

**BBS Second year
English
Model Question
2022**

FM:100 PM:35 Time: 3hrs.

Attempt all the questions

Group- A

1. Rewrite the following paragraph, supplying the appropriate words or phrases, to complete a brief summary of Virginia Woolf's essay *Professions for Women*. **5**

Virginia Woolf is _____ a group of women seeking employment in a workforce predominated by _____. She speaks of the struggle present for all women writers, and that is to break out of the _____ society has for women- being pure, and conservative, and sycophantic towards men without a mind of their own. This is a _____ that she was able to break, with great difficulty, in order to incorporate her own voice into her _____.

2. Siddhicharan Shrestha inspires the common people to move forward with the promising Nepal in his poem *New Nepal*. Are you optimistic to his vision? **5**
3. E.B. White describes his experience in his personal essay *Once More to the Lake*. As he revisits a childhood lake in Maine, he transforms himself to find enjoyment in the journey. Explain briefly how the lake serves as the setting for both the author's past and present. **5**
4. Phineas T. Barnum creates an optimistic energy that makes the listeners want to go right out and conquer the world in his is lecture *Advertise Your Business*. Narrate how Sales representative's skill has been demonstrated in the text? To support your answer, you might relate to any of the advertisement that you have watched, heard, read or experienced. **10**

OR

The article *The Company Man* is about a workaholic employee Phil. A workaholic is someone for whom work is a compulsion, one who takes the behavior of the workplace to an extreme, who never has a quitting time, and who sacrifices everything in life for the sake of a job. The company president, while attending Phil's funeral, mentioned that Phil's determination is irreplaceable. At the moment, Phil's wife was reluctant to maintain the eye contact with the president fearing that her bitterness and hatred for Phil would be reflected. Analyze what she must have acknowledged about the importance of nonverbal cues. Support your answer with evidence from the text as well as from your own experiences.

5. Gary Snyder views that graceful conduct is often missing in human behavior in his essay *The Etiquette of Freedom*. Identify what modules can a manager learn from the essay. **10**

OR

The story *The Use of Force* is written in a first-person narrative and does not use any quotation marks, making the dialogues inseparable from narrator's own words. The doctor uses force against Matilda instead of persuading her. Likewise, the patient's parents, too, fail to persuade the girl. So, one among many interpretations of the story is that it is about the consequences of the failure of the using effective language to persuade the receiver. Explain.

6. *The Kiss* is Kate Chopin's short story about a woman scheming to marry a wealthy man. The imageries in the first paragraph foreshadows the revelation that Nathalie is plotting to marry the good-natured but unattractive and rather foolish Brantain while maintaining an affair with Mr. Harvy. Above all, Nathalie thinks she can flirt with one man even after marrying another—but has to console herself with her new husband 'and his million'. With reference to the context of the story, as a business student, how do you relate the issue of gender and wealth? 15

OR

Susan Sontag, in her essay *Beauty*, is advocating for the 'inner beauty' (character, intellect and vision), which is considered to be more important than 'outer beauty' (facial attraction or looks, physique, or sense of proportion of the body) especially for women. It is presumed that Nepali society is stereotypically believed to “teach” women to be fair and beautiful. Such a conventional concept not only degrades women's dignity but also makes them inferior to what they are. Obviously, every person should be competent, independent, and thoughtful in order to revive the ideal value of beauty and preserve their identity in the society. What are your reservations about the products that indorse female as an object to advertise to attract males? To support your answer, you may even take an example of any visual adds whether in print or screen such as TV commercial, a vlog, college brochures, leaflet or prospectus that uses girls' images just to market their products.

Group- B

7. Define the following business communication terminologies or phrases. 5
- a. Encoding
 - b. Stereotype
 - c. Diversity
 - d. Visual aids
 - e. Press release
8. Rewrite the following issues choosing the best alternatives. 5
- A. Effective business messages are_____.
- a. entertaining, blunt, direct, opinionated, and persuasive
 - b. practical, objective, concise, clear, and persuasive
 - c. personal, clear, short, catchy, and challenging

- d. stuffy and unprofessional
- B. _____ is not a skill that employers will expect you to have.
- a. communicating effectively with people from diverse backgrounds and experiences
 - b. using communication technologies effectively and efficiently
 - c. managing your time wisely and using resources efficiently
 - d. commanding employees to follow orders
- C. Sensitivity to business etiquette _____.
- a. reduces the chance of interpersonal blunders that might negatively affect communication
 - b. is considered by most companies to be a waste of time in today's fast-paced markets
 - c. is now legally required in all seven provinces in Nepal.
 - d. always increases the cost of business communication
- D. In order for the receiver of a message to respond in the manner desired by the sender, the receiver needs to _____
- a. remember the message
 - b. be able to respond to the message
 - c. have the motivation to respond to the message
 - d. belong to the same cultural group
- E. Teams can achieve a higher level of performance than individuals alone because _____
- a. they combine the intelligence and energy of multiple individuals
 - b. motivation and creativity flourish in team settings
 - c. they involve more input and a greater diversity of views, which tends to result in better decisions
 - d. the members think that the power and responsibility ensure their success
9. Pretend that you are delivering an oral presentation on the topic of 'digital marketing'. Prepare an outline for the presentation. Make sure to include your claim, at least three broader categories to support your argument, and create sub categories. **6**
10. Assume that you work for the human resources department of a large bank that is attempting to reduce its paper consumption. Write an email to bank employees encouraging them to submit ideas for a new employee awareness program. Workers should be encouraged to submit ideas on ways to reduce paper waste in return for cash prizes. **8**
11. Write an actual letter of complaint to a hotel, a restaurant, a business, a government agency, or an educational institution. Explain why you are unsatisfied with the product or service that has been provided and ask for a fair resolution to the problem. **8**

Group- C

12. Read the given case and answer the following questions.

9x2=18

The fact that millions of people spend billions of hours playing games on their mobile devices is not lost on companies looking for ways to enhance communication with employees and customers. Whether they feature skill, chance, or compelling story lines, successful games try to engage users intellectually and emotionally—just as successful business communicators try to do.

Gamification is the addition of game-playing aspects to an activity or a process with the goal of increasing user engagement, and it's a natural fit for social media and mobile devices. Foursquare's check-in competitions, in which the person who "checks in" using Foursquare the most times during a certain time window is crowned the "mayor" of that location, were an early use of gamification. Foursquare wasn't invented as a way for people to become imaginary mayors of places where they shop or eat, of course. It is an advertising platform that relies on user activity and user-generated content, and the game element encourages people to use the app more frequently.

Foursquare is a simple example of gamification, but other companies are pushing the concept in new ways to engage and motivate employees and other stakeholders. For example, Bunchball's Nitro software applies gamification concepts to a number of business communication platforms. On a customer-service system, the software rewards employees for increasing their productivity, meeting their service commitments to customers, and sharing knowledge with their colleagues. On several collaboration and brainstorming systems, gamification encourages people to make more connections, share ideas, and boost their influence within a community. Employee orientation systems can use game concepts to help new hires learn their way around the organization.

Gamification is also a key strategy for many companies trying to improve customer loyalty. Badgeville's Reputation Mechanics system, for example, boosts the profile of knowledgeable customers who share expertise on social media site and other online forums. By rewarding their product champions this way, companies encourage them to keep contributing their expertise, thereby helping other customers be successful and satisfied.

Incidentally, if you are in the Millennial generation—those born between about 1981 and 1995—you're a special target of gamification in the workplace and the marketplace, given your generation's enthusiasm for video games. Don't be surprised to find more gamified apps and systems on the job and everywhere you turn as a consumer.

Questions

- a. Gamification is about influencing employee and customer behaviors in ways that benefit a company. Is this ethical? Explain your answer.
- b. Assume a company provides a job-search game app that helps you navigate your way through applying for a job, explore various job openings, and understand what it would be like to work there. Would the app make you feel

more positively about the company, or would you find that using a game for this purpose would trivialize something as important as your job search? Explain your answer.

☺ *All the Best* ☺

Tribhuvan University
Faculty of Management
New Model Questions-2022
MGT 223: Organizational Behavior & Human Resource Management

Time: 3 hrs

Full Marks: 100

Pass Marks: 35

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

The figures in the margin indicate full marks.

Group 'A' Brief Answer Questions.

Attempt all Questions

[10×2=20]

1. List out any two basic assumptions of organizational behavior.
2. Make a list of any four factors affecting the perception.
3. What is meant by personality?
4. Differentiate between functional and dysfunctional conflict?
5. Define the social loafing?
6. What is meant by quality of life?
7. What is job description?
8. Point out the importance of training in two points.
9. What is reward?
10. List out any four functions of HRM.

Group 'B' Descriptive Answer Questions

Attempt Any Five Questions

[5×10 = 50]

10. What is behavioral modification? Explain the reasons behind the behavioral modification. 3 +7=10
11. State and explain different personality attributes influencing OB. 10
12. Describe the most recent issues in managing work teams. 10
13. What is human resource planning process? Explain the process of HRP. 3+7=10
14. Describe in brief the most common performance appraisal practices in Nepalese organizations. 10
15. What are the general guidelines in administrating employees' disciplines? explain 10

Group 'C' Analytical Answer Questions

Attempt Any Two Questions

(2×15=30)

16. Critically examine the emerging challenges for managers in OB. 15
17. Give the concept of organizational development (OD). Discuss the different OD interventions for effective organizational behavior. 5+10=15
18. Critically evaluate the different off-the-job training methods with their application in an organization. 15

BBS / Second Year / MGT 209: Macroeconomics for Business

Group “A”

Brief Answer Questions:

[10 × 2 = 10]

1. Write the components of the budget.
2. Differentiate between the balance of payment (BOP) and balance of trade (BOT).
3. Write any two differences between nominal GDP and real GDP.
4. Write any four causes of poverty in Nepal.
5. What are the assumptions of the psychological law of consumption function?
6. What is effective demand?
7. Differentiate stock and flow.
8. Let, proprietor's income = 600, corporate income = 800, undistributed profits = 200. Compute profit.
9. Write any four determinants of financial inclusion.
10. Point out any four costs of unemployment.

Group “B”

Descriptive Answer Questions:

[5 × 10 = 50]

11. Explain the uses of macroeconomics.
12. Industry A imports goods worth Rs 200,000 from China and sells the goods to industry B for Rs 40,000 and to industry C for Rs 280,000. Industry B purchases goods worth Rs 80,000 from industry M and sells the goods to industry C for Rs 60,000 and exports in India for Rs 160,000. Industry C purchases goods from industry N worth Rs 60,000 and sells the goods to households for Rs 680,000. Using this information,
 - a. Compute GDP_{MP} by value-added method,
 - b. Does this method avoid double counting? Give reasons. **[8+2]**
13. Investment function and saving function of an economy are:
 $I = 60 + 0.2Y$ and $S = -10 + 0.3Y$ respectively. **[2.5 x 4 = 10]**
 - a. Compute equilibrium level of income, saving and investment.
 - b. If autonomous saving increases by Rs 20 billion, what will be the effect on income, saving and investment?
 - c. What will be the effect on income, saving and investment when MPS increases to 0.4?
 - d. Compare the results of ‘b’ and ‘c’ with the result of ‘a’ and verify the condition of the Paradox of Thrift.

14. Derive tax multiplier, government expenditure multiplier and foreign trade multiplier.
15. Explain the trend of the global economy.
16. What is fiscal federalism? Explain its components.

Group “C”

Analytical Answer Questions:

[2 × 15 = 30]

17. Consider the following features of the hypothetical Economy.

$$C = 400 + 0.75(Y-T) \quad T = 320 + 0.2Y \quad I = 800 - 8000i \quad G = 400 \text{ billion}$$

$$M_s = 800 \text{ billion} \quad M_t = 0.5Y \quad M_{sp} = 400 - 10000i$$

- a. Calculate the equilibrium income and rate of interest.
 - b. It is realized that the economy is trapped in an economic recession. In order to remove recession, the government has implemented an expansionary fiscal policy and increased its expenditure by 200 billion. The central bank has also supported government and increased the money supply by 200 billion. What will be the simultaneous effect on equilibrium national income and rate of interest?
 - c. State the characteristics of economic recession. Are these policies effective to remove recession? Give your critical comment. *[5+5+(2+3)]*
18. Explain the concept and causes of demand-pull inflation? How can it be controlled by monetary and fiscal policies *[(4+5)+6]*
 19. Discuss the classical theory of employment. What are its criticisms? *[10+5]*



Set-2
BBS-II Year: Macroeconomics for Business (MGT 209)

Group “A”

Brief Answer Questions:

[10 × 2 = 20]

1. State the scope of macroeconomics.
2. What are the assumptions of the psychological law of consumption function?
3. Define deflation.
4. Prepare a list of advantages of globalization.
5. What are the sources of deficit financing?
6. Write any four assumptions of Say’s Law of Market.
7. State the types of unemployment.
8. What is the flexible exchange rate?
9. Consider the consumption function, $C = a + bY$ and interpret the components.
10. State the condition for product market equilibrium according to classical economists.

Group - “B”

Descriptive Answer Questions (any Five):

[5 × 10 = 50]

11. a) Derive investment multiplier. (b) Suppose in an economy, the following data is given

$$C = 100 + b(Y - T), T = 50 + tY$$

$$I = 50, G = 50, X = 10, M = 5 + 0.1Y$$

The marginal propensity to consume (b) = 0.8 and income tax rate (t) = 0.25

(i) Find the equilibrium level of income.

(ii) What will be the effect on equilibrium income when government expenditure increases by Rs 25 billion and the tax rate decreases by 5%?

[4+ (3+3)]

12. Explain the dynamic analysis of macroeconomics.
13. Suppose that the Nepalese economy has realized the following structural equations for the product and money markets.

$$C = 400 + 0.8(Y - T), \quad T = \text{Rs } 80 \text{ billion}, \quad M_{sp} = 300 - 5000i, \quad M_t = 0.5Y,$$

$$I = 300 - 3000i, \quad G = \text{Rs } 300 \text{ billion}, \quad M = \text{Rs } 600 \text{ billion}$$

i) Compute the equilibrium rate of interest and output.

ii) It is realized that the Nepalese economy is trapped in inflation. Nepal Rastra Bank has implemented a contractionary monetary policy. As a result money supply

decreased by Rs 300 billion. The government of Nepal has also supported NRB and reduced its planned expenditure by Rs 200 billion. What will be the simultaneous effect on the equilibrium rate of interest and output? [5+5]

14. Mention the features of current monetary policy of Nepal.
15. Describe the determinants of financial inclusion.
16. Do you agree that foreign direct investment solves the economic problems like high unemployment, low productivity, BOP disequilibrium, etc. faced by developing countries like Nepal? Give your critical comment.

Group “C”

Analytical Answer Questions (any Two):

[2 × 15 = 30]

17. Consider the following figures for national income accounts.

<u>Description</u>	<u>Rs in Million</u>
Wages and salaries	22,000
Proprietor's income	3,000
Government Consumption	3,000
Receipts from the rest of the world	400
Private consumption expenditure	26480
Changes in inventories	-200
Subsidy	800
Rental income	900
Net interest	1,500
Dividends	1,800
Mixed-income	1,000
Social security contributed by Employer's	1,500
Corporate income	5,000
Direct taxes	930
Current transfers from the rest of the world	2,500
Corporate income taxes	1,200
Capital consumption allowance	1,600
Social Insurance Payment	6,800
Current transfers from government	4,000
Indirect business taxes	1,800
Imports	1,300
Government Investment	1,800
Payments to the rest of the world	800
Net fixed capital formation	5,400
Exports	720
Current transfers from business firms	1,500

Interest paid by the consumer 2,000

- (a) Compute NNP_{FC} by both income and expenditure methods.
 - (b) Compute personal income.
 - (c) State the significance of real GDP in economic analysis.
 - (d) What types of practical difficulties are encountered in the measurement of GDP, especially in developing countries like Nepal? [(4+4)+2+2+3]
18. Explain the principle of effective demand. How is it superior to the classical theory of employment? [10+5]
19. Explain the depression phase of trade cycles. How can it be removed by monetary and fiscal policies? [7+(4+4)]



MGT 212: Cost and Management Accounting
BBS 2nd Year
Model Question
Set A

Full Marks: 100

Pass Marks: 35

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

Attempt ALL Questions

Brief Questions Answer

(10x2=20)

1. State any two objectives of cost accounting.
2. What is economic order quantity?
3. Write any two causes of labor turnover.
4. What is budgetary control?
5. Define the meaning of by-product.
6. A manufacturing company provides you the following information of material M:
 - Total cost at economic order quantity Rs.4,000
 - Ordering cost per order Rs.1,000
 - Cost per unit of material Rs.20
 - Carrying cost is 10% of inventory value

Required: Annual requirement of material M.

7. The following data are given to you:

Standard and actual output =	1,000 units
Output per hour =	20 units
Rate per hour =	Rs.40

Required: Total wages under Gant Task Bonus Scheme

8. Everest Company Ltd. is working now at its annual normal capacity of 2,000 units. The total cost per unit is Rs.100. The annual fixed costs are Rs.80,000.

Required: Total cost at 70% of the normal capacity.

9. The flexible budgeting data regarding a manufacturing company are presented below:

Flexible Budgeting formula = Fixed Cost + Unit Variable Cost x Units
= Rs.100,000 + Rs.5 x per hours

Other Data:

Normal Capacity 20,000 hours

Standard time for one unit of output is 4 hours

Unit produced	10,000 units
Labour Hours Paid	41,000 hours
Actual rate per hour	Rs.9

Required: Overhead Capacity Variances

10. The following particulars are extracted from the records of a company:

- Beginning and ending number of employees were 200 and 250 respectively.
- Number of employees quit and discharged was 25 and 10 respectively.
- Employees replaced during the period were 30.

Required: Labour Turnover Rate under Separation Method

Short Questions Answer (attempt any five)

(5x10=50)

11. a. Differentiate between variable costing and absorption costing.

(5)

b. The sales forecasts for coming four months of a company are:

Chaitra	Baishak	Jestha	Ashad	Shawan
9,000 units	8,000 Units	9,000 Units	10,000 Units	9,000 Units

Each unit of finished product needs 4 kg of material @ Rs.2 per kg. The company's has a policy of keeping ending inventory of finished goods in each month will be equal to next month's sales and raw material is 50 percent of raw material required to same month's production need.

Required: Production Budget and Material Purchase Budget for the three months from Baisakh to Ashad
(2+3=5)

12. a. What is Job Order Costing? Also, explain the procedures of Job Order Costing.(2+3=5)

b. A company produces two products A and B. Both products are produced on the same equipment and use similar processes. The information for output and the cost of activities are given below:

	Product A	Product B
Output in units	1,000	5,000
Machine hour per unit	5	3
No. of Purchase Orders	80	40
No. of Set-ups	50	30

The indirect cost of the different activities is Rs.400,000 which is apportioned as follows:

Volume Related	50%
Purchase Related	30%
Set-up Related	20%

Required: Cost Per Unit under Activity Based Costing method (5)

13. The following information regarding labours are:

Standard:

Types	Nos.	Rate per hour	Cost
Skilled	4	Rs.4	Rs.16
Semi-skilled	5	Rs.5	Rs.25
Un-skilled	3	Rs.4	Rs.12

Actual:

Types	Nos.	Rate per hour	Cost
Skilled	3	Rs.5	Rs.15
Semi-skilled	6	Rs.4	Rs.24
Un-skilled	3	Rs.5	Rs.15

During 48 hours a week, the group is expected to produce 10 units per hour. But, in actual group produced only 460 units due to power failure of 3 hours.

Required: Labour Variances (10)

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

Year	Sales Revenue (Rs)	Profit (Rs)
2075	400,000	(10,000)
2076	600,000	10,000

Required:

- i) Profit volume ratio
- ii) Fixed cost
- iii) Brake-even point in Rs.
- iv) Break-even point in units if selling price per unit is Rs.100
- iv) Sales to earn desired profit after tax of Rs.15,000 if tax rate is 25%
- v) Profit when sales are Rs.800,000
- vi) Margin of safety ratio if actual sales is Rs.800,000

(1+1+2+1+2+1+2=10)

15. “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. (10)

16. Define flexible budget. Differentiate flexible budget with static budget. (3+7=10)

Long Questions Answer (attempt any two) (2x15=30)

17. The following information up to 30th Magh of a renowned company who undertook a contract for erecting a sewerage treatment plant for Kantipur Metropolitan for a total value of Rs.3,000,000 are provided:

- Material = Rs.400,000
- Wages = Rs.600,000
- Overhead = Rs.200,000
- Plant = Rs.200,000
- Work certified was for Rs.1,400,000 and 25% of the same was retention money
- Material at site as on 30th Magh = Rs.40,000
- Depreciate plant by 15%
- 5% of the value of material issued, 6% of wages and overhead as a percentage of direct wages have been incurred for the portion of the work completed but not yet certified.
- Ignore depreciation of plant for the use on uncertified portion of the work

Required:

- a. Contract Account
- b. Contractee's Account
- c. Work in Progress Account
- d. Balance Sheet

(7+2+2+4=15)

18. The following details are given to you:

Particulars	Process A	Process B	Process C
Raw Material used 10,000 kg	Rs.30,000		
Indirect Material	Rs.15,000	Rs.20,000	Rs.30,000
Labour Cost	Rs.20,000	Rs.20,000	Rs.30,000
Factory Overhead 50% of labour			
Miscellaneous Expenses	Rs.8,000	Rs.12,890	Rs.15,420
Actual output kg	9,500	6,600	5,200
Output transferred to warehouse	20%	20%	100%
Scrap on input	10%	10%	5%
Sale of scrap per Kg.	Rs.2	Rs.4	Rs.5

Required: i) Process Accounts

ii) Normal Loss Account

iii) Abnormal Gain Account

iii) Abnormal Loss Account (9+2+2+2=15)

19. What do you mean by cost reduction? Discuss the nature and scope of cost reduction. Also explain the tools and techniques of cost reduction. (4+6+5=15)

MGT 212: Cost and Management Accounting

BBS 2nd Year

Model Question

Set B

Full Marks: 100

Pass Marks: 35

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

Attempt ALL Questions

Brief Questions Answer

(10x2=20)

1. State any two limitations of financial accounting.
2. What is perpetual inventory system?
3. Write any two importance of activity based costing.
4. What is abnormal gain?
5. Define contract account.
6. The following information is available in respect of a material.
 - Maximum stock level = 10,000 units
 - Maximum consumption = 800 units
 - Average consumption = 700 units
 - Delivery period = 10 days – 12 days
 - Re-order level = 12,000

Required: Reorder quantity

7. A worker gets a total wages of Rs.300 for a job after working 20 hours. The wages rate per hour is Rs.12.

Required: Amount of bonus under Rowan Plan

8. Different in cost per unit is Rs.0.4 between 14,000 units and 20,000 units. Total cost for 20,000 units is Rs.15,000.

Required: Cost for 18,000 units

9. The following information for material are given:
 - Standard material per unit of output 4kgs
 - Standard output 100 units
 - Standard price Rs.4 per kg
 - Actual output 90 units

- Actual price per kg Rs.4.5
- Actual material used 350kgs

Required: Material Cost Variance

10. The following information are provided to you:

Expected price of product =	Rs.600
Expected discount =	10% on price
Expected production cost of product =	Rs.300
Expected designing cost of product =	Rs.60

Required: Value of product

Short Questions Answer (attempt any five)

(5x10=50)

11. a. Differentiate between cost and management accounting. (5)
- b. AB manufacturing company is engaged in the production of AA and a by-product BB which after further processing has a commercial value. Other information for the products are:

	Joint Costs Rs.	Separate Cost	
		AA (Rs.)	BB (Rs.)
Material	12,000	8,000	1,000
Labour	10,000	6,000	2,000
Overheads	8,000	5,000	1,000

The quantities produced during the period were AA 200 kg and BB 100 kg. The selling price of BB was Rs.120 per kg on which the profit earned was 20% on cost.

- Required:
- a. Statement showing joint cost to BB
- b. Selling price of AA if profit is 10% on cost (2+3=5)

12. a. What is Batch Costing? Also, explain about the factors determining Batch Costing. (2+3=5)

b. The following are the maintenance cost in a factory for five months with corresponding machine hours:

Months	January	February	March	April	May
Machine Hours	100	200	300	400	500
Repair Cost (Rs.)	300	400	500	600	700

Required:

a. Segregation of Semi Variable Cost using Least Square method.

b. Cost for 800 hours and 1,000 hours.

(3+2=5)

13. KK Ltd is a manufacturing company having three production departments A, B and C and two service departments X and Y. The operating conditions of the departments are given below:

Particulars	Production Departments			Service Departments	
	A	B	C	X	Y
Direct Materials (Rs.)	1,000	2,000	4,000	2,000	1,000
Direct Wages (Rs.)	2,000	2,000	3,000	1,000	1,000
Factory Rent (Rs.)	1,000	500	1,000	500	1,000
Capital value of assets (Rs. in '000)	20	40	20	10	10
Machine hours	2,000	1,000	2,000		
Horse Power of Machine	50	40	20	15	25
Service rendered by Service departments	40%	30%	30%	-	-

The overheads extracted from the books of the company are as under:

Power Rs 3,000

Depreciation Rs 10,000

Other overheads Rs 18,000

Required: a) A statement showing overheads distribution to departments

b) Machine hour rate of the production departments.

(8+2=10)

14 Following are the information of a renowned Hotel in Kathmandu

- Total number of single rooms = 20
- Total number of double rooms = 10

Annual Expenses (Rs.) summary:

- Medical staff salaries = 100,000 per month
- Administrative staff salaries = 50,000 per month

- Other helpers salaries = 25,000 per month
- Lighting and heating = 150,000 per annum
- Repair and maintenance = 50,000 per annum
- Depreciation of buildings = 5% of Rs.5,000,000
- Depreciation of other fixed assets = 15% of Rs.1,000,000
- Insurance = Rs.10,000 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 25% 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
- 15 “Standard costing is a technique of applying standard cost for the purpose of cost control,” comment. (10)
- 16 “Budget is an estimate for future activities according to an ordinary way covering some or all of the activities of an organization for definite period of time,” discuss. (10)

Long Questions Answer (attempt any two)

(2x15=30)

17. AB manufacturing company with normal capacity of 35,000 units provides the following particulars for the year ending:

	2075	2076
Production units	30,000	40,000
Sales units	35,000	32,000
Variable manufacturing cost per unit		Rs.5
Fixed manufacturing cost per unit		Rs.2
Variable selling and administrative cost per unit		Rs.2
Fixed selling and administrative cost		Rs.40,000
Selling price per unit		Rs.15

Required:

- Income statement for both years under internal and external reporting system
- Reconciliation statement (6+6+3=15)

18. Product AB passes through two processes A and B before it is transferred to finished stock. The following information is obtained for the month of January:

	Process A (Rs.)	Process B (Rs.)	Finished Stock (Rs.)

Opening Stock	14,000	18,000	45,000
Direct Material	25,500	26,000	-
Direct Wages	27,900	28,000	-
Factory Overhead	21,000	9,000	-
Closing Stock	7,400	9,000	22,500
Inter-process profit included in Opening Stock	-	3,000	16,500

The output of process A is transferred to process B at 25% profit on the transfer price.

The output of process B is transferred to finished stock at 25% profit on cost price.

The stock in process are valued at prime cost. The finished stock is valued at the price at which it is received from process B . Sales during the period are Rs.300,000

Required:

- a. Process Account
- b. Finished Stock Account
- c. Actual realized profit
- d. Stock valuation for Balance Sheet purpose (5+5+3+1+1=15)

19. “Cost volume profit analysis is an important managerial tool showing the relationship between cost, selling price, profit and volume of activity,” explain. Also, write down the limitations of cost volume profit analysis. (8+7=15)

MODEL QUESTION – 2022

**BBS / 4 Years Programme / II Year
Fundamentals of Financial Management (MGT 215)**

**Full Marks :100
Pass Marks : 35
Time : 3 hrs.**

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

Group – A

Brief Answer Questions.

Attempt *ALL* Questions.

[10 x 2 = 20]

1. What do you mean by financing decision?
2. What is discounting, and how is it related to compounding?
3. Define the term coefficient of variation. What does it measure?
4. What is meant by capital structure?
5. Write the meaning of mutually exclusive project with example.
6. How does a firm's investment opportunity affect its dividend policy?
7. Annapurna company is expected to pay a Rs 15 per share dividend at the end of the year. The dividend is expected to grow at a constant rate of 8 percent a year forever. The required rate of return on the stock is 15 percent. What is the stock's current value per share?
8. A company's operating profit is Rs 500,000. It has 10% debenture worth Rs 2,000,000. The company has no preferred stock. What is the company's degree of financial leverage?
9. A company's expected sales is 30,000 units for this year. It has a policy of 10 days as a safety stock level and the lead-time is 15 days. What is the re-order point for the firm? Assume 360 days in a year.
10. Herbo Manufacturing Company's inventory conversion period is 90 days, and an average collection period is 60 days. Account payable is paid approximately 30 days after they arise. Calculate the firm's operating cycle and cash conversion cycle.

Group – B

Descriptive Answer Questions.

Attempt any *FIVE* questions.

[5 × 10 = 50]

11. What is working capital? Explain the major factors affecting size of working capital.
12. The management of Happy Tours & Travel Limited decided to buy a printer taking a loan of Rs 100,000 for 3 years from Bank of Kathmandu. The loan bears an annual interest of 10 percent and calls for equal annual installment payments at the end of each of the 3 years.
 - a. Calculate amount of annual payment.
 - b. Prepare loan amortization schedule.
 - c. Calculate equal monthly installment (EMI). [3+4+3]
13. a. Describe the ratios used for analyzing short-term financial position of a firm. [5]
b. Using the following information, complete the balance sheet that follows (Assume 360-day year in your calculation) [5]

Long-term debt to net worth	0.5 to 1	Total assets turnover	2.5 times
Average collection period	18 days	Gross profit margin	10%

Quick ratio 1 to 1
 Inventory turnover (Cost of goods sold/Inventory) 9 times

Balance Sheet

Cash	—	Notes payable	Rs 100,000
Accounts receivable	—	Long-term debt	—
Inventory	—	Common stock	100,000
Plant and equipment	—	Retained earnings	100,000
Total assets	—	Total liabilities and equity	—

14. Suppose SS Company sold an issue of bonds with a 10-year maturity, a Rs 1,000 par value, a 12 percent coupon rate, and annual interest payments. Market interest rate is 15 percent.
- Calculate value of bond at present. Would you purchase the bond if it is trading at Rs 950.
 - If actual price of the bond in the market is Rs 1100, calculate approximate yield to maturity. [6+4]

15. Lalitpur Engineering Company (LEC) has the following capital structure, which it considers to be optimal:

Debt	25%
Preferred stock	15
Common equity	<u>60</u>
	<u>100%</u>

LEC's is in 40 percent tax bracket. Investors expect future earnings and dividends to grow at a constant rate of 5 percent per year forever. LEC paid a dividend of Rs 20 per share last year, and its stock currently sells for Rs 210 per share. New common stock can be sold for Rs 200 per share. Preferred stock can be sold with a dividend of Rs 12 to the public at a price of Rs 95 per share. Debt can be sold at an interest rate of 10 percent.

- Calculate the cost of each capital component.
 - Calculate the weighted average cost of capital (WACC) assuming equity requirement is fulfilled from retained earnings only. [6+4]
16. Excel Sporting Company has reported the following information for the year 2021:

Net Income	Rs 5,000,000
Number of shares outstanding	100,000
Market price per share	Rs 300

Required:

- The company had a 20 percent dividend payout ratio in 2020. If Excel wants to maintain this payout ratio in 2021, what will be its per-share dividend in 2021?
- Company had paid Rs 15 dividend per share in 2020. As an alternative to maintaining the same dividend payout ratio, Excel is considering maintaining the same per-share dividend in 2021 that it paid in 2020. If it chooses this policy, what will be the company's total dividend and dividend payout ratio in 2021?
- If Excel declares 20 percent stock dividend instead of cash dividend in 2021, what will be number of shares outstanding and stock price after stock dividend? [3+3+4]

Group – C

Analytical Answer Questions.

Attempt any *TWO* questions.

[2 × 15 = 30]

17. Describe the wealth maximization goal of a firm. Why is wealth maximization a superior goal to profit maximization? Explain. [5+10]
18. Consider the probability distribution of alternative rates of return associated with Stock A and Stock B given in the following table.

State of economy	Probability	Stock A	Stock B
1	0.3	10%	30%
2	0.4	15	20
3	0.3	20	10

- a. Calculate the expected return and standard deviation of Stock A and Stock B.
- b. What are the covariance and correlation coefficient between Stock A and Stock B?
- c. If you form a portfolio of Stock A and Stock B comprising 40 percent wealth in Stock A and the rest in Stock B, calculate the risk and return your portfolio.
- d. Would you investment in Stock A or Stock B or the portfolio? Why? [4+4+4+3]
19. Following are the cash flows of mutually exclusive projects:

Year	0	1	2	3	4
Project M (Rs)	(500,000)	200,000	200,000	200,000	200,000
Project N (Rs)	(500,000)	100,000	200,000	300,000	300,000

Suppose you are the Project Manager and you have to recommend one of these projects for the approval of the Board of Directors. The required rate of return on the projects is 10 percent.

- a. Calculate the payback period, net present value (NPV) and internal rate of return (IRR) of each project.
- b. Which project would you accept? Why?
- c. Does any conflict exist in the results given by the above ranking methods? Which decision criterion would you follow if the conflict exists? Why? [10+2+3]
