

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Chance Examination-2079  
Bachelor of Business Studies (BBS)  
Semester - VII

Subject: Financial Institutions and Markets  
Full Marks: 60 Pass Marks: 30

Course Code: FIN 475  
Time: 3: 00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions.

1. Explain the method of selling securities in financial market.
2. State the meaning of over the counter market.
3. An open end mutual fund has a net asset value of Rs 20 per share. It is sold with a front end load of 4 %.  
What is the offering price?
4. What is index and also rewrite the formula of value weighted index?
5. List out the function of investment banking.
6. What do you mean by merger and acquisition?
7. The 30-day T bill are currently yielding 5.5%, inflation premium is 3.25% and default risk premium is 2.15%, calculate the real risk free rate.
8. What are the major types of financial institutions in Nepal? List them.
9. If interest income is Rs. 1,411.98 and interest expenses is Rs. 413.05, interest earning assets and interest paying liabilities are Rs. 24,055.87 and Rs. 25,047.02 respectively, calculate the interest spread rate.
10. State the meaning of commercial paper

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

11. What is capital market? Differentiate capital market from money market. [2+6]
12. How do you describe the mutual fund structure? [8]
13. What are the tools used by Nepal Rastra Bank to implement monetary policy? [8]
14. Form a stock price index, from the three common stocks listed below. These three stocks issued no additional shares and paid no stock dividend.

Stock	Total shares outstanding	Market price in day 1	Market price in day 2
Middle	50,000	40	60
Mite	10,000	20	70
Maximum	100,000	60	80

- a. If the new three stocks index is value weighted, what will its value be on day 2? [4]
- b. If the new three stocks index is price weighted, what will its value be on day 2? [4]
15. The national close end fund has investment of Rs 420 million in securities, Rs 6 million in liabilities, and 20 million shares outstanding. It trades at a 10% discount from NAV. [4+4]
  - a. What is the net assets value of the fund?
  - b. What is the current price of the fund

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions.

16. What are the rationales behind merger and acquisitions? Explain. [13]
17. Sirjana has been managing the portfolio of star investment for the last two years. She found that her portfolio had earned a return of 70.6% with the stander deviation of 41.31% and had a beta of 1.211. During the period, the return of the market as a whole was 41.4% with a stander deviation of 19.44% and beta of 1. Assume that the risk free rate was 12%. Compute the sharpe index for the portfolio and comment of Sirjana's performance according to the measure. [13]
18. Suppose most investors expect the rate of inflation to be 7% next year, to fall to 5 % during the following year, and then to remain at a rate of 3% thereafter. Assume that the real risk free rate ( $k^*$ ) is 2% and the maturity risk premium on treasury securities rise from zero on every short term bonds by 0.2% points for each year to maturity up to a limit of 1% point on 5 year or long term bonds. You are required to calculate the interest rate for 1, 2, 3, 5, 10 and 20 years treasury securities and plot the yield curve. [13]

**THE END**

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 Semester - VII

Subject: Investment Analysis  
 Full Marks: 60 Pass Marks: 30

Course Code: FIN 476  
 Time: 3: 00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions.

1. List the steps of investment process.
2. Write any two differences between real assets and financial assets.
3. What is option?
4. The stock of Kathmandu Water Supply Company (KWSC) is expected to return 14 percent with a standard deviation of 5 percent. The stock of Kathmandu Electricity Company (KEC) is expected to return 16 percent with a standard deviation of 9 percent. If you invest 30 percent of your funds in KWSC's stock and 70 percent in KEC's stock, what is the expected return on your portfolio?
5. What is NEPSE sensitive index?
6. A Treasury bill having face value of Rs. 10,000 with 91 days of remaining maturity sells at a bank discount yield of 5%. What is the price of Treasury bill?
7. An investment has beginning value of Rs. 10,100. You buy this investment. After six months you sell it for Rs. 10,500 after receiving a cash dividend of Rs. 600. What is the holding period return on this investment?
8. Define fixed income securities.
9. What is municipal bond?
10. What do you mean by preemptive right?

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

11. Discuss the factors that affect the choice of investment alternatives. [8]
12. Assume yourself as a portfolio manager and with help of the following details, answer the following questions:
 

Risk free rate of return ( $R_f$ )	5%
Expected return on market portfolio ( $R_M$ )	18%
Beta of Vimal Enterprises stock ( $\beta_V$ )	1.1

  - a. Is Vimal Enterprises stock can be classified as an aggressive assets and why? [1]
  - b. Write equation for SML. [2]
  - c. Draw SML and locate Vimal Enterprises stock on it. [3]
  - d. Suppose, you have independently estimated that the expected return for Vimal Enterprises stock is 14%. Is Vimal Enterprises stock underpriced or overpriced? If a market is striving toward equilibrium, what would happen to the price of Vimal Enterprises stock? [2]
13. Define security market. Describe the different types of security market. [3+5]
14. A recent issue of the Wall Street Journal gave the following quote for the Treasury bond:

Rate	Maturity	Bid	Ask	Change	Ask Y/d
9 <sup>3</sup> / <sub>8</sub>	Feb 18	106:26	106:30	-16	8.56

- a. What is the rupee amount of the semi-annual coupon that this bond pays? [1]
- b. What is the term to maturity of the bond from February 2006? [1]
- c. Convert the ask quote into a rupee price [2]
- d. Calculate dealer's spread. [2]
- e. Explain the change of -16? [2]

15. A hypothetical S&P index of six stocks is used by many investors to monitor the general behavior of the stock market. It has a base value set equal to 100 on January 1, 1981. In the following table, the closing market values for each of the six stocks included in the index are given for three dates.

Stock	Closing market value of stock (in 000)		
	June 30, 2016	January 1, 2016	January 1, 1981
1	430	460	240
2	1150	1120	630
3	980	990	450
4	360	420	150
5	650	700	320
6	290	320	80

- Calculate the value of S&P index on both January 1, 2016 and June 30, 2016. [6]
- Compare the value of the S&P index calculated in part 'a' and relate them to the base index value. Would you describe the general market conditions during the six months' period January 1 to June 30, 2016 as a bull or a bear market? [2]

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions.

- "A wide range of investment alternatives is available to individual investors". In light of this statement, discuss the various investment alternatives available for investors. [13]
- Vishal Bazar Co. Ltd. currently pays a dividend of Rs. 8 per share on its common stock.
  - If Vishal Bazar plans to increase its dividend at a rate of 5% per year indefinitely, what will be the dividend per share in year 10? [2]
  - If Vishal Bazar's dividend per share is expected to be Rs. 12 per share at the end of 5 years, at what annual rate is the dividend expected to grow? [2]
  - If Vishal Bazar's dividend grows at 5% only for three years and grows thereafter at constant rate of 3% forever, what will be intrinsic value of Vishal Bazar stock? [4]
- Consider the following summary statistics about five investment portfolios:

Portfolios	Average return	Standard deviation	Beta
A	18	15	1.4
B	15	13	1.2
C	13	6	1.1
D	10	8	1
E	7	3	0.5

Assume that the riskless rate of interest is 5%.

- Which of the portfolio performed the best according to Sharpe's measures? [5]
- Which performed the best according to Treynors' performance measure? [5]
- What conclusions do you draw from above calculations in (a) and (b)? [2]
- What is Jensen's measure of portfolio performance? How is it used? Explain with illustration. [4]

**THE END**

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Semester - VII

Subject: Managerial Personality Development  
Full Marks: 60 Pass Marks: 30

Course Code: MGMT 471  
Time: 3: 00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions.

1. What is mentorship?
2. Mention the nature of personality.
3. State any four characteristics of leadership.
4. Define group discussion.
5. What do you mean by emotional stability?
6. Differentiate between high and low risk takings.
7. What do you mean by overcoming resistance to change?
8. What is team work?
9. Write the meaning of laissez- fair leadership.
10. Point out the sources of attitude formation

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

11. State and explain the major determinants of personality. [8]
12. What is behavior modification? Explain the steps of behavior modification process. [2+6]
13. Point out and explain the five most commonly used mentoring techniques. [8]
14. Explain the 'Big Five Personality Traits'. [8]
15. Write down four differences between classical conditioning theory and operant conditioning theory. [8]

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions.

16. Explain the qualities that are required for an effective leadership. And discuss the emerging approaches in leadership. [4+9]
17. What is learning? Highlight the components of learning and state the factors influencing learning. [3+5+5]
18. What is personality? Explain the major personality attributes that influence the organization behavior. [4+9]

**THE END**

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Semester - VII

Subject: International Business Environment  
Full Marks: 60 Pass Marks: 30

Course Code: MGMT 472  
Time: 3: 00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions.

1. What is globalization?
2. List out the four reasons why companies are engaged in international business.
3. Clarify the meaning of 'Comparative Advantages Theory'.
4. State any four causes of political risk in international business.
5. "Moral obligation is emerging ethical issues in international business". Explain.
6. Give the meaning of purchasing power parity (PPP).
7. Why was International Monetary Fund established? Give any four reasons.
8. Write the meaning of marketing intelligence system.
9. Write the meaning of intellectual property right.
10. List out any four factors affecting the development of pricing strategy in international business.

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

11. Give the concept of factor endowment theory of trade. Explain its limitations. [4+4]
12. Critically analyze the advantages and challenges to Nepal as a member of the WTO. [4+4]
13. Discuss the evolution of international business. [8]
14. What is mixed economy system? Differentiate between pure command economy and control economy system. [2+6]
15. Why is cultural diversity an opportunity for international business? Elaborate the measures for the management of cultural diversity in the context of international business. [3+5]

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions.

16. What are multinational companies? Express the features of multinational company and their impacts on a host country. [13]
17. Explain the mercantilism and absolute cost advantages theory of international business based on inherent concept, supported factors and underlying assumptions. [13]
18. Clarify the meaning of individualism and collectivism ideology. Compare and contrast between them based on meaning, principles, advantages and weaknesses. [4+9]

**THE END**

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Semester - VII

Subject: Sales Management

Full Marks: 60 Pass Marks: 30

Course Code: MKT 476

Time: 3: 00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions.

1. What is the selling concept of marketing?
2. Point out the importance of salesmanship.
3. Write the meaning of human resource department.
4. What is line organization structure?
5. "Customer's satisfaction is the best media of advertisement". Justify in brief.
6. Define the term sales quota.
7. State the meaning of compensation to sales force.
8. Point out any two differences between consumer behavior and institutional buyer behavior
9. What is business promotion?
10. Why is it essential to handle the customer complaints?

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

11. What is sales organization? Explain the types of sales organizational structures. [2+6]
12. What is buyer behavior? Explain the consumer's buying process. [2+6]
13. Is it necessary to motivate the sales force? Discuss the tools for motivating sales force. [3+5]
14. Define sales territory. Explain the needs of sales territory. [2+6]
15. Write short note (On any two): [4+4]
  - a) Recruitment and selection
  - b) Customer relationship
  - c) Trade promotion

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions.

16. What is sales management? Describe the roles of sales in the firm and society. [4+9]
17. Define buyer behavior. Explain the types of buyer decision. And also discuss the recent development in organizational buying. [3+5+5]
18. What is sales promotion? Explain the types and objectives of sales promotion. [3+5+5]

**THE END**