

Seat No. : _____

AF-135

April-2016

B.B.A., Sem.-VI

CC-314 : Advanced Financial Management

Time : 3 Hours]

[Max. Marks : 70

1. (A) Amitabh Bacchan Corporation supplied with the following information in respect of the firm for the ensuing year : **10**

Production of the year	–	69000 units.
Finished goods in store	–	3 months.
Raw material in store	–	2 months' consumption.
Production process	–	1 month.
Credit allowed by creditors	–	2 months
Credit given to debtors	–	3 months
Selling price per unit	–	₹ 50
Raw material	–	50% of selling price.
Direct wages	–	10% of selling price.
Manufacturing and Administrative overheads	–	16% of selling price.
Selling overheads	–	4% of selling price.

There is a regular production and sales cycle and wages overheads accrue evenly. Wages are paid in the next month of accrual. Material is introduced in the beginning of the production cycle. You are required to ascertain its working capital requirement.

OR

A proforma cost sheet of a company provides the following particulars :

Elements of Cost	Amount per unit
	₹
Raw materials	80
Direct labour	30
Overhead	60
Total cost	<hr/> 170
Profit	<hr/> 50
Selling Price	220

The following further particulars are available. Raw materials in stock, on average, one month. Materials in process (completion stage, 50%), on average, half a month, finished goods in stock, on average, one month.

Credit allowed by suppliers is one month. Credit allowed to debtors is 2 months.

Average time lag in payment of wages is 1.5 weeks and one month in overhead expenses; one fourth of the output is sold against cash; cash in hand and at bank is desired to be maintained at ₹ 3,65,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 104000 units of production. You may assume that production is carried on evenly throughout the year and wages and overheads accrue similarly. There are 52 weeks in a year.

- (B) Explain EVA as a measurement of financial performance. 4

OR

From the following income statement of XZ Ltd. for the current year, calculate EVA (Economic Value Added) during the year :

	(₹ in crore)
Sales Revenue	50
Less operating costs	30
Less Interest Costs	1.2
Earnings before taxes	18.8
Less Taxes (40%)	7.52
Earnings after taxes	11.28

The firm's existing capital consists of ₹ 15 crore equity funds, having 15% cost and of ₹ 10 crore 12% debt.

2. (A) HS Electronics is considering a proposal to replace one of its machines. The following information is available : 10

The existing machine was bought 3 years ago for ₹ 10 lakh. It was depreciated at 25% per annum on reducing balance basis. It has remaining useful life of 5 years, but its annual maintenance cost is expected to increase by ₹ 50,000 from the sixth year of its installation. Its present realisable value is ₹ 6 lakh. The company has several machines, having 25% depreciation.

The new machine costs ₹ 15 lakhs and is subject to the same rate of depreciation. On sale after 5 years, it is expected to net ₹ 9 lakh. With the new machine, the annual operating costs (excluding depreciation) are expected to decrease by ₹ 1 lakh. In addition, the new machine would increase productivity on account of which net revenues would increase by ₹ 1.5 lakh annually. The tax rate applicable to the firm is 35% and the cost of capital is 10%. Advice on the basis of NPV.

OR

A company is considering two mutually exclusive proposals, A & B.

Proposal A will require the purchase of machine A, for ₹ 1,50,000 with no salvage value but an increase in the level of working capital to the time of ₹ 50,000 over its life. The project will generate additional sales of ₹ 1,30,000 and require cash expenses of ₹ 30,000 in each of the 5 years of its life.

Proposal B will require the purchase of Machine B for ₹ 2,50,000 with no salvage value and additional working capital of ₹ 70,000. The project is expected to generate additional sales of ₹ 2,00,000 with cash expenses aggregating ₹ 50,000.

Both the machines are subject to wdv method of depreciation at the rate of 25%. Assuming the company does not have any other asset in the block of 25%, has 12% cost of capital and is subject to 35% tax, advice which machine it should purchase ?

What course of action would you suggest if Machine A and Machine B have salvage values of ₹ 10,000 and ₹ 25,000 respectively ?

- (B) The following earnings are available by investing ₹ 50,000 in a project. The cost of capital is 10%. State whether the investment is desirable with the help of (1) Net Present Value (2) Profitability Index. 4

	₹
First year	22,000
Second Year	18,000
Third year	14,000
Fourth year	16,000
Fifth year	10,000

OR

A company is considering to invest ₹ 40,000 in a capital project. Its scrap value is nil. Its useful life is 5 years. Tax rate is 50%. The company adopts the SLM of depreciation. The cash flow before depreciation and tax is as follows :

	₹
First Year	8,000
Second Year	8,800
Third year	11,200
Fourth year	12,000
Fifth year	20,000

On the basis of above information calculate the NPV.

3. (A) Define capital structure. Discuss the factors affecting capital structure. 7

OR

Discuss the NI approach in detail.

(B) Discuss the NOI Approach in detail.

7

OR

Explain the traditional Approach in detail.

4. (A) Explain the concept of corporate and financial restructuring. Discuss the reasons for the same.

7

OR

Explain the concept of slump sale, equity carve outs and franchising.

(B) Define Buy-outs and also explain Management Buy-In (MBI) Management Buy-Out (MBO) and Leveraged Buy Out (LBO).

7

OR

Define strategic Alliance. Discuss the various forms of strategic Alliance.

5. Answer **all** :

14

- (1) Current Assets – Current Liabilities = _____.
- (2) A _____ is a company that owns other companies outstanding stock. (Holding/subsidiary)
- (3) State any two assumptions of NI approach.
- (4) When a company uses fixed interest bearing capital along with owned capital in raising finance it is said to be _____. (Capital Structure / Capital Plan / Capitalization / Trading on Equity)
- (5) If the working capital is increasing by 30,000, then how it would be adjusted in the calculation of cash outflow ? (Added/deducted/multiplied)
- (6) If the company has a strict credit policy, it would require less working capital. (T/F)
- (7) What is the present value of ₹ 1 at the discount rate of 15% for the sixth year ?
- (8) Depreciation is a non-cash expense. (True/False)
- (9) _____ is opposite of Net Income Approach.
- (10) Traditional approach is the _____ approach. (Positive/Negative/Intermediate)
- (11) Interest is a mandatory payment. (T/F)
- (12) Degree of leverage is defined as employment of debt in the _____.
- (13) _____ projects compete with each other. (Independent/Mutually exclusive/Replacement)
- (14) Full form of EVA is _____.

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April-2016

B.B.A., Sem.-VI

CC-314 : Advanced Marketing Management

Time : 3 Hours]

[Max. Marks : 70

1. (a) Differentiate between business markets and consumer markets. **7**

OR

What is Business Marketing ? Discuss the primary objectives of a business supplier.

- (b) Explain the characteristics of customers in business markets. **7**

OR

Discuss the business buying process with a suitable example.

2. (a) Discuss the various advertising objectives with suitable illustrations. **7**

OR

Explain message decisions in context of advertising.

- (b) Discuss the various methods of evaluating advertising effectiveness. **7**

OR

Explain the strong versus weak theory for impact of advertising.

3. (a) Define rural marketing. Discuss its characteristics. **7**

OR

Explain the 4 Ps of marketing mix with respect to rural marketing.

- (b) List the importance of rural marketing in the Indian context. **7**

OR

Explain the reasons for rural market boom in India.

4. (a) Define CRM. Explain its benefits.

7

OR

Discuss CRM implementation road map with a suitable example.

(b) Explain the role of customer centric marketing and process for CRM.

7

OR

Discuss how organisational capabilities can be built through internal marketing in CRM context.

5. Do as directed :

14

(1) Four methods to set advertising budget are _____, _____, _____ and _____.
(percentage of sales method / percentage of cost method; affordability method/
adjustability method; cost-parity method/competitive-parity method; objective
and task method/organisation and trend method)

(2) Most important factors affecting business buying behaviour include _____, _____
and _____.

(buy class/sell class; customer type/product type; importance of purchase /
country of purchase)

(3) Reasons responsible for rural market boom in India include _____, _____ and _____.
(growth of computer based industry / growth of agro based industry; reforms
inland tenure system / reforms in vehicle tenure system; improved rural
infrastructure / improved urban infrastructure)

(4) CRM has mainly evolved due to _____, _____, _____ and _____.

(Rapid advances in technology / advertising effectiveness; intense competition /
role of government in business; growing importance of service sector / growing
importance of agricultural sector; adoption of total quality management
programs / adoption of cost saving programs)

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B.B.A., Sem.-VI

CC-314 : Advanced Human Resource Management

Time : 3 Hours]

[Max. Marks : 70

1. (a) Define employee discipline. Explain various objectives of employee discipline. **7**
- OR**
- Describe causes of indiscipline.
- (b) Explain various types of discipline. **7**
- OR**
- What are essentials of a good disciplinary system ?
2. (a) Explain the process of training and development. **7**
- OR**
- Briefly explain special forms of training and development.
- (b) In this dynamic era of business, how training plays a significant role ? **7**
- OR**
- What is talent management ? Explain the benefits of talent management.
3. (a) What do you understand by career planning ? Explain career planning methods. **7**
- OR**
- Explain roles and functions of mentors.
- (b) What are key elements of successful mentoring relationship ? **7**
- OR**
- Explain career development interventions for each career stage.
4. (a) Explain the difference between International Human Resource Management (IHRM) and Domestic HRM. **7**
- OR**
- Explain various types of international organizations.
- (b) Describe various compensation issues in international assignment. **7**
- OR**
- Explain international staffing.

5. Answer all :

14

- (1) Lack of upward communication can be a cause of indiscipline. (True/False)
- (2) _____ is a continuous process that involves setting personal career goals and revising the goals based on work and experience.
(Career management / Career development)
- (3) Define assessment programme.
- (4) Through _____ individuals can take stock of their own skills, personal characteristics, goals and aspiration.
- (5) Meaning of traditional mentoring.
- (6) Define MNC.
- (7) In _____ approach all strategic decisions are made by/at the headquarters.
(Ethnocentric / Polycentric)
- (8) _____ compete on the basis of new markets and new products; unstable environment. (Defender / Prospector)
- (9) Training evaluation has _____ stages. (three/four)
- (10) Managing diversity in an organization refers to which two categories ?
- (11) When new employee join an organization _____ training is the planned introduction of new employees to the company.
(orientation / cross-function)
- (12) Write two challenges faced by HR.
- (13) Define Repatriation.
- (14) Write two types of negative mentoring experience.
