

MID-WESTERN UNIVERSITY  
FACULTY OF MANAGEMENT  
FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Advance Auditing  
Full Marks: 100

Course Code: ACC 546  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X2 = 20 MARKS)**

*Answer all questions:*

- Q1. Write any two features of government audit.
- Q2. What do you mean by audit plan?
- Q3. Write any two points which are included in the audit programme.
- Q4. Write a short note on 'Terms of Audit Engagement'
- Q5. Mentions any two roles of Auditing Standard Board of Nepal.
- Q6. Write short notes on signing on audit report.
- Q7. What is full audit?
- Q8. Which documents are generally included in permanent audit files? Write any two of them.
- Q9. What is the test check?
- Q10. What is off-balance sheet?

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

*Answer any SIX questions:*

- Q11. Explain the Nepal Standards on Auditing Formulation Procedures. (8)
- Q12. What are the informations required to understand the knowledge of client business? (8)
- Q13. List out the fundamental and other Accounting concepts. Describe any four points of it (2+6)
- Q14. Mentions the role of Auditing Standard Board of Nepal. (8)
- Q15. What is the audit report? Mention the contents of audit report in details. (2+6)
- Q16. Write down the main code of conducts regarding professional auditor. (8)
- Q17. Mentions any six conditions in which auditor may be disqualified for audit works. (8)
- Q18. Explain the main types of audit report. (8)

**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

*Answer any TWO questions:*

- Q19. How do you make the valuation and verification of the assets and liabilities as an auditor? Explain with examples. (16)
- Q20. What activities are followed by an auditor while conducting Audit of School? Explain in details. (16)
- Q21. What do you understand by criminal liabilities of an auditor? On what ground s/he may be held liable for criminal offences? (6+10)



MID-WESTERN UNIVERSITY  
FACULTY OF MANAGEMENT  
MAKE-UP EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Accounting Theory and Practice  
Full Marks: 100

Course Code: ACC 547  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X2 = 20 MARKS)**

Answer all questions:

- Q1. Write any two causes for accounting policy mentioned in a financial statement.
- Q2. Present the Consistency of Presentation concept on financial statement.
- Q3. What are the basic considerations for the Faithful Presentation of a financial statement?
- Q4. How do we recognize the income and expenditure in the income statement as per the Accounting Standard Board of Nepal?
- Q5. "Verifiable is a qualitative characteristics of the Financial Statement." why? Explain in brief.
- Q6. List out any four responsibilities of auditor's for financial reporting.
- Q7. Why is inflation accounting necessary? Give any four reasons.
- Q8. Mention the four features of Current Cost Accounting Method
- Q9. Define the meaning of Corporate Social Performance Accounting.
- Q10. Mention any four positive aspect of internet financial reporting.

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

Answer any SIX questions:

- Q11. Write an introduction of Accounting Standard Board of Nepal. Explain its objectives. (2+6)
- Q12. What is the conceptual framework for financial reporting? And also explain it's purpose and status. (3+5)
- Q13. Explain the issues and advantages of internet financial reporting. (4+4)
- Q14. State the meaning of director's report? Sketch the items included on the director's report of a company. (2+6)
- Q15. Write the meaning of Human Resource Accounting. Explain the benefits of Human Resource Accounting. (3+5)
- Q16. Clarify the meaning of replacement cost accounting method with its accounting process. (2+6)
- Q17. A firm's income statement for the year ended 31st chaitra 2074 as follows;

Particulars	Amount Rs.	
	Detail	Total
Sales Revenue		168,000
Less:- <u>Cost of goods sold</u>		
Beginning inventory	20,000	
Purchase	85,000	
Ending inventory	<u>(12,000)</u>	<u>93,000</u>
Gross Profit		75,000
Less:- Operating expenses:-		
Manpower expenses	25,000	
Depreciation	15,000	
Office and management expenses	8,000	
Interest expenses	<u>7,000</u>	<u>55,000</u>
Net Profit before tax		20,000
Less:- Tax Provision		<u>7,000</u>
Profit after Tax		13,000
Less:- Dividend		<u>5,000</u>
Net Profit		8,000

Additional information:

Depreciation adjustment..... Rs.6, 500

Fixed asset adjustment.....Rs.12, 500

The gearing adjustment for the period was ..... Rs 2,000

MWCA ..... Rs.3, 000

The general price index was 100 of Baisakh and 120 of Chaitra 2074

**Required:**

- a) Cost of Sales Adjustment (COSA) (3)
- b) Current Cost Accounting Reserve (CCAR) (2)
- c) Current cost income statement. (3)

Q18. You are given following information:

Particulars	Amount Rs.
Sales revenue	386,000
Closing stock	72,000
By interest (Cr.)	1,800
By commission (Cr)	2,000
Opening stock	60,000
Purchase	276,000
Freight inward	8,800
Power	4,000
Work in progress	30,000
Labor payment	26,000
Operating expenses	2,400
Electricity charge	8,400
Repair and depreciation	13,500
Salary	15,500
Net profit	17,200

**Required:-** Value Added Statement with applies

(4 +4)

**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

Answer any TWO questions:

Q19. Explain the qualitative characteristics of useful financial information. Express the meaning of capital maintenance. And also explain the determination of profit as per concept of capital maintenance. (8 + 2+6)

Q20. A company began business operations on December 31, 2013, when the price level 100 (base period). The comparative balance sheets for 2013 and 2014 are given below:

Liabilities	2013	2014	Assets	2013	2014
Liabilities	1500,000	1500,000	Monetary Assets	900,000	1800,000
Capital Stock	30,00,000	30,00,000	Inventories	900,000	600,000
Retained earning	-	300,000	Land	1200,000	1200,000
			Plant	1500,000	1500,000
			Accum. depreciation	-	(300,000)
<b>Total</b>	<b>45,00,000</b>	<b>48,00,000</b>	<b>Total</b>	<b>45,00,000</b>	<b>48,00,000</b>

Income statement for the year 2014

Particulars	Amount	
	Detail Rs.	Total Rs.
Sales Revenue		60,00,000
Less:- Cost of goods Sold		
Opening stock @ Rs.10	900,000	
Purchase @ Rs. 12	1440,000	
Closing Stock @ Rs.10	(600,000)	<u>1740,000</u>
<b>Gross Margin</b>		<b>42,60,000</b>
Less:- Operating expenses		
Depreciation	300,000	
Interest	150,000	
Selling expenses	<u>35,10,000</u>	<u>3960,000</u>
<b>Net Profit</b>		<b><u>300,000</u></b>

Additional Information

- All revenue and cost were incurred evenly throughout the year, with the exception the cost of the goods sold and depreciation expenses.
- A LIFO method is followed assumed.
- Price indices
  - 31<sup>st</sup> December 2013 – 300
  - 31<sup>st</sup> December 2014 – 540

Average price index (2014) – 360

- The inventory purchases were made on a date when the price index was 450.
- Depreciation for plant was accumulated by the straight line method over a life span of five years.

**Required:-**

- a. Calculate monetary gain or loss (5)
- b. Restate the income statement for the 2014 as per price level change (6)
- c. Restate the Balance sheet as at 31<sup>st</sup> December 2014 as per price level change (5)

Q21. Following Trial Balance is Nepal Investment Bank Ltd.

Particulars	Dr. Rs.	Particulars	Cr. Rs.
Land and building	200,000	Equity share capital	500,000
Cash at bank	54,000	Accounts payable	50,000
Investment	300,000	Interest and dividend received	10,000
Furniture	120,000	Sales revenue	400,000
Purchase	200,000	10% debenture	100,000
Account receivable	90,000		
Interest on debenture	6,000		
Salary	60,000		
Rent	30,000		
Total	10,60,000	Total	10,60,000

Additional information:

- Closing stock Rs. 50,000
- Prepaid Rent was Rs. 2,000
- Interest on debenture due was Rs. 4,000
- Furniture depreciates by 10% p.a.
- Land and building appreciate by 5% p.a.

**Required:-** income statement, balance sheet and cash flow statement as per company act with reference to Nepal Financial Reporting Standard (NFRS) (5+5 +6)



MID-WESTERN UNIVERSITY  
FACULTY OF MANAGEMENT  
FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Taxation

Course Code: ACC 545

Full Marks: 100

Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X 2 = 20 MARKS)**

Answer all questions:

- Q1. Define indirect tax.
- Q2. List out the any four features of tax.
- Q3. Describe in brief the canon of diversity with suitable examples.
- Q4. Mr. Madan kafle is an employee of Asian Life Insurance company borrowed loan of Rs. 4,00,000 from the office to build own house in Magh 1<sup>st</sup> of previous year at an interest rate of 9 percent. The prevailing interest rate is 19 percent.  
**Required:** Amount of Interest to be included in his employment income.
- Q5. A special industry which is in operation from last nine years in a under developed area has shown its taxable income for the year ended Rs. 20,00,000. The industry is providing direct employment to 1350 Nepalese citizens throughout in the year.  
**Required:** Applicable rate of income tax for the industry.
- Q6. Mr. Gopindra khalal provided the following information:  
➤ Total salary Rs. 9,10,000 (including Dashain Kharcha)  
➤ He has been provided vehicle facility and accommodation facility by office the office. Driver's salary Rs. 25,000 p.m. is paid by the office.  
**Required:** Amount of vehicle and accommodation facility to include in his taxable income.
- Q7. What is value added tax?
- Q8. Write any four example of revenue expenditure.
- Q9. Points out any two differences between employment income and profession income.
- Q10. Write short note about pollution control cost according to income tax act, 2058.

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

Answer any SIX questions:

- Q11. A consumer paid VAT Rs. 6,000 while purchasing a computer. The computer was imported by Mr. Dinesh and it was sold to retailer. Profit margin of 20% on selling price was included in all levels.  
**Required:** a) Import price of the computer. (4)  
b) VAT payable by the retailer to the government (4)
- Q12. a) Mr. Gopindra khalal submitted the following particulars of his incomes for the previous year.
- |   |              |
|---|--------------|
| ➤ Net (assessable) income from employment | Rs. 1,40,000 |
| ➤ Net (assessable) income from investment | Rs. 2,20,000 |
| ➤ Net (assessable) income from business   | Rs. 3,60,000 |
- He claimed the following expenses for deduction:
- |  |            |
|--|------------|
| ➤ Donation to public hospital  | Rs. 40,000 |
| ➤ Advance tax paid   | Rs. 20,000 |
| ➤ Bad debts recovered of Rs. 30,000 was not included in above business income. |            |
| ➤ Medical expenses   | Rs. 3,000. |
- Required:** a) Statement of total taxable income and tax liabilities (3+1)  
b) Write in short the tax exempted incomes under Income Tax Act, 2058. (4)
- Q13. Mr. Deepak Bista an investor submitted the following incomes and expenses for the relevant income year:
- |                               |                          |
|-------------------------------|--------------------------|
| ➤ Rent from house             | Rs. 1,50,000 (after TDS) |
| ➤ Interest from private party | Rs. 65,000               |
| ➤ Interest on bank deposit    | Rs. 30,000               |

- Income from joint investment total Rs. 26,000(income sharing ratio equal)
  - Natural resources income Rs. 4,25,000(net)
  - Rent from letting computer Rs. 90,000 (TDS)
  - Payment received from retirement saving Rs. 1,30,000.
  - Dividend from Japan Rs. 40,000
- He has claimed the following deduction:
- Dividend collection charge Rs. 500
  - Expenses of natural resources Rs. 1,000
  - Depreciation of computer Rs. 40,000
  - Repair of computer Rs. 10,000
  - Life Insurance Premium Rs. 15,000 paid for a policy amount of Rs. 4,00,000.
  - Donation to Public Eyes Center Rs. 32,000

**Required:** Taxable income and tax liability

(4+2+2)

Q14. Miss Mira is a disabled individual appointed as a section officer of Nepal government on 1st Marg 2068 at a pay scale of Rs. 20,000- 500- 22,000- 1,000 – 28,000. Besides salary she disclosed the following details regarding his income and expenditures.

- ❖ Clothing allowance Rs. 1,25,000
- ❖ Meeting allowance Rs. 16,000
- ❖ Bonus equal to 3 month current salary.
- ❖ Medical expenses reimbursed by the office Rs. 10, 000 (She claimed it for tax credit).
- ❖ Office provided a loan amount of Rs, 2,00,000 at a concessional interest rate of 5% p.a. Prevailing interest rate was 9% p.a.
- ❖ School fee of his son Rs. 2,000 p. m. was paid by office.
- ❖ She had contributed 15% of salary towards a recognized provident fund and the employer has also contributed 10%.
- ❖ Office also provided a security guard and a cook at monthly salary of Rs. 10,000 p. m. and 5,000 p. m. respectively. The employer deducted Rs. 10,000 from her salary for both items.
- ❖ Life insurance Premium paid by employer Rs. 25,000.
- ❖ She donated to a political party registered with election commission Rs.30,000.

**Required:** a) Net Assessable Income from Employment

(4)

b) Statement of Taxable Income

(2)

c) Tax liabilities

(2)

Q15. An individual running special industry furnished the following information regarding its assets under block-B:

- i) Beginning depreciation base Rs. 15,00,000.
- ii) Purchase during the year:
  - Marga 21 – Rs. 12,00,000
  - Chaitra 30 – Rs. 9,00,000
  - Asad 10 – Rs. 6,00,000
- iii) An old computer costing Rs. 2,50,000 was sold at a price of Rs. 2,00,000.
- iv) The company has spent Rs. 1,61,000 as repair on these assets.

**Required:** a) Allowable amount of depreciation

(5)

b) Opening WDV for the next year

(3)

Q16. Explain the rights and duties of assesses of tax under Income Tax Act, 2058.

(8)

Q17. "Major target of excise duty is socially harmful and health injury products." On the light of this statement, describe the excisable products under Excise Act, 2058.

(8)

Q18. Explain the provisions of import and export procedures as stated in Custom Act 2064.

(8)

### SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)

Answer any TWO questions:

Q19. a) Describe the methods of tax assessment under Income Tax Act, 2058.

(8)

b) What is tax? Explain its objectives.

(8)

Q20. Following is the details of the transaction of a manufacturing company for the previous year.

Trading and Profit & Loss account

Particular	Rs.	Particular	Rs.
To Opening stock	2,20,000	By Sales	70,40,000
To Purchase of material	17,50,000	By Closing stock	1,70,000
To Freight	1,00,000		
To Custom duty	80,000		
To Gross profit	50,60,000		
<b>Total</b>	<b>72,10,000</b>	<b>Total</b>	<b>72,10,000</b>
To Salaries	3,50,000	By Gross Profit	50,60,000
To Interest on loan	1,90,000	By Interest	40,000
To Provision for bad debts	80,000	By Bad debts recovered	1,00,000
To Fire insurance Premium	1,20,000	By Mis. Expenses	50,000

To Legal expenses	60,000	By Refund of custom duty	50,000
To General expenses	70,000	By Gain on sale of share net (not listed)	1,70,000
To Provision for tax	30,000	Royalty received	1,00,000
To Bonus to staff	1,30,000		
To Depreciation on plant	1,10,000		
To Repairs	50,000		
To Pollution control cost	2,40,000		
To Reserve for contingency	65,000		
To R& D Cost	30,000		
To Donation	1,00,000		
To Net profit	36,75,000		
<b>Total</b>	<b>55,70,000</b>	<b>Total</b>	<b>55,70,000</b>

**Additional Information:**

- ❖ Purchase includes Rs. 2,50,000 the cost of machinery purchased on Marga of previous year. The opening depreciation base amount of machinery was Rs. 5,00,000. The part of machinery was sold Rs. 2,00,000 during the year.
- ❖ General expenses include Rs. 10,000 paid for electricity charge.
- ❖ Legal expenses include Rs. 15,000 paid to a lawyer for conducting income tax appeal.
- ❖ Forty percent of bad debts recovered were not allowed previously.
- ❖ Opening stock was overvalued by 10% and closing stock was undervalued by Rs. 30,000.
- ❖ Business loss Rs. 1,00,000 of last year.
- ❖ The industry is located in highly undeveloped area. It has been providing direct employment to 1500 Nepalese workers throughout the year.
- ❖ Refund of income tax Rs. 20,000 has not been shown in P/L account.

- Required:**
- a) Net (Assessable) income from business (10)
  - b) Net (Assessable) income from Investment (2)
  - c) Statement of taxable income (2)
  - d) Tax liabilities (2)

Q21. Following is the summarized statement of cash concerning an auditor for the previous year.

Statement of cash

Particular	Rs.	Particular	Rs.
To Balance of cash	1,75,000	By Office expenses	140000
To Audit fee	2,50,000	By Office rent	1,50,000
To Consultation fees	1,00,000	By Medical expenses(Self)	5,000
To Interest on personal loan	2,00,000	By Life insurance Premium	25,000
To Rent from office loan	25,000	By Donation	25,000
To Income from writing articles	65,000	By Purchase of computer	1,75,000
To Income from dividend	2,10,000	By Balance	5,05,000
<b>Total</b>	<b>10,25,000</b>	<b>Total</b>	<b>10,25,000</b>

On query made by the tax officer, the following facts were revealed.

- a. The insurance policy of Rs.300,000 was taken on his own life.
- b. The computer was purchased on 1<sup>st</sup> Bhadra.
- c. Depreciation base of the office furniture at the beginning of the year was Rs. 125,000.
- d. Dividend was received from a domestic company.
- e. During the year he has paid Rs. 10000 income tax in advance.
- f. His working place lies in a 'D' remote area and has selected individual status for income tax purpose.
- g. Loss on profession Rs. 100,000 of the previous assessment year.

**Required:**

- a. Net (assessable) Income from profession. (13)
- b. Statement of Total Taxable Income. (2)
- c. Tax liability (1)



MID-WESTERN UNIVERSITY  
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FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Financial Institution & Market  
Full Marks: 100

Course Code: FIN 545  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X2 = 20 MARKS)**

Answer all questions:

- Q1. “Financial institutions channelize the funds from surplus unit to deficit unit.” Justify in short.
- Q2. List out the types of financial market.
- Q3. Conceptualize the term commercial paper.
- Q4. Differentiate between perpetual and redeemable bond.
- Q5. What is credit creation?
- Q6. An investor purchased a million-rupee commercial paper with a maturity of 180 days at a discounted price of Rs 980,000. Calculate the discount rate of return on this commercial paper.
- Q7. What does the term “Net Change” indicates in bond quotation?
- Q8. Point out the major determinants of interest rate.
- Q9. Money market is an important segment of financial market to flow the short term funds in an economy. Explain the statement briefly.
- Q10. Elucidate the term thrift institution.

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

Answer any SIX questions:

- Q11. Distinguish between primary and secondary market. (8)
- Q12. Capital market provides the avenue where companies can raise funds to expand their business. In light of the statement, highlight the functions of capital market. (8)
- Q13. Discuss the major constituent of money market and also explain its essential functions. (4+4)
- Q14. What is meant by credit union? State and explain the regulation system of credit union. (3+5)
- Q15. Introduce commercial bank. Explain different types of loan that commonly practiced by commercial bank. (3+5)
- Q16. Give the concept of insurance and also clarify the objectives and roles of insurance. (3+5)
- Q17. The auction price for a Treasury Bills is Rs 9905 on an Rs 10,000 face value and bill matures in 180 days. After the thirty of purchase investor sells the bills at a discount rate of 5.8 percent. Calculate: (2+2+2+2)

<ol style="list-style-type: none"> <li>a. Discount yield on Treasury Bills</li> <li>b. Coupon equivalent yield</li> </ol>		<ol style="list-style-type: none"> <li>c. Price of Treasury Bills after 30 days</li> <li>d. Holding period return</li> </ol>
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- Q18. A bond trader purchased each of the following bonds at a maturity period of 8 percent. Immediately after the purchase of the bond, interest rate fell to 7 percent. What is the percentage change in the price of the bonds after the decline in interest rate? Fill the following table: (2+2+2+2)

Bonds	Price @8%	Price@7%	Percentage change
10 years, 10 percent annual coupon	.....	.....	.....
10 years, zero coupon	.....	.....	.....
30 years, zero coupon	.....	.....	.....
Rs 100 perpetuity	.....	.....	.....



**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

*Answer any TWO questions:*

- Q19. a) Highlight the factors that affect the interest rate in an economy. (8)  
b) State and explain the functions of commercial bank. (8)
- Q20. Conceptualize the term central bank. What functions that usually carried out by Nepal Rasta Bank to regulate the entire banking system of Nepal? Clarify. (6+10)
- Q21. A-10 year, 14 percent semi-annual coupon bond with a par of Rs 1,000 may be called in 4 years at a price of Rs 1060. The bonds sell for Rs 1100. (Assume that the bond has just been issued).  
Required:  
a. What is the bonds yield to maturity? (8)  
b. What is the bonds yield to call? (8)



MID-WESTERN UNIVERSITY  
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FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Investment Analysis  
Full Marks: 100

Course Code: FIN 546  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X2 = 20 MARKS)**

Answer all questions:

- Q1. What do you mean by money market?
- Q2. Write the full form of IPO and FPO.
- Q3. Differentiate between speculation and gambling.
- Q4. Write the equation of rate of return and expected rate of return of complete portfolio.
- Q5. Define CML.
- Q6. Write the formula for calculation of weight of minimum risk portfolio assets allocation.
- Q7. What do you mean by financial analysis?
- Q8. State any four types of bonds.
- Q9. What do you mean by NAV?
- Q10. The total investment of closed fund has currently worth Rs 450 million. It has liabilities of Rs 120 million and 10 million shares outstanding.
  - a. What is the NAV of the fund?
  - b. If the fund sells for Rs 36 per share, what is the percentage premium or discount that will appear in the listing the financial pages?

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

Answer any SIX questions:

- Q11. What do you mean by investment? Explain the investment process. 4+4
- Q12. Write the difference between SML and CML. 8
- Q13. The data below describe a three-stock financial market that satisfies the single-index model.

Stock	Capitalization	Beta	Mean Excess Return	Standard Deviation
A	Rs 5000	1.0	10%	40
B	2740	1.2	12	50
C	2260	1.3	15	60

The standard deviation of the market index portfolio is 35%

- a. What is the mean excess return of the index portfolio?
  - b. What is the covariance between Stock A and Stock B?
  - c. What is the Covariance between Stock B and the index?
  - d. Break down the variance of stock B into systematic and firm-specific components.
- Q14. The following data for NTC and NCELL is available: 8

	NTC	NCELL
Standard Deviation	15%	25%
Expected return	12%	14%
Correlation Coefficient		0.5

- a) Compute the standard deviation of an equally-weighted portfolio.
- b) If you create the lowest-risky portfolio, what would weight of NTC?

- Q15. You have purchased Rs 1000 face value bond recently issued by NIC Asia Bank for Rs 850 what will be the yield to maturity if this bond pay annual interest of 11 percent and its maturity period is 10 years. 8
- Q16. The Siddarth Mutual Fund sells Class A shares with a front-end load of 3% and Class B shares with 12b-1 fees of 0.6% annually as well as back-end load fees that start at 5% and fall by 1% for each full year the investor holds the portfolio (until the fifth year). Assume the rate of return on the fund portfolio net of operating expenses is 12% annually. What will be the value of Rs 25,000 investment in Class A and Class B shares if the shares are sold after (a) 1 year, (b) 5 years, (c) 8 years? Which fee structure provides higher net proceeds at the end of each investment horizon? 8
- Q17. Define investment companies. Explain its types 8
- Q18. Write short notes on: (Any two) 4+4

- a) Money Market Instruments
- b) Multifactor Models
- c) Investment Companies

**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

Answer any TWO questions:

- Q19. a) Explain the Porter's model for analyzing industry and competitors. 8
- b) Define fundamental analysis. Mention the difference between fundamental analysis and technical analysis. 8
- Q20. a) Shine IT Corporation is experiencing a period of rapid growth. Earnings and dividends are expected to grow at a rate of 20 percent during the next three years, at a 15 percent in the fourth year and at a constant rate of 7 percent thereafter. The company's last dividend was Rs 30 per share and the required rate of return on the stock is 15 percent. What is the value of stock today? 8
- b) Consider the following information: 8

	Debt	Equity
Expected return, $E(r)$	10%	15%
Standard deviation, $\sigma$	14%	25%
Covariance, $Cov(r_D, r_E)$	98	
Correlation coefficient, $\rho_{DE}$	0.40	

Calculate the portfolio return and variance consisting 100%, 50%, and 10%, 0% investment in debt and rest in investment in equity. Calculate minimum variance portfolio if correlation coefficient is -1, and 1.



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FACULTY OF MANAGEMENT  
FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Derivative and Risk Management  
Full Marks: 100

Course Code: FIN 547  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X2 = 20 MARKS)**

*Answer all questions.*

1. What do you mean by spot market?
2. Give the example of ITM call option.
3. What do you mean by calendar spread?
4. If strike prices are set in Rs. 50 increment for stock selling for less than Rs. 500, Rs. 80 increment for stock selling for in between Rs. 500 and Rs. 1,000 and Rs 100 increment for stock selling for more than Rs. 1,000. Calculate the possible strike price of the stocks:
  - a. Stock selling for Rs. 250
  - b. Stock selling for Rs 1,800
5. Given the following expiration cycles, prepare the expiration cycle of options written in January and December for January expiration cycle:  
January, April, July and October  
February, May, August and November  
March, June, September and December
6. IBM stock is selling for Rs 480. Put options with Rs. 470 exercise price are priced at Rs 5. What is the fundamental value of the option, and what is the time premium?
7. Suman long a stock index call option written on NEPSE stock index. The strike price of the option is 1,550.53. NEPSE index has been hovered up to 1,580.46 and this call is trading at 35. Stock index is converted into cash on the scale of 1 point equal to Rs 100.
  - a) What is the intrinsic value of the option?
  - b) What is the cash value of time premium of this option?
8. What do you mean by reversing trades in future contract?
9. What is currency future?
10. State the meaning of hedging.

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

*Answer any SIX questions:*

11. What do you mean by derivative market? Explain the role of derivative market. 2+6
12. Santu has an option to sell 100 shares of SCBL at Rs. 108 and her option expires on October 30, 2018. She paid option premium of Rs. 2 per share. Price of SCBL dropped to Rs 102 in August. Santu bought 100 shares for Rs 102 from the secondary market and sold them for Rs 108 to option writer.
  - a) How much Santu earned by exercising right to sell 100 shares to option writer? 2
  - b) What is Santu's rate of return on investment? 2
  - c) Suppose price of the SCBL did not drop below Rs 108 during the option maturity period. Did Santu exercise options? Why? 2
  - d) If Santu did not exercise options and let it expires, what is limit of loss in Santu's investment? 2
13. You have been given the following information:  
Contract: Call on TATA Common stock  
Expiration month: September 2018  
Striking price: Rs. 1550  
Price of option: Rs. 10 on September 1, 2018  
Price of common stock: 1570 on September 1, 2018  
Investor A: Writes one contract and receives Rs. 1000 (Rs. 10\*100)

Investor B: Buys one contract for Rs. 1000

Required: Calculate the profit and losses for the investor A if the stock prices are Rs. 1550, Rs. 1560, Rs. 1570, Rs. 1580, and Rs. 1590 and plot the calculated profit and losses on the graph. 8

14. UK Systems stock is currently priced at Rs. 100 per share. One year from today the stock will be worth either Rs. 120 or Rs. 85. The continuously compounded risk free rate is 6% for one year. Based on the Binomial Option Pricing Model, what is the fair value of call option on UK Systems stock with one year to expiration and a Rs. 100 exercise price? 8
15. The price of Shree common stock had been hovering around Rs 150 per share for a long time and Mr. Sharma considered purchasing July call and selling July put with a Rs. 160 exercise price. The premium for July call is Rs. 3 and for *the* July put is Rs. 2. (Note 1 call or put is equal to 100 shares)
- a) What is the name of the position Mr. Sharma is considering? 1
- b) What would be the total cost of Mr. Sharma aggregate position? 1
- c) Construct a table showing Mr. Sharma gains and losses from his put and call options at Rs.10 stock price intervals for Shree common stock prices from Rs.140 to Rs.180 inclusive. 4
- d) At what stock prices would Mr. Sharma break even on his combination of options?
16. The fair value of a three month call option on Mittal stock is Rs. 2.50. The exercise price of the call option is Rs. 60. The risk free rate is 5%, and the stock price of Mittal is currently Rs. 28 per share. What is the fair value of a three month put option on stock with the same exercise price as call option?
17. What is future contract? Differentiate between future contract and forward contract. 2+6
18. Define Swaps. Explain the different types of Swaps. 2+6

### SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)

**Answer any TWO questions:**

19. What do you mean by stock price volatility? Describe the process of measuring stock price volatility. 4+12
20. ABC firm's stock is currently priced at Rs. 100 per share. Six month from now its price will be either Rs. 111.80 or Rs. 89.44. If the price rises to Rs. 111.80, then six months later the price will be either Rs. 125 or Rs. 100. If, however, the price initially falls to Rs. 89.44, then six month later the price will be either Rs. 100 or Rs. 80. The risk free rate (Continuously compounded) is 4.08% over each six month period. Using the binomial option pricing model, what is the fair value of a one year call option on ABC's stock? 16
21. A call option enables the holder to acquire one share of stock at Rs. 45 a share for each option held. The option has 6 months until its expiration. The market price of the stock is currently Rs. 40 a share, and the expected standard deviation of its continuously compounded return over the near future is 0.30. The short term annual interest rate is 10 percent.
- a) On the basis of this information, what is the proper value of the option using the Black- Scholes option pricing model? 14
- b) If the option is currently selling for Rs. 2.75, what would be your strategy? 2



MID-WESTERN UNIVERSITY  
FACULTY OF MANAGEMENT  
FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Training and Human Resource Development  
Full Marks: 100

Course Code: HRM 545  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X 2 = 20 MARKS)**

*Answer all questions:*

- Q1. Write any two differences between training and development.
- Q2. State the four features of human resource development.
- Q3. "Designing training program is blueprint of training program". Briefly explain.
- Q4. List out any four requisites of effective training.
- Q5. Point out any four essential qualities of a good trainer.
- Q6. "Orientation is a kind of training." Justify.
- Q7. Mention any four criteria for training method selection.
- Q8. Sensitivity training is behavioral training. Why?
- Q9. List out any four problems in training evaluation.
- Q10. Point out the four components of Kirkpatrick model of training effectiveness measurement.

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

*Answer any SIX questions:*

- Q11. Define training & development. Explain the principle of designing human resource development. (2+6)
- Q12. Discuss the system approach of training & development. (8)
- Q13. Clarify the meaning of training curriculum. Explain its elements. (2+6)
- Q14. Define learning. Explain the principles of learning. (2+6)
- Q15. "Training aids is a assistance to trainer but its effectiveness depends upon his/her application skill." Explain this statement based on advantages & disadvantages of training aids. (4+4)
- Q16. What is training evaluation? Describe the reasons for evaluating training & development. (2+6)
- Q17. Evaluate the training issues resulting from the external environment & internal needs of the company. (4+4)
- Q18. Define electronics enabled training system. Explain its nature & advantages. (2+6)

**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

*Answer any TWO questions:*

- Q19. "Development function is one of the most important function of HRM out of acquisition, development, utilization and maintenance function." Highlighting this statement, explain the functions of HRM. (16)
- Q20. Define training needs assessment. Express the purpose of training needs assessment & methods used in training need assessment. (3+6+7)
- Q21. Explain on the job & off the job training methods. (8+8)



MID-WESTERN UNIVERSITY  
FACULTY OF MANAGEMENT  
FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Compensation and Performance Management  
Full Marks: 100

Course Code: HRM 546  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X 2 = 20 MARKS)**

*Answer all questions:*

- Q1. Introduce the term stock options.
- Q2. Define merit pay in short.
- Q3. What is compensation strategy?
- Q4. Differentiate between monetary and non-monetary benefit.
- Q5. List out any five supplementary compensation scheme.
- Q6. Elucidate the term labor force.
- Q7. Briefly describe incentive plan.
- Q8. Distinguish between job description and job specification.
- Q9. Point out any four characteristics of knowledge based compensation.
- Q10. Define competency based compensation in short.

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

*Answer any SIX questions:*

- Q11. Identify intrinsic reward and also clarify the important intrinsic reward that practices by the human resources management of an organization.
- Q12. What is fringe benefit? Highlight some fringe benefits that usually provided by an employer to its employees.
- Q13. Wages theories are guide lines to determine the wage of employees. In light of the statement discuss the different wages theories which are found to be used to set up wages in the business world.
- Q14. Highlight the discrimination in labor market and its impact on employees' morale.
- Q15. Introduce industry's compensation policy. State and explain the micro-level determinants of compensation policy.
- Q16. What is job analysis? Describe the process of job analysis/
- Q17. A cafeteria plan or compensation is an employee benefit plan that allows staff to choose from a variety of benefits that best suits their needs. Justify the statement.
- Q18. State and explain the roles of wages board in determining the wages of employees'.

**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

*Answer any TWO questions:*

- Q19. Define compensation. Explain the goals of good compensation system and also highlight the compensation structure in Nepalese practices.
- Q20. Clarify the evolution of modern day labor force. Critically explain the problems that used to face by the labor force in business world.
- Q21. Write the concept of performance management. State the characteristics of effective performance management and also explain the process of performance management.

MID-WESTERN UNIVERSITY  
FACULTY OF MANAGEMENT  
MAKE-UP EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Industrial Relations and Labor Laws  
Full Marks: 100

Course Code: HRM 547  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X 2 = 20 MARKS)**

*Answer all questions:*

- Q1. Define industrial relation.
- Q2. Give the concept of psychological approach.
- Q3. Mention any four benefits of worker participation.
- Q4. Write any two types of trade union.
- Q5. What is negotiation?
- Q6. Write any four pre-requisites for effective worker participation.
- Q7. Enlist the scope of Industrial relation.
- Q8. Write any two needs of collective bargaining.
- Q9. State the meaning of conciliation
- Q10. Make a list of structure of trade union.

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

*Answer any SIX questions:*

- Q11. What do you mean by trade union? Briefly explain the functions of trade union. (2+6)
- Q12. Explain in detail about factors affecting industrial relations in changing environment. (8)
- Q13. Write the meaning of workers participation and explain different level of workers participation in management. (2+6)
- Q14. Briefly, explain the characteristics of collective bargaining. (8)
- Q15. What are the important provisions of labor Act 2048? Explain. (8)
- Q16. Discuss in detail, the advantages of worker participation in modern organization. (8)
- Q17. Write the meaning of industrial disputes and explain its major causes. (2+6)
- Q18. What are the essential conditions for the success of collective bargaining? Explain. (8)

**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

*Answer any TWO questions:*

- Q19. What are the important provisions of Child Labor Act and Bonus Act of Nepal? Explain. (8+8)
- Q20. State the meaning of collective bargaining. Explain the process and causes for failure of collective bargaining. (2+8+6)
- Q21. What do you mean by International Labor Organization? Explain the roles and contribution of International Labor Organization. (4+6+6)





MID-WESTERN UNIVERSITY  
FACULTY OF MANAGEMENT  
FINAL EXAMINATION: 2075  
MASTER OF BUSINESS STUDIES (MBS)  
SEMESTER - IV

Subject: Project Management  
Full Marks: 100

Course Code: MGMT 541  
Time: 4:00 Hours

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

**SECTION A: CRITICAL THINKING QUESTIONS (10 X2 = 20 MARKS)**

*Answer all questions:*

- Q1. What is project? Write any four features of project.
- Q2. State the project management process.
- Q3. What do you mean by balancing role of project manager?
- Q4. What are the advantages of pure project organization?
- Q5. Write the meaning of project schedule.
- Q6. What do you mean by virtual teams?
- Q7. State the causes of project conflicts.
- Q8. Define PMIS.
- Q9. What do you mean by project review?
- Q10. What are the responsibilities of project auditor?

**SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)**

*Answer any SIX questions:*

- Q11. What do you mean by project management? Differentiate between project management and product management. (2+6)
- Q12. What is bilateral project? What are the advantages and disadvantages of bilateral project? (2+6)
- Q13. Define project planning. Explain the process of project planning. (2+6)
- Q14. What are the barriers to project team development? Explain. (8)
- Q15. What is time management in project? Describe the effective time management techniques. (2+6)
- Q16. Describe the project monitoring and evaluation approach of World Bank. (8)
- Q17. What are the verities of project termination? Explain. (8)
- Q18. Write short notes (On any two): (4+4)
  - a) Project Life Cycle
  - b) Project Proposal
  - c) Project Audit

**SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)**

*Answer any TWO questions:*

- Q19. "A matrix organizational structure is a company structure in which the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy". In the line of this statement discuss the advantages and disadvantages of matrix organization. (16)
- Q20. What do you mean by project control? What are the prerequisites of project control system? Discuss the project control process. (4+4+8)
- Q21. What are the difficulties of project implementation in Nepal? Discuss. (16)

