

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

---

Subject: Introduction to Auditing  
Full Marks: 60 Pass Marks: 30

Course Code: ACC 386  
Time: 3:00 Hours

---

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

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X1 = 10 MARKS)**

Answer **ALL** the questions.

1. What do you mean by auditing?
2. Explain any two natures of auditing
3. Point out any two types of frauds.
4. What is management letter?
5. List out the any four types of investigation.
6. Mention any two differences between vouching and verification
7. Define audit risk.
8. What is Audit Materiality?
9. State the meaning of test check.
10. What do you mean by audit working papers?

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

Answer any **THREE** questions.

11. Write down the role of auditor general in government audit. [8]
12. Show the differences between investigation and auditing. [8]
13. Describe the vouching of cash receipts of cash book in short. [8]
14. Enumerate the methods or procedures of investigation in short. [8]
15. What activities should be done while auditing co-operative organization? [8]

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

Answer any **TWO** questions.

16. What do you mean by audit report? Describe the main types of audit report in details. [5+8]
17. What activities are followed by auditor while conducting audit of school? [13]
18. Describe the vouching of cash receipts or revenue items as well as cash payments of cash book in short.[13]

**THE END**

Mid-West University  
**Graduate School of Management**  
 Surkhet, Nepal  
 Final Examination-2079  
 Bachelor of Business Studies (BBS)  
 Semester - VIII

Subject: Business Accounting  
 Full Marks: 60 Pass Marks: 30

Course Code: ACC 385  
 Time: 3 Hours

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

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

Answer **ALL** the questions.

1. A and B are partners sharing profit and loss in the ratio of 3:1. C is admitted as a partner for 1/5<sup>th</sup> share of profit. Calculate new profit-sharing ratio of A, B and C.
2. Write the concept of partnership business.
3. Distinguish between fixed and fluctuating capital in short.
4. Mention any three differences between consignment and normal sales.
5. A and B are partners sharing profit and losses in the ratio of 2:1. They admit C as a partner for 1/4<sup>th</sup> share who pays Rs. 60,000 as a premium of goodwill. They decided to retain the goodwill in the business. Prepare Journal entries.
6. Describe the concept of accounting for consignment.
7. Write any two differences between hire purchase and installment system.
8. State some essential features of instalment system.
9. What is meant by joint venture?
10. Write in short about the retirement of a partner.

**SECTION B: SHORT ANSWER QUESTIONS (5 X 8 = 40 MARKS)**

Answer any **TWO** questions.

11. The following was the balance sheet of A, B and C who were sharing profit and losses in the ratio of 2:3:5.

Balance sheet

Liabilities	Amount	Assets	Amount
Partners' Capital		Goodwill	10,000
A	18,000	Machinery	17,000
B	22,000	Furniture	14,000
C	26,000	Investment	16,000
Profit and loss A/C	7,000	Stock	22,000
Liabilities	48,000	Bills Receivable	12,000
		Debtors	21,000
		Cash	9,000
<b>Total</b>	<b>1,21,000</b>	<b>Total</b>	<b>1,21,000</b>

They agree to take D into partnership giving him 1/6<sup>th</sup> share and D brings Rs. 16,000 for capital and other terms and conditions are:

- I. Goodwill to be valued at Rs. 13,000.
- II. The value of stock to be taken at Rs. 24,000.
- III. Machinery, furniture and investment to be reduced by 15%.
- IV. Prepaid salary Rs. 400 and outstanding rent Rs. 900.
- V. The capital account of the old partners was also to be adjusted on the basis of capital contributed by D and adjustment of capital to be made by cash.

Required: Revaluation Account. [8]

12. What is partnership? Explain the partnership deed in short. [2+6]
13. On 1<sup>st</sup> Baisakh 20X1, Hari and Kumar entered into a joint venture and agreed to divide profit and losses equally. On the same day, Hari purchased goods costing Rs. 50,000 and incurred Rs. 5,000 as an expense on sending the goods to Kumar. On Baisakh 21, 20X1, Kumar purchased goods costing Rs. 60,000. On the last day of the month, Kumar sold all the goods at Rs. 131,000 and his expenses amounted to Rs. 6,000. He sent a cheque to Hari for the amount due on that date.  
Required: Journal Entries in the books of Hari. (8)
14. ABC Co. purchased a plant for Rs. 60,000 on hire purchase system on 1<sup>st</sup> January 2004, and the payment thereof was to be made in four yearly instalments of Rs. 15,000 each. The cash value of the machine is Rs. 50,000. The company decided to charge depreciation at 10% on straight line basis.  
Required: Journal entries and plant account in the books of ABC Co. (5+3)
15. On 1<sup>st</sup> Baisakh 2075 Mr. X purchased a television set on instalment basis. The cash price of which is Rs. 28,000 payables in four equal instalments plus interest at the rate of 10% PA.  
Required: Journal entries in the books of Mr. X. (8)

### SECTION C: LONG ANSWER QUESTIONS (1 X 13 = 13 MARKS)

Answer any **ONE** questions.

16. Define hire purchase and instalment system and differentiate between hire purchase and instalment. [3+10]
17. Mr. Harkaman Tamang of Kathmandu consigned 2000 units of goods @ Rs. 100 each to Mr. Surendra Karki of Bharatpur. Tamang incurred the following expenses. Carriage Rs. 4,000; Freights Rs. 7,000; Loading charge Rs. 3000; Insurance Rs. 6,000. The expenses incurred by Mr. Karki were; Loading charge Rs. 4,000; Clearing charge Rs. 2,500; Carriage on godown Rs.2,000; Carriage on sales Rs. 500; Storage Rs. 1500 and fire premium insurance of stock Rs. 400. Mr. Karki sold 1600 units @130 each. He charges 2% commission on sales.  
Required: Journal entries, consignment account and consignee account in the books of consigner (Harkaman Tamang) (8+3+2)
18. A, B and C are partners in a firm. They share profit and losses in the ratio of 7:5:3. Their balance sheet as on 31<sup>st</sup> December 2008 was as follows.

Capital and Liabilities	Amount	Assets	Amount
-------------------------	--------	--------	--------

Capital of	A	1,46,810	Land and Building	1,20,000
	B	83,310	Plant	90,000
	C	59,880	Furniture	10,000
Profit and loss A/c		40,000	Debtors	50,000
Creditors		66,500	Stock	76,000
			Cash and Bank	50,500
Total		3,96,500	Total	3,96,500

On the balance sheet date, C retired on the following terms.

- I. Plant and furniture to be depreciated by 5% and 15% respectively.
- II. Stock and land and building to be appreciated by 10% and 20% respectively.
- III. Goodwill to be valued Rs. 74,000.
- IV. To pat C's dues A and B bought cash in their profit-sharing ratio and C was paid in full.

Required: Revaluation account, partner's capital account and Balance sheet (5+3+5)

**THE END**

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

Subject: Corporate Finance

Full Marks: 60 Pass Marks: 30

Course Code: FIN 385

Time: 3:00 Hours

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

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X2 = 10 MARKS)**

Answer **ALL** the questions.

1. Mention the responsibilities of financial manager.
2. Why is corporate social responsibility important for business?
3. What is term loan?
4. What are the advantages of public offering?
5. What do you mean by sinking fund?
6. Write the meaning of participating feature of preferred stock.
7. Define stock split.
8. Mention the dividend payment procedure.
9. What do you mean by cross rate?
10. Define purchasing power parity.

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

Answer any **Three** questions.

11. What do you mean by the agency problem between shareholder versus managers? Explain. [8]
12. Write the differences between common stock financing and debt financing. [8]
13. As one of the minority shareholders of the Himal Distillery Corporation, Mr. Yadav is dissatisfied with the current operations of the company. Mr. Yadav says that if he could gain membership on the company's board of directors, he could make necessary improvements. The problem is that current management controls 75 percent of the stock. He controls only 7 percent, and the balance is held by other minority shareholders. There are total 500,000 voting shares. Ten directors will be elected at the next annual stockholder meeting. [2x4]
  - a. If voting is non-cumulative, can Mr. Yadav get elected as a director?
  - b. Suppose Mr. Yadav is able to convince all the minority shareholders that he should be elected. If voting is non-cumulative, can they elect him?
  - c. If voting is cumulative, can Mr. Yadav get elected as a director?
  - d. What percent of the minority shares other than his own will he need to have for him certain victory?
14. The Daunne Resort Corporation has the following shareholders' equity account:

Common stock (Rs 10 par value)	Rs 2000,000
Additional paid-in capital	Rs 1500,000
Retained earnings	Rs <u>6500,000</u>
Total shareholders' equity	Rs <u>10000,000</u>

The current market price of the stock is Rs 110 per share.

- a. What will happen to this account and to the number of shares outstanding with (i) a 10 percent stock dividend? (ii) a 2-for-1 stock split? [3+3]

b. In the absence of an informational or signaling effect, at what share price should the common stock sell after the 10 percent stock dividend? What might happen to the stock price if there were a signaling effect? [2]

15. (a) What do you mean by spot and forward rates? [3]

(b) Suppose the exchange rate between pound and Euro is 1.6920 Euro = £ 1 and the exchange rate between pound and Canadian dollar is £ 1 = CD 3.4250. What is the cross rate of Euros to Canadian dollar? [5]

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

Answer any **TWO** questions.

16. What do you mean by Multinational Corporation? Explain its features. Why do companies go for multinational? [4+6+3]

17. Ghorai Cement Company is attempting to determine whether to lease or purchase a new elevator system. The Company is in the 30 percent tax bracket and the before-tax cost of debt is currently 10 percent. The term of lease and purchase are given below:

**Lease:** Annual advance lease payments of Rs 179,444 are required over its four years life. The lease payment is one deductible for tax purposes until the service is actually received.

**Purchase:** The elevator system costing Rs 640,000 could be purchased. Straight-line depreciation and Rs 40000 salvage value at the end of 4<sup>th</sup> year. The purchase would be financed with a 10 percent loan requiring four annual end of year payments of Rs 201,900.

a) Calculate the after-tax cash outflows associated with each alternative. [8]

b) Calculate the present value of each of these cash flow streams by using the after-tax cost of debt. [4]

c) Which alternative would you recommend? Explain. [1]

18. a) Karnali Farming Company (KFC) has a target capital budget of Rs 3.4 million. KFC wants to maintain a target capital structure which is 30 percent debt and 70 percent equity. The company forecasts that its net income this year will be Rs 4000,000. If the company follows a residual dividend policy and pays all distributions as dividends, what will its dividend payout ratio be? [4]

b) Mr. Balen Sampang's total assets consist of 1240 shares of Himal Dolkha Hydro Power Company Limited and Rs 400,000 in cash. Himal Dolkha Hydro Power Company Limited now offers shareholders one additional share at a price of Rs 250 for each four shares held. The current market price of the stock is Rs 560.

a. What is the value of each right? [2]

b. Prepare the statements showing Mr. Balen Sampang's total assets if Mr. Balen Sampang's exercises all his rights. [2]

c. Prepare the statements showing Mr. Balen Sampang's total assets if Mr. Balen Sampang's sells all his rights. [2]

d. Prepare statements showing Mr. Balen Sampang's total assets if Mr. Balen Sampang's sells 700 rights and exercises 540 rights. [3]

**THE END**

MID-WEST UNIVERSITY  
GRADUATE SCHOOL OF MANAGEMENT  
FINAL EXAMINATION: 2079  
BACHELOR OF BUSINESS STUDIES (BBS)  
SEMESTER – VIII

Subject: Corporate Finance  
Full Marks: 60

Course Code: FIN 385  
Time: 3 Hours

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

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

Answer **ALL** questions.

- Q1. Mention the responsibilities of financial manager.
- Q2. Why corporate social responsibility is important for business?
- Q3. What is term loan?
- Q4. What are the advantages of public offering?
- Q5. What do you mean by sinking fund?
- Q6. Write the meaning of participating feature of preferred stock.
- Q7. Define stock split.
- Q8. Mention the dividend payment procedure.
- Q9. What do you mean by cross rate?
- Q10. Define purchasing power parity.

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

Answer any **Three** questions.

- Q11. What do you mean by the agency problem between shareholder versus managers? Explain. (8)
- Q12. Write the difference between common stock financing and debt financing. (8)
- Q13. As one of the minority shareholders of the Himal Distillery Corporation, Mr. Yadav is dissatisfied with the current operations of the company. Mr. Yadav that if he could gain membership on the company's board of directors, he could make necessary improvements. The problem is that current management controls 75 percent of the stock. He controls only 7 percent, and the balance is held by other minority shareholders. There are total 500,000 voting shares. Ten directors will be elected at the next annual stockholder meeting. (2x4)
  - i) If voting is non-cumulative, can Mr. Yadav elect himself as a director?
  - ii) Suppose Mr. Yadav is able to convince all minority shareholders that he should be elected. If voting is non-cumulative, can they elect him?
  - iii) If voting is cumulative, can Mr. Yadav elect him as a director?
  - iv) What percent of the minority shares other than his own will he needs to have voted for him to be certain of election?
- Q14. The Daunne Resort Corporation has the following shareholders' equity account:

Common stock (Rs 10 par value)	Rs 2000,000
Additional paid-in capital	1500,000
Retained earnings	<u>6500,000</u>
Total shareholders' equity	<u>Rs 10000,000</u>

The current market price of the stock is Rs 110 per share.

  - a) What will happen to this account and to the number of shares outstanding with (i) a 10 percent stock dividend? (ii) a 2-for-1 stock split? (3+3)
  - b) In the absence of an informational or signaling effect, at what share price should the common stock sell after the 10 percent stock dividend? What might happen to stock price if there were a signaling effect? (2)
- Q15. (a) What do you mean by spot rate and forward rate? (3)  
(b) Suppose the exchange rate between pound and Euro is 1.6920 Euro = £ 1 and the exchange rate between pound and Canadian dollar is £ 1 = CD 3.4250. What is the cross rate of Euros to Canadian dollar? (5)

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

Answer any **TWO** questions.

- Q16. What do you mean by Multinational Corporation? Explain its features. Why companies go for multinational? (4+6+3)
- Q17. Ghorai Cement Company is attempting to determine whether to lease or purchase a new elevator system. The Company is in the 30 percent tax bracket and the before-tax cost of debt is currently 10 percent. The term of lease and purchase are given below:
- Lease:** Annual advance lease payments of Rs 179,444 are required over its four years life. The lease payment is one deductible for tax purposes until the service is actually received.
- Purchase:** The elevator system costing Rs 640,000 could be purchased. Straight-line depreciation and Rs 40000 salvage value at the end of 4<sup>th</sup> year. The purchase would be financed with a 10 percent loan requiring four annual end of year payments of Rs 201,900.
- a) Calculate the after-tax cash outflows associated with each alternative. (8)
- b) Calculate the present value of each of these cash flow streams by using the after-tax cost of debt. (4)
- c) Which alternative would you recommend? Explain. (1)
- Q18. a) Karnali Farming Company (KFC) has a target capital budget of Rs 3.4 million. KFC wants to maintain a target capital structure which is 30 percent debt and 70 percent equity. The company forecasts that its net income this year will be Rs 4000,000. If the company follows a residual dividend policy and pays all distributions as dividends, what will be its dividend payout ratio? (4)
- b) Mr. Balen Sampang's total assets consist of 1240 shares of Himal Dolkha Hydro Power Company Limited and Rs 400,000 in cash. Himal Dolkha Hydro Power Company Limited now offers shareholders one additional share at a price of Rs 250 for each four shares held. The current market price of the stock is Rs 560.
- i) What is value of each right? (2)
- ii) Prepare statements showing Mr. Balen Sampang's total assets if Mr. Balen Sampang's exercises all his rights. (2)
- iii) Prepare statements showing Mr. Balen Sampang's total assets if Mr. Balen Sampang's sells all his rights. (2)
- iv) Prepare statements showing Mr. Balen Sampang's total assets if Mr. Balen Sampang's sells 700 rights and exercises 540 rights. (3)



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

---

---

Subject: Banking and Insurance  
Full Marks: 60 Pass Marks 30

Course Code: FIN 386  
Time: 3:00 Hours

---

---

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

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X1 = 10 MARKS)**

Answer **ALL** the questions.

1. Mention any two features of bank.
2. Define re-insurance in short.
3. What is micro finance?
4. List out any two differences between credit and debit card?
5. What does subrogation means?
6. State the meaning of investment management.
7. What does KYC norm means?
8. Define overlapping risk.
9. Give the meaning of claim management.
10. Enlist the nature of insurance.

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

Answer any **THREE** questions.

11. What is electronic fund transfer system? Enumerate the principles of lending. [2+6=8]
12. Discuss the Basel norms. Explain the salient natures of bank. [4+4=8]
13. Briefly describe the types of bank. [8]
14. Give the meaning of risk management. Explain the techniques of risk management. [2+6=8]
15. Describe the types of insurance. [8]

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

Answer any **TWO** questions.

16. What is bank? Explain the roles and various credit facilities of banks. [3+5+5=13]
17. Give the meaning of insurance. Describe the principal of insurance. also discuss the roles of the Beema Samiti. [3+5+5=13]
18. Define customer relationship management. Explain the principle and relationship building strategies of CRM. [3+5+5=13]

**THE END**

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

---

Subject: Strategic Management  
Full Marks: 60 Pass Marks: 30

Course Code: MGMT 382  
Time: 3:00 Hours

---

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

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

Answer **ALL** the questions.

1. Write the meaning of environmental scanning.
2. Describe the meaning of strategic decisions.
3. State the process of strategic plan.
4. Write the meaning of mission.
5. What is unique resource?
6. Write the meaning of value chain analysis.
7. What do you mean by strategic alliance?
8. State any two reasons of acquisition and merger.
9. Write any two advantages of functional structure.
10. What is control in strategic management?

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

Answer any **SIX** questions.

11. What do you mean by strategy? Explain the features of strategy. [3+5]
12. What is internal environment? Briefly explain the components of internal environment. [3+5]
13. What is core competency? How does it build strategic advantage? [3+5]
14. Define corporate level strategy and explain its types with examples. [2+6]
15. What is meant by operationalizing the strategy? Briefly discuss the process of operationalizing the strategy. [2+6]

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

Answer any **TWO** questions.

16. Strategic management is a critical element for the success of any enterprise in the globalized world. The line with the statement explains the process and importance of strategic management in the globalized world. [13]
17. What do you mean by external environment? State and explain the components of external environment. Also enumerate the significance of study external environment in strategic management. [5+4+4]
18. What are the different strategic options under strategic clock? How is it different from Porters Competitive strategies? Discuss. [5+8]

**THE END**

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

Subject: Advertising Management  
Full Marks: 60 Pass Marks: 30

Course Code: MKT 385  
Time: 3:00 Hours

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

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X1 = 10 MARKS)**

Answer **ALL** the questions.

1. What is advertising?
2. List out the tools of promotion mix.
3. Give the concept of visualization.
4. Define layout.
5. What do you understand by typography?
6. What is slogan?
7. Write the meaning of media.
8. Point out the types of media.
9. Write the concept of advertising budget.
10. Define advertising agency.

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

Answer any **THREE** questions.

11. Explain the scope and importance of advertising. [8]
12. Describe the promotion mix strategies in advertising. [8]
13. Differentiate between headline and sub-heading. [4+4]
14. Highlight the vital role of media in advertising. [8]
15. What are the functions of advertising agency? Explain [8]

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

Answer any **TWO** questions.

16. Define the term of IMC. Explain the process of integrated marketing process. [3+10]
17. What do you know about advertisement copy? Explain the major types of copy in advertising. [3+10]
18. What is copy writing? Describe the advertising budget process in the context of Nepal. [3+10]

**THE END**

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

Subject: Retail Management

Course Code: MKT 386

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: VERY SHORT ANSWER QUESTIONS (10 X1 = 10 MARKS)**

Answer **ALL** the questions.

1. Give the meaning of sorting
2. What is strip center?
3. How is customer behavior impacted by lighting system in retailing? Briefly explain.
4. Describe frontage presentation.
5. Enlist the two most important advantages of gondolas in retailing
6. What is fad merchandise?
7. Enlist any three types of brands.
8. Point out any four types of gaps which affects service gap to customer.
9. Why is vending machine so important in modern retailing business? List out.
10. What is international retailing? Briefly describe.

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

Answer any **THREE** questions.

11. What are the atmospherics in retail business? Explain its components. [3+5]
12. What is supply chain management? Explain its role on merchandise flow management. [3+5]
13. What is service quality in customer perspectives? Explain the factors determinant to service quality in customer perspective. [3+5]
14. What is culture? How can impact on international retail business management be impacted? [3+5]
15. Write short notes on (Any TWO) [2+2+2+2]
  - a. Visual merchandising
  - b. Public relation
  - c. Forces of retailing,
  - d. Customer value pricing

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

Answer any **TWO** questions.

16. Give the meaning of retail management. Describe its functions and driving forces for retailing in changing marketing environment. [3+5+5]
17. What is retail promotion? Explain retail promotion mix factors. Why is public relation the most important technique of advertising for retail business? [3+7+3]
18. Write the concept on retail site selection? What are the considering factors that should be analyzed during good site selection process? Also describe the types of store design. [3+5+5]

**THE END**