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301

Third Semester M.B.A. Degree Examination, November/December 2009
MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks: 75

SECTION - A**(2×12=24)**Answer **any two** questions. Each question carries **twelve** marks.

1. Critically examine the role of management account in the context of managerial planning and decision-making during open regime.
2. Explain the situations where NPV and IRR provide contradictory conclusions. How do you resolve them ? Explain.
3. "Ratio analysis is static in nature as it is based on the data derived from static financial statements". Discuss.

SECTION - B**(3×12=36)**Answer **any three** questions. Each question carries **12** marks.

4. The relevant data of X Ltd. for its three products, viz. A, B and C are as follows :

Rs. Per Unit

Particulars	A	B	C
Direct Material	260	300	250
Direct Labour	130	270	260
Variable Overheads	110	230	180
Selling Price	860	1040	930
Machine Hours required	12	6	3

The estimated fixed overheads at four different levels of 3,600, 6,000, 8,400 and 10,800 machine hours are Rs. 1,00,000, Rs. 1,50,000, Rs. 2,20,000 and Rs. 3,00,000 respectively. The maximum demand of A, B and C in the cost period will be 500, 300 and 1800 units respectively.

P.T.O.

**Required :**

- a) Find out the most profitable product-mix at each level; and
 - b) Find out the level of activity at the profit would be the maximum.
5. A firm is considering an investment of Rs. 75,000 on a machine with a life of 4 years and nil residual value. This machine will produce a product to sell at Rs. 60 per unit at the production volume of 1000 units. The estimated cost per unit of the product would be :

	Rs.
Material	10
Labour (10 hrs. @ Rs. 2 per hour)	20
Variable overheads (10 hrs × Re. 0.50 per hr.)	05
	35

Due to inflationary conditions, material costs, overhead costs and selling price prices are expected to increase @ 15% p.a.; whereas labour costs are expected to increase at the rate of 20% p.a.

Is the purchase of a new machine worthwhile in terms of its NPV ? Why ?

Note : Assume the discount factors year 1, 2, 3 and 4 as 0.83, 0.69, 0.59 and 0.48 respectively.

6. From the following information, you are required to prepare the Balance Sheet of a company :

Current Ratio 1.75

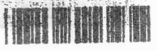
Liquid Ratio 1.25

Stock Turnover Ratio 9

(Cost of sales/closing stock)

Gross Profit Ratio 25%

Debt Collection Period 1½ months



Reserves and surplus to capital	0.2
Turnover to Fixed assets	1.2
Capital gearing ratio	0.6
Fixed assets to networth	1.25
Sales for the year	Rs. 12,00,000

- 7. Discuss the factors that need to be considered while estimating working capital needs of a company.
- 8. Three products are processed through three different operations. The time (in minutes) required per unit of each product, the daily capacity of operations (in minutes per day) and the profit per unit sold for each product (in rupees) are as follows :

Operation	Time per unit (minute)			Operation Capacity (Minutes/day)
	Product A	Product B	Product C	
1	3	4	3	43
2	5	0	4	46
3	3	6	2	42
Profit/Unit (Rs.)	2	1	3	

The zero time indicates that the products does not require the given operation. It is assumed that all units produced are sold. Moreover, the given profits per unit are net value that result after all pertinent expenses are deducted. The problem is to determine the optimum daily production for three products that maximises the profit.

Formulate the above production planning problem in a linear programming format.



SECTION – C

(1×15=15)

Note : Compulsory

9. The financial position of M/s A and B as on Jan. 1 and Dec. 31, 2009 was as follows :

Liabilities	1st Jan. Rs.	31st Dec. Rs.
Current Liabilities	36,000	40,600
Mrs. A's Loan	–	20,000
Loan from Bank	30,000	25,000
Hire purchase Vendor	–	20,000
Capital	1,48,000	1,54,000
Total	2,14,000	2,59,600
Assets :		
Cash	4,000	3,600
Debtors	35,000	38,000
Stock	25,000	22,000
Land	20,000	30,000
Building	50,000	55,000
Machinery	80,000	86,000
Delivery Van	–	25,000
Total	2,14,000	2,59,600

Delivery Van was purchased in Dec. 2009 on hire purchase basis, a payment of Rs. 5,000 was made immediately and the balance amount is to be paid in 20 monthly instalments of Rs. 1,000 each together with an interest @ 12% p.a.

During the year, the partners withdrew Rs. 26,000 for domestic purpose. The provision for depreciation against machinery on 31-12-2008 was Rs. 27,000 and on 31-12-2009 Rs. 36,000.

Prepare (i) Cash flow statement; and
(ii) Funds flow statement.



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302

Third Semester M.B.A. Degree Examination, Nov./Dec. 2009
BUSINESS ADMINISTRATION
Operations Research

Time : 3 Hours

Max. Marks : 75

Note : Answer all Sections.

SECTION – A

Note : Answer any two questions. Each question carries 12 marks. (2×12=24)

1. Discuss the phases of an OR study and their importance in solving problems.
2. Distinguish between deterministic and probabilistic queuing models. Discuss some probabilistic models with examples.
3. Explain Expected Value of Perfect Information (EVPI). How is it calculated ?

SECTION – B

Note : Answer any three questions. Each question carries 12 marks. (3×12=36)

4. Three products A, B and C are produced at three machine centres X, Y and Z. Each product involves operation at each of the machine centres. The time required for each operation on various products is indicated in the following table :

Product	Machine Centres			Profit per Unit (Rs.)
	X	Y	Z	
A	10	7	2	12
B	2	3	4	3
C	1	2	1	1
Available Hours	100	77	80	

Formulate a LPP and find out the product mix so as to maximise profit.

P.T.O.

5. A company has four warehouses and five stores. Cost of shipping per unit requirements and supplies are given below.

Warehouse	Store					Supply
	S ₁	S ₂	S ₃	S ₄	S ₅	
W ₁	9	12	10	10	6	150
W ₂	5	18	12	11	2	30
W ₃	10	M	7	3	20	120
W ₄	5	6	2	M	8	130
Requirement	80	60	20	210	80	

M indicates that the route is not available. How should the company arrange to transport the units so that transportation cost is minimised ?

6. In the modification of a plant layout of a factory, four new machines M₁, M₂, M₃ and M₄ are to be installed in a machine shop. There are five vacant places A, B, C, D and E available. Because of limited space, machine M₂ cannot be placed at C, and M₃ cannot be placed at A. The cost of locating of machine i to place j in rupees is shown here. Find the optional assignment schedule.

	A	B	C	D	E
M ₁	89	91	95	90	91
M ₂	92	82	-	90	89
M ₃	-	91	94	91	87
M ₄	94	88	92	87	88

7. Solve the rectangular game whose pay-off matrix for player A is

	B ₁	B ₂	B ₃
A ₁	8	-4	-2
A ₂	9	17	16
A ₃	10	20	-5



8. The cost of a new car is Rs. 10,000. Compare the optimum moment of replacement assuming the following cost information.

Age of Car (Years)	Repair cost per year	Salvage value at the end of the year
1	Rs. 5,000	Rs. 8,000
2	Rs. 10,000	Rs. 6,400
3	Rs. 10,000	Rs. 5,120

Assume that the repairs are made at the end of each year only if the car is to be retained and are not necessary if the car is to be sold for its salvage value. Also assume that the rate of discount is 10%.

SECTION – C

Compulsory :

(1×15=15)

9. The following data relates to a project :

Activity	Immediate Predecessor	Time (months)		Cost (Rs.)	
		Normal	Crash	Normal	Crash
A	—	3	1	45,000	63,000
B	—	2	1	15,000	23,000
C	A, B	12	10	85,000	1,05,000
D	A, B	8	6	4,50,000	5,00,000
E	A, B	4	3	40,000	49,500
F	E	3	1	25,000	41,000
G	D, F	6	5	50,000	59,000
H	D, F	7	6	2,00,000	2,20,000
I	C, G, H	2	2	43,000	43,000
J	I	4	2	50,500	75,000

Indirect costs per month are Rs. 20,000. Determine the optimal time versus cost schedule.



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303

III Semester M.B.A. Degree Examination, November/December 2009

HUMAN RESOURCE MANAGEMENT

Business Administration

Time : 3 Hours

Max. Marks : 75

Note : Answer all Sections.

SECTION – A (15 marks)

(Compulsory)

1. Explain the issues that an HR Manager should consider today while decoding on HR policies and programmes.

(5×9=45)

SECTION – B

Note : Answer any five questions. Each question carries nine marks.

2. What do you mean by 'Interview' ? Why is its reliability and validity as a selection technique are questioned ? Explain.
3. Discuss the need for and the process of Evaluation of Training effectiveness.
4. "Although WPM is in vogue in industries, yet it has not taken the place of employee involvement and industrial democracy".
5. Briefly discuss the major challenges to be faced by the HR managers especially in economic downturn.
6. Explain in brief the issues associated with the pricing of managerial and professional jobs.
7. Write an explanatory note on the variable pay packages and balancing cash and non-monetary incentives as current issues in compensation.

P.T.O.



8. As a Manager-Industrial safety, how do you prevent the accidents in your industry ?
Briefly Explain.
9. "In view of the return of individual bargaining, collective bargaining has taken a back seat in negotiation". Comment.

SECTION – C (15 marks)
(Compulsory)

10. Case Study :

Analyse the following case and answer the posers given at the end.

Conducting an effective appraisal is always important. However, an appraisal can have life and death implications when you are dealing with unstable employees, particularly those who must be dismissed. An employee of a US Postal Service station was recently terminated. The employee came back and shot and killed several managers who had been instrumental in the former employee's dismissal. It turned out this person had a history as a trouble maker and that many clues regarding his unstable nature over many years had been ignored.

Posers :

- 1) Could a company with an effective appraisal process have missed so many signals of instability over several years ? Why or why not ?
- 2) What safeguards would you build into your appraisal process to avoid missing such potentially tragic signs of instability and danger ?
- 3) What would you do if confronted during an appraisal interview by some one who began making threats regarding his or her use of fire arms ?



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3F1

Third Semester M.B.A. Degree Examination, November/December 2009
BUSINESS ADMINISTRATION
Strategic Financial Management and Policy

Time : 3 Hours

Max. Marks : 75

Note : Answer all Sections.

SECTION – A

(2×12=24)

Answer **any two** questions. **Each** question carries **equal** marks.

1. Discuss the basic financial decisions. How do they involve in risk-return trade-off ?
2. Explain the different stages in new venture financing.
3. Elucidate the importance of corporate tax planning for a growing organization.

SECTION – B

(3×12=36)

Answer **any three** questions. **Each** question carries **equal** marks.

4. Enumerate the sources of new project ideas with suitable examples.
5. Describe the motives and benefits of mergers and acquisitions.
6. Two firms A and B have the following information :

Firm	Sales (Rs. in Lakh)	Variable Costs (Rs. in Lakh)	Fixed Cost (Rs. in Lakh)
A	1,800	450	900
B	1,500	750	375

Comment on the positions of the firms. If sales increases by 20 percent what shall be the impact on the profitability of the two firms ?

P.T.O.



7. Bharat Company and Ahuja Company are identical in every respect, except that the former company is unlevered while the latter company is levered. Ahuja Company has Rs. 10 lakhs of 8 percent debentures outstanding. Assume that all M-M assumptions are met, the corporate tax is 50 percent. The EBIT is Rs. 3 lakhs and equity capitalisation rate for Bharat Company is 10 percent.

What would be the value for each company according to M-M approach ? Assume that an investor owns 5 percent of levered firm's shares, show the arbitrage process. When would this arbitrage process stop ?

8. "According to Walter's model the optimum payout ratio can be either zero or 100 percent". Explain the circumstances, when this is true.

SECTION – C

Compulsory

(1×15=15)

9. An investor is considering to invest in Company "A" or Company "B".

The managing director of Company "A" decides that his company will not pay any dividends for another 10 years. After ten years it is expected that the company could pay dividends of Rs. 30 per share indefinitely. The required rate of return of this company's shareholders is 10 percent.

Company "B" is currently paying a dividend of Rs. 2 per share. The dividend is expected to grow at a 15 percent annual rate for five years, that at 10 percent for the next 5 years, after that it is expected to grow at a 5 percent rate forever. The required rate of return of this company's shareholders is 9 percent.

What should the investor do ? If the current market price of both the company is Rs. 125. Comment on your results.



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3F2

Third Semester M.B.A. Examination, November/December 2009

BUSINESS ADMINISTRATION

Security Analysis and Portfolio Management

Time : 3 Hours

Max. Marks : 75

SECTION – A

(2×12=24)

Note : Answer any two questions. Each question carries 12 marks.

1. What are the objectives of investment ? How do various investment avenues help to achieve these objectives ?
2. Discuss the advantages of investing in mutual funds compared to direct investment in equities.
3. Discuss the economy factors that are to be considered in security analysis.

SECTION – B

(3×12=36)

Note : Answer any three questions. Each question carries 12 marks.

4. Critically analyse the various technical analysis tools and their utility.
5. The following table describes the possible returns and probabilities of Stock A :

Economic Scenario	Returns (%)	Probabilities
Boom	50	0.20
Recession	10	0.30
Normal	25	0.50

Find the expected returns and risk of Stock A for the coming year.

P.T.O.



6. The rate of interest is 8%. A stock which is priced at Rs. 100 and pays no dividends has a volatility of 25%. Using a Binomial pricing model with monthly intervals, calculate :
- the 3 possible prices for the stock after two periods,
 - the value of a call option on the stock with a strike of Rs. 95, evaluated after one period when the stock has risen.
7. Shown below are the returns on the Xerox and the S & P 500 Stock index for a five-year period.

Year	Return of Xerox	Return on S & P 500
1	0.29	(0.10)
2	0.31	0.24
3	0.10	0.11
4	0.06	(0.08)
5	(0.07)	0.03

- Fit the Sharpe's Single Index Model for the above returns and find the Alpha, Beta, Systematic, Unsystematic risk and Total risk of the Xerox. Interpret the results.
 - If the S & P 500 is likely to give a return of (i) 20 percent (ii) 12 for the next year 1 and year 2, find the returns which Xerox is likely to generate.
8. You are attempting to construct an optimum portfolio. Over your holding period you have forecast a variance of the returns on the market to be 10 percent. The Treasury security rate available is 5 percent. The following information is available about the securities under review :

Security	Expected Returns	Beta	Unsystematic risk
G	15	1.0	30
H	12	1.5	20
I	11	2.0	40
J	8	0.8	10
K	9	1.0	20
L	14	1.5	10

Construct the optimum portfolio and comment on the result.



SECTION – C

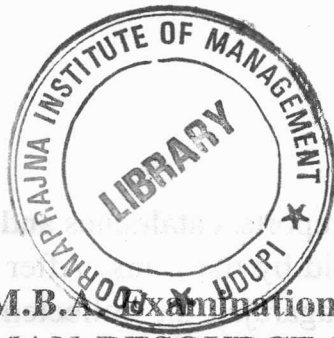
(1×15=15)

Note : Compulsory.

9. Management Capital, Inc (MCI), manages four mutual funds of American Investors Group (AIG). The funds are, balanced, investment growth, fixed income, and variable growth. The data below include annual total return for each fund followed by key statistical measures. The average return on riskless securities during the measurement period was 5 percent per annum.

	Balanced	Investment Growth	Fixed Income	Variable Growth	DJIA
19×9	-0.085	-0.117	-0.001	0.141	-0.116
19×8	0.028	0.032	0.056	0.035	0.077
19×7	0.100	0.201	0.030	0.255	0.190
19×6	-0.093	-0.117	-0.014	-0.101	-0.156
19×5	0.032	0.083	0.32	0.153	0.142
19×4	0.096	0.123	0.045	0.113	0.187
19×3	0.118	0.142	0.066	0.134	0.206
19×2	-0.072	-0.139	0.054	-0.170	-0.076
19×1	0.166	0.235	0.071	0.240	0.224
Return	0.0282	0.0403	0.0373	0.0798	0.0654
Variance	0.009	0.020	0.001	0.021	0.23
Beta	0.6207	0.9127	0.1379	0.6991	
Rho (Correlation)	0.65	0.94	0.96	0.82	

- a) Rank the performance of these portfolios using all the techniques of evaluating the mutual funds.
- b) Consider the Jensen method of ranking portfolios relative to the market. What is the over all performance of each fund relative to the market ?
- c) Which funds had the most unsystematic risk during the evaluation period ? Explain.



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3H1

III Semester M.B.A. Examination, November/December 2009
HUMAN RESOURCE DEVELOPMENT

Time : 3 Hours

Max. Marks : 75

SECTION – A

(15×1=15)

1. "Training makes a very important contribution to the development of the organisations human resources". Critically examine the statement.

SECTION – B

(9×5=45)

2. Explain the role of counselling and mentoring in HRD.
3. What is quality of work life. How it helps to improve efficiency and effectiveness.
4. Explain HRD Climate in Indian enterprises with suitable examples.
5. What is HDI. What is the basis for determining HDI.
6. Explain the difference between Traditional personal management and HRD.
7. Elaborate the strategic approach to HRD.
8. How performance management and methods improve individual performance ?
9. Discuss the significance of human resource in India.

SECTION – C

(1×15=15)

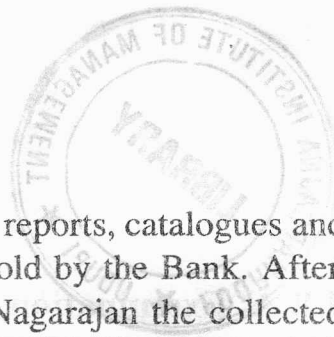
(Case Study)

Compulsory :

10. One Monday morning Mr. Nagarajan, a recent recruit from a reputed management institute in Bangalore walked in to the sales office at Chennai as a new sales trainee. Siddiqui, the Zonal Sales Manager for a large finance firm was there to greet him. Siddiqui's job consisted of over seeing the work of sales officers, field executives and trainee salesmen membering over 50 of three areas namely Hyderabad, Bangalore, Trivandrum. The recur of bad debts in his area was highly satisfactory, especially in recent years thanks to the developmental initiatives taken by respective Banks.

P.T.O.

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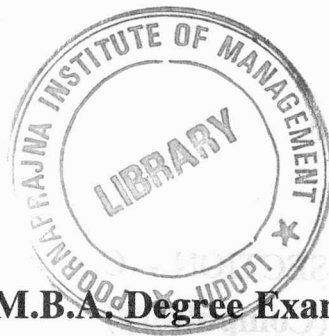


Siddiqui had collected several sales reports, catalogues and pamphlets describing in detail the types of credit cards sold by the Bank. After a pleasant chat about their Backgrounds, Siddiqui gave Nagarajan the collected material and showed him to his assigned desk.

Thereafter Siddiqui excused himself and did not return. Nagarajan spent the whole day scanning the report and at 5.30 p.m. picked up his things and went home.

Questions :

- 1) What do you think about Siddiqui's training method ?
- 2) What type of sales training programme would you suggest ?
- 3) What method of training would have been best under the circumstances ?



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3H2

Third Semester M.B.A. Degree Examination, Nov./Dec. 2009
Business Administration
INDUSTRIAL RELATIONS

Time : 3 Hours

Max. Marks : 75

Note : Answer all Sections.

SECTION – A

(Compulsory)

(1×15=15)

1. Explain the concept of class interests. How do class interests lead to conflict between labour and management ?

SECTION – B

Note : Answer any five questions. Each question carries nine marks :

(5×9=45)

2. Discuss the philosophy and working of any two central trade union organisations recognised by the central Govt.
3. “Workers” Participation in Management (WPM) is yet to become industrial democracy and has not made any substantial progress in India”. Critically analyse this statement.
4. Identify and discuss the future challenges before the industrial relations managers in India in view of LPG.
5. State the major assumptions and utility of radical approach in IR system.
6. Discuss the causes and consequences of absenteeism as a global problem and suggest a suitable prescription.
7. Discuss a typical grievance handling machinery followed in India industry.
8. Explain briefly the objectives of ILO and the functions of governing body of the ILO.
9. Write an explanatory note on ASSOCHAM, CII and NASSCOM.

P.T.O.



SECTION – C

(Compulsory)

(1×15=15)

10. Read the following case and answer the questions given at the end.

Dhan Bahadur was a watchman in “King Chemicals Ltd.,” which employs about 300 workers. One night a worker of the company, who had his residence in an adjacent bustee, noticed that two persons scaled the wall of the factory and were going away carrying a small machine. He also noticed that Dhan Bahadur, who was standing near the gate of the factory once looked at them, but did nothing else to prevent them. When the worker challenged the intruders, they started running with the machine in their hands. The worker asked Dhan Bahadur to join him in giving them chase, but the latter flatly refused to do so, on the ground that he could not leave the gate. When the worker started shouting, some other persons joined him from the bustee. When five or six of them chased the miscreants, it was already late. They ran very fast and boarded a taxi, which was standing at a distance. Before the chasers could reach the spot, the taxi disappeared leaving a thick cloud of dust and smoke behind it.

Next day the loyal worker reported the matter to the manager of the company. The manager called Dhan Bahadur, but was not satisfied with his explanation. He was very angry and immediately dismissed the watchman without any charge sheet or formal inquiry.

Dhan Bahadur, then moved the labour court, challenging the validity of the dismissal and asking for an order of reinstatement on the ground that he was dismissed without an inquiry.

Questions for discussion :

- 1) Was the order of dismissal in this case proper and valid ?
- 2) What benefits, if any, Dhan Bahadur could be given in this case, if you were to act as a judge in the labour court.



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3M1

Third Semester M.B.A. Examination, Nov./Dec. 2009
CONSUMER BEHAVIOUR AND MARKETING RESEARCH

Time : 3 Hours

Max. Marks : 75

SECTION – A

(1×15=15)

Compulsory :

1. Explain the determinants of consumer behaviour with the help of any model with which you are familiar.

SECTION – B

(5×9=45)

Note : Answer **any five** questions. **Each** question carries **9** marks.

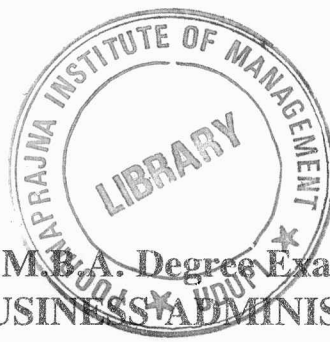
2. Discuss the stages of marketing research process.
3. Explain the various types of research design and its utility.
4. Explain non-probability methods of sample selection.
5. Explain the outline of the research report.
6. Explain the influence of culture and subculture on consumer behaviour.
7. How do consumers reduce post purchase dissonance ?
8. What are the major components of consumer motivation ?
9. What do you understand by price sensitivity of the consumer to pricing ?

SECTION – C

15

Compulsory :

10. Britannia is planning to launch a new line of chocolates and wants to assess the market size. The chocolates have a mixed coco-pineapple flavour and will be targeted at the premium end of the market. Discuss the six W's of a descriptive research design that may be adopted.



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3M2

Third Semester M.B.A. Degree Examination, Nov./Dec. 2009
BUSINESS ADMINISTRATION
Promotion and Distribution Management

Time : 3 Hours

Max. Marks : 75

SECTION – A

(1×15=15)

Note : Compulsory question :

1. What are the key factors that must be kept in mind while developing and advertising plan ? Briefly describe various components of advertising planning.

SECTION – B

(5×9=45)

Note : Answer any five questions. Each question carries nine marks.

2. Explain the key activities involved in the Selling Process.
3. Describe the role of advertising agency and the factors that govern its selection.
4. Describe the various methods of setting the advertising budget.
5. What consideration would you keep in mind while choosing advertising media ?
6. Examine the factors that should be considered in the selection of distribution channels.
7. Explain the principles that drive the use of sales promotion and discuss why advertisers are spending increasing sums of money on sales promotion ?
8. Relate sales forecasting to product to product life cycle.
9. Discuss the importance of direct marketing.

SECTION – C

(1×15=15)

Compulsory :

10. The size of the advertising appropriation should be based on advertising effectiveness. Bearing this in mind, how would you, as the manager of a marketing research department, contribute to the decision on the size of the advertising appropriation.