

Model Question 2023
TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean

Full Marks: 60
Pass Marks: 30
Time: 3 Hr.

BBM Third Semester / STT 201: Business Statistics
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GROUP'A'(10X1=10)

Brief Answer Question (Attempt all questions)

1) In a moderately asymmetric distribution, the values of mean and median are 16 and 20 respectively. Compute the value of mode.

2) If the values of lower and upper quartiles are 40 and 70 respectively, then calculate the quartile deviation.

3) Calculate combined mean from the following information:

	Group A	Group B
Mean	120	130
Number of observation	20	15

4) The coefficient of correlation between two variates X and Y is 0.8. Their covariance is 20. The variance of X is 16. Find the standard deviation of Y.

5) If quartile deviation of a distribution is 2 and their 90th and 10th percentiles are 24 and 16 respectively then find the value of kurtosis.

6) Calculate the Pearson's coefficient of skewness when mean, mode and standard deviation are 65 , 62 and 5 respectively.

7) Given that $P(A \cap B)=0.2$, $P(A)= 0.5$ and $P(B)= 0.4$, then find out the value of $P(A \cup B)$.

8) The mean of Poisson distribution (λ) = 2, find $P(x=2)$.

9) Calculate the standard error of mean when population size (N) = 500, sample size (n) =50 and standard deviation (σ)=5.

(10) List out the types of random sampling techniques.

GROUP'B' (5X3=15)

Short Answer Question (Attempt any FIVE questions)

11) Find missing frequencies when mean value is 35 and total number of workers is 60.

Wage(Rs)	0-10	10-20	20-30	30-40	40-50	50-60
Workers	4	6	-	20	-	10

12) Systolic blood pressure of a sample of 400 males was taken. A sample mean blood pressure was found to be 128 mm and standard deviation 13 mm. Find 95% confidence limits of blood pressure within which the population mean would lie?

13) Find coefficient of quartile deviation from the following income table.

Monthly income (Rs)	Number of persons
Below 1000	50
1000-1999	500
2000-2999	555
3000-3999	100
4000-4999	300
5000 and above	15

14) The following information was obtained from two brand of cars A and B:

	A	B
No. of cars	50	60
Average life in years	11	12
Standard deviation	5	6

Which of the two brands shows greater consistency in its performance regarding to their life?

15) The following table shows the marks distribution of students in a campus.

Marks	0-10	10-20	20-30	30-40	40-50	50-60
frequency	10	20	45	15	8	3

Compute mode value of the marks distribution..

16) From the following distribution of marks of 500 students of a campus, find the lowest marks of the top 10% students.

Marks	No. of students
0-20	50
20-40	100
40-50	150
50-60	90
60-80	60
80-100	50

GROUP 'C'(3X5=15)

Long Answer Questions (Attempt any THREE questions)

17) From the following distribution of marks of 500 students of a campus, calculate the coefficient of skewness. Also, interpret the results.

Marks	No. of students
0-20	50
20-40	100
40-50	150
50-60	90
60-80	60
80-100	50

18) From the following distribution, find the percentile coefficient of kurtosis. Also comment the result.

Monthly income (Rs 000)	Number of workers
Below 100	5
100-199	50
200-299	55
300-399	10
400-499	30
500 and above	10

19) Daily expenditure on lunch of the staff of a bank of 400 employees was found to be normally distributed with mean of Rs 120 and standard deviation of Rs 20. Find the probability of employees having expenditure (a) between Rs 105 to Rs 140 (b) between Rs 125 to Rs 150.

20) A random sample of 100 students is found to have a mean weight of 65 kg and standard deviation of 20 kg. Test the hypothesis that at 5% level of significance the mean weight of the population is 60 kg.

GROUP'D'(1X20=20)

Comprehensive Answer Question

21) Following table shows the income and expenditure of people of certain locality of small town city of Nepal.

Expenditure in Rs	Income in Rs				
	0-5000	500-1000	1000-1500	1500-2000	2000-2500
0-4000	12	6	8	-	-
400-800	12	18	4	5	1
800-1200	-	8	10	2	4
1200-1600	-	1	10	2	1
1600-2000	-	-	1	2	3

Find out

(a) Equation of two regression lines.

(b) Correlation coefficient.

(c) Probable error and hence comment the result of correlation coefficient.

(d) Estimate the expenditure of a person whose income is Rs. 4000.

[10+3+5+2=20]

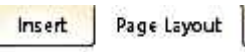
Model Question 2023
TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean

Full Marks: 40
Pass Marks: 20
Time: 2 Hr.

BBM Third Semester / STT 201: Business Statistics (Lab)

Candidates are required to answer all the questions using MS-Excel. The figures in the margin indicate full marks.

Important instructions

1. Write your name and roll number in question paper.
2. Create new folder on the desktop and rename it with your symbol number.
3. Click on Page Layout of  of the Ribbon, then click on both of Print  of Gridlines and Heading. Set up Scale  at 75%.

Click on middle one icon of view i.e.  After clicking on Click to add header, type your symbol number so that your answer sheet won't be misplaced.

4. Save your spreadsheet (your file) with your symbol number in the folder (named with your symbol number).
5. Make sure that you should not write beyond the column of the spreadsheet set under 75%.
6. For each and every calculation, don't forget to press Ctrl + S to save your essential work.
7. You should submit your hard copy (print) with your signature.

Practical Exam Questions Using MS-Excel

- 1) Draw a pie-chart from the following information: **[4]**

Items	Food	Rent	Cloth	Education	Health	Misc.
Percent	45	20	15	10	10	5

- 2) The following table shows the marks in Economics and Statistics 10 students of a campus: **[5]**

Economics	47	67	40	35	42	55	50	32	57	45
Statistics	42	38	48	37	39	31	46	44	52	43

- a. Find correlation coefficient between marks in Economics and Statistics.
- b. Find the expected marks of Statistics when marks in Economics is 55.

- 3) Fit binomial distribution to the following data : [5]

Values of X	0	1	2	3	4
f	10	20	40	25	15

- 4) A random sample of 100 students is found to have a mean weight of 55 kg and a standard deviation of 5 kg. Test hypothesis that the mean height of the population is 52 kg at 5% level of significance. [5]
- 5) A random sample of 50 gave a mean of 7.5 kg and standard deviation of 1.5 kg. Find 95% confidence limits for the population mean. [5]

- 6) The following table gives the length of life of 150 light bulbs: [5]

Life(00 hours)	No of light bulbs
10-12	10
12-14	15
14-16	30
16-18	60
18-20	20
20-22	10
22-24	5
Total	150

Find mean and standard deviation of the distribution.

- 7) Find the value of median from the following distribution: [5]

Class	0-10	10-20	20-30	30-40	40-50	50-60
Frequency	10	25	40	15	6	9

- 8) The following information shows the daily wages of workers of certain locality of Kathmandu valley. Calculate coefficient of kurtosis and interpret the data. [6]

Daily wages (Rs 00)	5-6	6-7	7-8	8-9	9-10	10-11	11-12
Workers	10	14	18	24	16	12	6

**Tribhuvan University
Faculty of Management
Model Question 2023**

Candidates are required to give their answers in their own words as far as practicable. The figures in the margin indicate the full marks.

Group "A"

Brief Answer Questions

(10×2=20)

1. Define Chronological vs. functional résumé
2. What do you mean by information overload?
3. What are the three basic modes of communication?
4. High-context culture vs. low-context culture
5. What is a Paralanguage
6. How is an ethical dilemma different from an ethical lapse?
7. Define non-verbal communication?
8. Why is it important to identify the purpose of writing a business letter?
9. How is etiquette similar to and different from professionalism?
10. Point out the main types of verbal communication.

Group "B"

Short Answer Questions (Any Six)

(6×5=30)

11. Discuss the importance of visual communication in today's workplace.
12. Discuss three important approaches to writing business messages? How is an indirect approach different from a direct one? How do you decide which approach to use?
13. One of the important purposes of communication is to establish credibility. Explain the statement and also discuss ways of establishing credibility.
14. What are barriers to communication? How would you minimize them?
15. Discuss the techniques of integrating sources in writing. Why should you properly acknowledge and credit sources in research writing?
16. Briefly describe Bennett's model of intercultural sensitivity. Following this model, how can one overcome ethnocentrism?
17. What are internal and external functions of business communication? List them.

Group "C"

Long Answer Questions (Any Three)

(3×10=30)

18. Record any communication event such a lecture, group discussion, interview, or conversation. Transcribe it (does not need to be in English). Study the communication

in details. Prepare a brief report on the communication event. In your report, include the following:

- Describe the event (what happened)
- Describe the process of communication (how the communication took place)
- Identify barriers of communication
- Describe the ways the communicators tried to overcome the barriers
- Your overall impression of the communication event

19. Imagine that you are about to launch a company. You want to make sure that the employees in your company follow standard communication etiquette. Prepare a list of dos and don'ts related to communication etiquette for your employees.
20. Have you ever bought a product that did not work as promised? Have you been disappointed in the service at a bank, restaurant, or department store? Have you had ideas about how a company or organization could improve its image, service, or product? Remember that smart companies do want to know what their customers think, especially if a product could be improved. Select a product or service that has disappointed you. Write a claim letter requesting a refund, replacement, explanation, or whatever seems reasonable.
21. Think of a trip or travel that you have taken recently. Write a brief trip report addressed to your school principal. You may need to do some research to figure out what a trip report looks like.

Group "D"

Case Studies

(6+8+6=20)

22. Read the following case and answer the question asked below:

Mei-ying Yung is a graduating senior. Like many college students, Mei-ying loves technologies. Unlike many of her peers, however, she is particularly fascinated by programming. In her senior year, she developed and installed complex new programs to make advising more efficient and to reduce the frustration and errors in registration for courses. Although she has been in the United States for six years, in many ways Mei-ying reflects the Chinese culture where she was born and where she spent the first 15 years of her life. Today, Mei-ying is interviewing for a position at New Thinking, a fast-growing tech company that specializes in developing programs tailored to the needs of individual companies. The interviewer, Barton Hingham, is 32 years old and a native of California, where New Thinking is based. As the scenario opens, Ms. Yung walks into the small room in which Mr. Hingham is seated behind a desk. He rises to greet her and walks over with his hand outstretched to shake hers.

Hingham: Good morning, Ms. Yung. I've been looking forward to meeting you. Your résumé is most impressive.

[Ms. Yung looks downward, smiles, and limply shakes Mr. Hingham's hand. He gestures to a chair, and she sits down in it.]

Hingham: I hope this interview will allow us to get to know each other a bit and decide whether there is a good fit between you and New Thinking. I'll be asking you some questions about your background and interests. And you should feel free to ask me any questions that you have. Okay?

Yung: Yes.

Hingham: I see from your transcript that you majored in computer programming and did very well. I certainly didn't have this many As on *my* college transcript!

Yung: Thank you. I am very fortunate to have good teachers.

Hingham: Tell me a little about your experience in writing original programs for business applications.

Yung: I do not have great experience, but I have been grateful to help the college with some of its work.

Hingham: Tell me about how you've helped the college. I see you designed a program for advising. Can you explain to me what you did to develop that program?

Yung: Not really so much. I could see that much of advising is based on rules, so I only need to write the rules into a program so advisers could do their jobs more better.

Hingham: Perhaps you're being too modest. I've done enough programming myself to know how difficult it is to develop a program for something with as many details as advising. There are so many majors, each with different requirements and regulations. How did you program all of that variation?

Yung: I read the handbook on advising and the regulations on each major, and then programmed decision trees into an advising template. Not so hard.

Hingham: Well, that's exactly the kind of project we do at New Thinking. People come to us with problems in their jobs, and we write programs to solve them. Does that sound like the kind of thing you would enjoy doing?

Yung: Yes. I very much like to solve problems to help others.

Hingham: What was your favorite course during college?

Yung: They are all very valuable. I enjoy all.

Hingham: Did you have one course in which you did especially well?

Yung: [blushing, looking down] I would not say that. I try to do well in all my courses, to learn from them.

Later Barton Hingham and Molly Cannett, another interviewer for New Thinking, are discussing the day's interviews over dinner.

Cannett: Did you find any good prospects today?

Hingham: Not really. I thought I was going to be bowled over by this one woman—name's Mei-ying Yung—who has done some incredibly intricate programming on her own while in college.

Cannett: Sounds like just the kind of person we're looking for.

Hingham: I thought so, too, until the interview. She just didn't seem to have the gusto we want. She showed no confidence or initiative in the interview. It was like the transcript and the person were totally different.

Cannett: Hmmm, that's odd. Usually when we see someone who looks that good on paper, the interview is just a formality.

Hingham: Yeah, but I guess the formality is more important than we realized: Yung was a real dud in the interview. I still don't know what to make of it.

Questions:

1. How does Mei-ying Yung's communication reflect her socialization in Chinese culture?
2. How could Mei-ying be more effective without abandoning the values of her native culture?
3. What could enhance Barton Hingham's ability to communicate effectively with people who were raised in non-Western cultures?

...The End...

TRIBHUVAN UNIVERSITY

Faculty of Management

Office of the Dean

Model Question

Full Marks:100

Pass Marks:50

Time: 3Hrs.

BBM 3rd Semester/ SOC 204: Nepalese History and Politics

Students are encouraged to give their answers in their own words. Figures in the margin indicate full marks.

Group "A"

Brief Answer Questions

10*2 = 20

1. How did Nepal get its name?
2. Introduce 'Baise' states of Nepal.
3. Mention the ultimate dream of Prithvi Narayan Shah.
4. Why was Prithvi Narayan Shah not stationed at Kathmandu after the conquest of it?
5. What was the main cause of the conflict between Bahadur Shah and Rajendra Laxmi?
6. List out any two causes of the fall of Bhimsen Thapa.
7. What was 'Kot Parva'?
8. Which was the first political party of Nepal? Name its founders.
9. Mention the name of the signatories of the Comprehensive Peace Agreement of 2006.
10. Mention the present structure of the state system of Nepal.

Group "B"

Short Answer Questions: Attempt any SIX questions

6*5 = 30

11. Estimate Bhimsen Thapa as a reformer.
12. Explain the division of Malla Kingdom as one of the main causes of its downfall.
13. Examine the relationships between Bahadur Shah and Rajendra Laxmi.
14. Critically examine the chief features of the constitution of 2015.
15. "Roll of Succession was the main cause of the fall of Rana rule. "Justify.
16. Evaluate the major outcomes of the democratic movement of 1990 A.D.
17. Describe the structure of the Constituent Assembly.

Group "C"

Long Answer Questions: Attempt any THREE questions

(3*10 =30)

18. Examine the role of Prithvi Narayan Shah in the unification of Nepal.
19. Describe the major causes of the fall of the Rana regime.
20. "Political instability after 2007 was one of the main causes of the emergence of the Panchayat system." Give your opinion.
21. Critically examine the treaty of Sugauli.

Group "D"

Comprehensive question /Case analysis /Situation analysis question

(4*5 = 20)

22. *Read and analyze the following paragraphs and answer the questions given below:*

The Nepalese democracy movement was the combination of a series of political initiatives and movements from the 20th century to 2008 that advocated the establishment of representative democracy, a multiparty political system, and the abolition of monarchy in Nepal. It has seen three major movements, the Revolution of 1951, Jana Andolan, and Loktantra Andolan which ultimately abolished the Shah monarchy, transitioned Nepal towards a republic, and reintroduced multi-party bicameral democracy.

The beginning of a national movement for democracy in Nepal was the ousting of the Ranas, the long-established Nepalese royal family, in the mid-20th century which was influenced by ethnic and political developments from the Indian nationalist movement. However, this period of democracy ended in 1960 and the Panchayat system of government was introduced, abolishing recent democratic institutions, banning political parties, and restricting some forms of freedom of speech.

Student protests in 1979 led to a referendum on the direction of the political system resulting in minor adaptations to the existing party-less system, at times increasing executive control over the opposition. A period of economic disputes with India and mounting repression in Nepal led to the Jana Andolan popular movement resulting in the re-establishment of multi-party democracy under a constitutional monarchy framework.

Until 2001, the economic and political situation progressed despite corruption, nepotism, and the presence of a Maoist insurgency which developed into a nationwide civil war between the Maoist insurgents and the Government of Nepal. Following the assassination of the Nepalese royal family, King Gyanendra took control of the government and ruled until 2006 through emergency powers enforcing nationwide oppression of media and civil society. Widespread protests headed by a coalition of seven Nepalese Parties alongside the Maoists led to the resignation of the King and the reinstatement of the Parliament, the abolishment of monarchy and transitioned Nepal towards a federal republic, marking an end to the country's civil war.

Questions:

- a. What were the major aims of the democratic movements of Nepal?
- b. How the period of democracy ended in 1960? What were the outcomes of this event?
- c. What led to the Maoist insurgency in Nepal?
- d. Examine the impact of the Royal Massacre on Nepalese politics.
- e. Point out the factors that led to the declaration of Nepal as a federal republic state.

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Model Question

Full Marks: 100

Pass Marks: 50

BBM 3rd Semester/ ACC 202: Cost and Management Accounting

Candidates are required to give their answer in their own words as far as practicable. The figures in the margin indicate full marks.

Group "A"

Brief Answer Questions (Attempt ALL Questions)

(10x2)

1. State any two objectives of cost account.
2. What is perpetual inventory system?
3. Define semi variable cost.
4. Write about opportunity cost.
5. What is premium plan?
6. A manufacturing company provides you the following information of a material:
 - Economic order quantity 4,000 units
 - Annual requirement 40,000 units
 - Cost per unit of material Rs.20
 - Carrying cost is 10% of inventory value

Required: Ordering cost per order.

7. The following data are given to you:

Standard and actual output =	2,000 units
Output per hour =	15 units
Rate per hour =	Rs.30

Required: Total wages under Gant Task Bonus Scheme

8. KK Company Ltd. is working at its annual normal capacity of 5,000 units. The total cost per unit is Rs.70. The annual fixed costs are Rs.100,000.

Required: Total cost at 80% of the normal capacity.

9. The following information of a manufacturing company are presented below:

Actual hours worked 2,900

Fixed overhead (4,000 hours Normal Capacity) Rs.32,000

Actual production 50 units

Standard hours per unit 60

Standard overhead rate per standard hour Rs.20

Actual overhead incurred Rs.65,000

Required: Overhead Spending Variance

10. The following information is available in respect of a material.

- Maximum stock level = 8,000 units
- Minimum consumption = 400 units
- Average consumption = 500 units
- Delivery period = 6 days – 10 days
- Re-order level = 6,000

Required: Reorder quantity

Group "B"

Short Answer Questions (attempt any SIX questions)

(6x5=30)

11. Differentiate between fixed and flexible budget.

12. What are the limitations of cost volume profit analysis?

13. Differentiate between relevant and irrelevant cost.

14. ABC Manufacturing Company has sufficient idle capacity therefore; it would like to see the possibility of manufacturing a component used in its final products. The company has been buying the component from the outside suppliers at the rate of Rs.20. The other data have been presented below:

Annual need	25,000 units
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Cost estimate for one unit:

Raw material	Rs.9
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Direct labor	Rs.7
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Manufacturing overheads	Rs.8
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Rs.24

The company has followed a system of defining its plant capacity in terms of direct labor hours. The normal capacity is 60,000 direct labor hours. The annual fixed manufacturing overhead is Rs.150,000. Two labour hours is needed to produce one unit.

Required: Differential cost analysis to decide whether the company should make or buy the components?

15. Following information are given to you:

Standard:

Material	Quantity	Standard Price per kg
A	40%	Rs.20
B	60%	Rs.30

Actual:

Material	Quantity	Actual Cost
A	70 kg	Rs.1,470
B	130 kg	Rs.4,160

Standard Loss is 10% and Actual output is 185 kg

Required: Material variances

16. The overheads of a Manufacturing Company are given below:

Fuel	Rs. 46,000
Rent	Rs. 50,000
Store overheads	Rs. 36,000
Amenities to staff	Rs. 24,000

Following further details are provided to you:

	Production department	
	A	B
Horse Power	10	8
Machine hours	3,000	2,000
Area occupied sq. feet	3,000	2,000
No. of staff	15	9
Direct material Rs.	30,000	18,000

Required: Overhead rate per machine hour for both products (5)

17. The following are the information of a Manufacturing Company with Normal Capacity of 20,000 units:

Years	2078	2079
Production units	20,000	21,000
Sales units	19,000	20,000
Fixed factory overhead at Normal Capacity		Rs.100,000
Fixed administrative overhead		Rs.40,000
Fixed selling overhead		Rs.30,000
Unit selling price		Rs.30
Variable cost per unit Rs.:		
Raw material		8
Direct labour		6
Direct expenses		4

Required: Income Statement under Absorption Costing for the year 2079 and reconcile profit without preparing Variable Costing Statement. (4+1)

Group "C"

Long Answer Questions (attempt any THREE questions) (3x10=30)

18. "The main objective of inventory management is to supply all kinds of inventory regularly in such a manner that there is no shortage of materials and the production has may not have to be stopped", discuss.
19. "Management accounting provides relevant information for planning, controlling the organization activities and taking right decisions", comment.

20. Following are the information of a renowned Hotel in Kathmandu

- Total number of single rooms = 30
- Total number of double rooms = 20

Annual expenses (Rs.) summary:

- Room attendant's salary = 50,000 per month
- Administrative staff salary = 60,000 per month
- Other helpers salaries = 20,000 per month
- Lighting and heating = 160,000 per annum
- Repair and maintenance = 40,000 per annum
- Depreciation of buildings = 5% of Rs.5,000,000
- Depreciation of other fixed assets = 15% of Rs.1,000,000
- Insurance = Rs.15,000 per month

- Miscellaneous = Rs.200,000 per annum

Occupancy ratio:

- For 4 months = Single rooms 100%
Double rooms 80%
- For 8 months = Single rooms 70%
Double rooms 50%

Profit margin 20% on cost

Assume that the double room shall be regarded as 1.5 of the single room for fixing the rate of the room.

Required:

- Operating cost statement
- Room charge for single and double room per day (8+2)

21. The sales revenue and profit of a manufacturing company for two years were as follows:

Year	Sales Revenue (Rs)	Profit (Rs)
2078	500,000	(15,000)
2079	700,000	15,000

Required:

- Profit volume ratio
- Fixed cost
- Break-even point in Rs.
- Break-even point in units if selling price per unit is Rs.100
- Sales to earn desired profit after tax of Rs.30,000 if tax rate is 25%
- Profit when sales are Rs.1,000,000
- Margin of safety ratio if actual sales is Rs.900,000 (1+1+2+1+2+1+2)

Group "D"

Comprehensive Answer Question

(1 × 20 = 20)

22. A renowned organization is planning to prepare functional budget for their decision purpose from the following information:

Total sales for six months are 200,000 units, which are apportioned as:

Chaitra 15%, Baisakh 20%, Jestha 15%, Ashad 10%, Shrawan 10%, Bhadra 20% and Ashwin 10% respectively. Selling price per unit will be Rs.20

Purchase: One unit of finished goods requires 2 kg of material at a cost of Rs.10.

Wages: Each unit of finished good will need 2 labour hours and rate per labour hour will be

Rs.3 Overhead: Variable manufacturing cost will be Rs.3 per unit and fixed manufacturing cost for the year will be Rs.120,000

Inventory policy: Material: 50% of the subsequent month's requirement

Finished goods: 20% of the subsequent month's sale

Required for four months from Baisakh to Shrawan:

- Sales budget

- c. Production budget
- d. Material purchase budget
- e. Labour budget
- f. Manufacturing overhead budget
- g. Cost of goods sold budget
- h. Explain, why organizations need to prepare functional budget. (2+4+4+2+2+3+3)

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
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Model Question [2023]

Full Marks: 100
Pass Marks: 50
Time: 3 Hrs

BBM Third Semester/FIN 206: Fundamentals of Finance

Candidates are required to give their answers in their own words as far as practicable.

Group “A”

Brief Answer Questions:

[10 × 2 = 20]

1. What do you mean by finance?
2. Give four examples of financial instruments.
3. Write major four function of finance.
4. Differentiate between yield to maturity and yield to call.
5. Why Preferred stock is called hybrid security?
6. Define working capital management.
7. Which amount is worth more at 10 percent: Rs 1000 in hand today or Rs 1500 after 5 years?
8. A Corporation issued perpetual preferred stock with 10% annual dividend. The stock currently yields 8%, and its par value is Rs 100. What is the stock's value?
9. A firm is expected to pay a dividend of Rs 12 at the end of the year. The required rate of return is 11%. Other things held constant, what would the stock's price be if the growth rate was 5%?
10. You want to buy a motorcycle, and a local bank will lend you Rs 200,000. The loan will be fully amortized over 5 years, and the nominal interest rate will be 12% p.a. What will be the annual installment?

Group “B”

Short Answer Questions: (Attempt any SIX Questions)

[6 × 5 = 30]

11. What is the relationship between economics, finance and accounting?
12. What is financial market? Distinguish between money markets and capital markets.
13. What is cost of money? Explain four fundamental factors affect the cost of money.
14. Explain the importance of time value of money in finance.
15. Your broker offers to sell you some shares of Bhimsen & Co. common stock that paid a dividend of Rs 20 yesterday. Bhimsen's dividend is expected to grow at 5% per year for the next 3 years. If you buy the stock, you plan to hold it for 3 years and then sell it. The appropriate discount rate is 12%.
 - a. What is the firm's expected dividend stream over the next 3 years?
 - b. What is its current stock price?

16. Nepal Oil Corporation has a target capital structure of 70 percent common stock, 5 percent preferred stock, and 25 percent debt. Its cost of equity is 11 percent, the cost of preferred stock is 5 percent, and the pretax cost of debt is 7 percent. The relevant tax rate is 40%.
- What is company's WACC?
 - The company president has approached you about company's capital structure. He wants to know why the company doesn't use more preferred stock financing because it costs less than debt. What would you tell the president?
17. Dabur Nepal has been in business for several years and is now in a stable position: placing orders, generating sales, collecting cash receipts, and paying vendors on a

recurring basis. The following data were taken from its latest financial statements:

Annual sales	Rs 12,000,000
Cost of goods sold	9,000,000
Inventory	3,000,000
Accounts receivable	3,250,000
Accounts payable	1,250,000

Calculate the cash conversion period of Dabur Nepal.

Group "C"

Long Answer Questions: (Attempt any THREE Questions)

[3 × 10 = 30]

- What is the cost of capital? Explain the factors that affect the cost of capital of a firm?
- An analyst evaluating securities has obtained the following information. The real rate of interest is 2% and is expected to remain constant for the next 3 years. Inflation is expected to be 3% next year, 3.5% the following year, and 4% the third year. The maturity risk premium is estimated to be $0.1 \times (t - 1)\%$, where t = number of years to maturity. The liquidity premium on relevant 3-year securities is 0.25% and the default risk premium on relevant 3-year securities is 0.6%.
 - What is the yield on a 1-year T-bill?
 - What is the yield on a 3-year T-bond?
 - What is the yield on a 3-year corporate bond? [3+3+4]
- Assume that it is now January 1, 2017, and you will need Rs 1000 on January 1, 2021. Your bank compounds interest at an 8 percent rate annually.
 - How much must you deposit on January 1, 2018 to have a balance of Rs 1000 on January 1, 2021?
 - If your bank compounds interest semi-annually, how much must you deposit on January 1, 2018 to have a balance of Rs 1000 on January 1, 2021?
 - If you want to make equal payments on each January 1, from 2018 through 2021 to accumulate the Rs 1000, how large must each of the 4 payments be?

- d. If you have only Rs 750 on January 1, 2018, what interest rate compounded annually would you have to earn to have the necessary Rs 1000 on January 1, 2021?
21. Kasthamandap Enterprises has bonds outstanding with a Rs 1,000 face value and 10 years left until maturity. They have an 11% annual coupon payment, and their current price is Rs 1,175. The bonds may be called in 5 years at 109% of face value (Call price = Rs 1,090).
- What is the yield to maturity?
 - What is the yield to call if they are called in 5 years?
 - Which yield might investors expect to earn on these bonds? Why?

Group “D”

Comprehensive Answer / Case / Situation Analysis Questions:

[20]

Carefully read the following case and analytically answer the question given below:

22. Mr. Anjan Thapa was recently hired as a financial analyst by a manufacturer of electronic components. His first task was to conduct a financial analysis of the firm covering the past two years. To begin, he gathered the following financial statements and other data.

Balance Sheets	2022	2021
Assets		
Cash	Rs 52,000	Rs 57,600
Accounts receivable	402,000	351,200
Inventories	836,000	715,200
Total current assets	Rs 1,290,000	Rs 1,124,000
Gross fixed assets	527,000	491,000
Less: Accumulated depreciation	(166,200)	(146,200)
Net fixed assets	Rs 360,800	Rs 344,800
Total assets	Rs 1,650,800	Rs 1,468,800
Liabilities and Equity		
Accounts payable	Rs 175,200	Rs 145,600
Notes payable	225,000	200,000
Accruals	140,000	136,000
Total current liabilities	Rs 540,200	Rs 481,600
Long-term debt	424,612	323,432
Common stock (100,000 shares)	460,000	460,000
Retained earnings	225,988	203,768
Total equity	Rs 685,988	Rs 663,768
Total liabilities and equity	Rs 1,650,800	Rs 1,468,800
Income Statements	2022	2021
Sales	Rs 3,850,000	Rs 3,432,000

Cost of goods sold	(3,250,000)	(2,864,000)
Other expenses	(430,300)	(340,000)
Depreciation	(20,000)	(18,900)
Total operating costs	Rs 3,700,300	Rs 3,222,900
EBIT	Rs 149,700	Rs 209,100
Interest expense	(76,000)	(62,500)
EBT	Rs 73,700	Rs 146,600
Taxes (40%)	29,480	(58,640)
Net income	Rs 44,220	Rs 87,960
Other Data		
Number of Shares	100,000	100,000
Lease payments	Rs 40,000	Rs 40,000

Industry average data for 2022

Ratio	Industry Average
Current	2.7x
Quick	1.0x
Inventory turnover	6.0x
Days sales outstanding (DSO)	32.0 days
Fixed assets turnover	10.7x
Total assets turnover	2.6x
Debt ratio	50%
TIE	2.5x
Fixed charges coverage	2.1x
Net profit margin	3.5%
ROA	9.1%
ROE	18.2%

Assume that you are appointed assistant of Anjan Thapa and that he has asked you to help to prepare a report that evaluates the company's financial condition. Your assignment is to answer the following questions.

- What are Company's current and quick ratios? What do they tell you about the liquidity position of the Company?
- What are company's inventory turnover, days sales outstanding (DSO), fixed assets turnover, and total assets turnover? How does the firm's utilization of assets stack up against that of the industry?
- What are the firm's debt, times-interest-earned, and fixed charges coverage ratios? How does the firm compare to the industry with respect to financial leverage? What conclusion can you draw from these ratios about long term solvency of the company?
- Calculate and discuss the firm's profitability ratio - that is, its net profit margin, return on assets (ROA), and return on equity (ROE). What can you say about profitability of the company?

