

UNIVERSITY OF THE PUNJAB



Part-I: Supply-2017
Examination: M. Com.
(3½ Years Programme)

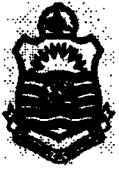
Roll No.

Subject: Organizational Behavior
PAPER: MC-501

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

1.	Define 'Organizational Behavior'? Identify different challenges and opportunities manager face while applying the concept of OB.
2.	Define 'Attitude'. What are major job attitudes? Briefly explain "Organizational Commitment".
3.	Define "Personality". Briefly explain key traits in Big Five personality model and also explain how they predict work behavior.
4.	Explain "Motivation". What is the impact of motivation on performance?
5.	Define 'Leadership'. Compare and Contrast the 'Transformational Leadership' and 'Transectional Leadership'.
6.	What is difference between group and team? Explain different types of teams?
7.	What is "Conflict"? Also explain in detail "conflict process".



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Roll No.

Subject: Financial Management
PAPER: MC-502

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q. Describe the basic responsibilities of financial managers and also state points of differences between a "treasurer" and a "controller."

Q.2 As part of your personal budgeting process, you have determined that in each of the next 5 years you will have budget shortfalls. In other words, you will need the amounts shown in the following table at the end of given year to balance your budget. You expect to be able to earn 12% on your investments during the next 5 years and wish to fund the budget shortfalls over the next 5 years with a single amount today.

End of years	Budget shortfalls
1	\$10000
2	9000
3	7000
4	3000
5	4000

- a) How large must the single deposit today into an account paying 12% annual interest be to provide for full coverage of the anticipated budget shortfalls?
- b) What effect would a decrease in your earnings rate have on the amount calculated in part above? Explain

Q.3 You have recently graduated from a business school and joined SMART INVEST as a financial analyst. Your job is to help clients in choosing a portfolio of bonds and stocks. Dinshaw Mistry, a prospective client, seeks your help in understanding how bonds and stocks are valued and what rates of return they offer. In Particular, you have to answer the following questions.

- a) How is the value of Bond Calculated?
- b) What is the value of a 5-year, \$1000 par value bond with a 10 percent annual coupon, if the required rate of return is 8%?
- c) What is the approximate yield to maturity of an 8 year, \$1000 par value bond with a 10% annual coupon, if it sells for \$1060.

Q.4 Consider the following two mutually exclusive projects with cash flows:

Years	Cash Flow (A)	Cash Flow (B)
0	\$(150000)	\$(150000)
1	75000	110000
2	75000	40000
3	75000	70000
4	75000	50000

If you require a 18 percent return on your investment, calculate:

- a) Payback period
- b) Net Present Value (NPV)
- c) Internal Rate of Return (IRR)
- d) Based on your answers in a) through c), which investment will you finally choose? Why?

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- Q.5** Star manufacturing company produces and sells 600000 units per year. Each unit produced has a variable operating cost of \$2.40 and sells for \$3.00. Fixed operating costs are \$120000. The firm has annual interest charges of \$30000, preferred dividends of \$15000, and a 30% tax rate.
- Calculate the *operating breakeven point* in units.
 - Calculate degree of operating leverage (DOL)
 - Calculate degree of financial leverage (DFL)
 - Calculate degree of total leverage (DTL)
- Q.6** Himalaya Ltd. presently gives credit terms of "2/10, net-50 days". It has \$7 million in annual credit sales, and its average collection period is 60 days. Currently bad debts are 3% of sales, and 70% customers are availing the cash discount. To stimulate sales, the company may give credit terms of "3/10, net-30 days". If it does instigate these terms, sales are expected to increase by 20%. After this change, bad debts will rise from 3% to 4% of sales. However the average collection period is expected to remain 40 days. It is expected that 75% customers will avail the cash discount. Variable cost is 80 percent on sales, and the company's before tax required rate on investment in receivables is 15 percent. Should the company increase its cash discount incentive?
- Q.7** You are working as Manager Accounts of Madni Products Ltd. and presented financial statements for the financial year ended 30th June, 2014 to the Managing Director. After half an hour's perusal, the managing director called you and said rather rationally, "I can't make head or tail of these statements, my company made a profit of \$365000 during the year whereas there is only \$35000 cash at the year end. Where has my money gone"? To enable you to satisfy the Managing Director, the comparative Balance Sheets of Madni Products Ltd. and its Income Statement for the year 2014 are given below:

Balance Sheets as at 30th June, 2014 and 2013

	2013 \$(000)	2014 \$(000)
Capital and Liabilities		
Share Capital	500	500
Retained Earnings	425	500
Long-term Loans	300	330
Bank Overdrafts	200	225
Trade Creditors	100	95
Provision for Tax	75	80
Total	1600	1730
Assets		
Fixed Assets (Net)	850	1000
Inventories	340	350
Debtors	360	330
Other Asset	20	15
Cash	30	35
Total	1600	1730

Income Statement for the year ended 30th June, 2014

	\$(000)
Net Sales	2040
Less: Cost of goods Sold	1360
Gross Profit	680
Less: Operating Expenses (Including Depreciation Expense of \$110,000)	340
Operating Profit	340
Add: Non-Operating Profit	25
Profit before interest and tax	365
Less: Interest Paid	70
Profit before tax	295
Less: Tax	130
Dividends	90
Transferred to Retained Earnings	75

Required: Prepare Statement of Cash Flows.



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Part-I: Supply-2017
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Roll No.

Subject: International Business & Finance
PAPER: MC-503

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

- Q.1 What is Foreign Direct Investment? Discuss in detail the difference between green field and brown field?
- Q.2 Define international business. What are the major theories of international trade? Also discuss the applicability of these theories in today's environment.
- Q.3 Discuss the determinants of exchange rate in detail.
- Q.4 Explain cultural environment challenges which have to face by multinational enterprises?
- Q.5 Calculate bid/ask spread in percentage for the following.

Currency	Bid rate	Ask rate
US dollar	Rs. 108.10	Rs. 108.60
British Pound	\$ 1.53	\$ 1.61
Japanese Yen	\$ 0.0070	\$ 0.0076
Canadian dollar	Rs 90.20	Rs 91.40
Indian Rupee	Rs 1.84	Rs 1.93

- Q.6 Briefly explains of the following:
- Organization of the International Business
 - Business Risks
 - Bill of Lading
 - Non-Tariffs Trade Barriers
- Q.7 What is balance of payment of a country? Also discuss entries and factors that influence on balance of payment.

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Part-I: Supply-2017
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Roll No.

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

Subject: Business Management
PAPER: MC-504

NOTE: Attempt any FIVE questions. All questions carry equal marks.

- Q. 1 Describe Robert L Katz's three essential Managerial skills and how the importance of these skills changes depending on managerial level.
- Q. 2 Discuss the seven dimensions of organizational culture. How the strong culture influence the organizations and managers.
- Q. 3 Contrast mechanistic and organic organization. Explain team based, matrix, and project structure.
- Q. 4 Explain different leadership styles that were concluded by Ohio State University, University of Iowa and Michigan.
- Q. 5 State how balanced scorecards and benchmarking are used in controlling.
- Q. 6 List the six characteristics of an effective decision making process. Explain how managers can make effective decisions in today's world.
- Q. 7 Write a short note on the following:
- Learning Organizations.
 - Diversity.
 - Bureaucratic Control.
 - Line Authority.

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Part-I: Supply-2017
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Roll No.

Subject: Principles of Marketing
PAPER: MC-505

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

- Q1. How do marketers understand the Marketplace and Customer Needs?
- Q2. Discuss the factors which are needed to be considered for segmenting the consumer market on the basis of demographics?
- Q3. Explain how the various distribution channel members add value for manufacturers and consumers?
- Q4. Discuss the factors for choosing the right competitive advantage to promote differentiation and positioning of product?
- Q5. Describe the major product mix pricing strategies available with marketing manager?
- Q6. List and briefly describe the four important decisions which marketing managers must make when developing an advertising program?
- Q7. Define the marketing information system and discuss its parts?

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Part-I: Supply-2017
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Roll No.

Subject: Banking Law & Practice in Pakistan
PAPER: MC-506

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

- Q.1** Explain the main features of following types of deposits accounts.
- Saving A/c
 - Demand A/c
 - Time Deposit A/c
- Q.2** Explain the provisions of BCO 1962 for:-
- Building Reserve Fund on Gross Profit.
 - Maintenance of Reserves on Deposits.
 - What are Liquid Assets for banks list the items included in Liquid assets?
- Q.3** What are statutory requirements for opening of Partnership Account with the Bank?
- What should be the line of action of Bank in following situations?
 - On Retirement of a partner from the Firm.
 - Insolvency of the Firm.
- Q.4**
- Define Commercial Letter of Credit.
 - Explain the rights and liabilities of opening and Negotiating Bankers against Letter of Credit.
- Q.5** Discuss in detail powers of State Bank of Pakistan under Banking Companies Ordinance 1962.
- Q.6** What do you understand by Payment in due Course? Briefly explain the conditions in which bank can refuse payment of a cheque.
- Q.7** Write short notes on:-
- Mortgage.
 - Right of Lien.
 - Bank Rate.
 - Garnishee Order.

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Part-I: Supply-2017
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Roll No.

Subject: Interpersonal Skills
PAPER: MC-507

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q1: What is the significance of the journey into Self-awareness? Figure out the four methods to explore the true self.

Q2: What is the impact of Negotiation in terms of its effective collaboration of inter-organizations? Write down the importance and types of the Third Party in achieving the desired targets.

Q3: Describe the benefits of the Self-disclosure and the Fears associated with it. Explain the remedial measures to overcome this problem.

Q4: How can we develop Trust to get the desired outcomes in an organization? What are the tips to improve to improve the factor of Trust at Personal and Organizational level?

Q5: Define Team-work and the role of successful leadership keeping in view, how to deal with the problem team members.

Q6: How Active Listening is disruptive due to certain barriers? Write down the Barriers and ways to improve the skill of listening.

Q7: Write NOTES on the following:

- I. Organizational Stress and Responses
- II. Types of Meetings

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Roll No.

Subject: Non Banking Financial Institutions
PAPER: MC-508

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q1. Define NBFIs and describe their scope in Pakistan. Also explain the procedure of incorporation of NBFIs in Pakistan.

Q2. Write a detailed note on the functions and importance of investment finance companies.

Q3. Explain the functions and achievements of Zarai Taraqati Bank Limited (ZTBL).

Q4. What is meant by mutual funds? Also explain the various types of mutual funds.

Q5. Differentiate between Money Markets and Capital Markets. Also discuss the instruments traded in these markets.

Q6. Briefly explain the establishment history of Security & Exchange Commission of Pakistan and discuss the functions of Company Law Division of SECP

Q7. Describe the concept of branchless banking and its major market players in Pakistan.



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Part-II: Supply-2017
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Roll No.

Subject: Human Resource Management
PAPER: MC-601

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

1. "Human Resource Management has become tougher over the recent years". Explain this statement with reference to the challenges faced by modern HR manager.
2. What is human resource planning? Describe the process of human resource planning.
3. What is meant by recruitment? How is it different from selection? Also explain in detail the external sources of candidates available to an organization.
4. Explain in detail, the process and purpose of Orientation.
5. What is performance appraisal? Why is it important and how is it different from performance management? Also explain the steps in the process of appraising performance.
6. Describe how career development is valuable to organization.
7. Write short note on the followings:
 - a. Behaviorally Anchored Rating Scale
 - b. Planning and Forecasting for Hiring
 - c. HRM proficiencies
 - d. Halo effect and Central Tendency



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Part-II: Supply-2017
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Roll No.

Subject: Operations & Production Management
PAPER: MC-602

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

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- Q.1 . What method of layout would you recommend for furniture Manufacturing Unit?
- Q.2 Distinguish between simplification and standardization of the consumer product.
- Q.3 How can a manufacturer reduce the number of product designs?
- Q.4 Describe the procedure for making a time study.
- Q.5 Explain the merits & demerits of Debt Equity. How much its % do you recommend?
- Q.6 Discuss the role of the cost of quality assurance in quality planning.
- Q.7 Contrast operation charts and flow process charts.
- Q.8 What is meant by inventor control? What steps are necessary for its effective use.
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Part-II: Supply-2017
Examination:- M. Com.
(3½ Years Programme)

Roll No.

Subject: Management Accounting
PAPER: MC-603

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Question no 01:

What is meant by the term cost volume profit relationship? Why this relationship is important in business management?

Question no 02:

B Inc manufactures a caulking compound that goes through three processing stages prior to completion. Information on work in the first department, cooking is given below for July:

Production data:

Pounds in process, May 1; material 100% completed;	
Conversion 80% completed	10000
Pounds started into production during May	100000
Pounds completed and transferred out	?
Pounds in process, May 31: materials 60% complete;	
Conversion 20% complete.	15000

Cost data:

Work in process inventory, May 1	
Material cost	Rs 1500
Conversion cost	Rs 7200

Cost added during May:

Material cost	Rs 154500
Conversion cost	Rs 90800

The company uses the weighted average method.

Required:

Prepare the cost of production report.

Question no 03:

R company manufacturers and sell a single product. The following costs were incurred

Variable cost per unit :

Manufacturing:

Direct material	Rs 6
Direct labour	Rs 9
Variable manufacturing overhead	Rs 3
Variable selling and administrative	Rs 4

Fixed cost per year:

Fixed manufacturing overhead	Rs 300000
Fixed administrative and selling	Rs 190000

During the year the company produced 25000 units and sold 20000 units. The selling price of the company product is Rs 50 per unit

Required:

Assume that the company uses the absorption costing:

- Compute the unit product cost.
- Prepare an income statement for the year.

Assume that the company uses the variable costing:

- Compute the unit product cost.
- Prepare an income statement for the year

Question no 04:

A company's three major products are:

	<u>Products</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
Sale price	Rs.10.00	8.00	11.00
Variable cost	<u>6.00</u>	<u>5.00</u>	<u>9.00</u>
Contribution margin	<u>Rs.4.00</u>	<u>Rs.3.00</u>	<u>Rs.2.00</u>

Total fixed cost, Rs.200000.

Required:

The breakeven point (in total and for each product) if the three products are sold in the ratio 4:3:7 units (round the C/M ratio to the 1/100th of 1%).

The new breakeven point (in total and for each product) if management decided to contribute its sales effort on product A with its higher contribution margin, resulting in a new sales ratio 6:3:5 units (round the C/M ratio to 1/100th of 1%)

Question no 05:

The ABC company has a budgeted normal monthly capacity of 10000 labour hours, with a standard production of 8000 units at this capacity standard cost are:

Materials	2 kilogram @ 0.50
Labour	Rs.9 per hour
Factory overhead at normal capacity:	
Fixed expenses	Rs.5.000
Variable expenses	Rs.1.50 per labour hour

During May, actual factory overhead totaled Rs.17550 and 9000 labour hours cost Rs.76500. During the month 7000 units were produced using 14400kg of material at a cost of Rs.0.51 per kg.

Required: Two variances for materials, two variances for labour and variances for factory overhead using the two three and four variances method.

Question no 06:

P Inc provides the following actual data for 19A and 19B

	DECEMBER 31,19A	DECEMBER 31.19B
Trade account receivable	Rs 84,000	Rs 78,000
Merchandise inventory	150,000	140,000
Account payable merchandise	(95,000)	(98,000)

Budgeted sales for 19B are Rs 1200,000; sales for 19A were Rs 1100,000. Cash sales average 20% of total sales each year.

Cost of goods sold for 19B is estimate to be Rs 840,000

Budgeted 19B variable general and administrative expenses are Rs 120,000. They vary in proportion to sales and are paid 50 % in the year incurred and 50% the following year. Unpaid variable expenses are not included in accounts payable above.

Fixed general and administrative expenses, including Rs 35000 depreciation and Rs 5000 uncollectible accounts expenses, total Rs 100,000 per year. Such expenses involve cash payments are paid 80% in the year incurred and 20% the following year. Unpaid fixed expenses are not included in accounts payable above.

Required:

- Cash collected in 19B resulting from sales in 19A and 19B.
- Cash disbursed in 19B for purchases of merchandise.
- Cash disbursed in 19B for variable and fixed general and administrative expenses.

Question no 07:

Bates brother clothier handle two lines of men's suit. The Bostonians and the varsity. On these suits the store realized a gross profit of Rs.159300 in 19A and Rs.159570 in 19B. The store manager was puzzled because the sales volume in rupees and the number of suits sold were higher for 19B than 19A, Yet the gross profit had remained about the same.

The firm accounting record provided the following detailed information

Year	The Bostonian			The varsity		
	SUITS	COST	SALES PRICE	SUITS	COSTS	SALES PRICE
19A	1650	105	175	1460	70	100
19B	1320	114	190	1975	80	110

REQUIRED:

The price and volume variances for sales and cost

The sales mix and sales volume variances (round off the 19A Average gross profit per unit to three decimal places)



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Part-II: Supply-2017
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Roll No.

Subject: Research Methods in Business
PAPER: MC-604

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

- Q. 1. What is Business Research? Further, discuss how Business Research helps in various business areas? Also, explain whether who is better Internal or External Researcher? (5+ 5+10)
- Q. 2. Explain the term Critical Literature Review? Discuss in detail the various sources of gathering literature? (5 + 15)
- Q. 3. What is a Ranking Scaling Technique? Discuss the different types of ranking scaling technique with examples. (5 + 15)
- Q. 4. Differentiate reliability from validity. Explain various types of reliability. (5+15)
- Q. 5. Why is sampling important? Discuss the various types of probability sampling designs. (5 + 15)
- Q. 6. What is a Research Design? What are the various issues to consider while developing a thorough Research Design? (5+15)
- Q. 7. What is a scale? What are the various types of scales? Explain each with a comprehensive example. (5 +15)

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Part-II: Supply-2017
Examination:- M. Com.
(3½ Years Programme)

Roll No.

Subject: Accounting Information System & E-Commerce
PAPER: MC-605

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

- 1- What are Certification Authorities (CA)? What is the importance of digital certificates in an online transaction?
- 2- Explain the process of on-line credit card transaction with the help of diagram.
- 3- Write a note on benefits of web 2.0 technologies for business.
- 4- Discuss different Consumer to Consumer (C 2 C) models in detail.
- 5- Discuss the basic elements and procedures encompassing a traditional production process.
- 6- Explain the importance of internal control in accounting information system.
- 7- Explain fundamental tasks executed in purchase and cash disbursement process.

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Part-II: Supply-2017
Examination:- M. Com.
(3½ Years Programme)

Roll No.

Subject: Total Quality Management
PAPER: MC-606

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

1. What are the various standards laid down by International Standard Organization?
Explain the standard/s related to quality and its/their benefits.
2. What is difference between feedback and feedforward control. Which one of them is most important, explain.
3. What makes a consumer purchase a product or service? How firms can use this knowledge in improving market share of a firm?
4. Who all have contributed in the development of field of TQM? Explain how their thoughts have helped in evolution of the field of TQM.
5. What is customer supply chain? How a firm can improve relationships with customers and distributors?
6. What is difference between team and group? Explain various types of teams and their characteristics.
7. Benchmarking of organizational products and services requires a six step process.
Explain the process and techniques.
8. Write short notes on the following:
 - a. JIT-II
 - b. Product Differentiation
 - c. Japanese style of management
 - d. Mass customization



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Part-II: Supply-2017
Examination:- M. Com.
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Roll No.

Subject: Logic & Critical Thinking
PAPER: MC-607

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

1. Which of the various functions of language are exemplified by the following sentences?
 - i. Great!
 - ii. Note it, please.
 - iii. How did you reach there?
 - iv. Alas!
 - v. The son apologizes to his mother for his disobedience.
 - vi. Murree is in Punjab.
 - vii. How do you do?
 - viii. She congratulated me on my brilliant success in the exams.
 - ix. Quaid-e-Azam Muhammad Ali Jinnah is founder of Pakistan.
 - x. Gujranwala is a city of wrestlers.
 - xi. Whom does she blame for her loss?
 - xii. Wow!
 - xiii. The sons promised their father to live in peace and harmony from now on.
 - xiv. The sun rises in the east.
 - xv. Would that I were rich!
 - xvi. Oh!
 - xvii. Nice to find you here!
 - xviii. Help yourself, boy.
 - xix. What is the time by your watch, Ali?
 - xx. Yummy!

2. Give the Subject Term, Predicate Term, Quality and Quantity of the following propositions. Also state the Distribution or Undistribution of the Subject and Predicate Terms.
 - i. All politicians are liars.
 - ii. Some modern people are not civilized
 - iii. No Pakistanis are cowards.
 - iv. Some friends are enemies.

3. Test the Validity and Invalidity of the following by using Venn Diagram.
 - i. AOO-2
 - ii. EIO-1
 - iii. AEE-4
 - iv. OIO-3
 - v. IAI-4

(P.T.O.)

4. State the Contradictories, Contraries, Subcontraries and Subalternation of the following propositions. Also draw the diagram of the Square of Opposition. (Write 'Not Applicable' if a certain relation does not exist)
- All teachers are mentors.
 - No whales are light-weight.
 - Some students are funny.
 - Some houses are not airy.
5. By using abbreviations, symbolize these statements.
- Qatar and Libya do not both raise the price of gold.
 - Qatar and Libya both do not raise the price of gold.
 - It is not the case that either Qatar or Libya raises the price of gold.
 - Either it is not the case that Qatar or Libya raises the price of gold.
 - Qatar raises the price of gold unless Libya does so.
 - If Qatar raises the price of gold, Libya does so.
 - Qatar raises the price of gold only if Libya does so.
 - Qatar's raising the price of gold is a necessary condition for Libya to raise the price of gold.
 - Qatar's raising the price of gold is a sufficient condition for Libya to raise the price of gold.
 - It is not the case that neither Qatar nor Libya raises the price of gold.
6. Use Truth Tables to determine the validity or invalidity of each of the following arguments:
- $(X \cdot Y) \supset (X \vee Y)$
 $(X \vee Y)$
 $\therefore (X \cdot Y)$
 - $E \supset F$
 $F \supset E$
 $\therefore E \vee F$
7. Name the kind of Fallacy of Ambiguity committed in the following statements.
- Every member of the United States Congress is less than 100 years old. Therefore, the United States Congress is less than 100 years old.
 - Women are better drivers than men. Miss Deeba is a good screw driver.
 - The Eiffel Tower is in Paris. Therefore, every piece of steel in the Eiffel Tower is in Paris.
 - Do you still cheat your friends?
 - Cutting the grass a snake bit him.
 - The crows are omnivorous. Therefore, all the birds are omnivorous.
 - Opening the door, the handle was broken.
 - Laurie calls on her mother when she's alone.
 - Vulture is now dying out.
Therefore, the birds are now dying out.
 - Really exciting novels are rare.
But rare books are expensive.
Therefore, really exciting novels are expensive.



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Part-II: Supply-2017
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Roll No.

Subject: Investment & Port Folio Management
PAPER: MC-608

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q. No. 1 Define investment and explain the characteristics of capital market securities available for investment in Pakistan.

Q No. 2. Explain the difference between following concepts:

a). Stock brokers Vs financial advisors; b) Put option Vs Call option; c) Margin Account Vs Cash Account; d) Security market line Vs. Capital market line

Q. No. 3. Holding everything else constant, what effect would the following have on a company's P/E ratio?

- a) An increase in the expected growth rate of earnings;
- b) A decrease in the expected dividend payout
- c) An increase in the risk-free rate of return;
- d) An increase in the risk premium;
- e) A decrease in the required rate of return

Q. No. 4. You have been asked for your advice in selecting a portfolio of assets on the basis of return and risk analysis by using following data:

Historical Returns			
Year	Asset A	Asset B	Asset C
2014	12%	8 %	6%
2015	10%	10%	6%
2016	8%	12 %	6%

You have been told that you can create two portfolios—one consisting of assets A and B and the other consisting of assets A and C—by investing equal proportion of funds in each asset.

- i) What is coefficient of correlation between asset A and B's return, asset A and C's return and asset B and C's return? Answer just by observing the co-movement of returns (no calculation is required).
- ii) What is the expected return, standard deviation and Coefficient of Variation (CV) of each portfolio?
- iii) Which portfolio of asset do you recommend to risk averse investor? Explain.

Q. No. 5 Part (A) From the following information, calculate expected risk (standard deviation and coefficient of variation) of a portfolio that consists of three stocks i.e. A, B and C. Assume investment strategy is to invest 50% in A- stock and remaining 50 % equally in B-stock and C-stock.

	A-Stock	B-Stock	C-Stock
Expected Return	10 %	12 %	7 %
Expected Standard Deviation	8 %	14 %	0 %

Coefficient of correlation between A & B's return is -1, between A & C's return is zero and between B & C is also zero.

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Part (B) Mr. Shahbaz was short 200 shares of Engro Food Ltd. on October 15, 2017 and borrowed for short sale at Rs.100 per share. His broker had a 50% initial margin and a 40% maintenance margin on short sales.

Required:

- i) Calculate the value of stock borrowed that was sold short.
- ii) Draw the balance sheet of Mr. Shahbaz account to indicate the position of his account with broker on October 15, 2017.

Q. No. 6 Assume that the risk-free rate is 7 percent and the expected market return is 13 percent. Show that the security market line is $E(R_i) = 7.0 + 6.0\beta$.

Assume that an investor has estimated the following values for 4 different corporations.

Corporation	β	R_i (%)
Pepsi	1	13
Japan Power	1.5	14
Media Times	0.5	11
National Refinery	-0.5	6

Required: Calculate the $E(R_i)$ for each corporation using CAPM; indicate position of these securities on SML, and evaluate which security is appropriately valued, which is over-valued and which is under-valued.

Q. No.7 Part (A) What are the implications of the efficient market hypothesis to both stock selectors and market timers?

Part (B) KSE 3-Index is an index of three companies started working on January 1, 2017 with a 1000 points. This is a capitalization weighted stock index and January 1, 2017 is its base day. Consider the trading information of Attock Petroleum Ltd., Shell Pakistan Ltd. and Pakistan State Oil Co. Ltd. in the following table.

Trading day	Company Name	Shares Outstanding	Market Price
Jan.1, 2017	Attock Petroleum Ltd.	2.0 Million	Rs.220
	Shell Pakistan Ltd.	1.5 Million	Rs.150
	Pakistan State Oil Co. Ltd.	1.0 Million	Rs.150
Jan.2, 2017	Attock Petroleum Ltd.	2.0 Million	Rs.230
	Shell Pakistan Ltd.	1.5 Million	Rs.155
	Pakistan State Oil Co. Ltd.	1.0 Million	Rs.140
Jan.3, 2017	Attock Petroleum Ltd.	2.0 Million	Rs.215
	Shell Pakistan Ltd.	1.5 Million	Rs.165
	Pakistan State Oil Co. Ltd.	1.0 Million	Rs.145

- i) Assume January 1, 2017 as base day and compute the index value on January 1 and January 2, 2017.
- j) Attock Petroleum Ltd. has declared Rs.10 cash dividend per share and if January 3, 2017 is the book closure day, then compute the index value on January 3, 2017.



UNIVERSITY OF THE PUNJAB

Part-II: Supply-2017
Examination:- M. Com.
(3½ Years Programme)

Roll No.

Subject: Operations & Production Management
PAPER: MC-602

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

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- Q.1 . What method of layout would you recommend for furniture Manufacturing Unit?
 - Q.2 Distinguish between simplification and standardization of the consumer product.
 - Q.3 How can a manufacturer reduce the number of product designs?
 - Q.4 Describe the procedure for making a time study.
 - Q.5 Explain the merits & demerits of Debt Equity. How much its % do you recommend?
 - Q.6 Discuss the role of the cost of quality assurance in quality planning.
 - Q.7 Contrast operation charts and flow process charts.
 - Q.8 What is meant by inventor control? What steps are necessary for its effective use.
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