed by the customers
c) Strategic management is a bundle of tricks
d) The purpose of SWOT is to rank organisations **(4x2.5 = 10 marks)**

Or

Briefly mention the advantages and disadvantages of Direct Access Storage **(10 marks)**

PRIME ACADEMY

35th SESSION - PROGRESS TEST

INFORMATION TECHNOLOGY & STRATEGIC MANAGEMENT

SUGGESTED ANSWERS

PART – A

- 1) CMOS is **Complementary Metal Oxide Semiconductor**
- 2) Nerve system of a computer is **control unit**
- 3) OCR stands for **Optical Character Recognition**
- 4) **Magnetic disk** are the most popular direct access medium
- 5) Flow charts are tools used in the **Design** stage of SDLC
- 6) Non-impact printers do not include **Dot-matrix printers**
- 7) Bus is a **communication device**
- 8) First generation computers employed **vacuum tubes**
- 9) Smart terminals are **intelligent terminals that contain a micro processor and storage facility**
- 10) Server in a LAN environment is a **computer system that provides service**

11) Elements of Micro Environment:

Also known as task environment, it affects business and marketing the daily operating level. Organizations have to closely analyze and monitor all the elements of micro-environment in order to stay competitive.

Consumers/Customers: The aim of business to create and retain customers according to Peter Drucker. Customers are the persons who pay money to acquire the products of the organization. Customers may or may not be a consumer. A consumer occupies the central position in the marketing environment. The marketer has to closely monitor and analyze changes in consumer tastes and preferences and their buying habits.

Competitors: are the other business entities that compete for resources as well as markets. Competition shapes the business .It may be direct or indirect.

Organization: Individuals occupying different positions or working in different capacities in organizations consists of individuals who come from outside, they have different and varied interests in microenvironment analysis, nothing is important as self-analysis by the organization itself. Understanding its own strengths and capabilities should be the goal of firm's internal analysis. The objectives, goals and resource availabilities of a firm occupy a critical position in the microenvironment. Owners, Board of directors and employees consists of the specific groups that influence an organization.

Market: It is large than customers. The market needs to be studied in terms of its actual and potential size, its growth prospect and also its attractiveness. The trend and development, the key success factors of the market should also be considered.

Suppliers: form an important component of the microenvironment. They provide raw materials, equipment, and services and with their bargaining power affect the cost structure of the industry. They are a major force, which shapes the competition in the industry.

Intermediaries: exert a considerable influence on the business organizations. They can also be considered as the major determining force in the business. They buy product from the local retailers or manufacturer and sell.

12) Kieretsus:

Large cooperative networks of business are known as kieretsus. These are formed by companies in related industries, in order to enhance the abilities of individual member business to compete in their respective industries. Kieretsus members are peers and may own significant amounts of each other's capital and may have board members in common. In Kieretsus, members remain independent companies in their own right. The only strategy they have in common, is to prefer to do business with other Kieretsus members, both when buying and when selling. Kieretsus are different from conglomerates where in all members are lineated through ownership pattern.

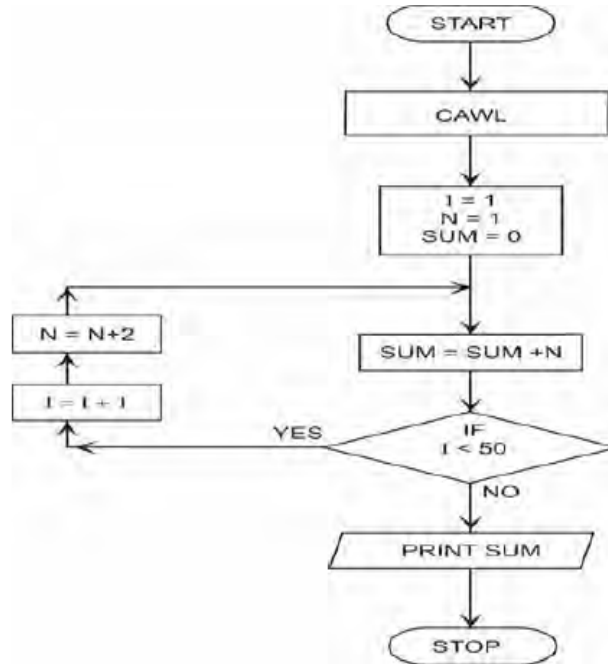
13) Relevance of TWOS Matrix in strategic decision making:

The TOWS matrix illustrates how the external opportunities and threats facing a particular corporation can be matched with company's internal strengths and weaknesses to result in possible strategic alternatives to be competitive. It is a good way to use brainstorming and to create alternative strategies that might not otherwise be considered. It forces strategic managers to design various growth, stability or retrenchment strategies. It can be used to generate corporate as well as business strategies.

Moreover, TOWS Matrix is very useful for generating a series of alternatives that the decision makers of a company or business unit might not otherwise have considered. Nevertheless, the TOWS Matrix is only one of the many ways to generate alternative strategies. In a way TOWS is considered to be an improvement over the SWOT. However, it is not undermining the SWOT analysis.

PART – B

1) A) Flowchart to find the sum of first 50 odd numbers



CAWL – Clear all working locations

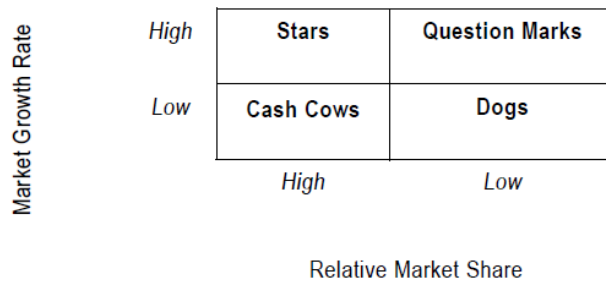
B) BCG Matrix construction and its utility in strategic management

Companies that are large enough to be organized into strategic business units face the challenge of allocating resources among those units. In the early 1970's the Boston Consulting Group developed a model for managing portfolio of different business units or major product lines. The BCG growth-share matrix named after its developer facilitates portfolio analysis of a company having invested in diverse businesses with varying scope of profits and growth. The BCG matrix can be used to determine what priorities should be given in the product portfolio of a business unit. Using the BCG approach, a company classifies its different businesses on a two-dimensional growth share matrix. Two dimensions are market share and market growth rate.

In the matrix:

The vertical axis represents market growth rate and provides a measure of market attractiveness. The horizontal axis represents relative market share and serves as a measure of company strength in the market.

The BCG matrix depicts four quadrants as per following:



They have been depicted by meaningful metaphors, namely:

- (a) **Stars** are products or SBUs that are growing rapidly. They also need heavy investment to maintain their position and finance their rapid growth potential. They represent best opportunities for expansion.
- (b) **Cash Cows** are low-growth, high market share businesses or products. They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share. In long run when the growth rate slows down, stars become cash cows.
- (c) **Question Marks**, sometimes called problem children or wildcats, are low market share business in high-growth markets. They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them stars and then to cash cows when the growth rate reduces.
- (d) **Dogs** are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves, but do not have much future. Sometimes they may need cash to survive. Dogs should be minimised by means of divestment or liquidation. The BCG matrix is useful for classification of products, SBUs, or businesses, and for selecting appropriate strategies for each type as follows.
 - (a) Build with the aim for long-term growth and strong future.
 - (b) Hold or preserve the existing market share.
 - (c) Harvest or maximize short-term cash flows.
 - (d) Divest, sell or liquidate and ensure better utilization of resources elsewhere.
 Thus BCG matrix is a powerful tool for strategic planning analysis and choice.

2) A) Language translators

A language translator or language processor is a general term used for any assembler, compiler or other routine that accepts statements in one language and produces equivalent statements in another language. The language processor reads the source language statements one at a time and prepares a number of machine instructions to perform the operations specified or implied by each source statement.

Three most widely used types of language translators are as follows:

- (i) **Compiler:** A system software that translates the entire program into machine language before the program is executed. The program submitted for compilation is called a *source program* (or source module). The source program then translates the program into machine language, producing an *object program* (or object module). After generating object program, it is then linked with other subprogram of object module, which is called load program for final execution of the program.

(ii) **Interpreters:** It is system software which translates program into machine language one line at a time as they are being run. Each statement is translated into machine language just before it is executed. Interpreter provides error message in case of any logical and syntactical error while converting source code to object code.

(iii) **Assemblers:** It is system software which is used to translate assembly language program to object code. A program written in assembly language consists of a series of *instructions called* mnemonics that correspond to a stream of executable instructions, when translated by an assembler, which can be loaded into memory and executed. A utility program called an *assembler* is used to translate assembly language statements into the target computer's machine code. The assembler performs a one-to-one mapping from mnemonic statements into machine instructions and data.

B) Co-operation in competitive business environment

In a competitive environment cooperation between different member firms in an industry ensures coordination and unification of the members and to determine the best means for safeguarding their interests, individually and collectively For example, organization of oil exporting countries (OPEC) which is collective group of nations extracting and exporting oil is an oligopoly to protect the member nation's interests and to stabilize market prices Cooperation can take any of the following forms:

- (a) a small number of manufacturers/sellers joining together to form a Cartel to decide market prices, shares and profits
- (b) Business under the control of the same family (example Tata, Birla, reliance)
- (c) Business arrangements with enterprises in related activities (example co- branding, tie-up)
- (d) Kieretsus

3) A) Port and different types of Ports

Ports and connectors are components of the motherboard that let the user connect external devices like printers, keyboards or scanners and let them interface with the PC. The physical interfaces for the ports and connectors are located on the outside—typically at the back of the PC, but they are directly or indirectly (using a connector card) connected to the motherboard.

Different types of Ports are:

(i) **Parallel port:** It is a parallel communication physical interface. They facilitate the parallel transmission of data, usually one byte (8 bits) at a time. It is also known as a **printer port** or **Centronics port**. The IEEE 1284 standard defines the bi-directional version of the port, which allows the transmission and reception of data bits at the same time. They are used to connect external input/output devices like scanners or printers.

(ii) **Com/Serial port:** It is a serial communication physical interface through which information transfers in or out one bit at a time. They are used for connecting communication devices like modems or other serial devices like mice. There are two varieties of Com ports— the 9-pin ports and 25-pin ports. Serial port uses 25 pin D -232 port.

(iii) **IDE drive connector:** IDE devices like CD-ROM drives or hard disk drives are connected to the motherboard through the IDE connector.

(iv) **Floppy drive connector:** They are used for connecting the floppy drive to the motherboard, to facilitate data exchange.

(v) **USB connector:** Stands for Universal Serial Bus. They provide the user with higher data transfer speed for various USB devices like keyboard, mice, scanner or digital cameras.

(vi) **PS/2 connector:** Stands for Personal System/2. It is used to connect PS/2 based input devices like PS/2 keyboards or mice.

B) Five competitive forces in an industry as identified by Porter

The five forces are:

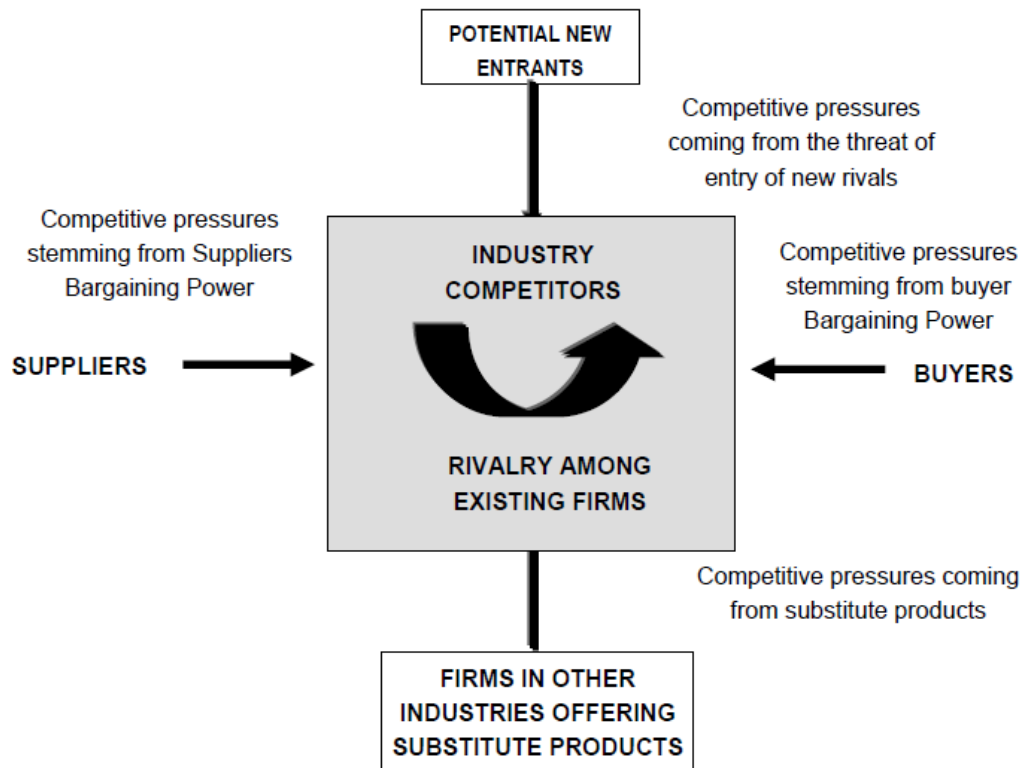
Threat of new entrants: New entrants are always a powerful source of competition. The new capacity and product range they bring in throw up new competitive pressure. Bigger the new entrant, the more severe the competitive effect; new entrants also place a limit on prices and affect the profitability of existing players.

Bargaining power of customers: This is another force that influences the competitive condition of the industry. This force will become heavier depending on the possibilities of the buyers forming groups or cartels. The bargaining power of the buyers influences not only the prices that the producer can charge but also influences in many cases, costs and investments of the producer because powerful buyers usually bargain for better services which involve costs and investment on the part of the producer.

Bargaining power of suppliers: Quite often suppliers, too, exercise considerable bargaining power over companies. The more specialised the offering from the supplier, greater is his clout. And, if the suppliers are also limited in number they stand a still better chance to exhibit their bargaining power. The bargaining power of suppliers determines the cost of raw materials and other inputs of the industry and, therefore, industry attractiveness and profitability.

Rivalry among current players: The rivalry among existing players is quite obvious. This is what is normally understood as competition. For any player, the competitors influence strategic decisions at different strategic levels. The impact is evident more at functional level in the prices being changed, advertising, and pressures on costs, product and so on.

Threats from substitutes: Substitute products are a latent source of competition in an industry. In many cases they become a major constituent of competition. Substitute products offering a price advantage and/or performance improvement to the consumer can drastically alter the competitive character of an industry. And they can bring it about all of a sudden. For example, coir suffered at the hands of synthetic fibre. Wherever substantial investment in R&D is taking place, threats from substitute products can be expected. Substitutes, too, usually limit the prices and profits in an industry.



4) A) Difference between Static RAM and Dynamic RAM

Static RAM: Static RAM is faster, larger and more expensive than Dynamic RAM. It does not need to be continually refreshed. The data remained stored in it as long as power remains on. Because of its speed, it is used mainly in a special area of memory called cache.

Dynamic RAM: Dynamic RAM is most common type of main memory. It is dynamic because each memory cell quickly loses its charge so it must be refreshed hundreds of times each second to prevent data from being lost. The power consumption by DRAM is less than that of a SRAM.

B) Difference between organisational Vision and Mission

A Mission statement tells you the fundamental purpose of the organization. It concentrates on the present. It defines the customer and the critical processes. It informs you of the desired level of performance. On the other hand, a Vision statement outlines what the organization wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria.

Following are the differences:

The vision describes a future identity while the Mission serves as an ongoing and time-independent guide.

The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is specific, measurable, achievable, relevant and time bound. A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organization.

A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well while a vision statement is

more specific in terms of both the future state and the time frame. Vision describes what will be achieved if the organization is successful.

- 5)
- a) **Incorrect:** Strategic actions are typically a blend of (1) proactive actions on the part of managers to improve the company's market position and financial performance and (2) as needed reactions to unanticipated developments and fresh market conditions and developments.
 - b) **Correct:** The benefit of competition are enjoyed by the society and the markets in which organisations operate. The customers are able to get products at lower costs and of better quality. They are able to get better value of their money because of competition.
 - c) **Incorrect:** No, Strategic management is not a bundle of tricks and magic. It is much more serious affair. It involves systematic and analytical thinking and action. Although, the success or failure of a strategy is dependent on several extraneous factors, it can't be stated that a strategy is a trick or magic. Formation of strategy requires careful planning and requires strong conceptual, analytical, and visionary skills.
 - d) **Incorrect:** SWOT analysis stands for the analysis of strengths, weaknesses opportunities, and threats. It is not used for ranking of organizations. It is a tool for organizational and environmental appraisal necessary for formulating effective strategies.

Or

Advantages and disadvantages of Direct Access Storage

Advantages:

- (i) Magnetic rigid disk is a direct access storage medium; therefore, individual records can be retrieved without searching through the entire file.
- (ii) The costs of disks are steadily declining.
- (iii) For real-time systems where direct access is required, disks are currently the only practical means of file storage.
- (iv) Records can be readily updated by writing the new information over the area where the old information was stored.
- (v) With removable disk packs, a single disk drive can store large quantities of data although all but one of the disks is offline at any given point in time.
- (vi) Interrelated files stored on magnetic disk can allow a single transaction to be processed against all of these files simultaneously.
- (vii) Data corruption rate is much less than other storage media like floppy disk, magnetic tapes.

Disadvantages:

- (i) Security of information stored on magnetic disks which are used as shared, is major concern.
- (ii) Regular 'head' crashes can damage the surface of the disk, leading to loss of data in that sector.
- (iii) The disk is fixed inside the computer and cannot easily be transferred to another computer.
- (iv) Updating a master file stored on disk destroys the old information. Therefore, disk does not provide an automatic audit trail. When disk is used, back-up and audit trail require that each old master file records be copied to another medium prior to update.