

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Financial Institutions and Markets

Course Code: FIN 545

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. “Financial institutions assess the financial information more efficiently in an economy”. Justify.
2. Point out the roles of “Beema Samiti”.
3. Briefly describe the thrift institution.
4. Differentiate between share based and mutual insurance company.
5. How does the supply of loanable funds affect the interest rate?
6. Point out the determinants to interest rate.
7. What is bond quotation?
8. Why is money market considered as a safe place to invest?
9. List out the types of financial market.
10. “A central bank constitutes the apex of the monetary and banking structure of a country”. Comment.

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

Answer any **THREE** questions:

11. “Capital market helps speed up the economic growth and development of the country”. In the light of the statement discuss the functions of capital market. [8]
12. Distinguish between primary and secondary market. [8]
13. Define saving and loan association and explain its regulation system. [3+5]
14. Elucidate monetary policy and also explain its objectives. [3+5]
15. The auction price for a treasury bill is Rs. 97 given Rs.100 value and the bill matures in 180 days. 30 days after purchase, the investor needs funds and he is forced to sale at a discount rate of 5.8 percent. This is assumed to be the discount yield on market.
Calculate:
 - a. Discount yield [2]
 - b. Bond equivalent yield [2]
 - c. Price of Treasury bill [2]
 - d. Holding period yield. [2]

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

Answer any **TWO** questions:

16. a .Clarify the objectives and roles of insurance sector. [6]
b Highlight the imperative functions of commercial bank. [7]
17. Define Central bank. Highlight the functions of central bank to regulate the entire banking system of a country. [5+8]
18. ABC corporation’s bonds will mature in 10 years. The bonds have a face value of Rs. 1000 and an 8 percent coupon rate, paid semi-annually. The price of the bond is Rs.1100. The bonds are callable in 5 years at a call price of Rs. 1050. What is the yield to maturity? What is the yield to call? [7+6]

THE END

Mid-West University
Examinations Management Office
 Surkhet, Nepal
 Final Examination-2079
 Master of Business Studies (MBS)
 Semester - IV

Subject: Investment Analysis

Course Code: FIN 546

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. Define money market.
2. Classify the following assets into real and financial assets:
patents, goodwill, treasury bill, corporate bond
3. Differentiate between speculation and gambling.
4. What do you mean by Feasible Sets?
5. Define technical analysis.
6. What is business cycle?
7. Why is global economic environment important for security analysis?
8. What do you mean by International Equity Indices?
9. Define front-end load fee.
10. If the offer price of open-end fund is Rs 25.30 per share and the fund is sold with a front-end-load of 5%, what is its NAV?

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

Answer any **THREE** questions:

11. What do you mean by financial assets? Differentiate between real and financial assets. [3+5]
12. Explain the risks associated with foreign investment. [8]
13. Consider the following information:

	Debt	Equity
Expected return, $E(r)$	10%	15%
Standard deviation, σ	14%	22%
Covariance, $\text{COV}(r_D, r_E)$	72	
Correlation coefficient, ρ_{DE}	0.40	

Calculate

- a. The portfolio return and variance consisting 20% investment in debt and rest in investment in equity. [2+3]
- b. Minimum variance portfolio. [3]
14. Compute the growth rate on the following stocks:
 - a. The return on equity of Himstar Electronic Company is 16 percent and dividend payout ratio is 70 percent. [2]
 - b. Deuti Garment Company is expected to pay year-end dividend of Rs 35 per share. The stock is currently trading at Rs 350 and investors required rate of return on the stock is 18 percent. [3]
 - c. HDC company paid the dividends shown in the following table over the five years: [3]

Years	2006	2007	2008	2009	2010
Dividend per share (Rs)	10	11	12.10	13.31	14.64

15. Mrs. Surkeshya Khampang, a leading investor of stock market invested Rs 2500,000 in a close-end fund. The shares of that close-end fund were trading at Rs 610 per share and the stock broker charged a 2 percent commission. At the end on one year, Mrs. Surkeshya Khampang received Rs 30 per share dividends and she sold the shares at a price of Rs 680 per share before the brokerage commission.
- Calculate the HPR of Mrs. Surkeshya Khampang's investment considering the brokerage commission. [4]
 - Calculate the HPR of Mrs. Surkeshya Khampang's investment, assuming that there are no brokerage commissions. [4]

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

Answer any **TWO** questions:

- What do you mean by open-end mutual fund? Compare and contrast the open-end mutual fund with close- end mutual fund. [2+4]
 - Explain the Porter's model for analyzing industry and competitors [7]
17. a) The followings are the estimated standard deviation and correlation coefficient of for three stocks:

Stock	Standard Deviation	Correlation with stock		
		M	N	O
M	12%	1	-1	0.2
N	15	-1	1	-0.2
O	10	0.2	-0.2	1

- If a portfolio is composed of 30% of stock M and 70% of stock O, what is the portfolio standard deviation? [2]
 - If a portfolio is composed of 20% of stock M, 30% of stock M and 50% of stock O, what is the portfolio standard deviation? [4]
 - Jeevan Laghubitta Microfinance Company is expanding rapidly, and it currently needs to retain all of its earnings, hence it does not pay any dividends. However, investors expect Jeevan Laghubitta to begin paying dividends, with the first dividend of Rs 25.00 coming 3 years from today. The dividend should grow rapidly at a rate of 50 percent per year during Years 4 and 5. After year 5, the company should grow at a constant rate of 10 percent per year. If the required return on the stock is 16 percent, what is the value of the Jeevan Laghubitta Microfinance Company's stock today? [7]
18. a) The share of Laxmi Equity Fund (LEF) sells with a front-end load of 3% and share of Nabil Balance Fund (NBF) sells with 12b-1 fees of 0.5% 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 a Rs 1150,000 investment in LEF and NBF shares if the shares are sold after (i) 1 year, (ii) 3 years, (iii) 8 years? Which one fee structure provides higher net proceeds at the end of each investment horizon? [7]
- b) Laxmi Bank Limited's bond has a 10.5 percent coupon rate and Rs 1,000 face value. The interest is paid semi-annually, and the bond has 12 years to maturity. Currently the bond is selling at Rs 1,180. What is the Laxmi Bank Limited bond's semi-annual YTM? What is the bond's annual YTM? What is the effective YTM? [3+1+2]

THE END

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Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Derivatives and Risk Management

Course Code: FIN 547

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. Write the meaning of financial risk.
2. What do you mean by derivatives?
3. Define calendar spread.
4. Set the possible strike price of the stocks which is currently selling at Rs 1,250, if strike prices are set in Rs 25 increment for stock selling for less than Rs 1,000, Rs 50 the increment for stock selling for is between Rs 1,000 and Rs 2,000 and Rs 100 the increment is for stock selling for more than Rs 2,000.
5. Given the following expiration cycles, prepare the expiration cycle of options written in February for January expiration cycle:
January, April, July and October
February, May, August and November
March, June, September and December
6. Write any two assumptions of Black-Scholes option pricing model.
7. Calculate the adjusted stock price from the following information:
Stock price (V_S) = 150
Exercise price (E) = 175
Risk free rate (r) = 0.05
Stock return standard deviation (σ) = 0.25
One dividend of Rs 15, ex-dividend in 21 days
8. What is the maintenance margin in future?
9. Write the meaning of hedge ratio.
10. List any two impetus of risk management.

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

Answer any **THREE** questions:

11. What is future? Differentiate between future and forward. [3+5]
12. Write the meaning of volatility in Black-Scholes option pricing model. How implied volatility measured? Explain. [3+5]
13. Consider the following three put options:

Option	Exercise price	Value of stock	Option price
A	80	100	4
B	100	100	12
C	120	100	30

- a) Indicate which option is ITM, ATM, and OTM. [3]
- b) Calculate the intrinsic value of each option. [3]
- c) Calculate the premium of each option. [2]

14. On January 1st the price of T & T common stock was Rs.32 and Prabha paid a premium of Rs. 3 per share for an April call with Rs. 30 exercise price on *it*. At the same time she accepted a Rs. 1 per share premium to write an April call on T & T with Rs 35 exercise price.
- a) What is the name of the position Prabha has acquired? [1]
- b) How much did Prabha pay for this portfolio of two calls? [1]
- c) Construct a table showing Prabha gains and losses from her two call options at Rs 5 stock price intervals for T & T prices from Rs 25 to Rs 45 inclusive. [4]
- d) Graph the gain and loss of the strategy. At what T & T stock price would Prabha break even on her portfolio of two options? [2]
15. What is Swaps? Explain the different types of Swaps. [3+5]

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

Answer any TWO questions:

16. Discuss the future price and expected spot price relationship under certainty and uncertainty. [13]
17. The stock of Morning Star Company is currently selling for Rs 250. A call option on this stock has Rs 250 exercise price. The time to expiration of option is six months from now. The stock of Morning Star follows binomial model. The stock price will be six months from now will either can increase to Rs. 300 or decrease to Rs. 200. If the price rises to Rs. 300, then six months later the price will be either Rs. 325 or Rs. 275. If, however, the price initially falls to Rs. 200, six months later the price will be either Rs. 300 or Rs. 100 The risk free interest rate is 6 percent over six month periods and you can borrow or lend at that rate. Assuming it is a European option; find the call option value today. [13]
18. Consider the stock trades for Rs 75. Call and put the options on this stock have an exercise price of Rs 70 and they expire in 150 days. The risk free rate is 9 percent per annum, and standard deviation of this stock is 36 percent.
- a. What is the value of European call option written on this stock? [7]
- b. What is the value of European put option written on this stock? [4]
- c. If the call is actually selling at Rs 3 in the market, what should you do? [2]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Taxation

Course Code: ACC 545

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. State the meaning of canon of diversity with an appropriate example .
2. Miss Ritvi provided the following information regarding the employment income during the year.
Total taxable income from employment is Rs 8,00,000.
She claimed Rs 8,000 for medical tax credit and life insurance premium Rs 22,000.
She works in remote area class - B
 - a. Required : Tax payable by Mrs. Ritvi for the year.
3. Mr. Harish an auditor furnished the following details of his income during the year.

Consultation fees	Rs 425,000 (after TDS)
Auditors fee	Rs 350,000
Accounting assistance fees	Rs 225,000
Meeting allowance	Rs 42,500 (Net)
Lottery win	Rs 60,000 (Net)
Sale of old news paper	Rs 15,000
Interest from Nabil Bank	Rs 135,000 (Net)

 - a. Required: Assessable income from profession.
4. From the information given below, compute the cost of trading stock.

Opening stock	Rs 225,000
Purchase of material	Rs 15,00,000
Direct labour	Rs 3,00,000
Factory expenses	Rs 2,00,000
Closing stock	Rs 2,30,000

Opening stock is undervalued by 15% and closing stock is overvalued by 20%.
5. Point out any two rights of assessee.
6. From the following information of Mr. Birat Mainali calculate the allowable limit of foreign tax credit.

Taxable income from domestic investment	Rs 6,00,000.
Taxable income from foreign investment	Rs 2,00,000 (gross)
Tax paid to foreign government	Rs 50,000
7. Differentiate between capital receipt and revenue receipt.
8. The followings are the pieces of information of a dealer selling varieties of electronic equipments.
 - a. Sales four pieces of Sony T.V @ Rs 35,000 each
 - b. Sales Three pieces of LG Washing machine @ Rs 80,000
 - c. Discount provided to customer @10%.Required: The vat collected by the dealer from the customer.
9. Define jeopardy assessment of tax.
10. What is exercise duty?

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

Answer any **THREE** questions:

11. What is tax? Describe its types giving suitable examples.

[2+6]

12. Mr. Binod Thapa is appointed as an officer of Nepal Government on 1 Shrawan 2065 at a pay scale of Rs. 42,000-1,000-52,000-1,500-64,000. Besides salary he disclosed the following details regarding his incomes and expenditures.

- Dearness allowance Rs. 6,000 p.m.
- Leader allowance Rs 12% of Salary
- Meeting allowance Rs. 25,000
- Entertainment allowance Rs 2,000 p.m.
- The telephone bill Rs 2,500 p.m. is reimbursed by an employer which 40% was use for personal purpose.
- The medical expenses reimbursed by the office is Rs. 10, 000. (He claimed it for tax credit)
- The office has provided him a household servant whose salary was Rs. 18,000 p.m. (office has deducted Rs. 6,000 p.m. from his salary income.)
- The car and accommodation facilities are provided by the office.
- Uniform allowance is Rs. 10,000.
- The employer provided him a housing loan of Rs 30,00,000 at a concessional interest rate of 4% on Poush 1, previous year. The prevailing interest rate is 13%
- The life insurance premium paid by the employer is Rs 22,000.
- The donation to public school is Rs 15,000.
- He had spent Rs. 25,000 for tuition fees of his son.
- He works in remote area "Kha".
- The royalty income from natural resources is Rs 60,000.

Required: 1) Net Assessable Income from Employment

2) Statement of Taxable Income

3) Tax liability

[5+2+1=8]

13. (a) An individual running special industry furnished the following information regarding its assets under block-D .

- Beginning depreciation basis Rs 15,00,000
- Purchase during the year under same block:
 - On Chaitra Rs 8,00,000
 - On Jestha Rs 600,000
- Disposal value during the year Rs 150,000
- Actual repair and improvement cost Rs 50,000

Required:

(a) Closing WDV at the end of year.

[3]

(b) Opening depreciation basis value for next year.

[1]

13(b) An importer imported a mobile for Rs 10,000. The mobile passes on to the final consumer through a retailer. The importer and retailer incurred Rs 1,000 and Rs 1,500 for administration expenses respectively. Both charged 20% on selling price as profit.

Required : Cost price to consumer.

[4]

14. Mr. Khanal submitted the following details of her incomes and expenses for the previous year.

- The income from joint investment Rs 330,000
- The royalty collected by her sister Rs 22650 (net)
- The gifts received from debtors Rs 25,000
- The returns received from Mutual fund Rs 42,000(net)
- The compensation received relating to investment Rs 20,000
- The bad debts recovered Rs 20,000. (Only 60% of the amount of bad debts recovered was allowed by IRD)
- The interest received from saving account. Rs 85,000
- The dividend from a finance company Rs 35,000
- The sale of share of listed company (purchase price Rs 185,000) Rs 320,000
- The income from agriculture income Rs 15,000
- The rent received from machine letting let out Rs 90,000 (net)

- Windfall gain Rs 18,750 (net)

Expenses claimed for deduction.

- The expenses incurred for joint investment is Rs 114,000. Mr. Panta was investing his partner who had 30% share in joint investment.
- The royalty and dividend collection charge was Rs 4,000 and 2,000 respectively.
- The medical expenses is Rs 20,000 (including Rs 5,000 for cosmetic surgery),
- The life insurance premium is Rs 24,000

Required: (a) The assessable income from investment.

[6]

(b) Tax liability

[2]

15. Golchha organization an authorized importer of Bajaj company of Japan, imported the following items in CIF to Culcutta port. The cost of transportation from Culcutta to Nepal custom point Birjung was US\$ 3,600 .

Commodities	Quantities	Unit price in US \$
Bajaj Discovery (150 cc)	60	800
Bajaj Pulsar (200 cc)	40	1000

The from investigation made by the custom officer found that the unit price of Bajaj discovery was \$ 850 and the quantity of Bajaj pulsar was 45 pieces. The prevailing rate of custom duty is 30% for motorcycle.

Required: Compute the Custom Duty

[8]

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

Answer any **TWO** questions:

16. What are the sources of incomes under the Income Tax Act 2058. Explain the relation of income tax act with other acts and laws and discuss the major features that fall under the Income Tax Act 2058.

[3+4+6]

17. Given below is the trading and profit & loss account of Mr Sudip for the previous year.

Dr.

Trading and Profit & Loss Account

Cr.

Particular	Rs	Particular	Rs
To Opening Stock	45,000	By Sales	25,00,000
To Purchase	500,000	By Closing Stock	90,000
To Carriage	60,000		
To Wages	200,000		
To Gross Profit c/d	17,85,000		
	25,90,000		25,90,000
To Salary	250,000	By Gross Profit b/d	17,85,000
To Rent and taxes	180,000	By Rent from staff quarters	35,000
To Bad debts	20,000	By Interest from investment	60,000
To General Reserve	150,000	By Gain on sale of non business chargeable assets	90,000
To Pollution control cost	150,000	By Sundry income	30,000
To Office expenses	300,000		
To Repairs	40,000		
To Depreciation	70,000		
To Sundry expenses	140,000		
To Net Profit c/d	700,000		
	20,00,000		20,00,000

- The rent from staff quarter includes Rs 5,000 as refund of custom duty.
- The depreciation base of pool D assets was Rs 200,000 and cost of patent right was Rs 40,000 with life period of 5 years 5 month. charge depreciation as per rules.

- The general expenses include Rs. 5,000 paid to a lawyer for conducting income tax appeal.
- The office expenses include Rs 25,000 donation and Rs 10,000 medical expenses.
- The sundry expenses Rs. 15,000 included in telephone expenses.
- The opening stock was undervalued by 10% and closing stock was overvalued by 15%.

- Required:** a) The net (Assessable) income from business
 b) The net (Assessable) income from investment
 c) The statement of taxable income
 d) Tax liabilities

[8+1+2+2=13]

18. The following receipts and payments of a professional medical superintendent is given below for the year.

Receipt	Rs.	Payments	Rs.
To Balance b/d	40,000	By Salary to staff	75,000
To Loan from bank	150,000	By Rent of the clinic	12,000
To Consultancy fees	250,000	By Household expenses	10,000
To Sale of medicine	50,000	By Cost of medicine	45,000
To Special commission	30,000	By Car expenses	15,000
To Gift from patients	7,500	By Car purchase on Aswin	250,000
To Dividend from NMB bank	38,000	By Surgical equipment	50,000
To House rent (after tds)	17,000	By Repairs expenses	8,500
To Sale of old medical journal	1,000	By Interest on bank loan	15,000
To Rent from machinery let-out	15,000	By Life insurance premium	5,000
To Fees received from training program (Net)	21,250	By Gift to sister	500
To Interest from saving deposit(Net)	9,400	By Repayment of loan	50,000
To Payment received from natural resource(after TDS)	38,250	By General expenses	18,000
To Gain on sale of securities	10,000	By Telephone expenses	25,000
To Visiting fees	130,000	By income tax paid	5,000
		By Royalty collection charge	2,500
		By Stationery purchase	1,500
		By Balance c/d	219,400
	807,400		807,400

Adjustments:

- The half of car expenses was paid for personal purpose.
- The salaries include Rs 15,000 paid to domestic cook.
- The depreciation on car is to be charged as per IT Act.
- The donation of Rs 10,000 was given to an organization which was approved by IRD.
- The half of household expenses is spent for office expenses.
- 30% of bank loan was used for his personal purpose.
- The income from lottery of Rs 11,250 (Net) not shown in above account.

- Required: (a) The net (assessable) income from profession [8]
 (b) The statement of total taxable income [3]
 (c) Total tax liability [2]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Advance Auditing

Course Code: ACC 546

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. List out the fundamental accounting assumption.
2. What is test check?
3. Define audit sampling.
4. Write down any two codes of conduct regarding a professional auditor.
5. Mention the main duties of an auditor regarding audit work.
6. Write any two conditions regarding reappointment of an auditor according to laws.
7. List out the different types of audit reports.
8. What do you mean by audit program?
9. What is audit plan?
10. Write any four methods of obtaining audit evidences while conducting audit.

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

Answer any **THREE** questions:

11. Explain the main rights of an auditor regarding audit work. [8]
12. Define an audit engagement letter. Mention the contents essential for writing an audit engagement letter. [2+6]
13. Describe the special consideration in an audit of company. [8]
14. Give a short introduction to the following items:(Any two) [4+4]
 - a. Electronic Data Processing (EDP) Audit.
 - b. Environment Audit.
 - c. Performance Audit
15. How would you vouch the following items? [2+2+2+2]
 - a. Sales
 - b. Interest received
 - c. Cash received from accounts receivable
 - d. Commission received

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

Answer any **TWO** questions:

16. What do you understand by criminal liabilities of an auditor? On what ground s/he may be held liable for criminal offences? [4+9]
17. What activities should be done while auditing a co-operative organization? [13]
18. The board of director of every public company prepares a separate report of board of directors. What information are included in that report? [13]

THE END

Mid-West University
Examinations Management Office
 Surkhet, Nepal
 Final Examination-2079
 Master of Business Studies (MBS)
 Semester - IV

Subject: Accounting theory and Practice

Course Code: ACC 547

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. Briefly explain the full disclosure concept of financial accounting.
2. Enlist any four major functions of Nepal Accounting Standard Board in prospective of NFRS.
3. "Understanding" is the fundamental characteristics of useful financial reporting. Briefly explain.
4. As per the Company Act of Nepal, 2063, what are the essential provisions on corporate financial reporting and disclosure requirements? Point out.
5. List out any four directives issued by Nepal Rastra Bank which make insured good corporate governance of banking sector as per qualitative financial reporting.
6. Point out any four major issues on internet financial reporting.
7. Outline four key objectives of human resource accounting in financial reporting to make qualitative financial statement
8. Define economic value added and its indication in relation to financial reporting.
9. "Cash flow analysis is not only discloser of cash transaction but also an analysis of use of resources." Give your argument to support this statement in brief within 3 to 5 sentences.
10. Show the differentiations between normal income statement and comprehensive income statement of joint stock company as per NFRS.

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

Answer any **THREE** questions:

11. Explain the recognition of elements of financial statement with its measurement and show the concept of capital maintenance and the determination of capital profit as per NFRS. [3+5]
12. "Corporate financial reporting is not only involving the disclosure of financial information to the various stakeholders about financial performance and position of the organization but also a vital part of corporate governance". Give your argument with highlighting this statement based on the importance of corporate governance and current insurance board directives in relation to promote corporate governance on insurance sectors. [3 + 5]
13. The following comparative financial positions and other information are based on historical value.

Liabilities	2077	2078	Assets	2077	2078
Share capital	500,000	760,000	Plant & machinery	400,000	360,000
Retained earning	-	145,000	Outstanding income	60,000	200,000
Short term loan	80,000	90,000	Inventory	160,000	240,000
Creditor	40,000	60,000	Customer Account	120,000	240,000
Bank overdraft	200,000	87,000	Cash	40,000	80,000
			Prepaid expenses	40,000	22,000
Total	820,000	11,42,000	Total	820,000	11,42,000

Additional information;

Sales for the year 2078	Rs. 700,000	Price index:	
Purchase	Rs. 400,000	At the time of asset purchase	80
Operating exp. (Exc. Dep.)	Rs. 125,000	1 st Baisakh, 2078	180
Marketing expenses	Rs. 50,000	31 st Chaitra 20178	230
		Average price index	190

Required: -

- Purchasing power gain or loss for the year 2078. [4]
- Income statement with adjusting current purchasing power for the year 2078 by using FFO inventory policy. [4]

14. You are provided the necessary financial information of Karnali Plastic Processing Factory, Surkhet.

Particulars	Amount Rs.	Particulars	Amount Rs.
Beginning raw material stock	85,000	Ending raw materials stock	30,000
Raw material	141,000	Wages	35,000
Works overhead	72,000	Factory expenses	7,500
Sales	350,000	Sales Return	3,000
Administration expenses	30,000	Selling Expenses	14,000
Depreciation	10,000	Interest paid	6,000
Tax on income	9,000	Dividend paid	10,000
Net Loss	20,000	Dividend income	2,000
Beginning final goods stock	35,000	Ending finished goods stock	25,000

Required: -Prepare a Value-Added Statement report with applies [4 +4]

15. You are provided the following information of Pokhara Pvt. Ltd.for the year 2022.

Balance on 1st January, 2022

Particulars	Amount Rs.
Retained earning	80,000
10% preference share	500,000
Common stock	10,00,000
Share premium	50,000
Capital redemption reserve	80,000
Foreign exchange reserve	75,000
Revaluation reserve	70,000
Other reserve	30,000
Non-controlling interest	100,000
Total	19,85,000

Other financial information during the year 2022 are as:

Issue of shares held by ESOP (Employee Stock Ownership Plan) to employees Rs. 30,000

Equity share issued at Rs. 4,40, 000 including premium Rs.40,000.

Foreign exchange loss Rs.80,000

Gain on revaluation of fixed assets Rs.100,000

Loss from cash flow hedges Rs.30,000

Actuarial gain on benefit of pension scheme Rs. 40,000

Net profit after tax Rs.5,00,000 which consists of 30% non-controlling interest

Required: Prepare changes in owner's equity statement with income from other comprehensive income on 31 December 2022 as per NFRS. [5+3]

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

Answer any **TWO** questions:

16. "International financial reporting standard guided for making the qualitative characteristics for useful financial information". Explain by supporting the qualitative characteristics, applications and enhancing qualitative characteristics of financial reporting based on the accounting principle and objectives of GAAP and IFRS. [4+4 +4]

17. You are given the following historical basis financial statement of a company.

Sources of capital	2077	2078	Use of capital	2077	2078
Equity share	150,000	150,000	Fixed asset (gross)	180,000	180,000
Secured loan	60,000	75,000	Acc. Depreciation	(18,000)	(36,000)
Creditor	24,000	30,000	Stock	48,000	60,000
Tax Payable	9,000	15,000	Debtor	30,000	54,000
Dividend provision	12,000	21,000	Prepaid Expenses	15,000	27,000
Undistributed profit	15,000	24,000	Cash and equivalents	15,000	30,000
Total	270,000	315,000	Total	270,000	315,000

Income statement for the year 2078

Particulars	Amount	
	Detail Rs.	Total Rs.
Business Revenue		360,000
Less: - Cost of sales:		
Opening inventory	48,000	
Business Purchase	180,000	
Closing inventory	<u>(60,000)</u>	<u>168,000</u>
Gross Profit		192,000
Less: - Operating expenses:		
Office and administrative charges	99,000	
Depreciation	18,000	
Interest on secured loan	<u>15,000</u>	<u>132,000</u>
Net Profit		60,000
Less: - Tax liability		<u>8,000</u>
Net profit to Owens's capital		52,000
Dividend provision		<u>12,000</u>
Surplus		40,000
Add: - Opening undistributed profit		<u>10,000</u>
Closing undistributed profit		50,000

Additional information:

Price of fixed asset went up to 120% since its installation till 2077 and to 150% by the end of 2078. Replacement price of stock (Rs. 51,000 and Rs. 66,000 for 2077 and 2078 respectively).

The cost of business purchase increases by 20% during the year 2078.

Required: -

- a. Total amount credited of CCAR [6]
- b. CCA income statement [4]
- c. CCA Balance Sheet [3]

18. Butwal Power Company provides the following raw schedule basis financial information as on December 31, 2021.

Schedule 1: Share capital

Particulars	Amount Rs.
Equity share	28,80,000
Preference share	-
Total	28,80,000

Schedule 2: Long term loan

Particulars	Amount Rs.
Collateralized borrowing	300,000
10% secured loan	630,000
Total	930,000

Schedule 3: Cost of sales

Particulars	Amount Rs.
Opening stock	40,000
Add: -Purchase	24,00,000
Less: - Closing stock	(180,000)
Total	2260,000

Schedule 4: Other business income

Particulars	Amount Rs.
Appreciation on business premises (20,00,000 x 10%)	200,000
Interest on government bond – Outstanding (1200,000 x 10 %)	120,000
Total	320,000

Schedule 5: Finance related cost

Particulars	Amount Rs.
Interest on loan	60,000
Add: outstanding interest on loan	13,000
Total	73,000

Schedule 6: Administrative expenses

Particulars	Amount Rs.
Depreciation on long lived assets (18,00,000 x 20%)	360,000
Remuneration to employee benefits (with outstanding) (240,000 + 20,000)	260,000
Rent and Taxes	210,000
Preliminary expenses written off (400,000 x 20%)	80,000
Total	910,000

Schedule 7: Fixed asset and equipment

Particulars	Amount Rs.
Long lived asset	1800,000
Less: Acc Dep. (Old + new) (360,0000 + 1800,000 x 20%) = (720,000)	
Business Premises	20,00,000
Add: Appreciation (20,00,000 x 10%) =	200,000
Total	32,80,000

Schedule 8: Investment

Particulars	Amount Rs.
10% government bond	12,00,000
Total	12,00,000

Schedule 9 : Intangible assets

Particulars	Amount Rs.
Goodwill	420,000
Total	420,000

Schedule 10: Fictitious assets

Particulars	Amount Rs.
Preliminary expenses	400,000
Less: Written off (400,000 x 20 %)	(80,000)
Total	320,000

Schedule 11: Reserve and surplus

Particulars	Amount Rs.
Share premium	280,000
Add: Other comprehensive income statement	
Exchange loss on translation of foreign operations (60,000)	
Gain from cash flow hedges 90,000	
Actuarial gain on pension benefit scheme 150,000	180,000
Total	460,000

Schedule 12: Bank, cash and equivalents

Particulars	Amount Rs.
Bank and cash	360,000
Total	360,000

Schedule 13: Current assets (except bank, cash and equivalents)

Particulars	Amount Rs.
Deposit with suppliers	400,000
Deferred tax asset	260,000
Customers account	600,000
Closing stock	180,000
Live stock	60,000
Outstanding interest on government bond	120,000
Total	16,20,000

Schedule 14: Current liabilities

Particulars	Amount Rs.
Outstanding remuneration	20,000
Outstanding interest on loan	13,000
Income tax payable	?
Dividend payable (for owners' capital)	?
Total	?

Schedule 15: Retained earning

Particulars	Amount Rs.
Beginning balance of retained earning	800,000
Net profit for the year (owners'' company – 70%)	?
Less: Dividend	?
Total	?

Schedule 16: Minority interest (non-controlling interest)

Particulars	Amount Rs.
Beginning balance of non-controlling interest	720,000
Net income (30% of net income for the year)	?
Dividend (10 % of 720,000)	?
Less: - Dividend payable	?
Total	?

Required:

- a. Income statement as per NFRS with tax provision and non-controlling interest 30 % each. [4]
- b. Calculate the total retained earnings and minority interest amount based on 10% proposed dividend on 31 December, 2021. [2]
- c. Statement of financial positions is as per NFRS on 31 December, 2021. [3]
- d. Describe the financial statement on the basis of liquidity, solvency, performance and profitability position of the Butwal Power Company, Surkhet. [4]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Training and Human Resource Development

Course Code: HRM 545

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. Mention the different stages of the training cycle.
2. What is refresher training?
3. Illustrate the most important four qualities of a good trainer to make effective training program.
4. Mention any four point of importance of training and development in organizations.
5. List out any three reasons for Training Needs Assessment (TNA).
6. Write any four necessary things to make training more effective.
7. Sort out any four advantages of the modern technology in training and development.
8. Write any four potential problems using the games and gamification for training.
9. What is Six-sigma training?
10. What is cost cost-benefit of training and development?

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

Answer any **THREE** questions:

11. What is employee training as will as development? Differentiate between employee training and human resource development. [4+4]
12. How could you link training and development to company strategy? Discuss with suitable examples . [6+2]
13. How do you evaluate the effectiveness of the training and development program by using Kirkpatrick's Model? [8]
14. Define Learning Management System (LMS). How could you optimize LMS for the training and development of your employee? Explain. [3+5]
15. Explain any four off the job methods of training and development. [2+2+2+2]

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

Answer any **TWO** questions:

16. Explain how training relates to attracting new employees, employee retention, and motivation. [4+4+5]
17. What is Electronic Enable Training System (EETS)? Explain how the different ways of synchronous training and asynchronous training help support EETS. [3+10]
18. What is a training curriculum? Why is it important in T&D? Also outline any four principles while designing a good training curriculum. [4+5+4]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Compensation and Performance Management

Course Code: HRM 546

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. Define fringe benefits in shorts.
2. Give the meaning of cafeteria style compensation.
3. What does 360-degree appraisal mean?
4. State the meaning of knowledge based compensation.
5. List out the goals of compensation system.
6. What are the monetary rewards?
7. Define key result area.
8. Mention the components of job specification.
9. Write the meaning of competency based compensation.
10. Enlist the effective component of job document performance.

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

Answer any **THREE** questions:

11. Briefly discuss the various components of compensation package. [8]
12. What is job analysis? Explain the process of job analysis. [2+6]
13. Enumerate the differences between performance appraisal and performance management. [8]
14. Explain the wages theory of compensation. [8]
15. What is an incentive plan? Describe the types of incentive plans. [2+6]

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

Answer any **TWO** questions:

16. "Compensation is the major tools of motivation." With the given statement discuss the meaning, strategy and goals of compensation. [3+5+5]
17. Define performance management. Explain the significance and process of performance management. [3+5+5]
18. State the meaning of performance planning. Describe the methods and process of performance appraisal. [3+5+5]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Industrial Relations and Labor Laws

Course Code: HRM 547

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. What is industrial relation?
2. Write any two scopes of industrial relation.
3. Enlist the level of worker participation.
4. Write any two roles of international labor organization.
5. Mention the meaning of mediator.
6. What is the minimum monthly wages for workers under the labor Act?
7. State the meaning of negotiation.
8. Make a list of types of trade union.
9. Write any two major provisions of bonus Act.
10. Make a list of structure of international labor organization (ILO).

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

Answer any **THREE** questions:

11. Briefly explain the factors affecting the industrial relations in changing environment. [8]
12. What do you mean by international labor organization? Explain the objectives of international labor organization. [2+6]
13. Give the meaning of trade union. What are the functions of trade union? Explain. [2+6]
14. What are the important provisions of the trade union act 2048? Explain. [8]
15. State the meaning of collective bargaining. Briefly, explain the steps to be followed in the collective bargaining. [2+6]

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

Answer any **TWO** questions:

16. Industrial disputes are common in each and every organizations. With reference to this statement, give the meaning of industrial disputes and explain the major causes of industrial disputes. [3+10]
17. Briefly explain, the major provisions under the labor Act 2074 and child labor Act? Explain. [8+5]
18. Define the term 'workers participation'. What are the levels and benefits of workers participation? explain. [2+7+4]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Project Management

Course Code: MGMT 541

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. What is project management?
2. What are the various phases of the project life cycle?
3. Enlist the different varieties of project termination.
4. List any four major skills required for a project manager.
5. What do you mean joint venture project?
6. Write the meaning of project planning.
7. What is the part of functional organization?
8. Define project team buildings.
9. List any four drawbacks of pure project organizations.
10. Point out time management techniques.

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

Answer any **THREE** questions:

11. Differentiate between project and product management. [8]
12. Define matrix organization. Discuss its advantages and limitations in relations to project management. [2+6]
13. What do you understand by project proposal ? How can you prepare a project proposal? [8]
14. What is project management information system (PMIS)? Explain all the stages of PMIS with a suitable figure. [8]
15. Define project audit. Discuss project audit life cycle. [2+6]

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

Answer any **TWO** questions:

16. Define project monitoring. Explain the project monitoring and evaluation approaches of the World Bank and INGOs. [2+6+5]
17. What do you mean by project control? Discuss all the project control techniques. [2+11]
18. Review the current situation of project management in Nepal. What are the practical difficulties of project implementation in Nepal? Explain in detail. [3+10]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Sales, Distribution and Retail Management

Course Code: MKT 545

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. What do you mean by franchising?
2. Write the differences between factory outlets and ware house club of retailers.
3. Write any two benefits of selling to the firm.
4. What do you mean by sales quota?
5. What do you mean by pricing?
6. Define direct marketing.
7. How does recruitment differ from the selection of employees?
8. Give any two reasons of channel conflict.
9. Write any two functions of a wholesaler.
10. List out the components of promotion.

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

Answer any **THREE** questions:

11. Explain the factors affecting retailers. [8]
12. Write and explain the steps in selling process. [8]
13. What do you mean by sales forecasting? Explain any two methods of sales forecasting. [8]
14. Explain the types of quota. [8]
15. Describe the distribution practices in Nepal. [8]

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

Answer any **TWO** questions:

16. What do you mean by territory design? Explain the seven key elements involved in the process of a territory design. [13]
17. As a manager of a business institution how would take the decision in the process of designing the channels? [13]
18. Define retailing. How do you explain the future of retailing? Example. [13]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Consumer Behavior

Course Code: MKT 546

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. Define consumer behavior.
2. How would you value the customer? Give any two examples.
3. How is the product targeting different from positioning?
4. How does lifestyle impact consumer behavior? Give an example.
5. What do you understand by perceptual selection?
6. Do you think it is important to learn customers ? Give any two reasons.
7. List out the characteristics of culture.
8. What do you understand by non-store purchasing?
9. What do you mean by store image?
10. Write the concept of sub-culture.

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

Answer any **THREE** questions:

11. Define market segmentation. Elucidate some of the ethical issues of consumer behavior. [2+6]
12. Explain the types of consumer needs. [8]
13. Describe any two theories of attitudes. [4+4]
14. How does culture impact consumer behaviour? Give any example from your community. [8]
15. Describe the elements of post purchase evaluation. [8]

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

Answer any **TWO** questions:

16. What do you mean by attitude change? Explain the process of attitude change process. [3+10]
17. Define reference group and explain the types of reference groups. [3+10]
18. Describe organization buying process and explain the influences in organizational buying [7+6]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Master of Business Studies (MBS)
Semester - IV

Subject: Service Marketing

Course Code: MKT 547

Full Marks: 60 Pass Marks: 30

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: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions:

1. Specify any four online marketing domains.
2. Give any points of four importance of service.
3. What do you mean by differential pricing?
4. List out the dimensions of measuring the quality of service.
5. What do you mean by mental stimulus processing service?
6. Define self-service technologies (SST) with any two examples.
7. What do you mean by tangible cues in service marketing?
8. Define capacity constraints.
9. What types of consumers are known as platinum tire in market segmentation?
10. What do you mean by the exploratory research in service marketing?

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

Answer any **THREE** questions:

11. Explain the characteristics of service marketing. [8]
12. What are the different components involved in customer oriented service delivery? Exemplify. [8]
13. List out and explain any two categories of service marketing. [8]
14. What are the characters needed to be involved during development of service blue print? [8]
15. Define consumer expectation and explain its levels. [8]

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

Answer any **TWO** questions:

16. What do you mean by service marketing? Explain Gap Model Theory of service marketing. [13]
17. Explain the strategies for communication development. [13]
18. Define relationship marketing with its values in service marketing. [13]

THE END