

MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Taxation
Full Marks: 60

Course Code: ACC 545
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 questions:

- Q1. Differentiate between direct and indirect tax.
- Q2. Mrs Yanki an employees of Nepal government earned Rs 40,320 per month. Besides this she is receiving residential and vehicle facility from the office. She has donated Rs 5,000 to a public school.
Required: Total Taxable Income
- Q3. Describe the provision of donation under section 12 of IT Act 2058.
- Q4. What is excise duty?
- Q5. Mr. Sanjaya was appointed as a government officer on a pay scale of Rs 30,000-500-35,000 EB1000-45,000 on Ist Shrawan 2067.
You are required to calculate his annual salary.
- Q6. Mr. Bikash an auditor furnished the following details of his income during the year.
- Audit fee Rs 425,000 (after TDS)
 - Directors fee 42,500
 - Consultation fees Rs 170,000(after TDS)
 - Accounting assistance fees Rs 200,000
 - Meeting fees Rs 27,000 (Net)
 - Lottery Rs 100,000 (Net)
 - Interest on fixed deposit Rs 95,000 (Net)
- Required: Assessable income from profession.
- Q7. XYZ Company provides the following details of its fixed assets under Block D.
- Beginning written down Value of assets is Rs 20,00,000.
 - New addition of assets: On Ist Magshir of Rs10,00,000
 - On Ist Baisakha of Rs 900,000
 - Disposed Value of assets of Rs 800,000
- Required: Amount of depreciation to be charged in current year.
- Q8. Surkhet Décor Company imported a 30 pieces of Television set at a unit price of Rs 25,000 (CIF Kolkata). The freight and insurance expenses from Kolkata to Birgunj was Rs 30,000. The prevailing rate of custom duty is 30%.
Required: Custom duty.
- Q9. Following are the information of a dealer selling varieties of electronic equipments.
- Sales four pieces of Samsung T.V. @ Rs 30,000 each.
 - Sales three pieces of LG LED@ Rs 15,000 each.
 - Discount provided to customers @ 10% .
- Required: VAT collected by the dealer from the customers.
- Q10. Mr.Arif submitted the following details regarding investment.
- Royalty received Rs 467,500(net)
 - Dividend from resident company Rs 47,500
 - Interest from fixed deposit Rs 19,000(after TDS)
 - Rent by letting computer Rs 270,000 (Net)
 - Natural resource payment received Rs 150,000
 - Expenses related to natural resource Rs 5,000
- Required: Assessable income from investment.

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

Answer any THREE questions:

Q11. Mr. Dhimal is an employee of Nepal government has submitted the following particulars of his incomes and expenses of previous year.

- Net annual salary received Rs 442,000 after deducting his own contribution to provident fund Rs 48,000 and income tax at source of Rs 30,000 including Dashain expenses equal to a month salary.
- Saving from TADA Rs 50,000.
- His employer contributed an equal amount to the provident fund.
- He received dividend Rs 19,000.
- Remote area allowance 25% of salary.
- His LIP paid by the employer Rs 20,000 and annual insurance premium is Rs 35,000.
- Scholarship provided by employer to his son equal 10% of salary.
- Stationery bill of his daughter paid by office Rs 700 P.M.
- Office has provided him a household servant whose salary was Rs 5,000 PM. (office has deducted Rs 3,000 PM from his salary)
- Royalty income from natural resources Rs 60,000.
- He donated Rs 15,000 to government school.
- Vehicle facility provided by employer but vehicle is used for office as well as personal use.
- Accommodation facility provided by employer with free of cost, but rent paid by the office of Rs 6,000 PM.
- His office is in remote area C

Required:

- (a) Net (Assessable) income from employment (5)
- (b) Statement of total taxable income (2)
- (c) Tax liability (1)

Q12. Discuss about the importance of tax for the government. Also state the type of tax. (3+5)

Q13. Mr Lokendra Disclosed his following income and expenditure for the previous year.

- Interest on private money lending activities
 - Natural resources payment received Rs 306,000(after TDS)
 - Interest from bank deposit Rs 150,000
 - Dividend from domestic company Rs 95,000
 - Royalty from writing articles Rs 35,000
 - Royalty from book publication Rs 85,000(after TDS)
 - Compensation received Rs 60,000
 - Money found laying in street Rs 7,500(net)
 - Disabled allowance from government Rs 12,000
 - Amount received from mutual fund Rs 38,000(net)
 - Gift received relating to investment Rs 25,000
- He claimed following expenses for deduction
- Interest collection charge Rs 2,000
 - Natural resource Rs 1,000
 - Royalty from writing articles Rs 200
 - Dividend from domestic company Rs 500
 - Salary to assistant Rs 25,000
 - Life insurance premium Rs 20,000
 - Donation to tax exempt organization Rs 10,000

Required:

- (a) Net (Assessable) income from Investment (5)
- (b) Statement of total taxable income (2)
- (c) Tax liability (1)

Q14. A business firm imported following goods from Hong Kong in CIF to Kolkata port. The cost of transporting from Kolkata to Birjung was US \$ 2,500 up to Nepal's custom points and cost of goods are as follows.

Types of goods	Quantities	Unit price	Total cost	Rate of custom duty
Movie Camera	40	US \$ 700	US \$ 28,00	30%
Television	700	US \$ 300	US \$ 21,000	25%
Computer	50	US \$ 200	US \$ 1,000	30%
Laptop	30	US \$ 600	US \$ 1,800	20%

From investigation of goods in custom from the view point of the custom authority found that the price of Movie Camera is US \$ 1,000. In the same way the quantities of Laptop was 40 pieces in the place of 30 pieces. Assume local development fees of 1.5%.

Required: Custom duty

(8)

Q15. a. Value added tax is imposed on added value at each level of sales. Comment briefly.

(3)

b. The total amount of VAT paid by a consumer is Rs 52,000 on a series of dealings passing through three middlemen: importer, wholesaler, and retailer. Each of the middlemen made 15% profit on selling price.

Required: (i) VAT collected by the government.

(4)

(ii) Cost price to the customer.

(1)

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

Answer any TWO questions:

Q16. What are the different sources of incomes that fall under Income Tax Act 2058? Explain each source and also state the major characteristics of Income Tax Act 2058.

(5+8)

Q17. Following is the trading and Profit & Loss Account of a manufacturing company for the previous year is given below.

Particulars	Rs	Particulars	Rs
To Opening stock	150,000	By Sales	30,00,000
To Purchase	20,00,000	By Closing stock	300,000
To manufacturing expenses			
To Wages	100,000		
To carriage inward	30,000		
To custom duty	50,000		
To gross profit	970,000		
	33,00,000		33,00,000
To Salaries	125,000	By Gross profit	970,000
To General expenses	35,000	By Agriculture income	20,000
To Telephone charge	35,000	By Sundry income	25,000
To Discount	10,000	By Bad debts recovered	22,000
To Marketing expenses	20,000	By Interest on investment	50,000
To Repairs of plant	15,000	By Commission	24,000
To Bonus to staff	5,000	By Gain on sale of non business assets	40,000
To legal expenses	20,000	By Dividend Received (net)	23,750
To Life insurance premium	12,000		
To provision for tax	10,000		
To Miscellaneous expenses	18,000		
To Audit fees	8,000		
To Depreciation on plant	30,000		
To Donation	15,000		
Net profit	816,750		
Total	11,74,750		11,74,750

Additional Information:

- Purchase includes Rs 300,000, the cost of plant purchase on Bhadra of previous year. Depreciation was already charged in above statement.
- Legal expenses include Rs 2,000 incurred for domestic purpose.
- Life insurance premium includes Rs 10,000 paid for fire insurance.
- 60% of bad debts recovered was allowed previously by IRO.
- 50% of donation was paid to a private school.
- General expenses include Rs 10,000 paid for electricity charges.
- Sundry income includes Rs 12,000 refund of custom duty.

Required: (a) Net (assessable) income from business (8)
 (b) Statement of total taxable income (3)
 (c) Total tax liability (2)

Q18. a. An special industry under company Act of Nepal provides the following details of its assets under different blocks as:

Block	WDV as on ist shrawan	Addition of assets	Purchase at	
A	40,00,000	Nil		
B	20,00,000	Nil		
C	50,00,000	A Vehicle	15,00,000	Ist falgun
D	15,00,000	A machine	700,000	Ist marga

The company incurred Rs 550,000 as a cost of patent right for a period of 10 years and 6 month. There was no disposal of assets under any block during the income year.

Required: (i) Allowable depreciation of the assets under difference blocks. (4)
 (ii) Opening WDV for the next year (1)

b. The following Receipt and payments accounts of an Auditor is given below:

Receipt	Rs	Payments	Rs
To Balance b/d	70,000	By office salaries	200,000
To Audit fee	450,000	By office expenses	80,000
To consultancy fees	250,000	By office rent	35,000
To commission relating to audit work	30,000	By car expenses	16,000
To interest on fixed deposit from NBL Net	20,000	By life insurance premium	37,000
To gift and present from clients	25,000	By purchase of news paper	1,500
To interest on govt. bond net	13,000	By donation to tax exempt organization	12,000
To dividend received net	18,000	By purchase of stationery	7,000
To sale of news paper	6,000	By travelling expenses	14,000
To directors fee net	17,000	By miscellaneous expenses	15,000
		By domestic expenses	5,000
		By balance c/d	478,000
Total	899,000		899,000

Adjustments:

- Half of car expenses were paid for personal purpose.
- Office salaries include Rs 20,000 paid to domestic cook.
- 50% of donation was given to an organization which was not approving by IRD.
- Half of domestic expenses is spent for general expenses.
- Allowable depreciation of Rs 10,000 not shown in account.

Required: (i) Net (assessable) income from profession (6)
 (ii) Statement of total taxable income (2)



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EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Advance Auditing
Full Marks: 60

Course Code: ACC 546
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 questions:

- Q1. What do you mean by criminal liabilities of an auditor?
- Q2. Write down any four matters to be audited according to Audit Act 2048.
- Q3. Define audit plan in short?
- Q4. Write any two benefits of audit programme.
- Q5. List out any four condition in which auditor may be disqualified for audit works.
- Q6. Explain any two duties of an auditor.
- Q7. State any two situations where an auditor can be removed.
- Q8. What is contingent asset? Explain with examples.
- Q9. List out any two roles of auditor general in Government audit.
- Q10. Write any two differences between unqualified report and qualified report.

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

Answer any THREE questions:

- Q11. What do you mean by audit engagement? What are the information required to understand the knowledge of client business? 2+6
- Q12. What is audit sampling? Describe audit sampling techniques. 2+6
- Q13. Give short introduction on the following items (**Any Two**) 4+4
 - a) Management Audit.
 - b) Environment Audit.
 - c) Performance Audit.
- Q14. Which points are essential while reporting requirements in Co-operative audit? Describe in short. 8
- Q15. Define audit report? Mention the contents of audit report in details. 2+6

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

Answer any TWO questions:

- Q16. Educational institutions should make audit of books of accounts every year. How should an auditor perform works while conducting audit of such institutions? 13
- Q17. What do you understand by criminal liabilities of an auditor? Describe the grounds on which the auditor may be liable for his negligence. 6+7
- Q18. Describe the responsibility of auditing standard board as well as explain the role of ICAN as professional accounting body in Nepal. 4+9



MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
 FINAL EXAMINATIONS: 2076
 MASTER OF BUSINESS STUDIES (MBS)
 SEMESTER - IV

Subject: Accounting Theory and Practice
 Full Marks: 60

Course Code: ACC 547
 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 questions:

- Q1. Discuss the meaning of materiality principle on financial accounting.
- Q2. List out any two objectives of Accounting Standard Board of Nepal.
- Q3. How would you recognized of asset on the element of financial statement?
- Q4. Differentiate between physical capital maintenance concept and financial capital maintenance concept.
- Q5. Express any four contents of annual report.
- Q6. Define monetary assets with suitable example.
- Q7. "Responsibility accounting is in a process of decentralization under which authority is delegated to respective responsibility center". Briefly explain.
- Q8. Point out any four issues on internet financial reporting system.
- Q9. Clarify the meaning of environment accounting.
- Q10. Give the concept of economic value added.

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

Answer any THREE questions:

- Q11. What is the qualitative characteristic of financial statement? Elaborate the fundamental qualitative characteristics of useful financial statement. 2+6
- Q12. "Directors' report is a mirror of institution providing essential information for greater transparency in corporate governance". By highlighting this statement, prepare a draft of directors' report with most important items. 8
- Q13. Show the concept of human resource accounting and reporting. Discuss it's objectives and benefits. 2+3+3
- Q14. Following are the Comparative balance as on 31st December 2017 and 2018.

Liabilities	2017	2018	Assets	2017	2018
Equity share	100,000	125,000	Long live Asset	125,000	112,500
Surpluses	15,000	25,000	Customer	20,000	50,000
Supplier	50,000	75,000	Inventory	75,000	65,000
8% debenture	90,000	57,500	Bank balance	35,000	55,000
Total	255,000	282,500	Total	255,000	282,500

Income statement for the year 2018

Particulars	Amount	
	Detail Rs.	Total Rs.
Sales Revenue		200,000
Less:- Cost of sales		
Beginning inventory	75,000	
Purchase	140,000	
Closing inventory	<u>(65,000)</u>	<u>150,000</u>
Gross Profit		50,000
Less:- Other expenses		
Salaries and wages	10,000	
Depreciation	12,500	
Interest	5,000	
Tax	<u>12,500</u>	<u>40,000</u>
Net Profit		<u>10,000</u>

Tax and Interest paid at the end of the year. The general price indexes are 80 and 120 at the beginning of the 2018 and end of 2018 respectively. At the time of share issue – 50 and at the time of asset purchase 60
 Required:-General Price Level gain or loss and CPP adjusted income statement 4+4

Q15. You are given following income statement for the year 2075

Particulars	Amount Rs.	
	Detail Rs.	Total Rs.
Sales		500,000
Less:-sales return		<u>50,000</u>
Net sales		450,000
Less:-Cost of sales		
Opening stock	70,000	
Purchase 250,000		
Less:-Return <u>10,000</u>	240,000	
Closing stock	(60,000)	
Carriage	8,000	
Power	10,000	
Work in progress	20,000	
Wages	<u>30,000</u>	<u>318,000</u>
Gross profit		132,000
Less:-Operating expenses:-		
Administrative expenses	25,000	
Electricity charge	5,000	
Repair	5,500	
Depreciation	5,000	
Salary	<u>25,500</u>	<u>66,000</u>
Operating profit		66,000
Add:- Non operating income:-		
Interest	2,000	
Commission	<u>1,000</u>	<u>3,000</u>
Net operating income		69,000
Less:- tax		<u>25,000</u>
Net profit after tax		44,000
Less:- Dividend		<u>20,000</u>
Surplus		24,000

Required:- Value Added Statement with applies

4 +

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

Answer any TWO questions:

Q16. "Basic accounting assumptions or concepts are the foundation for formulating fundamental accounting principles, methods, procedures and rules for better understanding the process for recording financial transactions and preparation of financial statements". By the help of this statement, state the meaning of accounting concept. Also explain the accounting principles and assumptions. 3+10

Q17. Following are the financial statement of a Pvt. Ltd. company for the month of Kartik 2076

Liabilities	Beginning	Closing	Assets	Beginning	Closing
Common share	400,000	400,000	Long term asset	300,000	297,000
Pref. share capital	100,000	100,000	Inventory	100,000	110,000
Reserve	20,000	30,000	Bills Receivable	80,000	80,000
10% loan	80,000	80,000	Bank	120,000	123,000
Total	600,000	610,000	Total	600,000	610,000

Historical Based Income Statement for the month closing

Particulars	Amount	
	Detail Rs.	Total Rs.
Sales Revenue		160,000
Less:- Cost of goods Sold		
Opening stock	100,000	
Purchase	156,000	
Closing Stock	<u>(110,000)</u>	<u>146,000</u>
Gross Margin		14,000
Less:-Other expenses:-		
Office expenses	1,000	
Depreciation	<u>3,000</u>	<u>4,000</u>
Net Profit		10,000

Price index for fixed asset at the time of installation and closing were 100 and 150 respectively. The general price index at the beginning of the Kartik was 100. The cost of purchase during the Kartik increase by 10 % in average.

Required: Prepare financial statements using current cost accounting method (CCAR statement, income statement and balance sheet)

6+4+3

Q18. Following trial balance and adjustment are provided to you.

Particulars	Dr. Rs.	Particulars	Cr. Rs.
Drawing	12,500	Capital	160,000
Opening stock	74,400	Return to supplier	7,500
Carriage inward	12,400	Rent outstanding	1,000
Return inward	5,500	Interest on loan	500
Deposit with suppliers	18,300	Creditors	30,000
Carriage on sales	7,000	Sales	12,80,000
Loan	10,000	Provision for bad debts	12,000
Purchase	11,30,000		
Debtor	60,000		
Goodwill	31,000		
Advertisement	9,500		
Bad debt	4,000		
Cash	20,600		
Discount allowed	3,300		
Wages	7,500		
Plant and machinery	78,000		
Pre-paid insurance	2,000		
Goodwill written off	5,000		
	14,91,000		14,91,000

Adjustments:-

- Write off further bad debt of Rs.2,000 and make provision for bad debts at 10% on debtors
- Stock at end of year Rs. 188,000
- Wages include Rs. 2,000 paid for erection of plant and depreciate plant by 10%
- Pre-paid insurance expired to the extent of Rs. 1,500.

Required:- Prepare financial statement as per company act to determine operating result, retained earnings, financial position and closing cash balance.

4+1+3+5



MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Financial Institutions and Markets
Full Marks: 60

Course Code: FIN 545
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 questions:

- Q1. List out the major roles of financial institution in an economy.
- Q2. Differentiate between depository and non depository institution.
- Q3. Compute the value of following zero coupon bond:
Rs 1000 par which matures in 7 years with the required rate of return 12.5 percent.
- Q4. "Capital market is an important segment of financial market to flow the long term funds in an Economy". Justify.
- Q5. Define the term saving bank.
- Q6. Point out the major types of financial market.
- Q7. What is bond quotation?
- Q8. Differentiate between primary market and secondary market.
- Q9. Describe the credit creation function of commercial bank.
- Q10. 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:

- Q11. Bring the light on the various factors that affect the interest rate in an economy. 8
- Q12. Differentiate between money market and capital market. 8
- Q13. Elucidate saving and loan association? Explain the regulation system of saving and loan association. 3+5
- Q14. Define the term insurance and also state the objective and roles of insurance. 3+5
- Q15. The auction price for a Treasury bills is Rs. 970 on a Rs. 1000 par value and the bill matures in 91 days. Fifty days after purchase, the investor needs funds and forced to sell at a discount rate of 6%. 4X2=8
Calculate: a) Discount rate on Treasury bill. b) Coupon equivalent yield.
c) Price of Treasury bill. d) Holding period yield.

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

Answer any TWO questions:

- Q16. a. State and explain the determinants of market interest rate. 6
b. Define monetary policy and also explain the objectives of monetary policy. 7
- Q17. Define central bank. Highlight the functions that are carried out by a central bank of Nepal to regulate the entire banking system. 4+9
- Q18. A 8 years 12% semi-annual coupon bond with a par value of Rs.1, 000 may be called in 4 years at a call price of Rs. 1080. The bond sells for Rs. 1,150. (Assume the bond has just been issued).
Calculate: 9+2+2
a. Yield to maturity of bond
b. Effective annual yield
c. Current Yield of bond



MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
 FINAL EXAMINATIONS: 2076
 MASTER OF BUSINESS STUDIES (MBS)
 SEMESTER - IV

Subject: Investment Analysis
 Full Marks: 60

Course Code: FIN 546
 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 questions:

- Q1. What do you mean by capital market?
- Q2. Differentiate physical market and financial market.
- Q3. What do you mean by holding period return (HPR)? How is it calculated?
- Q4. Define SML.
- Q5. Write the formula for calculation of weight of minimum risk portfolio assets allocation.
- Q6. Define domestic macro economy.
- Q7. Write the components of Michael Porter's Model for analyzing the structure of industries.
- Q8. Mention any four important international equity indices.
- Q9. Differentiate front-end load fee and back-end load fee.
- Q10. The total investment of closed fund has currently worth Rs 580 million. It has liabilities of Rs 360 million and 20 million shares outstanding. What is the NAV of the fund?

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

Answer any THREE questions:

- Q11. Why investors prefer to invest in financial assets rather than real assets? Explain 8
- Q12. What do you mean by bond? Explain the various innovations in the bond market. 4+4
- Q13. Use the following scenarios analysis for stock X and Y

	Market condition		
	Bear market	Normal market	Bull market
Probability	0.4	0.4	0.2
Stock X	-20%	15%	50%
Stock Y	-15%	18	10

- a) What are the expected rates of return for Stocks X and Y?
 - b) What are the standard deviations of returns on Stock X and Y?
 - c) Assume that of your Rs 50,000, you invest Rs 30,000 in Stock X and Rs 20,000 in Stock Y. What is the expected return on your portfolio? 3+3+2
- Q14. Bheri Automobiles Corporation is a fast growing supplier of office automobiles. Analysts project the following free cash flows during the next three years, after which free cash flow is expected to grow at a constant 7 percent rate. Bheri Automobiles' weighted average cost of capital is 15 percent.

Time (in years)	1	2	3
Free cash flow (in millions)	-Rs 35	Rs 50	Rs 48

- a) What is Bheri Automobiles' terminal or horizon value?
- b) What is the value of the firm today?
- c) Suppose Corporation has Rs. 150 million in debt and 10 million shares of stock. What is the price per share? 2+3+3

Q15. Assume that an investor is trying to decide between investing in a no load fund with 12b – 1 plan or a fund with a front end load

Fund	P	S
Nature	No load fund	Load fund
Load fee (Front end load)	0%	3.5%
Annual 12b – 1 charge or operating expenses	1.5%	0%
Annual HPR before load fund and 12b – 1 charge	14%	14%

Assume the investor has Rs 50,000 to invest in either fund.

- Calculate and anticipated rupee values of each investment after a 5 years holding period. Which fund appears better alternative? 3
- Answer part (a) assuming 10 years holding period. 3
- Calculate the length of holding period that would make the investor indifference between two funds. 2

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

Answer any TWO questions:

- Q16. a) What do you mean by investment companies? Explain the various types of investment companies. 2+4
 b) How the risk and return of foreign investment is determined? Illustrate with suitable example. 7

Q17. a) 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	2940	0.5	6	30
C	2060	1.7	17	50

The standard deviation of the market index portfolio is 30%

- What is the mean excess return of the index portfolio? 2
 - What is the covariance between Stock A and Stock B? 2
 - What is the Covariance between Stock B and the index? 2
 - Break down the variance of stock B into systematic and firm-specific components. 2
- b) The risk-free rate is 9% and the expected return on the market portfolio is 16%. A firm considers a project that is expected to have a beta of 1.3.
- What is the required rate of return on the project? 4
 - If the expected IRR of the project is 20%, should it be accepted? 1
- Q18. a) The yield to maturity on two 12-year maturity, semi-annual bonds currently is 7%. Each bond has a call price of Rs 1,100. One bond has a coupon rate of 6%, the other 8%. Assume for simplicity that bonds are called as soon as the present value of their remaining payments exceeds their call price. What will be the capital gain on each bond if the market interest rate suddenly falls to 6%? 8
- b) At what price will the bond with coupon rate of 7%, remaining maturity period 3 years and market interest rate 8% sell in yet another year, when only 1 year remains until maturity? What is the rate of return to an investor who purchases the bond when its price is Rs 972.17 and sells it 1 year hence? 2.5+2.5



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FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Derivatives and Risk Management
Full Marks: 60

Course Code: FIN 547
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 questions:

- Q1. What is a derivative security?
Q2. Write the difference between an American option and a European option.
Q3. What do you mean by covered option?
Q4. What is butterfly spread?
Q5. Consider the following three call options:

Option	Strike Price (E)	Common stock price (Vs)	Option price (C)
1	60	50	2
2	50	50	6
3	40	50	15

Indicate which option is in the money, at the money and out of the money.

- Q6. What is implied volatility?
Q7. Write the meaning of marking to market with an example.
Q8. Set the possible strike price of the following stocks: if strike prices are set in Rs 75 increment for stock selling for less than Rs 500, Rs 100 increment for stock selling for between Rs 500 and Rs 1,000 and Rs 150 increment for stock selling for more than Rs. 1000
a. Stock selling for Rs 350
b. Stock selling for Rs 1,200
c. Stock selling for Rs 1,500
Q9. Given the following information regarding expiration cycles, prepare the expiration cycle of options written in January, February and December for March expiration cycle:
a. January, April, July and October
b. February, May, August and November
c. March, June, September and December
Q10. Define swap and state major types of swaps.

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

Answer any THREE questions:

- Q11. Critique the following statement, made by an options investor: "My call option is de very deep in the money. I don't see how it can go any higher. I think i should exercise it." (8)
- Q12. What are the differences between futures and forward contracts? (8)
- Q13. An investor, Eliza, recently observed the price of common stock of SC bank and found that the price had been hovering around Rs 37 per share for a long time, and she thought the stock was poised for a big move and continued in future. She sells a call option with an exercise price of Rs 40 expiring April 2020 for a premium of Rs 2 per share. In addition, she sells a put option with an exercise price of Rs 35 expiring April 2020 for a premium of Rs 3 per share.
a) What is the name of position Eliza has accumulated? (1)
b) What is the total receipt of Eliza's aggregate position? (1)

- c) Construct a table showing Eliza's gain and losses from her put and call options at Rs 5 stock price intervals for SC bank prices from Rs 25 to Rs 55 inclusive. (3)
- d) At what stock prices would Eliza be in break even on her combination? (1)
- e) Construct a graph for the position accumulated by Eliza. (2)
- Q14. An investor has an option to sell 500 shares of XYZ Bank Ltd. at Rs 3,848. This option expires on December 31, 2020, and has option premium of Rs 5 per share. The price of XYZ Bank Ltd. dropped to Rs 3,825 in December. She bought 500 shares for Rs 3,825 from the secondary market and sold them for Rs 3,848 to option writer.
- a. How much she earned by exercising her right to sell 500 shares to option writer? (2)
- b. What is her rate of return on her investment? (2)
- c. Suppose price of the XYZ Bank Ltd. did not drop below Rs 3,848 during the option maturity period. Did she exercise her options? If she did not, why? (2)
- d. If she did not exercise her options and let it expires, what is her limit of loss in her investment? (2)
15. What is financial risk management? What is the impetus for risk management? Explain. (2+6)

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

Answer any TWO questions:

- Q16. Explain about the history of derivative market in Nepal. Discuss about the future perspective of derivative market in Nepal. (13)
- Q17. Consider the stock that is currently priced at Rs 200 per share and exercise price is Rs 200. Six month from now its price will be either Rs 250 or Rs 160. If the price rises to Rs 250, then six months later the price will be either Rs 312.50 or Rs 200. If, however, the price initially falls to Rs 160, then six months later the price will be either Rs 200 or Rs 128. The risk free rate is 7 percent per binomial period. Determine the value of the call option. (13)
- Q18. The Benson Corporation's stock is currently selling for Rs 45. The following inputs are given:
- Standard deviation = 0.35
 - Maturity period of the call option: 6 month
 - Exercise price = Rs 41
 - Current selling price of option = Rs. 5
 - Risk free rate = 0.10
- Determine the call premium for Benson's stock if the annual dividend yield is 6 percent. Is the option overvalued, under valued and priced just right? If you believe in these numbers, what should you do? (13)



MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Training and Human Resource Development

Course Code: HRM 545

Full Marks: 60

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 questions:

- Q1. Clarify the meaning training.
- Q2. Express the tools of human resource development.
- Q3. "Training curriculum is a guideline for trainer and trainee both". Briefly explain.
- Q4. Point out any four essential roles of a good trainer.
- Q5. "Coaching method of training provides special treatment to trainees". Justify.
- Q6. Mention any four limitations which are involved in audio-visual aids.
- Q7. "Syndicate work method is a kind of working group method". Briefly explain.
- Q8. List out any four reasons for training evaluation.
- Q9. Point out any two advantages of synchronous training of Electric Enable Training System.
- Q10. What do you mean by training cycle?

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

Answer any THREE questions:

- Q11. Show and explain the system approach of Training & Development. 8
- Q12. Define training needs assessment. Why training need assessment is so important? Explain. 2+6
- Q13. Clarify the meaning of sensitivity training. Explain it's objectives. 2+6
- Q14. "Training evaluation is situation analysis of employees in relation to skill, knowledge, competencies, commitment and attitude before and after training participation". Highlighting this statement, express the concept of training evaluation and explain the methods used in evaluating training and development program. 2+6
- Q15. Critically discusses the emerging trends and issues in training and development program in the context of Nepal. 8

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

Answer any TWO questions:

- Q16. "Training and Development function is one of the most challenging and important function of human resource management HRM out of human resource acquisition, development, utilization and maintenance function for career development of human asset as well as organizational goal achievement." In line of this statement explain the concept and objectives of training and development. Also describes the basic requisites for effective training. 4+5+4
- Q17. Define designing training program. Elaborate the objectives and consideration factors while designing training program. 3+5+5
- Q18. What are the training and development methods? Discuss. 13



MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Compensation and Performance Management

Course Code: HRM 546

Full Marks: 60

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 questions:

- Q1. What is performance based compensation?
- Q2. List out any four importance of compensation strategy.
- Q3. Define job analysis.
- Q4. What is bonded labour?
- Q5. Job evaluation is the process of accessing the relative worth of job in an organization. Justify
- Q6. Point out any four types of intrinsic reward usually offered to the employee in an organization.
- Q7. Describe the knowledge based compensation.
- Q8. What is stock option?
- Q9. Elucidate the term merit pay.
- Q10. Differentiate between the monetary and non- monetary reward.

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

Answer any THREE questions:

- | | |
|--|-----|
| Q11. What sort of discriminations can you identify in the labour market? Explain. | 8 |
| Q12. Elucidate fringe benefit. State the major forms of fringe benefit. | 2+6 |
| Q13. What is cafeteria style compensation? Discuss the advantages and disadvantages of cafeteria style compensation. | 4+4 |
| Q14. Introduce performance management. Highlight the process of performance management. | 2+6 |
| Q15. Discuss the evolution of modern day labour force in detail. | 8 |

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

Answer any TWO questions:

- | | |
|---|-----|
| Q16. Define compensation. State and explain the goals of compensation system in details. | 4+9 |
| Q17. What is performance appraisal? Discuss the different methods of performance appraisal. | 4+9 |
| Q18. Highlight the major roles of Wages board and the pay commission in details. | 6+7 |



MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Industrial Relations and Labor Laws
Full Marks: 60

Course Code: HRM 547
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 questions:

- Q1. State the meaning of industrial relation within two sentences.
- Q2. What do you mean by negotiation?
- Q3. Make a list of level of worker participation.
- Q4. Write any two characteristics of collective bargaining.
- Q5. Mention the meaning of conciliation.
- Q6. What is the minimum monthly wage for workers under labor act 2074?
- Q7. Write any two scope of industrial relation.
- Q8. Enlist the type of trade union.
- Q9. Write any two positive impact of globalization on trade union movement.
- Q10. Make a list of structure of international labor organization (ILO).

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

Answer any THREE questions:

- Q11. What are the factors affecting the industrial relations in changing environment. Explain. 8
- Q12. Give the meaning of trade union? Briefly, explain the function of trade union. 2+6
- Q13. State the concept of workers participation and explain the benefit of workers participation in management. 2+6
- Q14. What are the important provisions of Child labor Act? Explain. 8
- Q15. What do you mean by collective bargaining? What steps are to be followed in the collective bargaining? Explain. 2+6

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

Answer any TWO questions:

- Q16. What are the major provisions of labor Act 2074? Explain. 13
- Q17. State the meaning of international labor organization? Briefly, explain the role and contribution of international labor organization. 3+10
- Q18. What do you meant by industrial disputes? What are the major causes of industrial disputes? Explain. 3+10



MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATIONS: 2076
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - IV

Subject: Project Management

Course Code: MGMT 541

Full Marks: 60

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 questions:

- Q1. Point out any three characteristics of project.
- Q2. Write two advantages of Matrix Organization.
- Q3. List out any two limitations of matrix organization.
- Q4. Point out the two responsibilities of a project manager.
- Q5. What is Line of Balance (LOB)?
- Q6. Write the meaning of project monitoring.
- Q7. Enlist any three advantages of functional organization.
- Q8. What is project planning?
- Q9. What is project management information system?
- Q10. Briefly describe the concept of project audit.

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

Answer any THREE questions:

- | | |
|--|-------|
| Q11. Define project management. Differentiate between project management and product management. | 3+5 |
| Q12. What is project organization? Describe pure project organization structure with its advantage | 2+3+3 |
| Q13. What is project proposal? Explain stage of project planning with suitable example. | 2+6 |
| Q14. Define project team. Discuss the features of team building in a project. | 2+6 |
| Q15. What is project control? Explain the process of project control. | 3+5 |

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

Answer any TWO questions:

- | | |
|---|-----|
| Q16. Why is project management important in Nepal? Explain the various stages of project life cycle. | 4+9 |
| Q17. Highlight on the present status of project management in Nepal. Discuss the advantage and difficulties of implementation of a project management in Nepal. | 5+8 |
| Q18. Why project monitoring and evaluation process is important? Discuss the project monitoring and evaluation approaches of World Bank in Nepal. | 4+9 |

