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ଐଶ୍ଵରୀ **MBA-I** ଶ୍ରୀ

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KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
BUSINESS ECONOMICS; BA (M)-511  
MBA – I

**Date: January 02, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 5 questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q1 (a) Define the law of demand by the help of diminishing marginal utility.  
(b) How ordinal utility approaches are more powerful than cardinal utility approaches?
- Q2 It is said that the demand and supply are two blades of scissors. How market reaches at equilibrium from excess supply and excess demand. Elaborate the market clearing mechanism through schedule and diagram.
- Q3 (a) Define price elasticity of demand. Discuss both total expenditure method and graphical method of calculating and interpreting different degrees of elasticity.  
(b) How cross elasticity of demand is use to distinguish between substitute goods and complementary goods?
- Q4 (a) Enlist the characteristics of perfectly competitive market.  
(b) Discuss all cases of perfect competition, super normal, and profit normal profit, loss and shutdown point.
- Q5 (a) Define micro economics under modern view of economics. Discuss what is the importance of it, in our daily life?  
(b) Differentiate between  
(i) Market Economy  
(ii) Command Economy  
(iii) Mixed Economy
- Q6 Write short notes on **any 2** of the following  
1. Marginal productivity theory  
2. Opportunity cost  
3. Consumers surplus  
4. Modern theory of rent

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
BUSINESS MATHEMATICS; BA (M)-531  
MBA – I

Date: January 07, 2014

Max Marks: 60

Max Time: 3 Hrs

**INSTRUCTIONS:**

1. Attempt any 5 questions. Do not write anything on the question paper.
2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

Q.1. (a) Find equation of line which divide the line passes through  $(-3, 7)$  and  $(2, 6)$  perpendicularly in 2 equal parts.

(b) Solve graphically  $\begin{cases} 2x + 3y = -1 \\ 4x - y = 5 \end{cases}$

Q.2. (a) Find inverse of  $\begin{bmatrix} 1 & 1 & -1 \\ 2 & 0 & 3 \\ 0 & -1 & 2 \end{bmatrix}$

(b) Solve the system  $\begin{cases} x + y + z = 6 \\ 2x - y + 3z = 4 \\ 4x + 5y - 10z = 13 \end{cases}$

Q. 3. (a) Discuss continuity of  $f(x) = (x^2 - 1) / (x + 1)$  at  $x = -1$

(b) Find  $f'(x)$  using limit approach  $f(x) = 1 / (x^3 - x)$

Q.4. If an investment of Rs 2,00,000/ is made at interest rate of 10% per annum. Determine total amount after 6 years if interest is (i) Simple (ii) Compound (iii) compound calculated monthly (iv) compounded continuously (v) when amount become 3times if interest is compounded continuously.

Q.5. (a) Solve  $8x^2 - 6x - 9 \geq 0$

(b) Integrate (i)  $\int x\sqrt{x+9} \, dx$  (ii)  $\int \frac{1}{x^4} \ln x \, dx$

Q.6. (a) Solve  $8x^2 \ln x - 6x \ln x = 9 \ln x$

(b) Find  $f'(x), f''(x)$  of (i)  $f(x) = (5x^2 - 3x)e^{5x}$  and  $f(x) = (5x^3 - 4x^2 - x)^{\frac{8}{5}}$

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
BUSINESS COMMUNICATION-I; BA (M)-501  
MBA – I

**Date: January 09, 2014**

**Max. Time: 3 Hrs**

**Max. Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt ALL questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q1- On one hand the advancement in communication technology has made the communication process effective and swift, while on the other it has brought certain challenges to the organizations. Discuss. (10)
- Q2- a) Do you agree that having the prior knowledge of the cultural variation of different countries makes the international communication easier?  
b) Does the cultural variables on national and individual level affect the communication process? (15)
- Q3- Explain the seven Cs of communication. (10)
- Q4- Write an impressive sales letter to your customer persuading them to buy the education insurance policy, while mentioning its positive points and future benefits. (10)
- Q5- a) What is a memo? Why the memo writing is better than giving the oral message?  
b) Write a short memo report to your office assistant instructing him to send the summary of the business meeting held, to the staff members on urgent basis. (15)

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
INTRODUCTION TO BUSINESS MANAGEMENT; BA (M)-541  
MBA – I

**Date: January 11, 2014**

**Max. Time: 3 Hrs**

**Max. Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 05 questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q#1 Describe important stakeholders for an organization and discuss how managers balance the interests of various stakeholders.
- Q#2 Discuss the importance of strategic marketing and draw a basic outline for a marketing plan.
- Q#3 Define motivation and explain the difference between hierarchy of needs theory and the two factor theory.
- Q#4 Explain why communication is effective for management and how communication channels effect the quality of communication?
- Q#5 What is management? Describe the overall purpose of management. Discuss the four functions of management.
- Q#6 What is human resource management? Explain the importance of human resource management.

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
ORGANIZATIONAL BEHAVIOR; BA (M)-561  
MBA – I

**Date: January 16, 2014**

**Max. Time: 3 Hrs**

**Max. Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 5 questions, all carry equal marks. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q1. Define learning? Identify and explain the different types and schedules of reinforcement.
- Q2. What are the internal and external sources of group formation and development? Explain the group development stages in detail.
- Q3. Distinguish between Eustress and Distress. What are the causes and consequences of organizational and individual stress? Elaborate your answer.
- Q4. In your own words explain Maslow's theory of motivation; relate it to Alderfer's ERG theory.
- Q5. What are the advantages and disadvantages of oral versus written communication? Identify the elements involved in the communication process.
- Q6. What is power? Explain its common bases in detail.

**END OF EXAM PAPER**



KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
FUNDAMENTALS OF ACCOUNTING; BA (M)-521  
MBA – I

Date: January 18, 2014

Max Marks: 60

Max Time: 3 hrs

**INSTRUCTIONS:**

1. Attempt All questions. Show the necessary computations. Do not write anything on the question paper.
2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

**Q#1:** On 1<sup>st</sup> January 2013 Mr. HM started business by investing Cash \$ 260,000; Furniture \$ 24,000 and Machine \$ 15,000 into business named as HM Traders.

- Jan 3 Purchased merchandise on Credit \$ 6,000.
- 6 Paid advance Rent in Cash for office \$ 12,000.
- 10 Deposited Cash into Citi bank for account opening for business purpose \$ 80,000.
- 15 Paid Cash for electricity bill \$ 200.
- 17 Cash Sales \$ 5,000.
- 22 Purchased merchandise for \$ 20,000 on Cash.
- 25 Sold goods to MM on credit \$ 4,000.
- 28 Withdrew Cash from bank for personal use \$ 3,000.
- 31 Paid Salaries to employees through Cheque \$ 5,000.

**Required:** (a) Record Entries in Proper General Journal.  
(b) Post entries to 'T' Accounts.

**Q#2:** Take Data from Q. No. 1 and prepare Trial Balance.

**Q#3:** A-1 Company presented the following selected transaction for the year ended December 31, 2013:

Balance Accounts Receivable (31-12-12) \$ 180,000.  
Balance Allowance for Bad Debts (31-12-12) \$ 18,000.

1. During the year total Sales were for \$ 400,000 including Credit Sales \$ 250,000.
2. Total Cash Collection from customers \$ 200,000.
3. Sales return from customer which was sold on credit \$ 1,200.
4. A customer Accounts is written- off \$ 5,000.
5. A previously written off accounts of \$ 4,000 was subsequently recovered to the extent of \$ 3,000.

The company uses balance sheet approach to estimate bad debts at 12% of Account Receivable year-end balance.

**Required:**

- a) Record above entries in General Journal.
- b) Prepare Account Receivable Account and Allowance for Bad Debt Accounts.
- c) Show computation for Allowance for bad debts at the end of year as per the company policy.
- d) Give adjusting entry for the Allowance for Bad Debt.

**Q#4:** Beta Traders provides the following information for April 2013:

- April 01 Balance 80 Units @ \$140 each.
- 04 Purchased 120 units @ \$144 each.
- 06 Sold 50 units @ \$180 each.
- 12 Sold 80 units @ \$185 each.
- 14 Purchased 90 units @ \$145 each.
- 18 Sold 40 units @ \$188 each.
- 22 Sold 70 units @ \$194 each.
- 24 Purchased 80 units @ Rs. 148 each.
- 26 Purchased 25 units @ Rs. 150 each.
- 27 Sold 40 units @ \$196 each.
- 30 Sold 15 units @ \$200 each.

**Assume that company uses Perpetual Inventory System and following methods**

(i) FIFO Method (ii) LIFO Method (iii) Moving Average Method

- Required:**
- (i) Compute Cost of Merchandise Inventory (ending).
  - (ii) Compute Cost of Goods Sold.
  - (iii) Compute Gross Profit.

**Q#5:** Following is the pre-closing trial balance of KB and Co on Dec. 31, 2013.

Cash	\$20,000
Account Receivable	48,000
Merchandise Inventory (1-1-13)	40,000
Unexpired Insurance	16,000
Office Equipment	200,000
Allowance for Depreciation (Office Equip)	40,000
Accounts Payable	32,000
Capital	209,200
Drawing	24,000
Sales	320,000
Sales Return	16,000
Purchases	160,000
Purchases Return	20,000
Transportation in	23,200
Advertising Expense	34,000
Salaries Expense	40,000

**Data for adjustment on Dec. 31, 2013.**

- i. Insurance expired \$ 10,000.
- ii. Record allowance for depreciation on office equipment \$8,000.
- iii. Unpaid Salaries \$8,000.
- iv. Advertising pre-paid was \$ 4,800.
- v. Make allowance for doubtful account at 10% of account receivable at year end.
- vi. Merchandise Inventory on Dec 31, 2013 \$30,000.

- Required:**
- (a) Prepare Income Statement for the year ended on 31, Dec. 2013.
  - (b) Prepare Balance Sheet as on 31, Dec. 2013.

**Q#6:** The Cash in bank account of IRP Company at May 31, 2013 showed a balance of \$12,500. The bank statement for the same period showed balance of \$14,000. Comparison of the bank statement with the company's record revealed the following reconciling items:

1. A deposit of \$1,500 on May 31, had been made too late to appear on the bank statement.
2. A cheque was drawn for the purchase of supplier for \$800 but was recorded in company's record as \$500.
3. Bank charges of \$50 were not recorded by the company.
4. A cheque for \$ 750 drawn by KRP Company was wrongly debited by the bank to IRP Company's account.
5. Cheque of Fine Traders for \$ 1,300 dishonored and returned by bank marked as NSF.
6. A Cheque drawn for \$ 350 was wrongly charged by bank as \$ 530.
7. The bank collected \$1,200 for IRP Company on a note, but the collection was not recorded in the books of company.
8. Cheques issued during May but were not presented to the bank for payment \$ 4,380.

- Required:**
- (a) Prepare Bank Reconciliation Statement.
  - (b) Prepare necessary adjusting entries in the books of IRP Company.

**END OF EXAM PAPER**

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KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2013; AFFILIATED COLLEGES  
BUSINESS STATISTICS BA (M)-532  
MBA – II

Date: January 06, 2014

Max Time: 3hrs

Max Marks: 60

**INSTRUCTIONS:**

1. Attempt any FIVE questions. Do not write anything on the question paper.
2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

Q.1. The following data represent the length of life in minutes of a sample of 45 black flies subjected to a new spray in a controlled laboratory experiments. (12)

2.4	2.1	3.1	1.6	2.4	2.3	3.2	0.4	2.3	0.4	3.5	2.6
1.8	2.6	3.5	2.7	1.8	2.0	1.5	3.4	0.7	1.3	2.9	2.8
1.5	1.1	3.5	0.9	2.8	2.3	1.5	2.3	2.4	0.6	3.4	0.5
1.5	2.5	2.9	3.1	2.0	1.8	1.3	2.6	1.5			

Construct frequency distribution table &amp; compute

- (i) Mode (ii) S.D.

Q.2. (a) Define the following terms. (04)

- (i) Statistics and Statistic (ii) Frequency & Relative frequency  
(iii) Primary and Secondary data (iv) Measure of Skewness

(b) The number of machine breakdowns per day is recorded for 7 days in two months.

February	4	11	10	1	1	9	4
July	12	5	4	3	4	1	4

Which month exhibits more stable?

(08)

Q.3.(a) Define the following terms (03)

- i) Mutually Exclusive and non Mutually Exclusive Events  
ii) Independent and Dependent events iii) Variable and Random variable

(b) A committee of four students is to be selected at random from a group consisting of 6 boys & 4 girls. What is the probability that at least two boys out of six will include in this committee? (03)

(c) On the average a certain intersection results in 3 traffic accidents per month. What is the probability that in any given month at this intersection

- (i) Exactly five accidents will occur (ii) Less than 3 accidents will occur (06)

Q.4. (a) Define the term Combination and Permutation. (04)

(b) Write the Characteristics of Poisson experiment. (03)

(c) A Shipment of 7 television sets contains 2 defectives. A hotel makes a random purchase of 3 of the television sets. If X is the number of defective sets purchased by the hotel, find the expected mean of X. (05)

01/02

- Q.5(a) The probability that an American industry will locate in Munich is 0.3, the probability that it will locate Brussels is 0.4, & the probability that it will locate in either Munich or Brussels is 0.6. What is the probability that the industry will locate.
- i. In both cities?
  - ii. in neither city?
- (06)**

- (b).If the probability that an individual suffers a bad reaction form injection of a given serum is 0.1, determine the probability that out of 20 individuals (i) exactly 3, (ii) at least two, (iii) at most 3, individual will suffer a bad reaction.
- (06)**

- Q.6. (a) Define the following terms **(06)**
- (i) Interpolation and Extrapolation
  - (ii) Regression of Y on X
  - (iii) +ve and –ve Correlation
- (b) Compute Fisher’s price index number for 2012 with 2007 as base from the following data. **(06)**

Commodity	Quantity (units)		Value (Rs.)	
	2007	2012	2007	2012
A	100	150	600	1200
B	80	100	400	700
C	60	72	180	432
D	30	33	450	363

- Q.7. (a) What is an index number? Describe the weighted aggregative price index number and its types. **(04)**
- (b) The amount of a chemical compound, which dissolved in 100 grams of water a various temperatures, was recorded as follows: **(08)**

°C	Amount of compound		
00	04	05	06
10	10	08	12
20	21	19	22
30	29	31	27
40	42	38	40

- (i) Find the equation of the regression line.
- (ii) Estimate the amount of chemical that will dissolve in 100 gm of water at 50 °C.
- (iii) Calculate Correlation Co-efficient r & comment on the relationship of the variables.

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
INTRODUCTION TO MARKETING; BA (M)-542  
MBA – II

**Date: January 08, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any Six Questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q1. Briefly discuss the steps of marketing research process.
- Q2. a) Define Service. What are the characteristics of services?  
b) What are the elements of promotional mix?
- Q3. Sky enterprise is preparing to launch a user friendly, portable medical gadget namely "Gluco-pressure watch". It will help users to know their blood pressure, blood glucose level and body temperature. You are appointed as the new Marketing Manager of the company.  
a) Which strategy will you use for segmenting the consumer market?  
b) Which strategy will you use for market targeting?
- Q4. ABC company is famous for making traditional Pakistan dresses country wide. The business is now thinking to expand across the borders.  
a) Is it rational for the company to go international?  
b) How many market entry modes are available for the company?
- Q5. a) Describe the stages of PLC (Product Life Cycle).  
b) How marketing objectives and strategies change during the PLC.
- Q6. a) Explain why it is important for all departments of an organization to "think consumer".  
b) Define elements of the marketing mix.
- Q7. Differentiate between:  
a) Needs and Wants  
b) Marketing Concept and Selling Concept  
c) Microenvironment and Macroenvironment  
d) Push Strategy and Pull Strategy  
e) Direct Marketing Channel and Indirect Marketing Channel

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
FINANCIAL ACCOUNTING; BA (M)-522  
MBA – II

Date: January 10, 2014

Max Time: 3 Hrs  
Max Marks: 60

**INSTRUCTIONS:**

1. **ATTEMPT ANY 4 QUESTIONS. Do not write anything on the question paper.**
2. **Use of mobile phones or any other communicating device is not allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q.1 One of the directors of the company, an expert in marketing knows little about accounting. She asks you the following questions, to which you should make a brief response:
- a) If some of the sales made on account will not be collected until the next year, why are they included in this year's income statement?
  - b) The greatest part of the advertising was based on a promotion undertaken during the last quarter of the year. Although the advertisements ran before the end of the year, the payment to the advertising agency will not be made until early January. Why is the total amount listed on the current income statement?
  - c) At the end of the year the firm purchased 100 new computers from AT&T. Why is this transaction not listed on the income statement?
  - d) The member of the board of directors knows the firm issued a **Rs 1,000** cash dividend, but he cannot find this amount listed on the income statement. Why?

- Q.2 Aisha and her family members invested **Rs 300,000** cash in the company in exchange for **3,000** shares of capital stock. In addition, the local bank lent the corporation **Rs 100,000**. The company used the cash to purchase land for **Rs 50,000**, a building for **Rs 100,000**, and office furniture and fixture for **Rs 80,000**. In addition, the firm purchased another **Rs 50,000** of furniture and fixtures on account, all of which will be paid for next year.

The following summary revenue and expense transactions and other transactions took place during 2010:

- a) Commissions earned during the year amounted to **Rs 125,000**. By the end of the year, **Rs 110,000** of these commissions had been collected in cash. The firm expects to collect the remaining cash early next year.
- b) Various operating expenses of **Rs 105,000** were incurred and paid in cash during the year.
- c) Interest expense of **Rs 1,000** on the bank loan was incurred but remained unpaid at December 31.
- d) The corporation declared and paid dividends of **Rs 5,000** during the year.
- e) Taxes of **Rs 2,000** were incurred and paid during the year.

- Required:**
- a) An income statement for the year ended December 31, 2010.
  - b) A retained earnings statement for the year ended December 31, 2010.
  - c) A balance sheet at December 31, 2010.

- Q.3 a) A plant asset cost **Rs 27,000** when it was purchased on Jan. 1, 2008. It was depreciated by the straight-line method based on a 9-year life with no salvage value. On June 30, 2013, the asset was discarded with no cash proceeds. What gain or loss should be recognized on the retirement? Pass the entry.
- b) On June 30, 2010 B. Co. sells office furniture for **Rs 60,000** cash. The office furniture originally cost **Rs 150,000** when purchased on Jan 1, 2005. Depreciation is recorded by the straight-line method over 10 years with a salvage value of **Rs 15,000**.
- (i) What gain and loss should be recognized on the sale?
  - (ii) If the asset is sold for **Rs 80,000**, pass the entries for both conditions.
- c) H Co. exchanges a used truck (original cost, **Rs 41,000**) plus **Rs 20,000** cash for a new truck costing **Rs 45,000**. At the time of exchange, accumulated depreciation on the used truck is **Rs 23,000**. What gain or loss should H recognize on the exchange? Pass the entry.

- Q.4** The following data are obtained from the accounting records of Baba Corp. at year ended June 30, 2012.

Net Sales	Rs 90,000
Gross Profit	36,000
Operating Income	12,000
Average Total Assets	60,000
Average Inventory	15,000
Average Accounts Receivable	10,150
Total Current Assets	39,000
Total Current Liabilities	11,200

- Required:** Compute the following
- |                                |                                  |
|--------------------------------|----------------------------------|
| (i) Working Capital            | (ii) Current Ratio               |
| (iii) Gross Profit Rate        | (iv) Operating Expenses Rate     |
| (v) Inventory Turnover         | (vi) Account Receivable Turnover |
| (vii) Return on Average Assets |                                  |

- Q.5** The following data are taken from the financial statements of Hasan Co. at the year ended June 30, 2012.

Net income.....	Rs 750,000.
Depreciation expense.....	Rs 300,000.
During the year:	
Account receivable increased by.....	Rs 310,000.
Notes payable to suppliers increased by.....	Rs 46,000.
Increase in Inventory.....	Rs 60,000.
Increase in Account Payable.....	Rs 360,000.
Increase in Prepaid expenses.....	Rs 130,000.
Decrease in Accrued Liabilities.....	Rs 226,000.

- Required:** Determine properly Cash Flow from Operating Activities.

- Q.6** On January 1, 2011, Star Inc. had these stockholders' equity balances.

Common Stock, <b>Rs 1</b> par ( <b>2,000,000</b> shares authorized, <b>800,000</b> shares issued and outstanding)	Rs 800,000
Paid-in Capital in Excess of par value	1,500,000
Retained Earnings	600,000

During 2010, the following transactions and events occurred.

- Issued 50,000 shares of **Rs 1** par value common stock for **Rs 3** per share.
- Issued 60,000 shares of common stock for cash at **Rs 4** per share.
- Purchased 20,000 shares of common stock for the treasury at **Rs 3.50** per share.
- Declared and paid a cash dividend of **Rs 115,000**.
- Earned net income of **Rs 350,000**.

- Required:** Prepare the stockholders' equity section of the balance sheet at December 31, 2011.

**END OF EXAM PAPER**



KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
HUMAN RESOURCE MANAGEMENT; BA (M)-552  
MBA – II

Date: January 15, 2014

Max. Time: 3 Hrs

Max. Marks: 60

**INSTRUCTIONS:**

1. Attempt 05 questions, where Q-1 is compulsory. Do not write anything on the question paper.
2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

- Q-1 (a) '*Effective and efficient*' HRM is the key to organization's growth & success. Justify legitimately if you agree. **08**
- (b) Describe the *purpose* and *primary* objectives of an HR department. **04**
- Q-2 (a) 'Motivation is the primary responsibility of the Line managers' Discuss the role of HRM function in this context. **06**
- (b) Distinguish between a Line manager and staff manager's authority. **06**
- Q-3 (a) What are the goals of the Training & Development function of HRM? Comment and contrast between the two functions of HRM **06**
- (b) 'Training and Development', should be a concern of the *employer* or *employee*. Give your arguments **06**
- Q-4 (a) Performance and Appraisal management is an *essential* but *critical* function of HRM. Discuss performance evaluation system & relationship with the organizational growth. **06**
- (b) How is Information Technology *facilitating* / transforming the functions of HRM. Identify and Discuss **06**
- Q-5 (a) '*Effective and efficient* communication is key to all HRM functions' Comment. **06**
- (b) '*Conflict resolution*' within large organizations is a *crucial* function of HRM. Explain & Discuss strategic HRM. **06**
- Q-6 Write short notes on **any four** of the following; **12**
- i. Challenges to HRM
  - ii. Job Description
  - iii. Total Compensation
  - iv. Hawthorne experiments
  - v. Career planning
  - vi. Staffing'.

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
COMPUTER APPLICATION TO BUSINESS; BA (M)-512  
MBA – II

**Date: January 17, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 04 Questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q-1 a) Discuss the role of broker and barter in E-Market.  
b) Explain the major e-Commerce application models with business references
- Q-2 Explain purpose Electronic data interchange (EDI) in supply chain management, and illustrate how EDI can restructure business relationships among Organizations. Give its competitive advantages
- Q-3 What do mean by Office Automation? Describe tools and software/s with its functionalities used in office automation process
- Q-4 Write down reasons why Transaction Processing System is an integral part of Management Information System
- Q-5 Explain how computer technology supports in operational, tactical activities to improve the productivity of the business organizations
- Q-6 Write down functions and features on the followings:
- a) Virtual Office System
  - b) Workflow Management system
  - c) Electronic Fund Transfer Process

**END OF EXAM PAPER**

ଐଶ୍ଵରୀ

ଐଶ୍ଵରୀ-MBA-III

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KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
COST ACCOUNTING; BA (M)-611  
MBA – III

**Dated: January 02, 2014**

**Max Marks: 60  
Max Time: 3hrs**

**INSTRUCTION:**

- 1. Attempt ALL SIX questions. Show necessary computations. Do not write anything on the question paper.**
- 2. Use of mobile phone or any communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

**Q.1:** During February the assembly department received **60,000** units from the Cutting Department at a unit cost of **\$3.54** Costs added in the Assembly Department were: Materials **\$ 41,650**; Labor **\$ 101,700** and Factory Overhead **\$ 56,500**. There was no beginning inventory. Of the **60,000** units received **50,000** were transferred out; **9,000** units were in process at the end of the month (**all materials 2/3 converted**) **1,000** lost units were  $\frac{1}{2}$  complete as to materials and conversion cost .**The entire loss is considered abnormal and is to be charged to factory overhead.**

**Required:** Prepare a cost of production report.

**Q.2:** Mat company purchases of materials during March totaled \$110,000, and the cost of goods sold for March was \$345,000. Factory overhead was 50% of direct labor cost. Other information pertaining to mat company's inventories and production for March is as follows.

<b>Inventories:</b>	<b>Beginning</b>	<b>Ending</b>
Finished goods	\$102,000	\$105,000
Work in process	40,000	36,000
Materials	20,000	26,000

**Required:**

1. Prepare a schedule of cost of goods manufactured for March.
2. Compute the prime cost charged to work in process during March.
3. Compute the conversion cost charged to work in process during March.

**Q.3:** Cannery Row Company uses the FIFO process costing method. All spoilage that occurred in Department 2 during June was Normal and applicable to units received during June from the preceding department June cost data for Department 2 were as follows.

	<b>Beginning Inventory</b>	<b>Cost Added</b>
Cost transferred from department 1.....	<b>\$13,200</b>	<b>\$91,200</b>
Conversion cost.....	<b>6,000</b>	<b>60,000</b>

The Department 2 beginning inventory (**2/3 converted**) was **1,200** units and **8,000** units were transferred from Department 1. The ending inventory was **1,000** units (**1/2 converted**) and **7,800** units were transferred to department 3.

**Required:** Prepare the June cost of production report for Department 2.

**Q.4 (a):** Normal annual capacity for Remington Company is **60,000** units, with production being constant throughout the year. The October budget shows fixed factory overhead of **\$2,500** and a variable factory overhead rate **\$2.50** per unit. During October, actual output was **4,800** units, with a total factory overhead of **\$15,500**.

**Required:** Compute the Spending and Idle capacity variances

**Q.4 (b):** Kornbrant Company was totally destroyed by fire during June. However certain fragments of its cost records with the following data were recovered, Idle capacity variance, \$1,266 favorable, Spending variance \$879 unfavorable and applied factory overhead \$16,234.

**Required:**

- 1. The budget allowance, based on capacity utilized.
- 2. The actual factory overhead.

**Q.5 (a):** Alba Company had a production run of 6,000 pairs of jeans during the last week of June, with the following units costs

Direct materials.....	\$10.00
Direct labor.....	8.00
Factory overhead(incudes a \$1.00 allowance for spoiled work).....	7.00
	<u>\$25.00</u>
	=====

Final inspection revealed that 500 pairs, a normal number did not meet quality standards but can be sold as second at a price of \$12 a pair.

**Required:** Prepare journal entries for all the described transactions if:

- 1. The loss is charged to all production.
- 2. The loss is due to exacting specifications and is charged to the production run.

**Q.5 (b):** Florida Fabricators manufacture golf carts and other recreational equipment. One order from Wisconsin Wholesale Company for **1,000** carts showed the following costs per unit: direct materials **\$ 40**; direct labor **\$20**; and factory overhead applied at **140%** of direct labor cost if defective work is charged to a specific job and **150%** if it is not.

Final inspection revealed that wheels were assembled with improper bearings. The wheels were disassembled and the proper bearings inserted. The cost of correcting each defective cart consists of **\$2** added costs for bearings **\$4** labor, and factory overhead at the predetermined rate.

**Required:** Prepare Journal entries to record correction of the defective units and transfer of the work in process to finished goods if:

- 1. The Wisconsin wholesale company order is to be charged with the cost of defective units.
- 2. The cost of correcting the defective work is not charged to the Wisconsin wholesale company order.

**Q.6:** The following account balances were selected from the general ledger accounts of Thornton Manufacturing Company.

	December 1	December 31
Finished goods.....	\$40,000	\$55,000
Work in process.....	35,000	15,000
Materials.....	5,000	10,000
Factory overhead control.....	375,000	492,000
Applied factory overhead (applied at a rate of <b>75% of direct labor cost</b> ).....	400,000	520,000
Cost of Goods Sold... ..	600,000	975,000

Thornton’s accounting year is the calendar year.

**Required:**

- 1. Prepare journal entries for the transaction that were entered in the above accounts for December.
- 2. Close over-or under applied factory overhead to Cost of Goods Sold.

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2013; AFFILIATED COLLEGES  
PRODUCTION MANAGEMENT; BA (M)-631  
MBA – III

**Date: January 07, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 5 questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device is not allowed in the examination room. Students must have to remove the batteries of these devices before entering the examination hall.**

- Q.1. Discuss Operations / Production Management as a function with the help of examples from manufacturing and service sectors.
- Q.2. Capacity is the upper limit or ceiling on the load that an operating unit can handle. What are the Determinants of Effective Capacity/Output? Discuss.
- Q.3. Identify the different ways in which operations strategy can provide an organization with a competitive advantage.
- Q.4. How can you manage uncertainty and risk while managing supply chain? Discuss.
- Q.5. Enlist the phases involved in Operations Research Methodology. Discuss any two of them briefly.
- Q.6. What is your understanding of SPC (Statistical Process Control)? Explain.
- Q.7. Discuss Material Requirement Planning (MRP), with the help of all the terms used to elaborate the process.
- Q.8. Discuss briefly **Any One** of the Independent Demand Inventory Systems with Operations/Production Management.
- a) The ABC Inventory Control System
  - b) The Economic Order Quantity Model

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
INTRODUCTION TO BUSINESS FINANCE; BA (M)-621  
MBA – III

Date: January 09, 2014

Max Time: 3 Hrs  
Max Marks: 60

**INSTRUCTIONS:**

1. Attempt any 05 Questions. Do not write anything on the question paper.
2. Use of mobile phones or any other communicating device is not allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

- Q1 a)** What is the primary difference between MIRR and the Regular IRR?  
**b)** If a conflict exists, should the capital budgeting decision be made on the basis of the NPV or the IRR ranking? Why?
- Q2 a)** What are the advantages of matching the maturities of assets and liabilities? What are the disadvantages?  
**b)** What are the advantages and disadvantages of short-term debt over long-term debt?
- Q3 a)** Why is semiannual compounding better than annual compounding from a saver's standpoint? What about a borrower's standpoint?  
**b)** Define the terms "Discounting" and "Compounding".
- Q4 a)** What is the future value of \$ 2,000 deposited today and left in a bank account for three years if it earns 6 percent annually? What if the interest rate is 6 percent compounded semiannually? What if the interest rate is 6 percent compounded quarterly?  
**b)** What is the different between an ordinary annuity and annuity due?
- Q5** The following data are adapted from a recent annual report of Gateway 2000, a desktop computer manufacturer and mail order company (dollar amounts are stated in millions):

	2013	2012
<b>Balance sheet data:</b>		
Quick assets .....	\$ 1,148	\$ 994
Current assets .....	1,732	1,298
Current liabilities .....	1,050	698
Average stockholders' equity .....	932	700
Average total assets .....	1,900	1,520
<b>Income statement data:</b>		
Net sales .....	\$ 7,352	\$ 5,402
Gross profit .....	1,232	716
Operating income .....	498	282
Net income .....	346	192

**Required:**

1. Working capital
2. Current ratio
3. Quick ratio
4. Gross profit rate
5. Net income as percentage of sales
6. Return on average assets
7. Return on average stockholders' equity

- Q6** Following are the Projects A and B, each project has a cost of \$ 10,000 and the cost of capital of each project is 12 percent. The projects' expected net cash flows are as follows:

YEAR	1	2	3	4
<b>PROJECT A</b>	6,500	3,000	3,000	1,000
<b>PROJECT B</b>	1,000	3,000	3,000	6,500

**Required:**

- a) Calculate each projects discounted payback period, net present value (NPV) and internal rate of return?
- b) Why the Net Present Value results for both Projects are different although Cash inflows are equal for each Project.

- Q7** Short answers on the following:

1. Dividend Valuation Model
2. Cost of Debt after Tax
3. Payback Period Vs Discounted Payback Period
4. Aggressive Vs Conservatism Approach for Working Capital
5. Maximization of Shareholders' Wealth

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
ADVANCE BUSINESS STATISTICS; BA (M)-601  
MBA – III

Date: January 11, 2014

Max Time: 3 Hrs

Max Marks: 60

**INSTRUCTIONS:**

1. Attempt any 05 Questions. Do not write anything on the question paper.
2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

- Q.1. (a) Define the following terms [06]
- (i) Stratified Random Sampling (ii) Degree of freedom
- (iii) Systematic Random sampling (iv) Standard error
- (b) The finished inside diameter of a piston ring is normally distributed with a mean of **8.4 c.m.** & standard deviation of **0.06 c.m.**
- i. What proportion of rings will have inside diameters exceeding **9.08 c.m.**
- ii. Below what value of inside diameter will **15%** of the piston ring fall? [06]

- Q.2. (a) Define Normal distribution & write the properties. [06]
- (b) How would select a sample of size **n=8**, by proportion allocation from the following population [06]

Stratum I	$X_{11}=5$	$X_{12}=7$	$X_{14}=9$			
Stratum II	$X_{21}=11$	$X_{22}=12$	$X_{23}=14$	$X_{25}=18$	$X_{25}=19$	$X_{26}=20$
Stratum III	$X_{31}=21$	$X_{32}=24$	$X_{33}=26$	$X_{34}=23$	$X_{35}=21$	$X_{36}=25$

Also find the Stratified random sample mean.

- Q.3. (a) A random sample of **8 cigarettes** of a certain brand has an average nicotine content of **4.1 mg.** & S.D. of **1.41 mg.** Is this in line with the manufacturer's claim that the average nicotine content does not exceed **3.5 mg.** Construct a **95%** C.I. for population standard deviation & test the manufacturer's claim for mean? [06]
- (b). A manufacturer of car batteries claims that his batteries will last, on the average, **4 years** with a variance of **1.8 year.** If **6** of these batteries have lifetimes of **1.4, 2.1, 3.0, 3.1, 3.8 & 3.4 years,** construct a **95%** C.I. for mean & test the manufacturer's claim for variance. Assume the population of battery lives to be approximately normally distributed. [06]
- Q.4. (a) Write the test procedure for testing of hypothesis about the difference of two population proportions. [06]
- (b). The weight gains for **n1 = n2 = 10** rats tested on diets **1 & 2** are summarized here. Set up a statistical test for  **$\mu_1 - \mu_2$** , the difference in average weight gained for the tow diets. [06]

	Diet 1	Diet 2
Mean	26.2	25.0
S.D.	0.005	0.045

- Q.5. (a) A commonly prescribed drug on the market for relieving nervous tension is believed to be only **60%** effective. Experimental results with a new drug administered to a random sample of **90** adults who were suffering from nervous tension showed **60** received reliefs. Is this sufficient evidence to conclude that the new drug is superior to the commonly prescribed? Use  **$\alpha = 0.01$** . [06]

01/02



- (b) A random sample of 34 adults are classified according to sex and the number of hours they watch television during a week.

	Male	Female
Over 25 hours	07	08
Under 25 hours	09	10

Using a 0.05 level of significance, test the hypothesis that a person’s sex & time watching television are independent. [06]

- Q.6. (a) Define and write all the steps which are used in testing the goodness of fit of data. [06]
- Q.6. (b) Tow types of instruments for measuring the amount of sulfur monoxide in the atmosphere are being compared in an air–pollution experiment. It is desired to determine whether the two types of instruments yield measurements having the same variability. The following readings were recorded for the two instruments: [06]

	Sulfur Monoxide							
Instrument A	0.98	0.90	0.70	0.60	0.80	0.60	0.80	0.60
Instrument B	0.89	0.76	0.65	0.57	0.78	0.72	0.71	0.59

Assuming the population of measurements to be normally distributed, test the hypothesis that  $\sigma_A = \sigma_B$ . Use  $\alpha = 0.1$ .

- Q.7. (a) Define the term time series and its four components also draw the sketch of four components. [04]
- (b) An instructor wants to predict the score in statistics course, using two independent variables; test score and the number of classes missed by the 10 students. The data are recorded as follows [08]

Student	1	2	3	4	5	6	7	8	9	10
Statistics score y	85	74	76	90	85	87	94	98	81	91
Test score X <sub>1</sub>	65	50	55	65	55	70	65	70	55	70
Classes missed X <sub>2</sub>	1	7	5	2	6	3	2	5	4	3

Fit a Multiple regression equation of the form  
$$Y = a + b_1 X_1 + b_2 X_2$$

TABLES

z	.00	.02	.03	.06	.07
–1.0	–	–	0.1500	–	–
–2.8	0.0026	0.0024	0.0023	0.0021	–
0.6	0.7257	0.7324	0.7357	0.7454	0.7486
1.3	0.9032	0.9066	0.9082	–	–
11.3	1.0000	1.0000	1.0000	–	–

d.f	F–value	
	0.05	0.01
8,8	3.44	6.03

d.f.	t– value			Chi square value		
	0.005	0.025	0.05	0.025	0.05	0.975
1	63.657	12.70	6.314	5.024	3.841	0.0098
5	4.032	2.571	2.015	12.83	11.07	0.83
7	3.499	2.365	1.895	16.01	14.06	1.69
18	2.878	2.101	1.734	31.52	28.86	8.23

END OF EXAM PAPER

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
ECONOMICS INDUSTRIAL DEVELOPMENT OF PAKISTAN; BA (M)-641  
MBA – III

**Date: January 16, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 5 Questions, all carry equal marks. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q1) What is meant by the term "Development"? Discuss different methods of measuring development also discuss their shortcomings.
- Q2) On fiscal front, Pakistan faces three broad challenges; low tax base, inelastic expenditures and circular debt. Discuss their implications.
- Q3) Discuss different methods of Poverty measurements. Critically analyze different poverty alleviation schemes in Pakistan.
- Q4) Govt. has an important responsibility to support large scale industry. Discuss the deteriorating condition of Pakistan steel and govt. continues funding to its revival. Suggest steps to make Pakistan steel a viable and profitable organization.
- Q5) "There is no Business of Govt. in Business" .Elaborate it with reference to the recent drive of privatization and corporatization.
- Q6) Explain any two if the following
- (i) Role of Commercial Banks
  - (ii) Benefits of International Trade
  - (iii) Unstained debt burden
  - (iv) Tax on Agricultural income

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
INTRODUCTION TO RESEARCH METHODS; BA (M)-651  
MBA – III

**Date: January 18, 2014**

**Max Time: 3 Hrs**  
**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 05 Questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q.1 a) What is a decision support system? How does it differ from a marketing decision support system?  
b) What is a sensitivity system?
- Q.2 What are the steps in the research process? Briefly discuss any four steps with example.
- Q.3 Discuss briefly the potential errors affecting research design. Give examples.
- Q.4 a) Discuss the nature and meaning of secondary data as a source of information.  
b) What are the major problems encountered with secondary data?
- Q.5 Discuss the following types of Survey:  
(i) Commercial Survey  
(ii) A Periodic Survey  
(iii) A Panel Survey
- Q.6 a) Explain the nature of Questionnaire Design.  
b) Briefly explain the following with example:  
(i) Open-Ended Questions  
(ii) Multiple Choice Questions  
(iii) Dichotomous Questions

**END OF EXAM PAPER**

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ଐଶ୍ଵରୀ-IV

ଐଶ୍ଵରୀ

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
MANAGEMENT INFORMATION SYSTEM; BA (M)-632  
MBA – IV

**Date: January 03, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 4 questions, all carry equal marks. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

- Q-1 a) Write down how does Management Information System supports different level of management?  
b) Identify major issues and challenges in designing and implementation of Management Information System.
- Q-2 Describe the role and responsibilities of Information Technology Experts and End-User during different stages of business application analysis, designing and implementation.
- Q-3 Write down the components of a Decision Supporting System (DSS) and explain how does DSS helps to manage in strategic decisions?
- Q-4 What do you mean by automation? Briefly describe the types of office automation and its major functions.
- Q-5 What is the role of information in organization? Describe, how does information technology focuses on quality and performance of business?
- Q-6 Write down brief notes on the following:
- a) Work Flow Management Process
  - b) Online Transaction Processing (OLTP)
  - c) Give potential reasons why RDBMS is an integral part of automation?

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
FINANCIAL MANAGEMENT BA (M) – 622  
MBA – IV

Date: January 06, 2014

Max Time: 3 Hrs  
Max Marks: 60

**INSTRUCTIONS:**

1. **ATTEMPT ALL FIVE QUESTIONS. Do not write anything on the question paper.**
2. **Use of mobile phones or any other communicating device is not allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

**Q.1 (a):** Find the interest rates, or rates of returns, on each of the following:

- (i) You borrow **\$700** and promise to pay back **\$749** at the end of **1 year**.
- (ii) You lend **\$700** and receive a promise to be paid **\$749** at the end of **1 year**.
- (iii) You borrow **\$85,000** and promise to pay back **\$201,229** at the end of **10 years**.
- (iv) You borrow **\$9,000** and promise to make payment of **\$2,684.80** per year for **5 years**.

**(b):** Find the future values of the following ordinary annuities:

- (i) FV of **\$400** each **6 months** for **5 years** at a nominal rate of **12 percent**, compounded semiannually.
- (ii) FV of **\$200** each **3 months** for **5 years** at a nominal rate of **12 percent**, compounded quarterly.
- (iii) The annuities described in parts a and b have the same amount of money paid into them during the **5 years** period and both earn interest at the same nominal rate, yet the annuities in part b earns **\$101.60** more than the one in part a over the **5 years**. Why does it occur?

**Q.2 (a):** Heath Foods' bonds have 7 years remaining to maturity. The bonds have a face value of **\$1,000** and a yield to maturity of **8 percent**. They pay interest annually and have a **9 percent** coupon rate. What is their current yield?

**(b):** A **10 years, 12 percent** semiannual coupon bond, with a par value of **\$1,000**, may be called in **4 years** at a call price of **\$1,060**. The bond sells for **\$1,100**. (Assume that the bond has just been issued)

- (i) What is the bonds yield to maturity?
- (ii) What is the bond's current yield?
- (iii) What is the bond's capital gain or loss yield?
- (iv) What is the bond's yield to call?

**Q.3:** A company currently pays a dividend of **\$2** per share,  $D_0 = 2$ . It is estimated that the company's dividend will grow at a rate of 20 percent per year for the next **2 year**, and then the dividend will grow at a constant rate of **7 percent** thereafter. The company's stock has a beta equal to **1.2**, the risk free rate is **7.5 percent**, and the market risk premium is **4 percent**. What would you estimate is the stock's current price?

**Q.4 (a):** Tunney industries can issue perpetual preferred stock at a price of **\$50** a share. The issue is expected to pay a constant annual dividend of **\$3.80** a share. The flotation cost on the issue is estimated to be **5 percent**. What is the company's cost of preferred stock, kps?

**(b):** Calculate the after-tax cost of debt under each of the following conditions:

- (i) Interest rate, 13 percent; tax rate, 0 percent
- (ii) Interest rate, 13 percent; tax rate, 20 percent
- (iii) Interest rate, 13 percent; tax rate, 35 percent

**Q.5:** Edelman Engineering is considering including two pieces of equipment, a truck and an overhead pulley system, in this year's capital budget. The projects are independent. The cash outlay for the truck is **\$17,100**, and that for the Pulley system is **\$22,430**. The firm's cost of capital is **14 percent**. After-tax cash flows, including depreciation, are as follows:

Year	Truck	Pulley
1 to 5	\$5,100	\$7,500

**Required:** Calculate the IRR, the NPV, and the MIRR for each project, and indicate the correct accept/reject decision for each.

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
MANAGERIAL ACCOUNTING; BA (M)-602  
MBA – IV

Date: January 08, 2014

Max Time: 3 Hrs  
Max Marks: 60

**INSTRUCTIONS:**

1. **ATTEMPT ALL QUESTIONS. Do not write anything on the question paper.**
2. **Use of mobile phones or any other communicating device is not allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

**Q # 1:** Xavier Company produces a single product. Variable manufacturing is applied to products on the basis of direct labor-hours. The standard costs for one unit of product are as follows:

Direct material: <b>6 ounces</b> at <b>\$ 0.50</b> per ounce.....	\$ 3
Direct labor: <b>1.8 hours</b> at <b>\$ 10</b> per hour.....	18
Variable manufacturing overhead: <b>1.8 hours</b> at <b>\$ 5</b> per hour.....	9
Total standard variable cost per unit.....	<u>\$ 30</u>

During June, 2000 units were produced. The costs associated with June's operations were as follows:

Material purchased: <b>18,000 ounces</b> at <b>\$ 0.60</b> per ounce.....	\$ 10,800
Material used in production: <b>14,000 ounces</b> .....	---
Direct labor: <b>4,000 hours</b> at <b>\$ 9.75</b> per hour.....	39,000
Variable manufacturing overhead costs incurred.....	20,800

**Required:** Compute the materials, labor, and variable manufacturing overhead variances.

**Q #2:** Answer the following questions (give examples where applicable):

1. An examination of the cost records of the ABC furniture Company reveals that the material price variance is favorable but that the material quantity variance is unfavorable by a substantial amount. What might this indicate?
2. Explain how fixed manufacturing overhead costs are shifted from one period to another under absorption costing?
3. Define the terms (a) Cost Behavior and (b) Relevant Range
4. Company A's cost structure includes costs that are mostly variable; whereas Company B's cost structure will tend to realize the most rapid increase in profits? Explain.
5. Define the terms: incremental cost, opportunity cost, and sunk cost.
6. What is meant by operating leverage?

**Q #3:** Amcor, Inc. produces and sells a single product. The following costs relate to its production and sale:

	Variable cost per unit	Fixed cost per year
Direct Material	\$20	----
Direct Labour	10	-----
Manufacturing overhead	4	\$180,000
Selling and Administrative	8	600,000

During the last year, **30000 units** were produced and 25000 units were sold. The finished goods inventory account at the end of the year shows a balance of **\$ 170,000** for the **5000** unsold units.

**Required:**

1. Is the company using absorption costing or variable costing to cost units in the Finished Goods inventory account? Show computations to support your answer.
2. Assume that the company wishes to prepare financial statements for the year to issue to its stockholders.

- Is the **\$ 170,000** figure for Finished Goods inventory the correct figure to use on these statements for external reporting purposes? Explain
- At what dollar amount should the 5000 units be carried in inventory for external reporting purposes?

**Q #4:** The following selected data were taken from the accounting records of Manitoba Manufacturing Company. The company uses direct-labour hours as its cost driver for the overhead cost:

Month	January	February	March	April	May	June
Direct Labor	26,000	25,000	28,000	23,000	30,000	34,000
Manufacturing Overhead	749,250	720,000	772,500	681,000	775,500	879,000

June's costs consisted of machine supplies (**\$ 153,000**), depreciation (**\$ 22,500**) and plant maintenance (**\$ 703,500**). These cost exhibit the following respective behaviour; variable, fixed and semi variable.

**Required:**

- Determine the machine supplies cost and depreciation for April.
- Using the high-low method, analyze Manitoba Manufacturing Company's plant maintenance cost and calculate the monthly fixed portion and the variable cost per direct labour-hour.
- Assume that present cost behaviour patterns continue into the latter half of the year. Estimate the total amount and manufacturing overhead the company can expect in October if 29500 direct labour hours are worked.

**Q #5:** Transvaal Mining Tools Ltd of South Africa makes specially tools used in the mining industry. The company uses an activity-based costing system for internal decision-making purposes. The company has four activity cost pools as listed below:

Activity Cost	Pool Activity Measure	Activity Rate
Order Size	Number of direct labor-hours	<b>R 17.60</b> per direct labor-hour*
Customer orders	Numbers of customer orders	<b>R 360</b> per customer order
Product testing	Number of testing hours	<b>R 79</b> per testing hour
Selling	Number of Sales calls	<b>R 1,494</b> per sales call

The managing director of the company would like information concerning the cost of a recently completed order for hard-rock drills. The order required **150** direct labor-hours, **18 hours** of product testing, and three sales calls.

**Required:**

- Prepare a report showing the overhead cost of the order for hard-rock drills according to the activity-based costing system.
- What is the total overhead cost assigned to the order?

**Q #6:** Miyamoto Jewellers is considering a special order for 10 handcrafted gold bracelets to be given as gifts to members of a wedding party. The normal selling price of a gold bracelet is **\$ 780** and its unit product cost is **\$ 528** as shown below:

Materials	\$ 286
Direct labor	172
Manufacturing overhead	<u>70</u>
Units product cost	<u>\$ 528</u>

Most of the manufacturing overhead is fixed and unaffected by variations in how much jewellery is produced in any given period. However, **\$ 14** of the overhead is variable with respect to the number of bracelets produced. The customer who is interested in the special bracelet order would like special filigree applied to the bracelets. This filigree would require additional materials costing **\$ 12** per bracelet and would also require acquisition of a special tool costing **\$ 930** that would have no other use once the special order is completed. This order would have no effect on the company's regular sales and the order could be fulfilled using the company's existing capacity without affecting any other order.

**Required:**

What effect would accepting this order have on the company's net operating income if a special price of **\$ 700** is offered per bracelet for this order? Should the special order be accepted at this price?

**END OF EXAM PAPER**



KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
AUDITING; BA (M)-612  
MBA – IV

**Date: January 10, 2014**

**Max Time: 3 hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 06 questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device is not allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

**Q#1** Define auditing and explain the objectives of auditing?

**Q#2** What is the need of audit committee and discuss its functions?

**Q#3** What important documents are used before commencement of an audit, explain each briefly?

**Q#4** You are the auditor of "Dollar Stationery", and you have been asked to suggest how audit work should be carried out on inventory system?

**Q#5** (a): What are the primary objectives of an internal control structure?  
(b): What benefits should good internal control within the accounting system provide for management?

**Q#6** What matters should be contained in the permanent audit file relative to a particular client. Assume necessary detail.

**Q#7** Write Short note on **Any Four**:

- a) Disclaimer of Opinion
- b) Audit Risk
- c) Subsequent Events
- d) Reasonable Assurance
- e) Test of Control
- f) Audit Evidence

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
PROJECT APPRAISAL; BA (M)-683  
MBA – IV

Date: January 15, 2014

Max Time: 3 Hrs

Max Marks: 60

**INSTRUCTIONS:**

1. Attempt ALL questions. Do not write anything on the question paper.
2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

**Q.1(a):** How would you explain a project (Capital Budgeting)?

**(b):** What are the importance and difficulties of Capital Budgeting decisions?

**Q.2(a):** When appraising a project what key questions are raised prior to Market Analysis.

**(b):** How would you find out the effective demand of a smart phone? Describe all the sources of information you would tap in order to accomplish this task?

**Q.3(a):** What aspects are considered in technical analysis of a Project?

**(b):** List the key issues to be covered in a technical collaboration arrangement.

**Q.4(a):** What are the components of the cost of the project and its various means of financing?

**(b):** What are the key considerations relevant to project financing?

**Q.5:** MN Company purchased and installed a Machine for **\$64,000** which produces Jell Pens. The estimated useful life of Machine was 5 year and residual value **\$4000**. The expected sale in year-1 is **8,000** pens and it will increase by 5% each year. The selling price of each Pen **\$20**, Material and Conversion cost are **\$3** and **\$2** respectively. The incremental fixed cost for this machine **\$400** per year excluding depreciation. The applicable Corporate Tax rate is 30%.

**Required:** Calculate the Net Present Value of the Above Project where WACC is at 12%.

**Q.6:** Uni Company is considering two mutually exclusive projects A and B. The expected cash Flow of these projects are as under:

Year	0	1	2	3	4	5
<b>Project – A</b>	(10,000)	(2,000)	6,000	5,000	4,000	3,000
<b>Project – B</b>	(12,000)	4,000	4,000	3,000	5,000	2,000

**Required:** (a) Compute IRR.

(b) Compute MIRR where Cost of Capital at 12% and Reinvestment rate is 14%.

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
ADVERTISING & PROMOTION; BA (M)-652  
MBA – IV

**Date: January 15, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any 05 questions, all carry equal marks. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device is not allowed in the examination room. Students are required to remove the batteries of these devices before entering the examination hall.**

- Q1. Briefly explain the framework for advertising planning & decision making?
- Q2. Persuasion is a task for advertising. How could you decide whether or not an ad is persuasive? What different meanings can you attach to the word in an advertising context?
- Q3. What do you mean about creativity and briefly explain the role of creativity in advertising with suitable examples?
- Q4. Define advertising agency and briefly explain types of advertising agencies?
- Q5. You have a product that, ideally, needs to be demonstrated to consumers. What media would you consider using, & what factors might influence your decision?
- Q6. Direct marketing is particularly concerned with making sales. Can it contribute (or damage) to brand values & reputation? How could it do this?

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
BANKING OPERATIONS & MANAGEMENT; BA (M)-682  
MBA – IV

**Date: January 17, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt ANY 6 questions. Read the questions well before answering. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device is not allowed in the examination room. Students are required to remove the batteries of these devices before entering the examination hall.**

- Q1 a) What are the *primary functions* of a commercial bank?  
b) Briefly discuss the role of a commercial bank in a developing country.
- Q2 a) What are the *functions & role* of a Central Bank as a regulatory authority?  
a) Briefly discuss State Banks '*Prudential regulations*' for commercial banks
- Q3 a) Who is a *Customer*? Define and elaborate.  
b) Discuss the *purpose and importance* of Know Your Customer (KYC) for a Commercial bank.
- Q4 '*Banks, the custodians of public money lend it for generating profits*'. Highlight and discuss the *prudent rules of commercial lending* the banks exercise/follow.
- Q5 a) What is *Inter Bank Clearing*? Define 'N.I.F.T' & its function.  
b) Discuss the responsibilities of a *collecting banker* 'while collecting Customers Cheques/instruments
- Q6 a) What is the *fundamental* relationship between a 'Banker and Customer'?  
b) Highlight and elaborate the *other relationships*, and Bankers obligations.
- Q7 What is *Money laundering*? Identify the *steps* in this process.
- Q8 What is an *Irrevocable* Letter of Credit? Highlight the various *types of L.C.'s* banks issue for facilitating International trade.
- Q9 Write a short note on **any three** of the following:  
a. Corporate Governance in banks.  
b. On-Line Banking.  
c. Endorsements.  
d. Intangible Securities

**END OF EXAM PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2013; AFFILIATED COLLEGES  
GLOBAL MARKETING; BA (M)-642  
MBA – IV

**Date: January 17, 2014**

**Max Time: 3 Hrs**

**Max Marks: 60**

**INSTRUCTIONS:**

- 1. Attempt any Five (05) questions from the following. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device is not allowed in the examination room. Students are required to remove the batteries of these devices before entering the examination hall.**

- Q1.a) Discuss specific effects of world trade on domestic economic policy making.  
b) How appropriate is it for government to publicize business for their companies abroad?
- Q2. From the international marketer's point of view, what are the opportunities and problems caused by increased urbanization in developing countries?
- Q3.a) Discuss the possible shortcomings of secondary data.  
b) Why would a firm collect primary data in its international marketing research?
- Q4.a) What is a franchise business? Explain.  
b) Suggest reasons for the explosive international expansion of franchise systems.
- Q5.a) Distinguish between standardized and adapted products in the international market.  
b) What are the major problems facing companies, specially smaller ones, in resolving product adaptation issues?
- Q6.a) Discuss different export pricing strategy.  
b) What are the implications of escalation?

**OR**

Discuss problems associated with measuring advertising effectiveness in foreign markets.

**END OF EXAM PAPER**

Dec  
2013

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