

Mark Scored:

KATHMANDU UNIVERSITY
End Semester Examination [C]
May/June, 2019

Level : B. E./ B. Sc./B. Pharm./B. Tech.
Year : IV

Course : MGTS 402
Semester: I

Exam Roll No. :

Time: 30 mins.

F. M. : 10

Registration No.:

Date 05 JUN 2019

SECTION "A"

[20 Q. × 0.5= 10 marks]

Encircle the most appropriate answer.

1. The total current assets of an entity amount to Rs. 100 000. Included in the total current assets is inventory to the value of R30, 000. The total current liabilities of this entity amount to Rs. 35, 000. The acid-test ratio of this entity is:
a. 2:1 b. 1:1 c. 1.5:1 d. 2.2:1
2. In psychographic segmentation, the satisfied, mature and reflective people who are encouraged by ideas and who value responsibility, knowledge and order are:
a. Thinkers b. Innovators c. Achievers d. Successors
3. The long term use is 120% of long term source. This indicates the unit has:
a. Current ratio 1.2:1 b. Negative TNW
c. Low capitalization d. Negative TWC
4. Authorized capital of a company is Rs.5 lac, 40% of it is paid up. Loss incurred during the year is Rs.50, 000. Accumulated loss carried from last year is Rs.2 lac. The company has a Tangible Net Worth of:
a. Nil b. Rs. 2.50 lakh c. – Rs. 50,000 d. Rs. 1 lakh
5. The strategy of choosing one attribute to excel at to create competitive advantage is known as (the):
a. Unique selling proposition b. Under positioning
c. Over positioning d. Confused positioning
6. Which of the following is not related to Bargaining Power of Suppliers?
a. Supplier concentration b. Switching costs
c. Attractiveness of substitutes d. Threat of backward integration
7. American Express offers not only its traditional green cards but also gold cards, corporate cards, and even a black card, called the Centurian, with a Rs. 1,00,000 annual fee aimed at a small group of "super-premium customers." Which of the following marketing efforts is American Express following with their credit card policies?
a. Macro marketing b. Segment marketing
c. Niche marketing d. Self-marketing

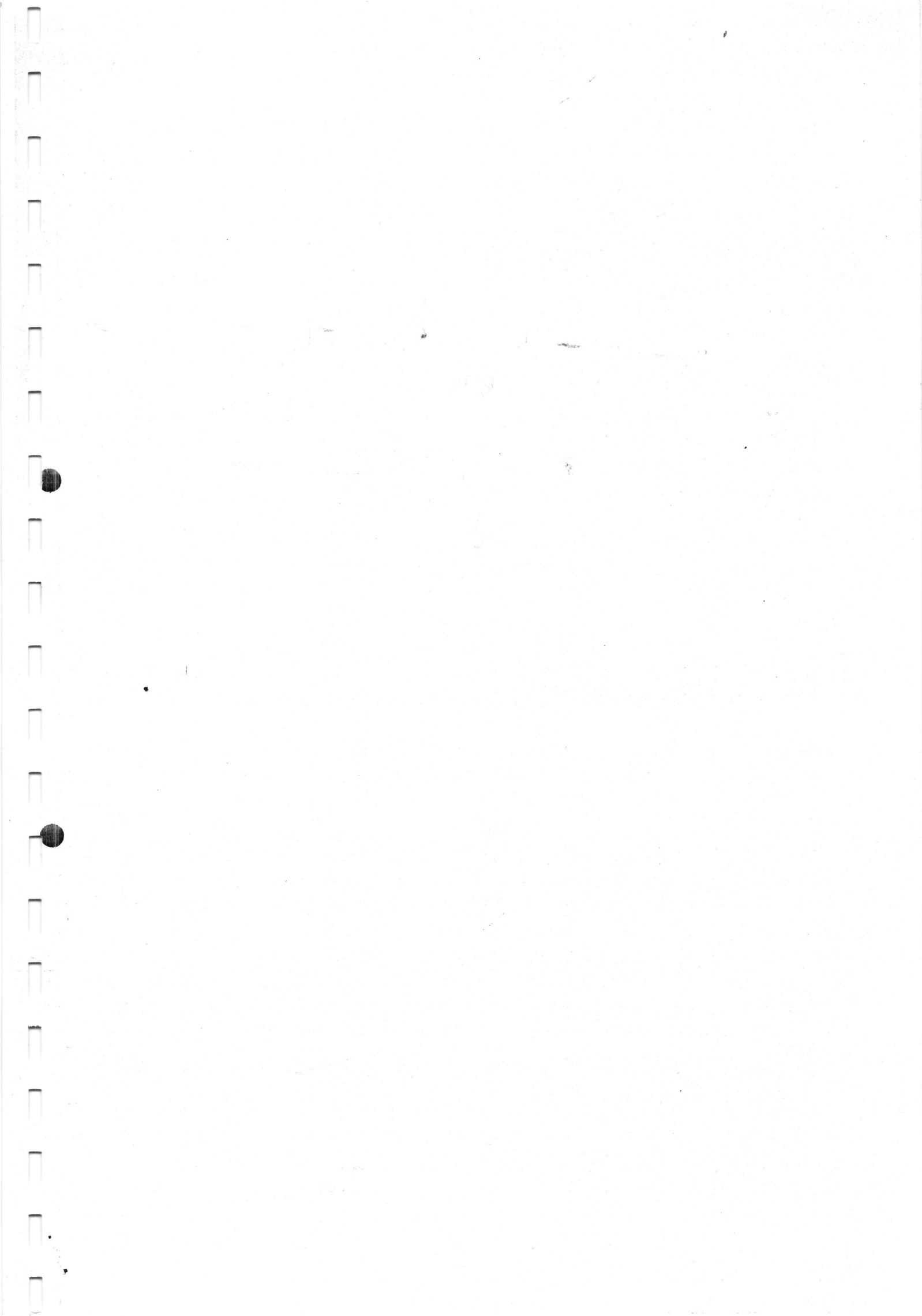
- 16. Why may demand remain low when a product is priced low?
 - a. Because lower prices often convey to a customer that a product is of lower value and lower quality.
 - b. Because customers enjoy using more of their disposable income to buy a similar good.
 - c. Because customers get a tax break from buying the higher priced good.
 - d. Because stores will not carry the lower priced goods.

- 17. What is the basic difference between creativity and innovation?
 - a. Creativity means coming up with a new product; innovation means coming up with a new process.
 - b. Creativity is a more mentally straining exercise; innovation just comes naturally.
 - c. Creativity is having a new idea on how to look at a problem or opportunity, while innovation is the ability to apply the creative idea.
 - d. Creativity is where the real money is made; innovations just usually stay in the lab.

- 18. Which of these examples of a mission statement's focus area is not effective?
 - a. AT&T focuses on communication rather than telephones
 - b. Himalayan Java focuses on the café experience rather than coffee.
 - c. Ncell an Axiata Company focuses on oil and gas rather than energy.
 - d. Universal Studios focuses on entertainment rather than movies.

- 19. Any word, name, symbol, or device used to identify the source or origin of products or services and to distinguish those products or services from others is a kind of intellectual property. Which one of the followings is the best suited with this definition?
 - a. Trade secret b. Patent c. Copyright d. Trademarks

- 20. Pricing strategy used to set prices of products that are must be used with main product is called
 - a. Optional product pricing b. Product line pricing
 - c. Competitive pricing d. Captive product pricing



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Level : B. E./ B. Sc./B. Pharm./B. Tech.
Year : IV
Time : 2 hrs. 30 mins.

Course : MGTS 402
Semester: I
F. M. : 40

SECTION "B"
[6 Q × 4 = 24 marks]

Attempt *ANY SIX* of the following questions.

1. A friend of yours at Kathmandu University has decided to open a start-up, which will link customers and lessor (House owners). The business idea seems feasible considering a rapid surge in demand for house rents and the problems the students are currently facing in identifying the perfect match. Explain some of the guerilla marketing activities that your friend can implement in order to position his/her services to the targeted customer.
2. How can a Location play an important part of a firm's business model in creating a competitive advantage? Explain your answer citing any two examples of such in Nepalese context?
3. Imagine that you are the dean of your respective school; at your University and you have suggested that more entrepreneurship courses be thought throughout your universities curriculum. You are getting resistance from some Professors who think entrepreneurship is a fad. Make the argument that entrepreneurship isn't a fad and is an extremely important topic.
4. Jason just applied for a bank loan to finance a smoothie restaurant that he plans to open. The banker asked Jason if he conducted any primary research to assess the feasibility of the restaurant and Jason replied that he spent countless evening and weekends in the library and on the Internet collecting data on the feasibility of smoothie restaurant and he is confident that his restaurant will be successful. He said that he even did careful research to make sure that smoothie restaurant do well in demographic areas that are similar to the area where he plans to open his restaurant, if you were the banker, how would you react to Jason's statement.
5. Mr. Karma Shakya is a biochemist at Kathmandu University. He is thinking about starting a business to commercialize some animal vaccines on which he has been working. Mr. Karma just registered for a biotech investment conference in Bharatpur, Chitwan. A number of venture capitalists are on the program and karma hopes to talk to them about this idea. karma has not written a Business Plan and does not see the need to write one. When asked about these issues, he told a colleague, "I can sell my ideas without the hassle of writing a Business Plan, besides I will have plenty of time to talk to investors at the conference. If they need additional information, I can always write something when I get home. "Explain to Karma why his approach to the development of a Business plan is unwise.

6. Ashmina lives in the town 10 km from Panauti. There isn't a furniture store in the town and Ashmina is thinking about starting one. She has good business and marketing skills and is confident she can run the store, but she's not sure whether the furniture store industry is a good industry to enter. Ashmina turned to you for help. What would you tell her?
7. Srijana a friend of yours is a freelance journalist. She writes articles on Business topics and sells them to business periodicals, newspaper and online sites. Srijana just read an article about the advantage of organizing a Limited liability Company (LLC) but doesn't know if the article applies to her. She's currently organized as a Sole proprietorship and doesn't know if it is appropriate or advisable for a freelance journalist to set up an LLC. Srijana has turned to you for advice. What would you tell her?

SECTION "C"
[2 Q × 8 = 16 marks]

Attempt ALL questions.

8. Supreme, Inc., has sales of Rs. 6 million, a total asset turnover ratio of 6 for the year, and net profits of Rs. 120,000.
 - a. What is the Supreme's Return on Assets (ROA)?
 - b. Supreme is considering the installation of new point-of-sales cash registers throughout its stores. This equipment is expected to increase efficiency in inventory control, reduce clerical errors, and improve record keeping throughout the system. The new equipment will increase the investment in assets by 20% and is expected to increase the net profit margin from 2% to 3%. No change in sales is expected. What is the effect of new equipment on the ROA?
9. Assume that you have just invented a new type of Electric Portable Refrigerators which can cool food to around 8 to 10 degrees on a 12-volt battery and that can be easily folded up and carried to various locations unlike the conventional Refrigerators. The new inventions will be helpful in improving the quality of life of rural households in Nepal. A low-cost solution to preserving perishable foods for longer periods, it is also creating new income-generating opportunities for shops and kiosks which are now able to serve cold drinks and chocolates. In this scenario, use the appropriate pricing techniques to price your product.