

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/>
	80,00,000
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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 5th 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).

@geniusguruzi