

MID-WESTERN UNIVERSITY  
EXAMINATIONS MANAGEMENT OFFICE  
FINAL EXAMINATION: 2019  
BACHELOR OF BUSINESS ADMINISTRATION (BBA)  
SEMESTER – III

Subject: Business Law  
Full Marks: 100

Course Code: MGT 331  
Time: 3:00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (8 × 5 = 40 MARKS)**

*Answer any EIGHT questions:*

- |      |  |     |
|------|--|-----|
| Q1.  | How do you deal with physical and natural law respectively?        | (5) |
| Q2.  | What is consideration? Explain briefly.                            | (5) |
| Q3.  | What are the four salient features of law? Describe in a nutshell. | (5) |
| Q4.  | What are the elements of a valid contract?                         | (5) |
| Q5.  | What are the sources of business law?                              | (5) |
| Q6.  | How is a company incorporated?                                     | (5) |
| Q7.  | What do you mean by mediation? Explain briefly.                    | (5) |
| Q8.  | What is bailment?  | (5) |
| Q9.  | What are the rights and duties of a bailor?                        | (5) |
| Q10. | Distinguish between avoidable contract and void contract.          | (5) |

**SECTION C: LONG ANSWER QUESTIONS (3 × 10 = 30 MARKS)**

*Answer any THREE questions:*

- |      |  |       |
|------|--|-------|
| Q11. | "All contracts are agreement but all agreements are not contract". Explain the statement with suitable examples. | (10)  |
| Q12. | To what extent is business law important in the society? Explain the sources of business law.                    | (5+5) |
| Q13. | Explain the salient features of a company.   | (10)  |
| Q14. | Why are intellectual property rights protected? Explain.   | (10)  |
| Q15. | How is a process of a liquidation of company carried out?  | (10)  |

**SECTION D: CASE STUDY (15 MARKS)**

Q16. *Read a case given below and answer the following questions:*

It must be noted that by the turn of the 21st century the intellectual property rights had also become rigid in many countries which were applying them since the 1980's and 90's. It had almost become impossible for people to enter into many fields because they had become so rigid, and companies which were already in a given field had got patented and copyrighted almost anything and everything that could be researched in that field. There were many areas of business which were being dominated by large production houses and such production houses had virtually created their monopoly with the help of misusing the intellectual property rights. The areas in which patent can be taken are being cut down and existing patents and copyrights which are basically being misused are also being taken away. We must realize that striking a balance when it comes to intellectual property rights is becoming very important. More than often we are finding that such intellectual property rights are misused by the rich and powerful rather than being used to protect their interests. They use such rights in order to prevent others from progressing and not to prevent their own property being misused. The debate on whether to share or not the copyrighted material is a never ending one. There are a thousand views and no one can be said to be the perfect one. As the 21st century has dawned in people have discovered various methods of sharing material. A new term called peer to peer (P2P) sharing has developed. Peer to peer sharing is happening on an unimaginable scale over the internet every

second. Most of it is happening for free and the content it involves is usually copyrighted. Keeping aside the arguments and debates sharing material should depend on whether the owner of the material has realised his cost out of the article and his profit out of it, if yes, then the material should be shared otherwise no. This is the simplest and the most affective argument related to sharing which experts have.

Intellectual property itself could be defined as new ideas and techniques, and new discoveries etc. Intellectual property is an intangible asset. As the concept of intellectual property has gained importance even the concept of intellectual property protection has also gained importance. Countries like England, U.S.A., and Australia are more stringent while applying intellectual property protection. Developing and under-developed countries have less protection to provide to intellectual property. Intellectual property has become a very important part of many businesses and industries in developed countries. Intellectual property is very important and all nations should have laws to protect intellectual property. All nations must duly recognize the intellectual properties of their individuals. We must understand that intellectual property despite being intangible is very important. Economists all around the world have agreed that intellectual property adds huge value to subjects. With the 21st century knocking on our doors intellectual property protection has become very important as there are many ways now that one can have his intellectual property misused and abused. With the development of internet and its vast usage all throughout the world, crimes related to misuse of intellectual property have grown. Articles, pieces of art like movies and songs which are copyrighted to protect the rights of their producers are being openly misused on the internet through piracy. Last but not the least in order to improve the international trade and in order to ensure long term development of society, countries need to strike a balance on how to protect the people's intellectual property. The laws should not be too lenient neither should they be too stringent.

**Questions:**

- a. What is your understanding about intellectual property right? (5)
- b. How it is protected by law? (5)
- c. Why it is necessary in modern business world? (5)



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BACHELOR OF BUSINESS ADMINISTRATION (BBA)  
SEMESTER – III

R.No. ....

Subject: Business Law

Course Code: MGT 331

Full Marks: 100

Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

*Tick the best answers.*

- Q1. What is binding on all?  
a. Law  
b. Decision  
c. Award  
d. Coordination
- Q2. Which one of the following options is salient feature of law?  
a. Sharing of resources  
b. Equal treatment  
c. Suing  
d. Treatment
- Q3. What is the law that has a prospective effect?  
a. Substantive law  
b. Criminal law  
c. Procedural law  
d. Environmental law
- Q4. Which is considered to be a source of business law among the following options?  
a. Acts  
b. Usage  
c. Commercial decisions  
d. Notes
- Q5. What does a business mean?  
a. Maintenance of peace and good order  
b. Enabling environment  
c. Equal treatment  
d. Fairness
- Q6. How many parties are involved in a contract?  
a. One party  
b. Two or more parties  
c. None  
d. Countless
- Q7. What does alone create an obligation to perform?  
a. Agreement  
b. Contract  
c. Promise  
d. Offer
- Q8. What is called a valid contract?  
a. An agreement that includes two elements  
b. An agreement that includes all essential elements  
c. An agreement that does not include any element  
d. An agreement that includes a few elements
- Q9. What is a starting point of an agreement in a contract?  
a. Canvassing  
b. Request  
c. Offer  
d. Intimidation
- Q10. Who is deemed to be incompetent to contract?  
a. Teacher  
b. Lawyer  
c. Merchant  
d. Minor
- Q11. What does a company mean?  
a. A political organization  
b. A business organization  
c. A charity organization  
d. all
- Q12. What are the hearing proceedings in general court of law like?  
a. Secret  
b. Open  
c. Closed  
d. all
- Q13. What is the decision made by Arbitrator is called technically?  
a. Output  
b. Result  
c. Award  
d. All
- Q14. What is the role of Mediator like in alternative dispute resolution?  
a. To make decision  
b. To overwhelm the conflicting parties  
c. To lobby  
d. To empower conflicting parties
- Q15. Which of the followings falls on the features of a company?  
a. Unlimited liability  
b. Own building  
c. Management by representatives  
d. All

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SEMESTER – III

R.No. ....

Subject: Human Resource Management  
Full Marks: 100

Course Code: MGT 332  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

*Tick the best answers.*

- Q1. Majority of the disputes in industries is related to the problem of:
- a. Wages
  - b. Benefit
  - c. Salary
  - d. All of the above
- Q2. ....is a systematic and planned introduction of employees to their jobs, their co-workers and the organization.
- a. Orientation
  - b. Training
  - c. Development
  - d. Placement
- Q3. HRIS stands for:
- a. Human Resource Incentive System
  - b. Human Resource Information System
  - c. Human Resource Incentive Software
  - d. Human Research Information System
- Q4. ....is a process of assigning a specific job to each of the selected candidates:
- a. Selection
  - b. Recruitment
  - c. Placement
  - d. Orientation
- Q5. ....is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die:
- a. Human Resource Management
  - b. Succession Planning
  - c. Human Resource Planning
  - d. Selection
- Q6. The remuneration paid by employers for the services of hourly, daily, weekly, and fortnightly to the employees is:
- a. Wages
  - b. Salary
  - c. Benefits
  - d. Incentives
- Q7. Skills enhancement processes and activities designed to provide learners with the knowledge and skills needed for their present jobs are called:
- a. Training
  - b. Assessment
  - c. Development
  - d. Reinforcement
- Q8. The outcomes of human resource management is:
- a. Readiness for change
  - b. Quality of work life
  - c. Increased productivity
  - d. All of the above

- Q9. Which of the following is a technique used for forecasting HR demand?
- a. Markov analysis technique
  - b. Delphi technique
  - c. Replacement planning technique
  - d. Succession planning technique
- Q10. In....., the interviewer uses pre-set standardized questions which are put to all applicants.
- a. Structured interview
  - b. Behavioural interview
  - c. Unstructured interview
  - d. Mixed interview
- Q11. Performance evaluation can be defined as a process of evaluating...
- a. Past performance
  - b. Future performance
  - c. Present performance
  - d. Past and present performance
- Q12. There is generally an increase in wage or salary takes place. It is sometimes accompanied by a possible change in designation. However, the duties and responsibilities remain more or less the same.
- a. Promotion
  - b. Rehires
  - c. Up gradation
  - d. Transfer
- Q13. The purpose of job evaluation is to determine...
- a. Time duration of job
  - b. Expenses incurred to make a job
  - c. Worth of job in relation to other jobs
  - d. None of the above
- Q14. A trade union activist or a trouble-maker may be transferred to a remote branch where he cannot continue his activities. This type of transfer is known as...
- a. Remedial transfer
  - b. Productive transfer
  - c. Penal transfer
  - d. Versatility transfer
- Q15. Which of the following is not a characteristic of trade union?
- a. Voluntary association
  - b. Common goal
  - c. Intermediary
  - d. Individual actions



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Subject: Human Resource Management  
Full Marks: 100

Course Code: MGT 332  
Time: 3:00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (8 × 5 = 40 MARKS)**

*Answer any EIGHT questions:*

- Q1. What is HRM? What are the important functions of HRM? (1+4)
- Q2. What is orientation program? Discuss the importance of orientation programs of newly recruited employee. (1+4)
- Q3. “More emphasis should be given on the internal supply of employees for meeting future HR needs because these employees already know the organization.” Do you agree or disagree? Justify. (5)
- Q4. What is performance appraisal? Discuss the uses of performance appraisal in growth of employees. (1+4)
- Q5. What is trade union? Explain its importance for employees working in the organization. (1+4)
- Q6. What do you mean by wages? Discuss about various types of wages. (1+4)
- Q7. How would you determine the training needs of an employee? Explain. (5)
- Q8. Discuss any two methods of forecasting demand for human resources. (2.5+2.5)
- Q9. What do you understand by IHRM? Differentiate between IHRM and HRM. (1+4)
- Q10. Write short notes on ( any two): (2.5+2.5)
- a. Job analysis      b. Placement      c. Human resource planning

**SECTION C: LONG ANSWER QUESTIONS (3 × 10 = 30 MARKS)**

*Answer any THREE questions:*

- Q11. State and explain the steps of selection process. Also explain any three barriers to the effective selection process. (7+3)
- Q12. What is promotion? What purpose does it serve? Describe the various bases for promotion. (2+3+5)
- Q13. Labour disputes are common in developing countries. In the perspective of the given statement, discuss the major causes of labour disputes and the methods of settlement of disputes in organization. (10)
- Q14. Differentiate between training and management development. Discuss the different types of transfer. (4+6)
- Q15. Discuss about the five emerging challenges in Human resource management. (10)

**SECTION D: CASE STUDY (15 MARKS)**

*Q16. Read a case given below and answer the following questions:*

People might be surprised to learn that historically antiunion retailer Wal-Mart does have stores with active unions. They are not in the U.S., though; they are in Canada, China, the United Kingdom, Brazil, Argentina, Mexico and South Africa.

Wal-Mart workers in the United States haven't met with much success as they try to organize unions. Wal-Mart, like many employers, resent having a union as a third party representing workers to negotiate for working conditions, benefits, and compensation. A handful of meat cutters in the Jacksonville, Texas, store voted to join the United Food and Commercial Workers (UFCW) in 2000, but their affiliation was short lived. Within weeks,

Wal-Mart closed the meat cutting operations in 180 stores in six states, including Texas, switching to pre-packaged meat. Wal-Mart denied that the union membership had anything to do with the move.

Canadian Wal-Mart workers haven't had much more success. Workers in a few Canadian stores have won the right to representation by the UFCW. If history is any guide, they won't be dues-paying members for long. In 2005, Wal-Mart announced the closing of their store in Jonquiere, Quebec, just two months after workers voted to be represented by the UFCW. Wal-Mart explained that the store had struggled financially since it's opening, but a survey by Pollara Inc., Canada's largest polling organization; found that only 9 percent of Canadians believed that Wal-Mart closed the store for financial reasons. Workers in Saint-Hyacinthe, Quebec won the right to union representation in 2010, but voted to decertify their union in 2011. Wal-Mart management denies applying pressure on employees to abandon the union. Union supporters claim that Wal-Mart management took advantage of the high turnover characteristics of its employees to replace a union-friendly work force with new employees that were critical of the union. A few employees admitted that they become dissatisfied with the union because the 30 percent raise the union gained for them was offset by union dues.

Chinese Wal-Mart workers have found union membership much easier. The All- China Federation of Trade Unions (ACFTU) is a monopoly with over 200 million members and is affiliated with the communist party. In the face of pressure from the ACFTU, Wal-Mart agreed to ACFTU representation in several cities in China, workers will receive 8 percent pay raises each year for the next two years. The ACFTU is generally seen as much friendlier to management than unions in other part of the world.

Are U.S. Wal-Mart workers getting any closer to union representation? Possibly, proposed legislation called the "Employee Free Choice Act" (EFCA) would make unionization faster and easier by allowing union representation if over 50 percent of the employees sign a card indicating that they want to join. Presently, companies can demand a secret ballot, slowing the process. In the fall of 2008, Wal-Mart Human Resource managers reportedly alerted store managers and supervisors that if Barack Obama were elected president, that it was likely that the "Employee Free Choice Act" would sail through congress and be quickly signed by Obama. David Tovar, a Wal-Mart spokesman, is quoted as saying "We believe EFCA is a bad bill and we have been on record as opposing it for some time. We feel educating our associates about the bill are the right thing to do." Some managers present at the meetings interpreted HR's remarks to endorse John McCain, Obama's opposition in the 2008 election. Federal election laws allow companies to advocate specific political candidates to management, but not hourly workers. The supervisors who attended the meetings were hourly workers, but the managers were not.

**Questions:**

- a. What are the advantages and disadvantages to Wal-Mart of working with unions? (4)
- b. Explain the advantages and disadvantages of union membership from the employee perspective. (4)
- c. Explain the consequences of Wal-Mart's efforts to slow or stop union representation in the United States. (3)
- d. Which laws regulate the activities of Wal-Mart and the employees in the organizing efforts? Do you believe Wal-Mart is ethical in its efforts to stop the union? (4)







Particulars	Product P	Product Q	Product R
Output in units	1000	500	200
Material per unit	200	150	300
Wages per hrs [Rs]	100	200	150
Machine hrs per unit	2	4	5
Labour hrs per unit	30 Min.	45 Min.	15 Min.

The production overheads and cost drivers are as follows:

Overheads	Cost drivers	Amount [Rs]
Material handling cost	No of orders	68,000
Set up cost	No. of production runs	34,000
Store receiving expenses	Requisition raised	35,000

Additional information:

- The number of order being a batch of 25 units for each product and total number of order was 68.
- Three products were produced in a production run of 100 units each.
- Number of requisition raised from the store for product A, B and C were 20, 10 and 5 respectively.

**Required:-**

- Calculate the cost per unit of each product by using traditional costing method. [4]
- Find out the rate of each cost driver involved in manufacturing three products. [4]
- Compute the cost of each product under activity based costing method. [2]
- Comment on the reasons for any differences in the cost between traditional and ABC method. [2]
- What will you suggest the management to choose more appropriate method of product costing? Why? [3]



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BACHELOR OF BUSINESS ADMINISTRATION (BBA)  
SEMESTER – III

R.No. ....

Subject: Cost Accounting  
Full Marks: 100

Course Code: MGT 333  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

*Tick the best answers.*

- Q1. Which of the following is the job of contract costing?
- a. To determine the amount of contract price
  - b. To explore financial position of a contractee
  - c. To know the amount of operating result from a contract
  - d. To fix the number of labour involved in a contract
- Q2. Which of the following statement is true?
- a. The cost of electricity paid is variable cost.
  - b. Purchase of raw material is included in indirect material
  - c. The cost of work done but not certified yet is known as work certified
  - d. The time require for delivery of material is known as lead time
- Q3. The following information relates to the process for one month:
- Input                      6,000 units
- How many units will be achieved as output from the process if 10% normal loss and 50 units abnormal gain is expected?
- a. 5,450 units
  - b. 5,400 units
  - c. 5550 units
  - d. 5250 units
- Q4. Dividend provided to shareholders is :
- a. Shown in cost accounting
  - b. Shown in financial accounting
  - c. Ignored
  - d. None of the above
- Q5. The process of allocating overhead of service department into production department is known as:
- a. Allocation
  - b. apportionment
  - c. Re- apportionment
  - d. segregation
- Q6. The economic order quantity for a product is 600 units. The annual ordering cost is Rs 4,800. Which of the following is true?
- a. The annual demand for a product is 600 units.
  - b. The annual carrying cost is Rs 4,800
  - c. The average carrying cost per unit is Rs 8
  - d. The cost of placing an order is Rs 8
- Q7. The workers who are entitled to wages on the basis of their output are called as:
- a. Out workers
  - b. Badali workers
  - c. Casual worker
  - d. Piece workers

- Q8. The amenities expenses is best apportioned to cost centers using:
- a. Floor area of cubic capacity
  - b. The number of employees
  - c. The value of machinery
  - d. The number of KWH
- Q9. From the industries listed below, choose the one most likely to use process costing in accounting for production costs:
- a. Road builders
  - b. Automobile repair shop
  - c. Electrical contractor
  - d. News paper publisher
- Q10. Re order quantity is defined as:
- a. How much to buy
  - b. What to buy
  - c. When to buy
  - d. Why to buy
- Q11. A high level turnover is indication of:
- a. High productivity
  - b. High cost of production
  - c. Ineffective personnel management
  - d. Effective training
- Q12. Fixed cost per unit increases when:
- a. Production increases
  - b. Production decreases
  - c. Variable cost per unit decreases
  - d. Prime cost per unit decreases
- Q13. Which of the following wage payment system is most accepted by workers?
- a. Halsey plan
  - b. Rowan plan
  - c. Taylor's plan
  - d. Gantt's plan
- Q14. Cost account is an important system developed for:
- a. Shareholder
  - b. Management
  - c. Financial institution
  - d. Government
- Q15. 1/3 portion of Notional profit can be transferred to P\L a/c:
- a. When the contract just started
  - b. More than 1/2 portion of contract completed
  - c. Less than 1/2 Portion of contract completed
  - d. None of the above



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BACHELOR OF BUSINESS ADMINISTRATION (BBA)  
SEMESTER – III

R.No. ....

Subject: Tourism and Hospitality Management  
Full Marks: 100

Course Code: MGT 334  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

*Tick the best answers.*

- Q1. Which one of the following is a social-cultural objective of the tourism?
- a. Habitat preservation
  - b. Increase foreign currency earnings
  - c. Provide community and tourist facilities
  - d. Eliminate activities like terrorism
- Q2. "Nepal is a small country difficult to be located in the world map. Tourism helps to showcase the country in different parts of the world." Which significance of tourism does it imply to?
- a. Employment generation
  - b. Publicize the nation
  - c. Social-cultural exchange
  - d. Source of government revenue
- Q3. Tourism is a composite product because:
- a. It cannot be provided by a single provider
  - b. It is a highly specialized product.
  - c. Production can only take place if there is a customer present.
  - d. It cannot be transported.
- Q4. Which of the following is not a tourism marketing intermediary?
- a. A wholesale tour operator selling to retail travel agents.
  - b. A wholesale tour operator selling directly to the traveler.
  - c. A retail travel agent selling to the traveler.
  - d. A hotel selling directly to the traveler.
- Q5. What is an itinerary?
- a. It is a passport.
  - b. It is a form to be filled by the tourist.
  - c. It is a detailed plan for a journey, especially a list of places to visit with corresponding ideas.
  - d. It is a map of the place where the tourist is visiting.
- Q6. MakeMy trip.com and Yatra.com are examples of which kind of travel agency?
- a. Commercial agency
  - b. Full service agency
  - c. E-travel agency
  - d. Special interest travel agency
- Q7. Which type of hotel comprises leisure tourists as their main target segment?
- a. Commercial hotels
  - b. Casino hotels
  - c. Suburb hotels
  - d. Resort hotels
- Q8. Which department of the hotel includes the duties of keeping the areas of the hotel clean?
- a. F&B
  - b. Housekeeping
  - c. Accounts
  - d. Front office

- Q9. Which type of room is situated on the terrace of a hotel building?
- a. Quad room
  - b. Penthouse suite
  - c. Luxury suite
  - d. Deluxe room
- Q10. In an American plan, room rate consists of:
- a. Early morning tea only
  - b. Early morning tea, continental breakfast
  - c. Early morning tea, American breakfast, lunch or dinner
  - d. Early morning tea, three meals a day
- Q11. Which department of front office is responsible for handling guest luggage?
- a. Reservation
  - b. Concierge
  - c. Reception
  - d. Bell Desk
- Q12. Which department of housekeeping acts as a nerve system center for coordination and communication with the front office and other departments?
- a. Lost and found
  - b. Laundry
  - c. Linen
  - d. Control desk
- Q13. Which department of food and beverage service is responsible for the correct cleaning, drying and storage of all equipment used in the preparation and cooking of food and beverage?
- a. Room service department
  - b. Banqueting and catering department
  - c. Bar department
  - d. Stewarding department
- Q14. Which one of the following is true for commercial and promotional events?
- a. Their ability to attract large audience
  - b. Run by local enthusiastic communities
  - c. Attract international sportsmen and women at the highest level
  - d. Well known for their ability to attract large number of audiences
- Q15. What does perishability of events mean?
- a. Events should not be repeated in the same way all the time.
  - b. Event offers values such as memories and happiness.
  - c. Events reoccur in terms of both format and time interval.
  - d. Events are unusual to create new ceremonies accompanied by new traditions.





## SECTION D: CASE STUDY (15 MARKS)

Q16. Read a case given below and answer the following questions:

### Hyatt's E-commerce business strategy

Hyatt uses a business to consumer (B2C) e-commerce business strategy. They use combination of selling tangible and intangible products and services on a global scale. Hyatt has identified the need to use global e-commerce strategy to reach out to their customers worldwide. "Customers expect interactive capability wherever possible, in their own language and culture and adapted to their own environment." (Doole and Lowe, 2004). The effect on Hyatt's marketing has had a promising influence. They strive to provide in-depth information to customers; this includes information on their resorts, what offers they have and about the company itself.

### Hyatt as innovators

Hyatt sees themselves as innovators when it comes to technology. Mintel (2003) argued that recent examples of this included the introduction of 'E-folio' (an expense management tool for the business traveler) and the installation of high speed internet in all their hotels meeting rooms. The main website offers a range of information to the customers that visit the website. This has been designed to keep their customers interested in the website and the company. It focuses on informing and offering customers the chance to visit every hotel, at any location with the click of a button. Hyatt also uses this E-commerce strategy to sell rooms wherever possible and helps to inform customers of the other services they provide.

### Hyatt customer experience

The opportunities for exploiting e-commerce by companies are truly international and this favors global players. So for Hyatt this innovation allows them to meet what they see as their consumers high expectations of service quality and image form the ways in which they conceptualize, sell and deliver their products and services.

Therefore, they have recognized the need to constantly update their website and to constantly review how they sell their products and services. Hyatt has identified the need of their consumers and has implemented this on every hotel page they operate, even offering the guest a number of things including the option to download a hotel brochure for themselves. Using the latest techniques for selling through the internet, Hyatt are ensuring that their customers can find them, get to know them and purchase products and services that are relevant to their needs whenever and wherever at the click of a button.

### Questions:

- a. Analyze the case and summarize the main points. (5)
- b. Explain the strategies which Hyatt is using to reach to its customers? Do you think such strategies are beneficial in today's global hospitality world? Justify your answer. (2+3)
- c. Point out other emerging trends in the hospitality industry to provide a better guest experience. (5)





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BACHELOR OF BUSINESS ADMINISTRATION (BBA)  
SEMESTER – III

R.No.....

Subject: Financial Management II  
Full Marks: 100

Course Code: MGT 335  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

*Tick the best answers.*

- Q1. Rational investor are:
- a. Risk taker
  - b. Risk averter
  - c. Risk neutral
  - d. None of the above
- Q2. Assume that an investor has invested 20 % of his investable fund in stock X and 80 % in stock Y. Stock X has return of 10 % and stock Y has 15 %. What will be the return on portfolio?
- a. 20 %
  - b. 10 %
  - c. 15 %
  - d. 14 %
- Q3. Cost of capital for bonds and debenture is calculated on:
- a. before tax basis
  - b. after tax basis
  - c. Risk free rate of interest deposit
  - d. none of the above
- Q4. In order to find out cost of equity capital under CAPM, which of the following is not required?
- a. Beta factor
  - b. Market rate of return
  - c. Market price of equity share
  - d. Risk free rate of return
- Q5. Tax rate is relevant and important for calculation of specific cost of capital of:
- a. Equity share capital
  - b. Preference share capital
  - c. Debenture
  - d. a and b above
- Q6. Capital structure is the proportionate mix of:
- a. Short term and Long term financing
  - b. Different components of assets
  - c. Permanent and long term financing
  - d. Long-term assets
- Q7. Degree of financial leverage is the measure of responsiveness of change in net income to change in:
- a. Non operating income
  - b. operating income
  - c. EPS
  - d. Sales
- Q8. A firm using both debt and equity capital is called:
- a. Levered firm
  - b. Unlevered firm
  - c. Multinational company
  - d. Joint venture firm
- Q9. Degree of operating leverage is the measure of responsiveness of change in.....to the change in sales.
- a. Non-operating income
  - b. operating income
  - c. EPS
  - d. Profit after tax
- Q10. The use of debt capital increases the .....of a firm.
- a. Business risk
  - b. Financial risk
  - c. Interest rate risk
  - d. Systematic risk
- Q11. The additional value created by the merger of two or more companies is:
- a. Energy value
  - b. Economic value
  - c. Financial value
  - d. Synergy value
- Q12. Target Company may accept the proposal of acquiring company. Such takeover is:
- a. Known as friendly takeover
  - b. hostile takeover
  - c. Partially friendly
  - d. partially hostile

- Q13. A warrant has an exercise price of Rs. 15. The underlying common stock has a market price of Rs. 10. The formula value of warrants would be.....
- a. Rs 5
  - b. Rs 0
  - c. Rs -5
  - d. Cannot be determined from the information given
- Q14. The conversion value of a convertible bond is defined as the .....times.....the.....
- a. Conversion ratio, conversion price
  - b. Conversion premium, exercise price
  - c. Conversion ratio, common stock price
  - d. Conversion ratio, exercise price
- Q15. .... is a call option issued by a company on its securities, usually common stock.
- a. Debenture
  - b. Warrant
  - c. Futures contract
  - d. Extendible note





Q13. Three financing plans are being considered by a Maratha Company, which requires Rs 8,000,000 for a construction of a new plant. The EPS and the current market price of the share is Rs 30. It has tax rate of 40%. The debt financing can be arranged as follows:  
 Up to 200,000 @ 10% from 200,000 to 600,000@14% and over Rs 600,000 @ 18% .It has been assumed that the issue of share has been made at Rs 30 in each case. The three financing plans and the corresponding EBIT are as follows:

Plan I: Rs. 200,000 debt; Expected EBIT Rs 600,000

Plan II: Rs. 600, 000 debt; Expected EBIT Rs 800,000

Plan III: Rs 1200,000 debt, Expected EBIT Rs, 1,000,000

Find out the EPS for all the three plans and suggest which plan is better from the point of view of the company.[10]

Q14. ABC Company has warrants issued that allow the holder to purchase 4 shares of stock for a total of Rs. 100 each warrants. Currently the market price per share of the company is Rs 20. Investor holds the following probability beliefs about the stock price 6 months hence.

<b>Market price per share</b>	15	20	22	35
<b>Probability</b>	0.30	0.25	0.20	0.25

- a. What is the present theoretical value of warrants? [4]
- b. What is the expected value of stock price 6 month ? [3]
- c. What is the expected theoretical value of warrants 6 months hence? [3]

Q15. Himalayan Company is financed by two sources of funds: bonds and common stock. The capital structure consists of Rs 3 million worth of bonds and 7 million worth of stock. The bonds have a 14 percent yield to maturity, and the stock is expected to pay Rs. 400000 in dividends this year. The growth rate of dividends has been 12 percent and is expected to continue at the same rate. The corporate tax rate on income is 40 percent, what is the cost of capital for the company? [10]

**SECTION D: CASE STUDY (15 MARKS)**

Q16. Read a case given below and answer the following questions:

Computer the cost of debt and preferred stock assuming tax rate is 40 percent.

- a. A bond, sold at par, with 10 percent coupon. [3]
- b. ABC Company has sold a perpetual bond that has a Rs 1,000 par value and coupon interest of 12 percent. A new issue would have a Rs 30 flotation cost. [4]
- c. IMS Company issued a 20 –year, 8 percent bond .The bond currently sells for 107 percent of face value. [4]
- d. A Company can issue perpetual preferred stock at a price of Rs 47.50 a share. The issue is expected to pay a constant annual dividend of Rs 3.80 a share. What is the company’s cost of preferred stock? [4]

