

# University of Karachi

## Karachi University Business School

### Affiliated Colleges

#### Final Examination Papers December 2011

# MBA I TO IV

All rights ® reserved by Karachi University Business School, University of Karachi  
Copyright © of 2011 – 2012

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
**Affiliated Colleges**  
**Final Examination Paper**  
**December 2011**  
**MBA I to IV**  
**Table of Contents**

Year I Semester I				
Sr. No.	Course Code	Course Title	Date of Exam	Page No
1	BA (M)-511	Business Economics	31-12-11	1
2	BA (M)-561	Organizational Behavior	02-01-12	2
3	BA (M)-531	Business Mathematics	04-01-12	3
4	BA (M)-501	Business Communication-I	06-01-12	5
5	BA (M)-541	Introduction to Business & Management	08-01-12	6
6	BA (M)-521	Fundamental of Accountings	10-01-12	7
Year I Semester II				
Sr. No.	Course Code	Course Title	Date of Exam	Page No
1	BA (M)-502	Business Communication-II	01-01-12	9
2	BA (M)-532	Business Statistics	03-01-12	10
3	BA (M)-542	Introduction to Marketing	05-01-12	12
4	BA (M)-522	Financial Accounting	07-01-12	13
5	BA (M)-512	Computer Application to Business	13-01-12	15
Year II Semester I				
Sr. No.	Course Code	Course Title	Date of Exam	Page No
1	BA (M)-611	Cost Accounting	31-12-11	16
2	BA (M)-641	Economic & Industrial Development	02-01-12	18
3	BA (M)-631	Production Management	04-01-12	19
4	BA (M)-621	Introduction to Business Finance	06-01-12	20
5	BA (M)-601	Advance Business Statistics	08-01-12	22
6	BA (M)-651	Introduction to Research Methods	10-01-12	24
Year II Semester II				
Sr. No.	Course Code	Course Title	Date of Exam	Page No
1	BA (M)-632	Management Information System	01-01-12	25
2	BA (M)-622	Financial Management	03-01-12	26
3	BA (M)-602	Managerial Accounting	05-01-12	28
4	BA (M)-612	Auditing	07-01-12	30
5	BA (M)-683	Project Appraisal	11-01-12	31
6	BA (M)-652	Advertising & Promotion	11-01-12	32
7	BA (M)-682	Banking Operations & Management	13-01-12	33
8	BA (M)-642	Global Marketing	13-01-12	34

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
BUSINESS ECONOMICS: BA (M) – 511  
MBA – I

Date: December 31, 2011

Max. Time: 3 Hrs

Max. Marks: 60

**Instructions:**

1. Attempt ALL questions.
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.
3. Draw diagrams wherever necessary.

Q1. Explain with the help of diagrams the increasing, decreasing and constant returns to scale. (15)

Q2. Show and discuss the short-run equilibrium conditions of the Monopoly market? (15)

Q3. Distinguish between the following concepts: (20)

- a) Consumer surplus and producer surplus
- b) Isoquant curve and indifference curve
- c) Arc elasticity and point elasticity of demand

**OR**

Q4. Show the income and substitution effect of a price change, when  $P_x$  and money income of the consumer are kept constant while  $P_y$  increases and Y is an inferior commodity. (20)

Q5. Explain the three stages of production with the help of diagram. (10)

---

*First think and then ink.*

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
ORGANIZATIONAL BEHAVIOUR; BA (M) – 561  
MBA – I

Date: January 2, 2012

Max Time: 3 hrs  
Max Marks: 60

**Instruction:**

1. Attempt any **Five** questions only. All questions carry equal marks.
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.

**Question no. 1.**

- (A). Organizational Behaviour is a 'Managerial Tool' for effective performance”  
Prove the statement. **(06 Marks)**
- (B). Identify the role of manager from the context of managerial functions. **(06 Marks)**

**Question no. 2.**

- (A). Define attitude and discuss its formation process. **(05 Marks)**
- (B). What are the factors that influence job satisfaction? **(07 Marks)**

**Question no. 3.**

- (A). Explain kinds of communication. **(05 Marks)**
- (B). Discuss the importance of communication in organization. **(07 Marks)**

**Question no. 4.**

- (A). What is stress? What are the causes of stress? **(05 Marks)**
- (B). Differentiate between distress and eustress. (With an example). **(07 Marks)**

**Question no. 5.**

- (A). Define leadership and differentiate it from manager. **(05 Marks)**
- (B). Explain traditional theories of leadership. **(07 Marks)**

**Question no. 6.** Write short notes on any **three** of the followings:

- (A). Organizational Culture. **(04 Marks Each)**
- (B). Reinforcements in the context of learning.
- (C). Creativity and Group Decision Making.
- (D). Strategies for conflict resolution.

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION; DECEMBER 2011; AFFILIATED COLLEGES  
BUSINESS MATHEMATICS: BA (M) – 531  
MBA – I

**Date: January 4, 2012**

**Max Time: 3 Hrs**

**Instruction:**

**Max Marks: 60**

1. Attempt any FIVE (5) Questions. Do not write anything on 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). Solve the following equations for x: (8)

(i)  $\frac{x}{2} - 3 = \frac{x}{3}$                       (ii)  $(x - 1) - 11\sqrt{x - 1} + 24 = 0$

(iii)  $\log_2 16 = 3x$                       (iv)  $2^{3x-2} - 4^{2x} = 0$

(b) The sum of two consecutive odd numbers is 140. Find the numbers. (4)

Q.2(a) Let L denote the line  $2x + 3y = 10$  (4)

Find the equation of the straight line passes through the point  $(-5, 2)$  and is

- (i) parallel to the line L
- (ii) perpendicular to the line L.

(b) Find the Direction, Vertex and Roots of the quadratic equation  $y = 3 - 5x - 2x^2$  (4)

(c) Find the domain of the function  $f(x) = \sqrt{x^2 - 1}$  (4)

Q.3(a) Find the inverse of the matrix (4)

$$A = \begin{pmatrix} 2 & 5 & 2 \\ 2 & 5 & 3 \\ 1 & 2 & 1 \end{pmatrix}$$

(b) If  $A = \begin{pmatrix} 1 & -1 & 2 \\ 2 & 1 & 0 \end{pmatrix}$  and  $B = \begin{pmatrix} 1 & 2 \\ 2 & 0 \\ -1 & 1 \end{pmatrix}$  (4)

then show that  $(A \times B)^t = B^t \times A^t$

(c) Find the value of x such that the matrix A is a singular matrix. (4)

$$A = \begin{pmatrix} 5 & 0 & 9 \\ 8 & x & -8 \\ 2 & 2 & 4 \end{pmatrix}$$

continue page – 2



KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2011; AFFILIATED COLLEGES  
BUSINESS COMMUNICATION – I BA (M) – 501  
MBA – I

**Date: January 6, 2012**

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

**Instructions:**

1. Attempt any ALL questions. Copy the question number neatly and correctly. 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 are the seven Cs of communication? Discuss briefly. 09**
- Q2- Discuss the systematic writing process that is followed in the writing of an effective business message. 09**
- Q3- Name different kinds of informal reports and describe any three. 09**
- Q4- What is the significance of effective communication in business world? 08**
- Q5- Take a subject of your choice and write a short memorandum report. 09**
- Q6- To make the presentation effective, in what way a presenter should use the visual aids.08**
- Q7- Give brief description of the following terms 08**
- a) encode, channel, decode
  - b) verbal and nonverbal messages

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
INTRODUCTION TO BUSINESS MANAGEMENT: BA (M) – 541  
MBA – I

**Date: January 8, 2012**

**Max Time: 3 Hrs**

**Instruction:**

**Max Marks: 60**

- 1. Attempt any SIX (6) Questions. All questions 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) Explain “Management by objectives”. (05)  
(b) Objective can be qualitative or quantitative. Give two examples of each. (05)
- Q2 (a) Differentiate between theories X and theory Y of motivation and comment, which one is more effective .Also define theory Z. (05)  
(b) Explain the control process in detail. (05)
- Q3 (a) Describe Maslow needs theory. (05)  
(b) Write a note on profit-making and non profit making organization. (05)
- Q4 (a) What are different Strategies can be formulated at various organizational levels. What purpose do they serve? (05)  
(b) What steps does a Human Resources department take to attract or effective workforce? Discuss the impact of these steps. (05)
- Q5 (a) Differentiate between programmed and non programmed decisions. Under what conditions are various managerial decisions are required to be made. (05)  
(b) What is organizational structure? What is the difference between responsibilities and authority? (05)
- Q6 Write short notes on two of the following (10)  
1.Strategic Planning  
2. Steps in decision making process  
3. Leaderships Styles
- Q7 Explain the Managerial Decision Making Process in detail. (10)

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2011; AFFILIATED COLLEGES  
FUNDAMENTALS OF ACCOUNTING: BA (M) – 521  
MBA – I

Date: January 10, 2012

Max Marks: 60  
Max Time: 3 hrs

**Instruction:**

1. **Attempt ALL questions. Show 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.** Island Hopper's Airline trial balance given below as on 30 June. 2006.

Cash	\$ 23600
Account Receivable	7,200
Prepaid Rent	9,600
Unexpired Insurance	21,000
Aircraft	1200,000
Accumulated Depreciation: Aircraft	380,000
Notes Payable	600,000
Unearned Passenger Revenue	60,000
Mary Earhart, Capital	230,850
Mary Eathart, Drawing	7,000
Freight Revenue	130,950
Fuel Expenses	53,800
Salaries Expenses	66,700
Maintenance Expense	12,900

**Additional Data:**

- a) The aircraft is being depreciated by \$ 120,000 per year.
- b) The amount showed as Unearned Passenger Revenue represents tickets sold to customer in advance of flights. During June, \$ 38,650 of this amount was earned by the airline.
- c) Salaries Earned by employees but not yet paid amount to \$3,300 at June 30.
- d) Accrued interest on notes payable amounts to \$5,000 at June 30 and has not yet been recorded.
- e) Interest is paid monthly, within 10 days of the end of the month. The \$600,000 note payable matures on December 31, 2008.
- f) One of Island Hopper's regular customer is Pacific Trading Company. The airline keeps track of the weight of shipments carried for the trading company during the month and sends a bill shortly after month-end. No entry has yet been made to record \$4,600 earned in June Carrying freight for Pacific Trading Company.
- g) Three months' rent (\$14,400) had been repaid on May 1.
- h) On April 1, a 12-month insurance policy had been purchased for \$ 25,200

**Required:**

Prepare a Ten column work-sheet .

**Q.2.** Following is the data for MN Company for Bank Reconciliation statement.

1. The bank statement for August 2010 shows an ending balance of \$3,490.
2. The company's Cash account at the end of August shows a balance of \$967.
3. On August 31 the bank statement shows charges of \$35 for the service charge for maintaining the checking account.
4. On August 28 the bank statement shows a return item of \$100 plus a related bank fee of \$10. The return item is a customer's check that was returned because of insufficient funds. The check was also marked "do not redeposit".
5. The bank statement shows a charge of \$80 for cheque printing on August 20.
6. The bank statement shows that \$8 was added to the account on August 31 for interest earned by the company during the month of August.
7. The bank statement shows that a note receivable of \$1,000 was collected by the bank on August 29 and was deposited into the company's account. On the same day, the bank withdrew \$40 from the company's account as a fee for collecting the note receivable.

**01/02**

8. During the month of August the company wrote cheques totalling more than \$50,000. As of August 31 \$3,021 of the cheques written in August had not yet cleared the bank and \$200 of cheques written in June had not yet cleared the bank.
9. The \$1,450 of cash received by the company on August 31 was recorded on the company's books as of August 31. However, the \$1,450 of cash receipts was deposited at the bank on the morning of September 1.
10. On August 29 the company's Cash account shows cash sales of \$145. The bank statement shows the amount deposited was actually \$154. The company reviewed the transactions and found that \$154 was the correct amount.

**Required:**

- a) Prepare Bank Reconciliation Statement for the month of August.
- b) Give entry in the Company's book for the month of August.

**Q.3.** a) Prior to the year-end adjustments Accounts Receivable account of M Corporation had a balance of \$140,000 and the Allowance for Doubtful Accounts showed a credit balance of \$2,000. Net credit sales for the year amounted to \$900,000.

**Required:** Compute the amounts of:

- i) Bad debts expense for the year if 10% of the year-end accounts receivable is estimated to be uncollectible.
  - ii) Allowance for doubtful accounts at year-end if 1% of net credit sales is estimated to be uncollectible.
- b) On October 31, 2010 prior to adjustment Accounts Receivable account of Shamim Enterprises had a balance of \$180,000 and the Allowance for Doubtful Accounts showed a credit balance of R.1,000. During November worthless accounts written off amounted to \$17,000 and the previously written off accounts recovered in the amount of \$7,000. On November 30 Accounts Receivable Control account showed a balance of \$170,000 and a customer's account in the subsidiary ledger revealed accredit balance of \$4,000. The Co. has a policy of estimating allowance for doubtful debts equal to 5% of the month-end balance of accounts receivable.

**Required:** Prepare

- a) Adjusting and closing entries on October 31.
- b) General journal entries for November transaction
- c) Adjusting entries and balance sheet on November 30.

**Q.4.** The following data relate to the business of Amir & Co.

<u>Date</u>		<u>Units</u>	<u>Units Cost / Price</u>
Nov. 1	Beginning Inventory	26000	\$ 100
Nov. 5	Purchased	13000	\$ 150
Nov. 15	Sold	24000	\$ 250
Nov. 25	Purchased	27000	\$ 180
Nov. 30	Sold	36000	\$ 300

**Required:**

**A. Assume that company uses Perpetual Inventory System and FIFO Method.**

- a) Compute Cost of Merchandise Inventory Ending.
- b) Compute Cost of Goods Sold

**B. Assume that company uses Periodic Inventory System and follow LIFO Method.**

- a) Compute Cost of Merchandise Inventory Ending.
- b) Compute Cost of Goods Sold

**Q.5.** The Apple Company entered into the following transactions in July 2011. Determine net income on the accrual and cash bases for the month of July 2011.

1. Commissions earned and received in July	\$21,300
2. Commissions earned in July but not yet received	6,375
3. Commissions received in advance on sale to close in August	1,500
4. Cash collected on commissions from May realty sales	3,000
5. Payment on June's utility and telephone bills	1,275
6. Payment of rent for six months, July through December	10,800
7. July's salaries paid in August	7,200
8. Received bill from plumber for services performed in July, to be paid in August	150

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
BUSINESS COMMUNICATION – II BA (M) – 502  
MBA – II

Date: January 1, 2012

Max Time: 2 Hrs  
Max. Marks: 30

**INSTRUCTIONS:**

- Attempt all question. Do not write anything on question paper.
- Each & every line of your answer should be relevant with the cannon of course work which you have studied.

**Q.1 Write short answers of the following questions (Any FIVE). Marks–10**

1. Modern Technology has changed the way of Modern Business and is a quick way of progress & service. Prove the statement with solid arguments.
2. Effective Business Speaking Skill is an essential element of success & promotion. Explain how can we develop the “Effective Speaking Skills”?
3. Highlight the major points which we have to keep in mind for effective Report Writing?
4. Define Communication and types of Communication.
5. List five common errors of Communication.
6. Crystallize the significance of Cover Letter.

**Q.2 Write a Business (Sales) letter, using the following information. Suppose you are a Marketing manager and writing to your regular customers for updating them about your new product. Letter will introduce product for sale. Marks–10**

Use the following key terms,

Are you having trouble ...

This is why it is important to have ...

At X, we have the skills and experience to ...

May we stop by and offer you a FREE estimate of how much it would cost to ...

If so, give us a call at X and set up an appointment with one of your friendly operators.

**Company:** *Document Makers*  
*2398 Red Street*  
*Salem, MA 34588*

**Product:** *Document Makers*

**Cost of Product:** \$ 12.27

**Q.3 Write an application letter for yourself in response to one of the following classified ads. Choose the ad which is suitable for your (Qualification, Experience and Nature). You will also write a Covering Letter and detailed Resume for the selected job. Marks–10**

**1. Manager Business Development:**

**Company Name:** Corporate Research and Investigations (Pvt.) Limited  
**Skills Required:** Closing Skills, Motivation for Sales, Prospecting Skills  
Sales Planning, Selling to Customer Needs, Territory Management  
Market Knowledge, Presentation Skills, Energy Level  
Meeting Sales Goals, Professionalism.

**Education:** Master's degree

**Experience:** 3 – 5 years

**Salary Range:** 70,000 – 84,000

We are looking for Manager Business Development to handle diverse responsibilities.

The ideal candidate must be mature, Outgoing, Self-Starter, and well educated.

Candidate having previous sound business experience will be preferred.

**2. Sales Executive, Full Time:**

**Company Name:** **Riazu Pakistan**

**Education:** Intermediate

**Experience:** 1 – 2 years

**Salary Range:** 25,000 – 36,000

**Job Description:** The candidate would be responsible for managing the sales & distribution of our Consumer Products range in the North region. The candidate would be responsible for achieving targets, managing distribution, availability and visibility in the Region. Should be hardworking, dedicated and self motivated. Should have direct experience of managing the North region including outstations, and also Top Key Accounts, Modern Trade, Impulse outlets in Islamabad

END OF PAPER

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2011: AFFILIATED COLLEGES  
BUSINESS STATISTICS: BA (M) – 532  
MBA – II

Date: January 3, 2012

Max. Marks: 60  
Max Time: 3 Hrs

**Instructions:**

- **Attempt five questions all together.**
- **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) Describe the methods of collecting Primary data. (4)  
b) Explain the steps of constructing frequency distribution. (4)  
c) Compare the properties of good average and properties of Arithmetic Mean (4)

- Q2) a) The following data represent the rating of a new TV channel by of 30 persons rating scale from 1 to 5. (6)

2.1	3.5	2.5	4.0	4.2	2.0	3.8	4.5	4.3	4.8
4.1	3.0	3.6	4.0	2.5	4.3	3.1	3.3	3.3	2.8
4.6	4.3	4.7	3.7	4.4	3.7	4.2	4.7	4.4	4.9

Taking Length of class =0.5

- b) Construct cumulative and relative frequency distributions. (3)  
c) Calculate arithmetic mean from ungrouped and grouped data. (3)
- Q3) a) Differentiate between absolute and relative dispersion (6)  
b) The data shows the daily sale of a super market. Data was collected for a month.

Sale (000')	100---120	120---140	140----160	160----180	180----200	200—220
Days	5	4	5	4	8	4

- i) Calculate Mean deviation about mean. (3)  
ii) Calculate Coefficient of variation (3)
- Q4) a) Define Classical and Relative frequency approach of Probability. (3)  
b) In a super market there are 30 customers of which 15 bought soft drinks and 10 bought chip and 8 people did not buy anything. A customer is picked at random from this group (by using Venn diagram or otherwise) calculate is the probability that (9)
- i. The customer bought both soft drink and chips
  - ii. The customer bought chips only.
  - iii. The customer bought at-least one of the two items.
  - iv. What is the probability that a customer have bought chips given that the costumer having soft drink.
  - v. If two customers are picked at random what is the probability the both have bought soft drink only.

- Q5) a) Describe the properties of coefficient of correlation. (2)  
 b) The following data shows the rating of leadership qualities and communication skills of 9 students.

Leadership qualities (X)	5.0	4.2	4.5	3.2	1.2	2.5	1.0	1.6	4.8
Communication skills (Y)	4.5	3.8	3.5	2.7	2.0	2.6	1.7	3.5	4.2

- a) Plot scatter diagram on your answer sheet (2)  
 b) Calculate coefficient of correlation (4)  
 c) If  $U=(x-4)/2$  ,  $V=(y-3)/2.5$ , Find correlation between U and V (without calculation). (1)  
 d) Calculate two regression coefficients b and d and prove that  $r = (bd)^{1/2}$  (3)
- Q6) a) For the following probability distribution (4)

X	1	2	3	4	5	6
P(X)	0.3	0.2	0.1	c	0.2	0.1

- i) Find c  
 ii) Find  $E(X)$ ,  $V(X)$
- b) The probability that a packet of biscuit containing broken biscuits is 0.2 . A sample of 7 packets was checked. (By using binomial distribution) calculate the probability the
- i) Exactly four packets contain broken biscuits.  
 ii) Less than mean number packets contain broken biscuits.  
 iii) At-least 5 packets will contain broken biscuits.

02/02

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
INTRODUCTION TO MARKETING BA (M) – 542  
MBA – II

**Date: January 5, 2012**

**Max Time: 3 Hrs**

**Max Marks: 60**

**Instructions:**

1. Attempt 5 questions in all, where **Q-1 is compulsory**. Do not write anything on 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 do you understand by the terms: marketing, marketing management, needs, wants and demands? What are the different challenges you think you will face as a marketer when you enter into practical field? Discuss 07
- (b) How are selling concept, product concept and production concept different from marketing concept? Which concept is more practical in the present times? Why? Briefly Explain 05
- Q-2(a) Discuss the marketing's role in a company's strategic planning 06
- (b) All companies need growth in order to compete more effectively with competitors, satisfy their stakeholder's needs and attract top talent. Discuss the various growth strategies which a company can use for its growth 06
- Q-3(a) As a marketing student what do you understand by the term "marketing mix"? What do you think how would a customer view and define the elements of a marketing mix? 06
- (b) List and briefly explain the marketing management functions. 06
- Q-4(a) Comment on the statement "Every marketer needs research". 05
- (b) Describe the process of marketing research 07
- Q-5(a) List and describe briefly the elements of promotional mix. 06
- (b) Marketing management must make four important decisions when developing an advertising program. What are those decisions? explain 06
- Q-6 Write notes on the following : (any four) 12
1. Segmentation
  2. International Marketing
  3. Portfolio Analysis
  4. Price Elasticity of Demand
  5. SWOT Analysis

**Good Luck**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
FINANCIAL ACCOUNTING; BA (M) – 522  
MBA – II

**Date: January 07, 2012**

**Max Time: 3 Hrs**

**Max Marks: 60**

**Instructions:**

**ATTEMPT ALL QUESTIONS. Do not write anything on the question paper.**

**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** At December 31 last year, the balance sheet prepared by Luis Montoyo included \$ 504,000 in account receivable and an allowance for doubtful accounts of \$ 26,400. During January of the current year selected transactions are summarized as follows:

1. Sales on account \$ 360,640
2. Cash collections from customers (no cash discount) 364,800
3. Account receivable from Acme Company written off as worthless 9,280

After a careful aging and analysis of all customer's accounts at January 31, it was decided that the allowance for doubtful account should be adjusted to a balance of \$ 29,280 in order to reflect accounts receivable at net realizable value in the January 31 balance sheet.

**Required:**

1. Prepare entries in general journal form summarizing for the entire month of January the activity described in the three numbered items. Also show the adjusting entry at January 31 to provide for uncollectible accounts.
2. Show the amounts of accounts receivable and the allowance for doubtful accounts as they would appear in a partial balance sheet at January 31.
3. Assume that three months after the receivable from Acme Company had been written off as worthless, Acme Company paid the \$ 9,280 debt to Luis Montoyo. Give journal entry or entries for this recovery of a receivable previously written off.

**Q.2** Pat Breeden has been working in child care and established a corporation named Wee Care Inc., which is authorized to issue 100,000 shares of \$ 100 par value, \$ 8 cumulative preferred stock and 200,000 shares of \$ 2 par value common stock. The following transactions (among others) occurred during the first year of operations:

**Jan 5:** Issued for Cash 20,000 shares of common stock at \$ 14 per share. The shares were issued to Breeden and 10 other investors.

**Jan 8:** Issued 4,500 shares of preferred stock for cash of \$ 450,000.

**Feb 10:** Issued an additional 500 shares of common stock to Breeden in exchange for her services in organizing the corporation. The stock holders agreed that these services were worth \$ 7,000.

**Nov 15:** The board of director declares the first annual dividend on the preferred stock, to be paid on December 15.

**Nov 27:** Acquired land as a furniture building site in exchange for 15,000 shares of common stock. Wee Care's stock is not widely traded on any organized exchange, but the parcel of land has been appraised at approximately \$ 225,000 by two different independent appraisers.

**Dec 15:** Paid the cash dividend declared on November 15.

**Dec 31:** After the revenue and expenses (except income taxes) were closed into the Income Summary account, that account showed a before-tax profit of \$ 216,000. Income taxes were determined to be \$ 59,440.

**Required:**

1. Prepare journal entries in general journal form to record the above transactions. Include entries at December 31 to (1) record the income tax liability, (2) close the Income Taxes Expenses account into the Income Summary account, and (3) close the Income Summary account.
2. Prepare the stockholder's equity section of the Wee Care, Inc., balance sheet at December 31.

**Q.3** A tractor which cost \$ 30,000 had an estimated useful life of 5 years and an estimated salvage value of \$ 10,000. Straight-line depreciation was used.

**Required:**

Give the entry (in general journal form) required by each of the following alternative assumptions:

1. The tractor was sold for cash of \$ 19,500
2. The tractor was traded in after 3 years on another tractor with a fair market value of \$ 37,000. The allowance was \$ 21,000. (record any implied gain or loss).
3. The tractor was scrapped after 7 year's use. Since scrap dealers were unwilling to pay anything for the tractor, it was given to a scrape dealer for his services in removing it.

**Q.4** On August 1, 2011, Cellular Industries issued \$ 10 million face value, 9% 20-year bonds payable to an underwriter for total cash proceeds of \$ 10,064,000. The bonds were dated April 1, 2011 and pay interest semi-annually October 1 and April 1.

**Required:**

- a) State the issue price of these bonds as a percentage of the face amount.
- b) Compute the amount of cash paid to bondholders at each semi-annual interest date.
- c) Compute the company's semi-annual bond interest (for all six-month period), assuming that any discount or premium is amortized by the straight line method.

**Q.5** The current sections of Kitselton Inc.'s balance sheets at December 31, 2009 and 2010, are presented here. Kitselton's net income for 2010 was \$ 135,000. Depreciation expense was \$ 34,000.

	<u>2010</u>	<u>2009</u>
<u>Current Assets</u>		
Cash	\$ 105,000	\$ 99,000
Accounts Receivable	100,000	89,000
Inventory	168,000	172,000
Prepaid Expenses	27,000	22,000
Total current assets	<b>\$ 400,000</b>	<b>\$ 382,000</b>
<u>Current liabilities</u>		
Accrued expenses payable	\$ 15,000	\$ 5,000
Accounts payable	85,000	92,000
Total current liabilities	<b>\$ 100,000</b>	<b>\$ 97,000</b>

**Required:**

Prepare the net cash provided by operating activities section of the company's statement of cash flow for the year ended December 31, 2010, using the indirect method.

**Q.6** Armada Company has these comparative balance sheet data at 31, Dec.

	<b>2010</b>	<b>2009</b>
Cash	\$ 25,000	\$ 30,000
Receivable (net)	65,000	60,000
Inventories	60,000	50,000
Plant Assets (net)	200,000	180,000
Accounts Payable	\$ 50,000	\$ 60,000
Mortgage payable (15%)	100,000	100,000
Common Stock, \$ 10par	140,000	120,000
Retained Earnings	60,000	40,000

**Additional information for 2010:**

**(1)** Net income was \$ 25,000. **(2)** Sales on account were \$ 375,000. Sales returns and allowance amounted to \$ 25,000. **(3)** Cost of goods sold was \$ 198,000. **(4)** Net cash provided by operating activities was \$ 48,000, **(5)** Capital expenditure were \$ 25,000, and cash dividend were \$ 18,000.

**Required:** Compute the following ratios at December 31, 2010.

- (1)** Working Capital **(2)** Quick ratio **(3)** Current ratio **(4)** Receivable turnover **(5)** Inventory Turnover **(6)** Debt to Equity Ratio **(7)** Book value per share **(8)** Gross Profit rate **(9)** Assets Turn over **(10)** Rate of Debt on Assets

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2011: AFFILIATED COLLEGES  
COMPUTER APPLICATION TO BUSINESS: BA (M) – 512  
MBA – II

Date: January 13, 2012

Max. Marks: 60  
Max Time: 3 Hrs

**Instructions:**

- 1. Attempt FOUR 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 Explain the major e-Commerce application models with business references

Q-2 Explain and illustrate, how Electronic data interchange (EDI) can restructure business relationships among Organizations. Give its competitive advantages

Q-3

- (a) Describe, how MS-Excel software are used in financial modeling, Illustrate at-least five potential functions with examples
- (b) Briefly enlist key features of MS-Power Point software and its utilization in business

Q-4 Briefly explain the term Electronic Fund Transfer (EFT) and its deployment in e-banking. Code five banking products that are commonly in-use by consumers.

Q-5 Demonstrate how Internet works, enlist the major features of Internet. How we can block e-mails by an annoying person?

Q-6 Distinguish the key points between the following with suitable examples

- a) Portal Website
- b) e-Commerce and e-Business
- c) Transactional Processing System and Office Information System

**END OF PAPER**

.....

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
COST ACCOUNTING; BA (M) – 611  
MBA – III

**Date: December 31, 2011**

**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** Krieger Company is to submit a bid on the production of 11,250 ceramic plates. It is estimated that the cost of materials will be \$ 13,000, and the cost of direct labor will be \$ 15,000. Factory overhead is applied at \$ 2.70 per direct labor hour in the Molding Department and at 35% of the direct labor cost in the Decorating Department. It is estimated that 1,000 direct labor hours at a cost of \$ 9,000 will be required in Molding. The company wishes a markup of 45% of its total production cost.

**Required:**

1. Estimated cost to production.
2. Estimated prime cost.
3. Estimated conversion cost.
4. Bid Price.

**Q.2** The following job order cost sheets were prepared for three jobs that were in production during January:

	<u>Job 97</u>	<u>Job 98</u>	<u>Job 99</u>
Materials	\$ 60,000	\$ 30,000	\$ 40,000
Labor	120,000	70,000	80,000
Applied factory overhead	60,000	35,000	40,000
Gross profit margin	60,000		

On January 1, Job 97 was 40% complete as to materials, labor and factory overhead and was completed and sold on account during the month. Job 98 was started and completed during January but was not sold, and Job 99 was started but not completed during the month.

**Required:**

Prepare the journal entries for January to record job costs in Work in Process and Finished Goods and to record the sale.

**Q.3** Dentex Plastics Corporation produces non-breakable containers for cosmetics, using three departments: Mixing, Molding, and Finishing. On July 1, the work in process inventory in the Molding Department was 1,000 units, 50% complete as to materials and conversion costs, while the July 31 work in process inventory consisted of 2,800 units, 75% complete as to materials and conversion costs. During July, the Finishing Department received 20,000 units from the Molding Department. In the Molding Department, 800 units (a normal quantity) that came from Mixing Department in July were lost during processing. FIFO costing is used.

Work in process, July 1	\$ 6,000
July Cost	
Cost from Mixing Department	97,632
Materials	16,200
Labor	26,568
Factory overhead	19,872

**Required:**

Using the FIFO costing method, prepare the Cost of Production report for the Molding Department of July. Round unit to the nearest cent.

**Q.4** Normal operating capacity of Warren Inc. is 150,000 machine hours per month, the level used to compute the predetermined factory overhead application rate. At this level of activity, fixed factory overhead is estimated to be \$ 300,000, and variable factory overhead is estimated to be \$ 150,000. During March, actual production required 140,000 machine hours, and actual factory overhead totaled \$ 435,000.

**Required:**

1. Determine the fixed portion of the factory overhead application rate.
2. Determine the variable portion of the factory overhead application rate.
3. Is factory overhead for March over- or under-applied and by how much?
4. How much is the spending variance, and is it favorable or unfavorable?
5. How much is the idle capacity variance, and is it favorable or unfavorable?

**Q.5 (a)** Shilders Ins. has an annual usage of 100 units of item M, with a purchase price of \$ 55 per unit. The following data are applicable to Item M:

Ordering cost \$ 5 per order

Carrying cost percentage 15%

**Required:**

Compute Economic Order Quantity.

**(b)** The Standard cost per unit of material V-31 is \$31.50 per pound. During the month, 4,500 pounds of V-31 were purchased at a total cost of \$ 60,975. In addition 3,900 pounds of V-31 were used during the month; however the standard quantity allowed for actual production is 3,800 pounds.

**Required:**

Compute the material purchase price variance, price usage variance, and quantity variance, indicating whether the variances are favorable or unfavorable.

**(c)** During the month 1,200 units of Topo were produced Actual direct labor required 650 direct labor hours at an actual total cost of \$ 6,435. According to the standard cost card for Topo, one half hour of labor should be required per unit of Topo produced, at a standard cost of \$ 10 per labor hour.

**Required:**

Compute the labor rate and efficiency variance, indicating whether the variances are favorable or un-favorable.

**Q.6** A company's Department 2 costs for June were:

Cost from Department 1	\$ 16,320
Cost added in Department 2:	
Materials	43,415
Labor	56,150
Factory overhead	58,575

The quantity schedule shows 12,000 units were received during the month from Department 1; 7,000 units were transferred to finished goods; and 5,000 units in process at the end of June were 50% complete as to material cost and 25% complete as to conversion cost.

**Required:**

Prepare cost of Production Report.

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2011; AFFILIATED COLLEGES  
ECONOMICAL AND INDUSTRIAL DEVELOPMENT BA (M) – 641  
MBA – III

Date: January 2, 2012

Max Time: 3 Hrs

Max Marks: 60

**Instructions:**

1. Attempt any FIVE questions. All question carry equal marks. Do not write anything on 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:** The benefits of industrialization will “trickle down” to sectors of the economy in the form of development of agriculture and services sectors. Discuss.

**Q2:** State and explain various types of external debt burden and debt service indicators. What is the trend of such indicators in Pakistan?

**Q3:** Discuss the financial sector reform process in Pakistan and highlight the reason as to why the system reached to the point where the reforms become necessary.

**Q4:** Explain the demand pull and cost push theories of inflation. What are the main causes of inflation in Pakistan?

**Q5:** The State Bank of Pakistan is entrusted with a wide range of powers and functions. Discuss.

**Q6:** Like any other developing country, Pakistan’s foreign trade is characterized by low exports and high imports. Highlight the main causes of high trade deficit in Pakistan.

**Q7:** The rural-to-urban migration is a big problem in developing countries. What are the main causes of such migration in Pakistan?

**Q8:** Write short notes on any two of the following:

- a. Nationalization of Industries
- b. Causes of Unemployment
- c. Agricultural Income tax
- d. Foreign Direct Investment

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
PRODUCTION AND OPERATIONS MANAGEMENT BA (M) – 631  
MBA – III

**Date: January 4, 2012**

**Max Time: 3 Hrs**

**Max Marks: 60**

**Instruction:**

- 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 can the production management function contribute to organizational objectives?
- (b) Describe productivity measurement in general, and in particular with reference to manufacturing organizations discuss its associated problems.
- Q.2 (a) Mission and strategy development requires that the organization seek an opportunity for which it uniquely qualifies. Elaborate the statement that how the organization can qualify itself to gain competitive advantage.
- (b) The determination of the size of a facility is dependent upon demand; discuss the managerial implication of demand management in case when demand exceeds the capacity and vice versa.
- Q.3 (a) What is the objective of a process control system, also define statistical process control and the role of control charts in identifying process variation?
- (b) What are the different factors that must be considered for analyzing location considerations objectively?
- Q.4 (a) Just-in-Time system is focused towards waste reduction which is present in all production processes. Discuss other goals of JIT system.
- (b) What do you understand by project scheduling?
- Q.5 Define the following terms:
- i. Set-up cost
  - ii. Lead time
  - iii. Bill-of-material
  - iv. PERT and CPM
  - v. Management Information System and Decision Support System

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAM DECEMBER 2011: AFFILIATED COLLEGES  
INTRODUCTION TO BUSINESS FINANCE: BA (M) – 621  
MBA – III

**Date: January 6, 2012**

**Max Time: 3 Hrs**

**Instruction:**

**Max Marks: 60**

- 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 (a) Doublewide Dealers has an ROA of 10 percent, a 2 percent profit margin, and a return on equity equal to 15 percent. What is the company's total assets turnover? What is the firm's equity multiplier?

(b) The Petry Company has \$1,312,500 in current assets and \$525,000 in current liabilities. Its initial inventory level is \$375,000, and it will raise funds as additional notes payable and use them to increase inventory. How much can Petry's short-term debt (notes payable) increase without pushing its current ratio below 2.0? What will be the firm's quick ratio after Petry has raised the maximum amount of short-term funds?

(c) Midwest Packaging's ROE last year was only 3 percent, but its management has developed a new operating plan designed to improve things. The new plan calls for a total debt ratio of 60 percent, which will result in interest charges of \$300,000 per year. Management projects an EBIT of \$1,000,000 on sales of \$10,000,000, and it expects to have a total assets turnover ratio of 2.0. Under these conditions, the tax rate will be 34 percent. If the changes are made, what return on equity will the company earn?

Q2 (a) (i) It is now January 1, 2012. You plan to make 5 deposits of \$100 each, one every 6 months, with the first payment being made *today*. If the bank pays a nominal interest rate of 12 percent, but uses semiannual compounding, how much will be in your account after 10 years?

(ii) Ten years from today you must make a payment of \$1,432.02. To prepare for this payment, you will make 5 equal deposits, beginning today and for the next 4 quarters, in a bank that pays a nominal interest rate of 12 percent, quarterly compounding. How large must each of the 5 payments be?

(b) As the manager of Oaks Mall Jewelry, you want to sell on credit, giving customers 3 months in which to pay. However, you will have to borrow from the bank to carry the accounts receivable. The bank will charge a nominal 15 percent, but with monthly compounding.

You want to quote a nominal rate to your customers (all of whom are expected to pay on time) that will exactly cover your financing costs. What nominal annual rate should you quote to your credit customers?

(c) A mortgage company offers to lend you \$85,000; the loan calls for payments of \$8,273.59 per year for 30 years. What interest rate is the mortgage company charging you?

**01/02**

Q3 The Costa Rican Coffee Company is evaluating the within-plant distribution system for its new roasting, grinding, and packing plant. The two alternatives are (1) a conveyor system with a high initial cost but low annual operating costs and (2) several forklift trucks, which cost less but have considerably higher operating costs. The decision to construct the plant has already been made, and the choice here will have no effect on the overall revenues of the project. The cost of capital for the plant is 9 percent, and the projects' **expected net costs are listed below:**

YEAR	EXPECTED NET CASH COSTS	
	CONVEYOR	FORKLIFT
0	(\$300,000)	(\$120,000)
1	(66,000)	(96,000)
2	(66,000)	(96,000)
3	(66,000)	(96,000)
4	(66,000)	(96,000)
5	(66,000)	(96,000)

- What is the IRR of each alternative?
- What is the present value of costs of each alternative? Which method should be chosen?

Q4 Define any four of the following from a to e.

- Proxy, proxy fight, takeover
- Preemptive right.
- Zero Growth.
- Securities and its types.
- Secondary market, Primary market

- Q5
- What are the four credit policy variable?
  - What are the two primary motives for holding cash?
  - What is cash conversion cycle? What is its equation?

02/02

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
ADVANCE BUSINESS STATISTICS BA (M) – 601  
MBA – III

**Date: January 8, 2012**

**Max Time: 3 Hrs**

**Instruction:**

**Max Marks: 60**

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 (a) Differentiate between Simple and Stratified Random Sampling. (4)
- (b) The waiting time  $x$  at a certain bank is normally distributed with a mean of 8.7 minutes and a standard deviation of 1.4 minutes. Find  $P(7 \leq x \leq 11)$ . (8)
- Q.2 (a) Define Sampling Distribution of Sample Mean  $\bar{x}$  with its properties. (4)
- (b) In a random sample of 36 observations from a normal distribution with mean 125 and standard deviation 15, find (i)  $P(\bar{x} \leq 127)$  and (ii)  $P(\bar{x} \geq 129)$ . (8)
- Q.3 (a) Differentiate between Point and Interval Estimates. What are the criteria of a good point estimator? (4)
- (b) A certain medicine is given to each of 12 randomly selected patients suffering from the same disease resulted in the following increase of blood pressures: (8)  
5, 2, 8, -1, 3, 0, 6, -2, 1, 5, 0, & 4 mm Hg.
- i) Construct a 95 % confidence interval for the mean increase of blood pressure of all such patients.
  - ii) What assumption is necessary for this confidence interval?
- Q.4 (a) Define (i) Type – I and Type – II errors (ii) Level of Significance of a test. (4)
- (b) The mean operating temperature of a heat-sensing device is claimed to be  $190^\circ\text{F}$ . A simple random sample of 16 devices has mean  $195^\circ\text{F}$  and standard deviation  $8^\circ\text{F}$ . Can it be concluded at the 0.01 level of significance that the mean operating temperature is higher than claimed? (8)
- Q.5 (a) Given two random samples of size  $n_1 = 9$  and  $n_2 = 16$  from two independent normal populations with  
 $\bar{x}_1 = 64$ ;  $\bar{x}_2 = 52$ ;  $s_1^2 = 36$ ; and  $s_2^2 = 25$   
Find a 95% confidence interval for  $(\mu_1 - \mu_2)$ . Assume  $\sigma_1 = \sigma_2$ . (6)
- (b) Two machines are used to cut steel bars of equal length. A random sample of 50 bars, cut on machine 1, gives mean of 55.6 inches with a standard deviation of 0.10 inches. Another random sample of 50 bars, cut on machine 2, gives a mean of 55.5 inches with standard deviation of 0.12 inches. At the 0.05 level of significance, are the machines cutting bars of equal length? (6)

**continue page – 2**

Q.6 (a) Four techniques, A, B, C, and D, are currently used by business units to forecast demand for their product or service. To find out whether one technique is preferred to any other, a random sample of 200 business units were asked which technique they preferred. There responses are shown below:

A	B	C	D
48	68	45	39

Test at 5% level of significance that proportion of preferences of techniques are equal? (6)

(b) The following table shows the number of good and defective parts produced per hour on each of three shifts at a manufacturing plant. Using the 0.05 level of significance, test the hypothesis that there is no significant difference between the proportions of defective parts produced on the three shifts. (6)

Parts	First Shift	Second Shift	Third Shift
Good	49	47	40
Defective	14	10	5

Q.7 (a) What is a time series? Describe its components. (4)

(b) Determine a least square equation of trend line fitted to the following data. Estimate the value for the year 2015. (8)

Years	Values
2002	32
2003	41
2004	43
2005	55
2006	50
2007	82
2008	76
2009	79
2010	88

xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx/////xxx

Selected Values From Statistical Tables

Normal Areas					t values		
z	0.00	0.01	0.04	0.06	d.f.↓	0.01	0.025
- 1.2	0.1151	0.1131	0.1075	0.1038	11	2.718	2.201
0.8	0.7881	0.7910	0.7995	0.8051	15	2.602	2.131
1.6	0.9452	0.9463	0.9495	0.9515	23	2.500	2.069
1.9	0.9713	0.9719	0.9738	0.9750			

χ <sup>2</sup> values		
d.f.↓	0.025	0.05
2	7.378	5.991
3	9.348	7.815

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
INTRODUCTION TO RESEARCH METHODS BA (M) – 651  
MBA – III

**Date: January 10, 2012**

**Max Time: 3 Hrs**

**Instruction:**

**Max Marks: 60**

- 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. Briefly define the nine steps involved in research process.

OR

Explain the three strategies that can be adopted for handling potential research errors.

Q.2 Discuss the seven criteria for the selection of a survey method.

Q.3 As a research analyst you have selected to adopt telephone and personal survey. Provide in detail the efforts required to reduce Non-response especially with respect to contacting and motivating respondents.

OR

In general, what strategies will you adopt for dealing with Non-response?

Q.4 What steps will you take to develop measurement for a particular concept as brand image?

Q.5. Briefly define the advantages and disadvantages of the five types of probability sampling.

Q.6 Briefly define the potential sources of experimental errors.

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
MANAGEMENT INFORMATION SYSTEM: BA (M) – 632  
MBA – IV

**Date: January 1, 2012**

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

**Instruction:**

1. Attempt any **FIVE** questions. All carry equal marks. Do not write anything on 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 Describe, how Information System promote business innovation and enhance operational efficiency of an Organization, Give examples.

Q-2

- (a) Explain the elements of Computer-Based Information System (CBIS).
- (b) Illustrate an overview of computerized tasks in various functional domain of business.

Q-3

- (a) Enlist the Business Intelligence characteristics of Expert systems, Code examples.
- (b) State, the phases involves in business system development designing and analysis.

Q-4 Express the key issues and challenges faced by MIS manager during implementation of Management Information System (MIS) in an Organization.

Q-5 Describe the functions carried out by Database Management System (DBMS), also explain how does data integrity and consistency is maintained by DBMS.

Q-6 Write down short note of the following computer related terminologies:

- |                |                    |
|----------------|--------------------|
| a) Data Mining | b) Bandwidth       |
| c) Cyberspace  | d) Data Dictionary |

Q-7 Differentiate the functionality between **any three** of following with relevant examples

- a) WIFI and Bluetooth
- b) MS-Excel and MS-Access
- c) Portal and web site
- d) Data communication and Networking
- e) Decision Supporting System and Executive Information System

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
FINANCIAL MANAGEMENT; BA (M) – 622  
MBA – IV

**Date: January 03, 2012**

**Max Time: 3 Hrs**

**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 is not allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

**Q.1** You are considering an investment in the common stock of King Corp. The stock is expected to pay a dividend of Rs. 2 a share at the end of the year (D<sub>1</sub> = Rs. 2). The stock has a beta equal to 0.9, the risk free rate is 5.6 percent, and the market risk premium is 6 percent. The stock's dividend is expected to grow at some constant rate *g*. The stock currently sells for Rs. 25 a share. Assuming the market is in equilibrium, **what does the market believe will be the stock price at the end of 3 years?**

**Q.2** The earning dividends, and stock price of Chase Technologies Inc. are expected to grow at 7 percent per year in the future. Chase's common stock sells for Rs. 23 per share, its last dividend was Rs. 2, and the company will pay a dividend of \$ 2.14 at the end of the current year.

- a. Using the discounted Cash Flow approach, what is the cost of equity?
- b. If the firm's beta is 1.6, the risk free rate is 9 percent, using the CAPM approach?
- c. If the firm's bonds earn a return of 12 percent, what will *K<sub>s</sub>* be using the bond-yield-plus-risk-premium approach?
- d. On the basis of the result of part (a) through (c), what would you estimate Chase's cost of equity to be?

**Q.3** Etihad 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 Rs. 17,100 and that for the pulley system is \$ 22,430. The firm's cost of capital is 14 percent. After tax cash flow, including depreciation are given as follows:

Year	Truck	Pulley
1-5	Rs. 5100	Rs. 7,500

**Calculate Dis-counted Pay Back Period, IRR, and NPV, and indicate the correct accept/reject decision for each.**

**Q.4** Classic Corporation's sales are expected to increase from Rs. 5 million in 2001 to Rs. 6 million in 2002, or by 20 percent. Its assets totalled Rs. 3 million at the end of 2001. Classic is at full capacity, so its assets must grow at the same rate as projected sales. At the end of 2001, current liabilities were Rs. 1 million, consisting of Rs. 250,000 of account payable, Rs. 500,000 of notes payable, and Rs. 250,000 of accruals. The after tax profit margin is forecasted to be 5 percent, and the forecasted payout ratio is 70 percent. Use this information to answer the following (a) and (b).

- a) Use the AFN formula to forecast Classic's additional funds needed for the coming year.
- b) What would be the addition fund needed be if the company's year end 2001 assets had been Rs. 4 million? Assume that all other numbers are same. Why is this AFN different from the one you found in (a)? Is the company's "Capital intensity" the same or different?

- Q.5(a)** Air Telecommunication has a target capital structure the consists of 70 percent debt and 30 percent equity. The company anticipates that its capital budget for the upcoming year will be Rs. 3000,000. If Air Telecommunication reports net income of Rs 2000,000 and it follows a residual dividend payout policy, what will be its dividend payout ratio?
- (b)** Grape Medical's stock trades at Rs. 90 a share. The company is contemplating a 3 for 2 stock split. Assuming that the stock split will have no effect on the total market value of its equity, what will be the company's stock price following the stock split?
- Q.6(a)** An individual has Rs. 35,000 invested in a stock which has a beta of 0.8 and Rs. 40,000 invested in a stock with a beta of 1.4, if these are the only two investments in her portfolio, what is her portfolio's beta?
- (b)** Assume that the risk free rate is 5 percent and the market risk premium is 6 percent. What is the expected return for the overall stock market? What is the required rate of return on a stock that has a beta of 1.2?
- (c)** Assume that the risk-free rate is 6 percent and the expected return on the market is 13 percent. What is the required rate of return on a stock that has a beta of 0.7?

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
MANAGERIAL ACCOUNTING; BA (M) – 602  
MBA – IV

**Date: January 05, 2012**

**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** Pringle Company sells a single product. The company's sales and expenses data for a recent month follow:

Company sold during the month 15,000 units at a selling price of \$40 each, where as the Variable cost per unit was \$28 and fixed expenses were \$150,000 per month.

**Required:**

1. Prepare an income statement for the given month under variable costing approach.
2. What is the monthly break-even point in units sold and in sales dollars?
3. Without resorting to computation, what is the total contribution margin at the break-even point?
4. How many units would have to be sold each month to earn a minimum target profit of \$18,000? Use the contribution margin method. Verify your answer by preparing a contribution income statement at the target level of sales.
5. Refer to the original data. Compute the Company's margin of safety in both dollar and percentage terms.
6. What is the company's CM ratio? If monthly sales increase by \$ 80,000 and there is no change in fixed expenses, by how much would you expect monthly net operating income to increase?

**Q.2** During Denton Company's first two years of operations, the company reported the following data for the preparation of Income Statement:

Direct Material	\$8
Direct Labor	10
Variable manufacturing overhead	2
Variable selling and administrative expenses	3
Fixed manufacturing overhead	\$350,000
Fixed selling and administrative expenses	\$250,000
Selling Price per unit \$50	

Production and sold data given bellow:	Year – 1	Year - 2
Units Produced during the year	25,000	25,000
Units Sold during the year	20,000	30,000

**Required:**

1. Prepare an income statement for each year in the contribution format using variable costing
2. Reconcile the absorption costing and variable costing net operating income figures for each year.

**Q.3** The Production Department of the Riverside Plant of Junnen Corporation has submitted the following forecast of units to be produced at the plant for each quarter of the upcoming fiscal year. The plant produced high-end outdoor barbecue grills.

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Units to be produced	5,000	4,400	4,500	4,900

Each unit requires 0.40 direct labor-hours and direct hour workers are paid \$ 11 per hour.

**Required:**

1. Construct the company's direct labor budget for the upcoming fiscal year, assuming that the direct labor work force is adjusted each quarter to match the number of hours required to produce the forecasted number of units produced.
2. Construct the company's direct labor budget for the upcoming fiscal year, assuming that the direct labor work force is not adjusted each quarter. Instead, assume that the company's direct labor work force consists of permanent employees who are guaranteed to be paid for at least 1,800 hours of work each quarter. If the number of required direct labor-hours is less than this number, the workers are paid for 1,800 hours anyway. Any hours worked in excess of 1,800 hours in a quarter are paid at the rate of 1.5 times the normal hourly rate for direct labor.

**Q.4** Topaz Company produces a single product. The company has set standards as follows for materials and labor:

	<b>Direct Material</b>	<b>Direct Labor</b>
Standard quantity or hours per unit	? pounds	2.5 hours
Standard price or rate	? per pound	\$9 per hour
Standard cost per unit	?	\$22.50

During the past month, the company purchased 6,000 pounds of direct materials at a cost of \$16,500. All of this material was used in the production of 1,400 units of product. Direct labor cost totaled \$28,500 for the month. The following variances have been computed:

Materials quantity variance \$1,200 U  
 Total material variance 300 F  
 Labor efficiency variance 4,500 F

**Required:**

1. For Direct Materials:
  - a) Compute the standard price per pound for materials.
  - b) Compute the standard quantity allowed for materials for the month's production.
  - c) Compute the standard quantity of materials allowed per unit of product.
2. For direct labor:
  - a) Compute the actual direct labor cost per hour for the month.
  - b) Compute the labor rate variance.

**Q.5** Climate-Control, Inc. manufactures a variety of heating and air-conditioning units. The company is currently manufacturing all of its own component parts. An outside supplier has offered to sell a thermostat to Climate-Control for \$20 per unit. To evaluate this offer, Climate-Control, Inc. has gathered the following information relating to its own cost of producing the thermostat internally:

	<b>Per 15,000 Unit</b>	<b>Units per year</b>
Direct Materials	\$6	\$90,000
Direct Labor	8	120,000
Variable manufacturing overhead	1	15,000
Fixed manufacturing overhead, traceable	5*	75,000
Fixed manufacturing overhead, common, but allocated	10	150,000

\*40% supervisory salaries; 60% depreciation of special equipment (no resale value).

**Required:**

1. Assuming that the company has no alternative use for the facilities now being used to produce the thermostat, should the outside supplier's offer be accepted? Show all computations.
2. Suppose that if the thermostats were purchased, Climate-Control, Inc., could use the freed capacity to launch a new product. The segment margin of the new product would be \$65,000 per year. Should Climate-Control, Inc., accept the offer to buy the thermostats from the outside supplier for \$20 each? Show computations.

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
AUDITING; BA (M) – 612  
MBA – IV

Date: January 07, 2012

Max Time: 3 hrs

Max Marks: 60

**Instruction:**

1. Attempt any SIX 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.**

**Question #1:**

- a) Describe advantages of having the accounts audited by an independent professional auditor. **(5)**
- b) Are all audits the same in purpose and scope? Explain various classes of audit? **(5)**

**Question #2:**

- a) What are the primary purposes of an engagement letter? **(4)**
- b) Indicate the limitations of an audit that may be identified in an engagement letter. **(6)**

**Question #3:**

Identify the components of audit planning in the sequence in which they are performed. **(10)**

**Question #4:**

Why working papers are reviewed? What points are checked during reviewing process? **(10)**

**Question #5:**

How would the techniques applicable to the verification of note payable differ from those useful in the verification of notes receivable? **(10)**

**Question #6:**

What is audit evidence? What are its various techniques which are used by the auditor for obtaining evidence? **(10)**

**Question #7:**

- a) Describe the importance of verification. **(4)**
- b) Why does an auditor need to ascertain the physical existence of assets appearing in the balance sheet? **(6)**

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
PROJECT APPRAISAL: BA (M) – 683  
MBA – IV

Date: January 11, 2012

Max Time: 3 hrs  
Max marks: 60

**Instruction:**

1. Attempt ALL 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 will have to remove the batteries of these devices before entering the examination hall.**

- Q1** (a) What do you mean by a Project? Define the project. Why the projects are important for a country and what difficulties are encountered in formulating them?
- (b) Describe the broad phases of a Project Cycle.
- Q2** What broad issues of Technical & Engineering are considered in preparing a pre-feasibility study of a project?
- Q3** (a) Market and Market Analysis are the key aspects in appraising a project.
- (b) How would you evaluate Market and Market study?
- Q4** Cash Flow Stream for two alternative investments A & B are:

Year	Rupees A	Rupees B
0	400,000	500,000
1	170,000	175,000
2	140,000	150,000
3	235,000	240,000
4	150,000	160,000
5	160,000	130,000
6	280,000	270,000

**Required:**

- (a) For each Project A & B, calculate precisely the payback period, net present value, Benefit cost ratio. Assume a discount rate of 12 percent.
- (b) Which project is to be accepted / rejected on the basis of above three criteria?
- Q5** Derive the General Formulae for the followings:  
Each step to be given for arriving at the formulae.
1. Present Value of a Normal Annuity.
  2. Future Value of a Normal Annuity.
  3. Future Value of a Compound Interest.
  4. Formula for perpetuity.
- Q6** Azad Corporation is considering two mutually exclusive investments, Project P and Q. the expected cash flows of these projects are as follows:

Year	Project P	Project Q
0	Rs (1,000)	Rs (1,000)
1	Rs (2,200)	Rs (2,200)
2	700	600
3	600	900
4	1,000	1,000
5	1,500	1,500
6	1,000	1,000

**Required:**

- What are the IRR and Modified IRR of each project assuming the reinvestment rate of 15% and weight average cost of capital 12%?

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
ADVERTISING & PROMOTION: BA (M) – 652  
MBA – IV

Date: January 11, 2012

Max Time: 3 Hrs  
Max Marks: 60

Instruction:

1. **Attempt FIVE questions in all, WHERE question Q-1 is compulsory.**
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)** Critics blame that advertising seeks to manipulate its audience, where as advertising supporters claim that it merely seeks to persuade. Which interpretation do you agree? Why? 08
- (b)** Briefly explain the concept of “Integrated Marketing Communication” 04
- Q-2(a)** What do you think are the most important points for an advertiser to consider in selecting an advertising agency 06
- (b)** If a company has an advertising manager, does it still need an advertising agency? Explain. 06
- Q-3(a)** Think of a product you have purchased recently. How was it advertised? Do you think that the media that was used to advertise the product was appropriate for advertising the product? Explain. 06
- (b)** Suppose you have an opportunity to develop an advertising campaign for your university. Will you use marketing research for it? Why or Why not? 06
- Q-4(a)** List down the elements of a Marketing plan and Advertising plan, how the two plans relates with each another. 06
- (b)** Discuss the importance of creativity in advertising. 06
- Q-5(a)** List and describe the elements of promotional mix. 08
- (b)** Discuss the similarities and dissimilarities between broadcast and print media. 04
- Q-6** Define the following: (any six) 12
- i. ATL and BTL activities
  - ii. Media Fragmentation
  - iii. Online Advertising
  - iv. Story Board
  - v. Media Buying
  - vi. Media Vehicles
  - vii. Subliminal Advertising
  - viii. Post Purchase Dissonance
  - ix. Jingles
  - x. Market Segmentation

**Good Luck**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, DECEMBER 2011; AFFILIATED COLLEGES  
BANKING OPERATION; BA (M) – 682  
MBA – IV

Date: January 13, 2012

Max Time: 3hrs  
Max Marks: 60

**Instruction:**

- 1. Attempt any SIX (6) 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: a) Briefly discuss the primary functions of a Commercial Bank.  
b) Who are the stake holders in a schedule bank?  
c) What is the function of State Bank?
- Q2: Define a Customer. Elaborate the types of relationships between a Bank & a Customer.
- Q3: What are banks mandatory requirements for opening a New Account? Explain with example.
- Q4: What is 'Inter Bank Clearing'? Elaborate the responsibilities of a 'Collecting Bank'.
- Q5: a) What is Crossing?  
b) Explain types of crossings, and its advantages. Give examples.
- Q6: a) What is a 'Letter of Credit'? Briefly state the general Terms & conditions in a sight L.C.  
b) Define a D. A. letter of Credit.
- Q7: a) What are Primary and Collateral Securities?  
b) What is Working Capital?
- Q8: Write short notes on any three of the following:  
i. Negotiable Instruments  
ii. Currency Note  
iii. Time Deposit  
iv. Pledge

**END OF PAPER**

KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION DECEMBER 2011; AFFILIATED COLLEGES  
GLOBAL MARKETING; BA (M) – 642  
MBA – IV

Date: January 13, 2012

Max Time: 3 hrs  
Max Marks: 60

**Instruction:**

1. Attempt any FIVE 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 will have to remove the batteries of these devices before entering the examination hall.**

- |         |   |    |
|---------|---|----|
| Q.1     | Identify and briefly describe some of the forces that have resulted in increased global integration and the growing importance of global marketing. | 12 |
| Q.2     | Describe the similarities and differences of a Free Trade Area, a Customs Union, a Common Market, and an Economic Union. Give an example of each.   | 12 |
| Q.3     | What is a global market segment? Choose a market that you know something about and describe the global segments for this market.                    | 12 |
| Q.4 (a) | What does it take to be a successful exporter?  | 04 |
|         | (b) What different criterias should be assessed, when evaluating potential export market?   | 08 |
| Q.5     | Outline the basic reasons, why a company does not necessarily have to be large and have years of experience to succeed in the global market place.  | 12 |
| Q.6     | What is the importance of joint venture in global market expansion? What are the advantages and disadvantages of joint venture system?              | 12 |

**END OF PAPER**