

Seat No. : \_\_\_\_\_

## DA-106

December-2013

BBA (Sem.-V)

### CC-307 – A: Advance Financial Management

Time : 3 Hours]

[Max. Marks : 70

1. (A) The following information relates to S Ltd. You are required to calculate the Weighted Average Cost of Capital, using (a) book value weights and (b) market value weights. 7

The present book value capital structure is :

	₹
Debentures (₹ 100 per debenture)	8,00,000
Preference Shares (₹ 100 each)	2,00,000
Equity Shares (₹ 10 per share)	10,00,000

All these securities are traded in the market. The recent prices are :

Debentures ₹ 110, Preference shares ₹ 120, Equity Shares ₹ 22.

Anticipated External Financing opportunities are :

- (i) ₹ 100 per debenture redeemable at par : 20 year maturity 8% coupon rate, 4% floatation costs, sale price ₹ 100.
- (ii) ₹ 100 preference shares, redeemable at par : 15 year maturity, 10% dividend rate, 5% floatation costs, sale price ₹ 100.
- (iii) Equity shares : Floatation costs ₹ 2 per share, sale price ₹ 22.

Dividend expected on the equity shares at the end of the year is ₹ 2 per share. Expected growth rate in dividend is 5%. The company has the practice of distributing all its earnings in the form of dividends. The corporate tax rate is 50%.

**OR**

- (A) The Servex Company has the following capital structure on 30-6-2003 : 7

	₹
Ordinary shares (200000 shares)	40,00,000
6% Preference shares	10,00,000
8% Debentures	30,00,000
	<hr style="width: 100%; border: 0.5px solid black;"/>
	80,00,000

The share of the company sells for ₹ 20. It is expected that company will pay a current dividend of ₹ 2 per share which will grow at 7% for ever. Assume the tax rate may be 50%.

- (i) Compute the weighted average cost of capital based on the existing capital structure.
- (ii) Compute the new weighted average cost of capital if the company raises an additional ₹ 20,00,000 debt by issuing 10% debentures. This would result in increasing the expected dividend to ₹ 3 and leave the growth rate unchanged, but the price of share will fall to ₹ 15/share.

Compute the cost of capital.

- (B) (i) The ten year debenture of a firm can be sold at a rate of ₹ 90. The face value of a debenture is ₹ 100 and the coupon rate of interest is 8%. If 50% tax rate is assumed, calculate the after tax cost of debt. 3
- (ii) The current market price of a share is ₹ 90 and the expected dividend per share next year is ₹ 4.50. If the dividends are expected to grow at a rate of 7%, calculate the cost of equity. 3
- (iii) A company issues 10% preference share capital without a maturity date. The face value per preference share is ₹ 100 but the issue price is ₹ 95. What is the cost of this issue ? 1

**OR**

- (B) Write a detailed note on CAPM. 7

2. (A) S Ltd. is proposing to issue a 5 year 12% preference shares. The shares will be redeemed at ₹ 110 at the end of 5<sup>th</sup> year. Its face value is 100. If an investor has a minimum required rate of return of 14%, what is the present value of such preference shares for him ? 7

**OR**

P Ltd. is expected to pay a dividend of ₹ 10 per share in next year. The dividend is expected to grow perpetually at a rate of 12%. What is the value of its share if the required rate of return is 14% ?

- (B) An investor has invested in the perpetual bonds of XYZ Ltd. The face value of the bond is ₹ 1,000 and carries a coupon rate of 12% per annum. If the required rate of return is 14%, what would be the value of the bond ? 7

**OR**

The face value of a 5 year, 10% bond is ₹ 1,000. Assuming 12% required rate of return of investors, compute the value of bond. What maximum price an investor be willing to pay to purchase such bonds from the market ?

3. (A) Discuss the differences between Forwards and Futures. 7

**OR**

Write a note on Certainty Equivalent Approach.

(B) Explain the meaning and characteristics of Derivatives. 7

**OR**

Explain the meaning of spot, options and derivative – forward and future in brief.

4. (A) Define Dividend. Discuss the determinants of dividend policy. 7

**OR**

Discuss (MM) Model in detail.

(B) Explain Walter Model in detail. 7

**OR**

Explain Gordon Model in detail.

5. Attempt **all** : 14

- (1) Give the full form of CAPM.
- (2) Name the two types of Risk discussed in CAPM.
- (3) Is Implicit cost different from Explicit cost ?
- (4) Beta is the measurement of \_\_\_\_\_ risk.
- (5) Walter and \_\_\_\_\_ model talks about \_\_\_\_\_ of dividends.
- (6) In order to maintain the stable dividend policy which fund the company has to create (Dividend Equalization fund/ Sinking fund/Capital Reserve fund)
- (7) Dividend could not be paid out of capital. (True/False)
- (8) Write the full form of RADR.
- (9) The spot market is also called \_\_\_\_\_ market.
- (10) Derivatives do not have \_\_\_\_\_ of their own.
- (11) The rate at which future value is converted into present value is known as \_\_\_\_\_.
- (12) Risk and uncertainty are quite inherent in Capital Budgeting decisions. (T/F)
- (13) Define in one line Perpetual Bond.  
\_\_\_\_\_  
\_\_\_\_\_
- (14) Find present value of ₹ 50 at 10% after 3 years \_\_\_\_\_.

## CC-307 – B : Adv. Human Resource Management-I

- Instructions :** (1) Figures on the right indicate marks.  
(2) Attempt all **five (05)** questions.

1. (A) Discuss how HRM has evolved into Strategic HRM. **7**

**OR**

Write short notes on :

- (i) Objective of SHRM  
(ii) Risk involved in investment in human assets
- (B) Discuss the factors determining the investment orientation of an organisation. **7**

**OR**

Define SHRM. Explain its components.

2. (A) Explain the benefits of SHRM and bring out the barriers to it. **7**

**OR**

Discuss the competencies required of HR department to become a strategic partner.

- (B) Write detailed notes on any **one** environmental trends affecting HRM : **7**
- (i) Trends in Business Environment  
(ii) Changing nature of work  
(iii) Demographic, societal and workforce trends

3. (A) Bring out the reasons for employers wanting to move to Performance Management. **7**

**OR**

Discuss how problems associated with performance appraisal can be avoided.

- (B) Write detailed notes on any **one** : **7**
- (i) Comparison between performance management and performance appraisal.  
(ii) Supervisor's role in appraising performance.  
(iii) Alternation Ranking Method of performance appraisal along with its advantages and disadvantages.

4. (A) Write detailed notes on any **one** : **7**

- (i) Job sharing and work sharing.  
(ii) Flexitime and its effectiveness.  
(iii) Competency-based pay

(B) Explain the basic factors determining pay rates.

7

**OR**

Explain the process of establishing pay rates.

5. Do as directed :

14

- (i) As per strategic HRM, the pattern and planning should be such that it should find a fit between \_\_\_\_\_ strategy and HR strategy.
- (ii) SHRM is not concerned with organizational effectiveness and performance. (True/False)
- (iii) People are treated as assets in Personnel Management. (True/False)
- (iv) Industrial Relations is an important aspect of Personnel Management. (True/False)
- (v) Identifying and training expatriate managers for overseas assignments and developing equitable pay plans for individuals working in different countries are challenges posed by \_\_\_\_\_.
  - (a) Aging population and workforce
  - (b) Women in workforce
  - (c) Global workforce
  - (d) None of the above
- (vi) Conducting programmes for women who opt for career breaks and providing facilities such as crèches, flexible working hours are challenges posed by \_\_\_\_\_.
  - (a) Aging population and workforce
  - (b) Women in workforce
  - (c) Global workforce
  - (d) None of the above
- (vii) As per Mathis and Jackson's classification of the multiple roles of HR, the HR manager as a change agent has the responsibility to facilitate culture change in the organization. (True/False)
- (viii) As performance appraisal is carried out at longer intervals, it is difficult to make prompt modifications in employee performance. (True/False)
- (ix) In \_\_\_\_\_ method of performance appraisal, employees are ranked from the best to the worst, alternatively, on a trait or traits.
- (x) In \_\_\_\_\_ method of performance appraisal, for every job performance trait, subordinates are paired and compared with every other subordinate.
- (xi) The traditional approach of HR viewed people as \_\_\_\_\_ to the organization.
  - (a) cost
  - (b) income
  - (c) investment
- (xii) When specialists are available outside the organization who are more efficient than the internal employee resources, the organization tends to go for \_\_\_\_\_.
- (xiii) Define job evaluation.
- (xiv) Define strategic Human Resource Management.

## CC-307 – C : Advanced Marketing Management

1. (A) Define Brand Architecture in brief. 7

**OR**

Explain the concept of Brand positioning.

- (B) Explain Brand Identity Prism with an example. 7

**OR**

Explain the concept of Brand Equity, Brand Awareness & Brand Image.

2. (A) Give advantages, disadvantages and uses of secondary data. 7

**OR**

Explain in detail Focus Group Interview.

- (B) Give a detailed idea of the various types of Research Design. (Classification) 7

**OR**

Explain survey methods in detail, with the advantages and disadvantages of each of them.

3. (A) Explain Interval and Ratio Scales in detail with relevant example. 7

**OR**

Explain data preparation process in brief.

- (B) Explain Semantic differential scale and Stapel Scale in detail with example. 7

**OR**

Write a short note on Report Preparation and Presentation Process in brief.

4. (A) Explain the GAP Model of Service Quality with a relevant diagram. 7

**OR**

Explain the varied reasons for the growth of service sector.

- (B) What is a Service Flower ? 7

**OR**

Explain the terms, internal marketing and external marketing in detail with examples.

5. (1) Focus group survey is a type of exploratory research/conclusive research. 14
- (2) Define primary data.
- (3) Sampling methods can be divided into :
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (4) Define Brand equity.
- (5) Brand Architecture can be of there types :
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (6) What is a co-brand ?
- (7) The difference between the specified delivery standard and the service provider is perception gap/service gap/delivery gap.
- (8) The 7 P's of service marketing are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.
- (9) Virgin group is a type of Corporate Brand/Endorsed Brand.
- (10) The service flower was developed by \_\_\_\_\_.
- (11) Telephone number is a type \_\_\_\_\_ scale (ordinal/nominal).
- (12) In \_\_\_\_\_ scale opposite adjectives are used. (Satpel Scale/Semantic differential scale)
- (13) Give examples of Causal Research.
- (14) The Brand Personality is the Brand's Character. (True/False).
- \_\_\_\_\_

