

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

R.No. ....

Subject: Operation Research  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 471  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

Tick the best answers.

- The main objective of operation research is to provide:
  - a scientific basis to the decision makers
  - Powerful tools for researchers
  - An idea related to the production of goods and services
  - None of the above
- What type of process is likely to be used in the construction of airports?
  - Continuous
  - Project
  - Batch
  - Line
- A facility with a design capacity of 1,000 units, an actual average of 800 units, and effective capacity of 850 units has a capacity utilization relative to design of .....
  - 85 percent
  - 125 percent
  - 80 percent
  - 94 percent
- Firms try to achieve competitive advantage by competing on:
  - Cost only
  - Order winners
  - Quality only
  - Quality qualifiers
- ..... refers to the development of the concept or idea of a product in terms of specifications which are required for transforming the idea in to product.
  - Product design
  - Product development
  - Both a and b
  - None of these
- .....is the arrangement of a facility so that equipment used to make similar parts or families of parts is grouped together.
  - Cellular layout
  - Product layout
  - Fixed position layout
  - None of these
- The variable added to the LHS of a less than or equal to constraint to convert it into equality is called:
  - Surplus variable
  - Artificial variable
  - Slack variable
  - Dummy variable
- .....is a priority rule that gives top priority to the waiting job whose operation time at a work center is shortest.
  - Material shortage
  - Shortest-processing-time rule
  - Earliest due date rule
  - First come first served rule
- The total inventory cost of inventory if the number of orders is 5 @ Rs 50 per order and the optimum order quantity is 500 units with a holding cost of Rs 1 per unit is.....

- a. Rs 750  
b. Rs 500  
c. Rs 1000  
d. Rs 150
10. Which of the following is true about ISO 14000 certification?  
a. It is a prerequisite for ISO 9000 certification.  
b. It indicates a higher level of adherence to standards than ISO 9000.  
c. It is only sought by companies exporting their goods.  
d. It deals with environmental management.
11. Among the tools of TQM, the tool ordinarily used to aid in understanding the sequence of events through which a product travels is a.....  
a. Pareto chart  
b. Flow chart  
c. Check sheet  
d. Scatter diagram
12. A master production schedule specifies.....  
a. the financial resources required for production.  
b. what component to made and when.  
c. what product to made, and when.  
d. the labor hours required for production.
13. Which one of the following is an objective of maintenance management?  
a. To reduce breakdown of machines  
b. To keep the machines and other facilities in a good condition  
c. To avoid production disruptions  
d. All of the above
14. In materials requirement planning (MRP) the bill of materials is.....  
a. the requires output from a process over time  
b. a list of required safety stock items  
c. the sum of stock-on-hand and work-in-progress  
d. the product structure showing where common parts are used
15. Which of the following is not a control chart for attributes?  
a. P chart  
b. C chart  
c. X chart  
d. None of these

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

Subject: Operation Research

Course Code: MGT 471

Full Marks: 100 Pass Marks: 50.

Time: 3:00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

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

Answer any **EIGHT** questions:

1. What is operation research? Distinguish operation research from operation management.
2. Describe the input-transformation-output relationship found on the following systems:
  - a. A department store
  - b. A farm
  - c. A University
3. Define product design. What are the differences between product and service design?
4. Last week employees at XYZ Company produced 46 units of product A after working a total of 200 hours. Out of the 46 units produced, 12 were damaged due to a problem with the new sanding machine. The damaged products can be discounted and sold for Rs 25 each. The undamaged products are sold to a department store retail chain for Rs 70 each. What was the labor productivity ratio for last week? If labor productivity was Rs 15 in sales per hour the previous week, what was the change in labor productivity?
5. The utilization rates show that the facility's current output is below its design capacity and considerably higher than its effective capacity. If the effective capacity is realistically set, it is expected that the facility will operate over that level for a short time. Beth's Bakery can comfortably produce 60 brownies in one day. If Beth takes some unusual measures, such as hiring her two aunts to help in the kitchen and work overtime, she can produce up to 100 brownies in one day.
  - a. What are the design and effective capacities for Beth's Bakery?
  - b. If Beth is currently producing 64 brownies, compute the capacity utilization for both measures. What can you conclude?
6. What is maintenance management? Discuss the costs associated with maintenance.
7. Write down the dual problem of the following primal LP problem.  
Min  $C = X_1 + 2X_2$   
Subject to constraints:  
 $2X_1 + 4X_2 \leq 160$   
 $X_1 - X_2 = 30$   
 $X_1 \geq 10$   
and  $X_1, X_2 \geq 0$
8. Product M is made of two units of N and three of P, N is made of two units of R and four units of S, R is made of one unit of S and three units of T. P is made of two units of T and four units of U.
  - a. Show the bill of materials (product structure tree).
  - b. If 100 units of M are required, how many units of each component are needed?
9. The frequency of breakdown of a machine per month is shown in the table. The cost of a breakdown is Rs 1,000 and the cost of preventive maintenance is Rs 1,250 per month. If preventive maintenance is

performed, the probability of a machine breakdown is negligible. Should the manager use preventive maintenance, or would it be cheaper to repair the machine when it breaks down?

Number of breakdowns	0	1	2	3
Frequency of occurrence	0.20	0.30	0.40	0.10

10. Processing times (including setup times) and due dates for five jobs waiting to be processed at a work center are given in the following table. Determine the sequence of jobs, the average flow time, average tardiness, and average number of jobs at the work center, for shortest processing time (SPT) rule.

Job	Processing time in days	Due date (days from present time)
A	4	6
B	17	20
C	14	18
D	9	12
E	11	12

**SECTION C: LONG ANSWER QUESTIONS (3 × 10 = 30 MARKS)**

Answer any **THREE** questions:

- Discuss the product design philosophy behind industrial design and design for manufacture and assembly. Which one do you think is more important in a customer-focused product development?
- Two materials A and B are required to construct tables and book cases. For one table 12 units of A and 16 units of B are needed while for a book case 16 units of A and 8 units of B are required. The profit on a book case is Rs 25 and Rs 20 on a table. 100 units of material A and 80 units of Material B are available. How many tables and book cases are required to produce for maximum profit? Formulate this as a linear programming problem and solve using simplex method.
- Determine an optimum solution to the following transportation problem.

Destination Origin	I	II	III	IV	Supply
A	6	3	5	4	22
B	5	9	2	7	15
C	5	7	8	6	8
Demand	7	12	17	9	45

- Define quality. What are the dimensions of quality for service.
  - The following table shows the defective item from 10 samples, each of 100 in size.

Sample Number	1	2	3	4	5	6	7	8	9	10
Sample size	100	100	100	100	100	100	100	100	100	100
Number of defective items	20	15	7	9	16	18	24	26	20	25

With the help of p-chart, decide whether the process is under control or not?

- Contrast between independent and dependent demand. Give examples of how you can use dependent demand in your personal life.
  - A company uses 96,000 units of an item annually. The ordering cost is Rs 45 per order and the carrying cost is 24 percent of the cost of an item. If the cost per unit is 1, determine the optimum order quantity, optimum number of orders per year and annual inventory costs. Assume that the company operates 300 days in a year and the average lead time is 10 days. What is the re-order point and the cycle time?

**SECTION D: CASE STUDY (15 MARKS)**

16. Read the case given below and answer the following questions:

Hazel had worked for the same Fortune 500 Company for almost 15 years. Although the company had gone through some tough times, things were starting to turn around. Customer orders were up, and quality and productivity had improved dramatically from what they had been only a few years earlier due to a companywide quality improvement program. So, it came as a real shock to Hazel and about 400 of her coworkers when they were suddenly terminated following the new CEO's decision to downsize the company.

After recovering from the initial shock, Hazel tried to find employment elsewhere. Despite her efforts, after eight months of searching she was no closer to finding a job than the day she started. Her funds were being depleted and she was getting more discouraged. There was one bright spot, though: She was able to bring in a little money by mowing lawns for her neighbors. She got involved quite by chance when she heard one neighbor remark that now that his children were on their own, nobody was around to cut the grass. Almost jokingly, Hazel asked him how much he'd be willing to pay. Soon Hazel was mowing the lawns of five neighbors. Other neighbors wanted her to work on their lawns, but she didn't feel that she could spare any more time from her job search.

However, as the rejection letters began to pile up, Hazel knew she had to make a decision. On a sunny Tuesday morning, she decided, like many others in a similar situation, to go into business for herself—taking care of neighborhood lawns. She was relieved to give up the stress of job hunting, and she was excited about the prospect of being her own boss. But she was also fearful of being completely on her own. Nevertheless, Hazel was determined to make a go of it.

At first, business was a little slow, but once people realized Hazel was available, many asked her to take care of their lawns. Some people were simply glad to turn the work over to her; others switched from professional lawn care services. By the end of her first year in business, Hazel knew she could earn a living this way. She also performed other services such as fertilizing lawns, weeding gardens, and trimming shrubbery. Business became so good that Hazel hired two part-time workers to assist her and, even then, she believed she could expand further if she wanted to.

**Questions:**

- a. In what ways are Hazel's customers most likely to judge the quality of her lawn care services?
- b. Hazel is the operation manager of her business. Her responsibilities are forecasting, inventory management, scheduling, quality assurance, and maintenance.
  - (i) What kinds of things would likely require forecasts?
  - (ii) What inventory items does Hazel probably have? Name one inventory decision she has to make periodically.
  - (iii) What scheduling must she do? What things might occur to disrupt schedules and cause Hazel to reschedule?
  - (iv) How important is quality assurance to Hazel's business? Explain.
  - (v) What kinds of maintenance must be performed?
- c. What competitive advantage does Hazel have over a professional lawn care service?
- d. Hazel would like to increase her profits, but she doesn't believe that it would be wise to raise her prices considering the current state of the local economy. Instead, she has given some thought to increasing productivity.
  - (i) Explain how increased productivity could be an alternative to increased prices.
  - (ii) What are some ways that Hazel could increase productivity?
- e. Hazel is thinking about the purchase of new equipment. One would be power sidewalk edgers. She believes edgers will lead to an increase in productivity. Another would be a chain saw, which would be used for tree pruning. What trade-offs should she consider in her analysis?

**THE END**

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

R.No. ....

Subject: Consumer Behavior  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 472  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

Tick the best answers.

- Which of the following is not the activity of consumer buying?
  - Acquisition
  - Disposition
  - Using
  - Comparisons
- When the buyer switches between brands not because of the dissatisfaction with the previous purchase but out of variation, i.e. they want to try something new and avoid the boredom, which of the following customer behavior is portraying?
  - Complex Buying Behavior
  - Variety Seeking Behavior
  - Dissonance Reducing Behavior
  - Habitual Buying Behavior
- If the marketer may offer two or more product varieties to the market and does not recognize the fact that buyers have different needs and characteristics. He marketing known as:
  - Product variety marketing
  - Individual Marketing
  - Undifferentiated marketing
  - Concentrated marketing
- \_\_\_\_\_ is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.
  - Organizational Behavior
  - Consumer Behavior
  - Business Behavior
  - Institutional Behavior
- Different social classes tend to have different attitudinal configurations and \_\_\_\_\_ that influence the behavior of individual members.
  - Personalities
  - Values
  - Perception
  - Attitude
- What is the term for the process of dividing a total market into subgroups so that each group consists of buyers and users who share similar characteristics, but who are different from those in the other groups?
  - Market subdivision
  - Market Targeting
  - Niche marketing
  - Market Segmentation
- Which of the following needs are learned from the society through interactions, education, and media exposures, i.e.: love belongingness, ego, and image?
  - Psychogenic Needs
  - Rational Needs
  - Conscious Needs
  - Positive Needs
- Unlike his coworkers, Abhiyan is motivated by challenge, personal satisfaction and the challenging work; most of his coworkers are just in it for money. Abhiyan is motivated by:
  - Intrinsic motivators
  - Extrinsic motivators
  - Social motivators
  - Esteem motivators
- According to the stimulus-response model of buyer behavior, the place where consumers process marketing stimuli prior to making purchase decision is called \_\_\_\_\_

- a. Consumer's value chain
  - b. Consumer's black box
  - c. Consumer's cognitive schema
  - d. Consumer thought & emotions
10. Asmita is a member of the Girls Aloud fan club. She accesses their Facebook page regularly and is strongly influenced by what Girls Aloud say and wear. What kind of reference group is this fan club for Beth?
- a. Aspirant group
  - b. Membership group
  - c. Inclusive Group
  - d. Disassociate group
11. An employee at a store, tempted to steal some merchandise, suspects that other employees are also stealing. Which ego defense mechanism this represents?
- a. Regression
  - b. Repression
  - c. Projection
  - d. Rationalization
12. The \_\_\_\_\_ is a person within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts influence on others.
- a. Facilitator
  - b. Opinion leader
  - c. Referent actor
  - d. Celebrity
13. "Consumers basically, are submissive to the self-serving interests and promotional efforts of marketers". Which of the following view of consumer decision making does this statement represent?
- a. Economic View
  - b. Cognitive View
  - c. Passive View
  - d. Emotional View
14. Which of the following are key controversies related to questions of ethics in marketing and consumer behavior in terms of acquisition?
- a. Addictive and compulsive behavior
  - b. Targeting vulnerable segments
  - c. Materialistic behavior
  - d. All of the above
15. Which of the following are social responsibilities issues receiving particular marketing attention in the field of consumer behavior?
- a. Environmentally conscious behavior
  - b. Community involvement
  - c. Charitable behavior
  - d. All of the above

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

R.No. ....

Subject: Consumer Behavior  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 472  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

Tick the best answers.

1. Which of the following is not the activity of consumer buying?
  - a. Acquisition
  - b. Disposition
  - c. Using
  - d. Comparisons
2. When the buyer switches between brands not because of the dissatisfaction with the previous purchase but out of variation, i.e. they want to try something new and avoid the boredom, which of the following customer behavior is portraying?
  - a. Complex Buying Behavior
  - b. Variety Seeking Behavior
  - c. Dissonance Reducing Behavior
  - d. Habitual Buying Behavior
3. If the marketer may offer two or more product varieties to the market and does not recognize the fact that buyers have different needs and characteristics. He marketing known as:
  - a. Product variety marketing
  - b. Individual Marketing
  - c. Undifferentiated marketing
  - d. Concentrated marketing
4. \_\_\_\_\_ is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.
  - a. Organizational Behavior
  - b. Consumer Behavior
  - c. Business Behavior
  - d. Institutional Behavior
5. Different social classes tend to have different attitudinal configurations and \_\_\_\_\_ that influence the behavior of individual members.
  - a. Personalities
  - b. Values
  - c. Perception
  - d. Attitude
6. What is the term for the process of dividing a total market into subgroups so that each group consists of buyers and users who share similar characteristics, but who are different from those in the other groups?
  - a. Market subdivision
  - b. Market Targeting
  - c. Niche marketing
  - d. Market Segmentation
7. Which of the following needs are learned from the society through interactions, education, and media exposures, i.e.: love belongingness, ego, and image?
  - a. Psychogenic Needs
  - b. Rational Needs
  - c. Conscious Needs
  - d. Positive Needs
8. Unlike his coworkers, Abhiyan is motivated by challenge, personal satisfaction and the challenging work; most of his coworkers are just in it for money. Abhiyan is motivated by:
  - a. Intrinsic motivators
  - b. Extrinsic motivators
  - c. Social motivators
  - d. Esteem motivators
9. According to the stimulus-response model of buyer behavior, the place where consumers process marketing stimuli prior to making purchase decision is called \_\_\_\_\_

- a. Consumer's value chain  
b. Consumer's black box
- c. Consumer's cognitive schema  
d. Consumer thought & emotions
10. Asmita is a member of the Girls Aloud fan club. She accesses their Facebook page regularly and is strongly influenced by what Girls Aloud say and wear. What kind of reference group is this fan club for Beth?
- a. Aspirant group  
b. Membership group
- c. Inclusive Group  
d. Disassociate group
11. An employee at a store, tempted to steal some merchandise, suspects that other employees are also stealing. Which ego defense mechanism this represents?
- a. Regression  
b. Repression
- c. Projection  
d. Rationalization
12. The \_\_\_\_\_ is a person within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts influence on others.
- a. Facilitator  
b. Opinion leader
- c. Referent actor  
d. Celebrity
13. "Consumers basically, are submissive to the self-serving interests and promotional efforts of marketers". Which of the following view of consumer decision making does this statement represent?
- a. Economic View  
b. Cognitive View
- c. Passive View  
d. Emotional View
14. Which of the following are key controversies related to questions of ethics in marketing and consumer behavior in terms of acquisition?
- a. Addictive and compulsive behavior  
b. Targeting vulnerable segments
- c. Materialistic behavior  
d. All of the above
15. Which of the following are social responsibilities issues receiving particular marketing attention in the field of consumer behavior?
- a. Environmentally conscious behavior  
b. Community involvement
- c. Charitable behavior  
d. All of the above

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

R.No. ....

Subject: Taxation in Nepal  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 473  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

*Tick the best answers.*

1. For the vehicle and accommodation facility provided by the office is required to be included in income:
  - a. 1% and 4% of current salary
  - b. 0.5% and 2% of current salary
  - c. 1% of the market value of the car and 25% of prevailing rent
  - d. None of above
2. "There should not be a negative impact on economic activities in the country" This statement is related to:
  - a. Canon of neutrality
  - b. Canon of equity
  - c. Canon of simplicity
  - d. Canon of diversity
3. Which of the following is not the form of indirect tax?
  - a. Income tax
  - b. Custom duty
  - c. Value added tax
  - d. Excise duty
4. Which one is not the objective of taxation?
  - a. To raise public revenue
  - b. To promote industrial development in the country
  - c. To regulate the economy
  - d. None of above
5. One individual can get an exemption for health insurance maximum up to:
  - a. Rs.20,000
  - b. Rs.30,000
  - c. Rs.25,000
  - d. Rs.15,000
6. The depreciation basis value for the computer pool was Rs. 500,000. The allowable depreciation would be:
  - a. Rs.100,000
  - b. Rs.125,000
  - c. Rs.75,000
  - d. Rs. 25,000
7. A company has earned taxable income Rs. 10,00,000. The amount of tax liability would be:
  - a. Rs.150,000
  - b. Rs. 175,000
  - c. Rs.250,000
  - d. Rs.144,000
8. Which of the following is non-deductible expenses under Income Tax Act 2058?
  - a. Office and administrative expenses
  - b. Interest on the loan
  - c. Fine and penalty for violating the law
  - d. Pollution control cost

9. Generally, an entity is taxed at a flat rate of:
- 5%
  - 15%
  - 20%
  - 25%
10. Accounting system used to record the employment income of an individual is:
- Accrual basis system
  - Cash basis system
  - Hybrid system
  - None of the above
11. Mr. Ram, an employee has earned a taxable income of Rs 900,000. His tax liability would be:
- Rs.114,000
  - Rs.110,000
  - Rs.180,000
  - Rs.225,000
12. Mrs. Hamal, a sole proprietor has earned a taxable income of Rs. 8,00,000. His tax liability would be:
- Rs.50,000
  - Rs.80,000
  - Rs. 54,000
  - Rs.64,000
13. The rate of depreciation for the building group is:
- 5%
  - 15%
  - 20%
  - 25%
14. The prevailing rate of VAT in Nepal is:
- 10%
  - 12%
  - 14%
  - 13%
15. A businessman purchased goods for Rs. 20,000 and incurred Rs 2,000 as an administrative cost. The goods were sold to the customer charging 20% profit on cost. The value added by the businessman was:
- Rs. 4400
  - Rs. 6400
  - Rs.5400
  - Rs.4000

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

Subject: Taxation in Nepal

Full Marks: 100 Pass Marks: 50

Course Code: MGT 473

Time: 3:00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

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

Answer any **EIGHT** questions:

1. Define indirect tax with a suitable example.
2. Briefly explain the canon of convenience and diversity.
3. Briefly explain the objectives of taxation.
4. Enumerate deductible expenses for computing taxable income from the business.
5. Enumerate the objectives of the Income Tax Act, 2058.
6. Briefly explain the provisions of set-off and carry forward of losses under Tax Act, 2058.
7. What do you mean by value-added tax? Discuss.
8. A producer produced certain goods incurring a total cost of production of Rs. 20,000. He has not paid any amount of VAT on input. The product passes through two middlemen: wholesaler and retailer before reaching the final consumer. The producer, wholesaler, and retailer incurred Rs. 1,000, Rs. 800 and Rs. 600 respectively for administration expenses and charged 10% profit on their cost price.

**Required:**

- a. Cost price to the consumer
  - b. Total VAT payable by the consumer
9. A Limited Company has provided the following information.

Particulars	Block B	Block C
Beginning depreciation basis value	10,00,000	20,00,000
Purchase a computer on Falgun	300,000	-
Purchase of motorbike on Baisakh	-	150,000
Disposal for the year	100,000	

**Required:** Allowable depreciation and opening WDV for the next year

10. Mrs. Sunita, a disabled person is an employee of the Nepal Government, earned taxable income before exemption of Rs.15,00,000. She worked in remote area class 'A' and claimed a health insurance premium of Rs. 24,000. She also claimed medical expenses of Rs. 8,000.

**Required:** Tax payable by Mrs. Sunita

**SECTION C: LONG ANSWER QUESTIONS (3 × 10 = 30 MARKS)**

Answer any **THREE** questions:

11. What do you mean by "tax on installment"? State the provisions in this regard. [10]
12. Enumerate the deduction not allowed under section 21 of the Income Tax Act, 2058. [10]

13. The following are the income and expenditures of Mr. Kamal for the previous year.

- Income from natural resources Rs.425,000 (after TDS)
- Royalty income Rs.700,000
- Dividend from resident company Rs. 95,000
- Interest on debentures Rs.170,000 (Net)
- Gain on sale of the share of a listed company Rs. 100,000
- Interest from private party Rs. 270,000 (net)
- Assessable income from business Rs. 12,00,000

**He has claimed the following deduction**

- Expenses of natural resources Rs.12,000
- Royalty collection cost Rs. 8,000
- Dividend collection charge Rs.500
- Domestic expenses Rs.300,000

**Required:**

- a. Assessable income from investment
- b. Statement of total income and tax liability

[4]

[6]

14. Following are the performance result of Siplang Pvt. Ltd. for different years.

Year	1	2	3	4	5	6
Profit (Loss) Rs.	(100,000)	(80,000)	80,000	160,000	200,000	100,000

On investigation, it is found that the Profit of year 5 was calculated without charging interest expense of Rs. 20,000 and before including dividend income Rs. 30,000 and commission income Rs. 60,000. In year 6, the company had charged a donation of Rs. 100,000 given to Pasupathi Area Development Trust with pre-approval from IRD.

**Required:** Taxable income with an explanation

[10]

15. The following are the income and expenditures of Mr. Kulkarni for the previous year. He was appointed on government service on 1<sup>st</sup> Shrawan 2074 at a pay scale of Rs. 40,000 – 1000 – 60,000. In addition to salary, he also reported the followings.

- a. Entertainment allowance 12% of annual salary.
- b. Department head allowance of Rs.30,000.
- c. Accommodation facility provided by the office.
- d. Meeting allowance of Rs.6,800 (after TDS)
- e. Leader allowance Rs. 5,000 per month
- f. Examiner ship remuneration Rs. 17,000 (net)
- g. Life insurance premium paid by the employer of Rs.25,000 on a policy of Rs.300,000.
- h. During the previous year he had received interest from private money lending transactions of Rs.150,000 and Rs.33,250 interest from bank saving deposit accounts.

**Required:**

- a. Assessable income from employment
- b. Statement of total income
- c. Tax liability

[5]

[3]

[2]

#### SECTION D: CASE STUDY (15 MARKS)

16. Read the case given below and answer the following questions:

Given below is the Trading & Profit and Loss Account of Mr. Shyam, a sole trader for the previous year ended 31<sup>st</sup> Ashad.

Dr.		Trading and Profit & Loss Account		Cr.	
Particulars	(Rs.)	Particulars	(Rs.)		
To Opening stock	1,000,000	By Sales	3,900,000		
To Purchases	2,500,000	By Closing stock	920,000		
To Wages	100,000				
To Gross profit c/d	1,220,000				
	4,820,000				4,820,000
To Salary to staff	420,000	By Gross profit b/d	1,220,000		
To Rent of warehouse	200,000	By Commission received	30,000		
To Stationeries	20,000	By Dividend from Nepal			
To Entertainment	5,000	Bank Ltd. After TDS	47,500		
To Audit fees	10,000	By Miscellaneous incomes	19,500		
To Discount	20,000	By Interest on investment	60,000		
To Depreciation on:		By Rent from other assets			
Machinery	30,000	not related to business	50,000		
Vehicle	20,000				
Furniture	<u>10,000</u>				
To Bad debts	10,000				
To Repairs of machinery	62,000				
To Pollution control cost	300,000				
To General expenses	100,000				
To General reserve	100,000				
To Income tax in advance	40,000				
To Donation	100,000				
To Interest on the loan	40,000				
To Net profit c/d	40,000				
	1,427,000				1,427,000

**Additional information:**

- Purchases include Rs. 100,000 purchases of furniture.
- Allowable depreciation and repair were Rs. 100,000 and Rs. 14,000 respectively including furniture.
- 50% of bad debts were allowed for deduction.
- Donation was paid to Cricket Association of Nepal.
- Gain on sale of a share of the listed company not included in the above account Rs.150,000.
- Closing stock was overvalued by 15%.
- 50% of interest is related to personal loan

**Required:**

- a. Assessable income from business
- b. Assessable income from investment
- c. Statement of total taxable income

[10+2+3]

**THE END**

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

Subject: Business Environment in Nepal  
Full Marks: 100 Pass Marks: 50

R.No. ....

Course Code: MGT 474  
Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

Tick the best answers.

1. the number of Developments Banks in Nepal is .....
  - a. 17
  - b. 16
  - c. 17
  - d. 19
2. Which one is the first private international airlines company of Nepal?
  - a. Buddha
  - b. Shaurya
  - c. Guna
  - d. Himalaya
3. Bank of the year -2021 is:
  - a. NIC Asia
  - b. NMB Bank
  - c. Nabil Bank
  - d. Prabhu Bank
4. While selecting a line in business, an entrepreneur must keep in his/her mind?
  - a. Profitability
  - b. Risk Involved
  - c. Profits
  - d. All of the above
5. What is the literacy rate of Nepal?
  - a. 70.7%
  - b. 65.7%
  - c. 77.7 %
  - d. 75.7%
6. When was Nepal Tourism Board established?
  - a. 2000
  - b. 1999
  - c. 1997
  - d. 1998
7. Who is the richest Nepalese Woman?
  - a. Rajya Laxmi Golcha
  - b. Jamuna Gurung
  - c. Priyanka Karki
  - d. Megha Chaudhary
8. Minimum Investment in Nepal as FDI is .....
  - a. 5 million
  - b. 50 million
  - c. 500 million
  - d. 100 million
9. Foreign Investment and Technology ACT Nepal was made in the year .....
  - a. 2049 BS
  - b. 2050 BS
  - c. 2048 BS
  - d. 2074 BS
10. Who is the present Finance Minister of Nepal?
  - a. Birod Khatiwada
  - b. Janardan Sharma
  - c. Narayan Khadka
  - d. Gagan Thapa
11. Who is the present tourism Minister of Nepal?
  - a. Ram Kumari Jhakri
  - b. Narayan Khadka
  - c. Gagan Thapa
  - d. Prem B. Ale

12. Nepal's Unemployment Rate:
- a. 4.44 %
  - b. 5.44 %
  - c. 6.1 %
  - d. 3.1 %
13. Nepal per Capita Income
- a. \$ 1255.1
  - b. \$ 1155.1
  - c. \$ 870.5
  - d. \$ 2100
14. Nepal's main export partner nation is:
- a. India
  - b. China
  - c. USA
  - d. Australia
15. Which one Country has the highest GDP?
- a. Qatar
  - b. Macau
  - c. Luxembourg
  - d. Singapor

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Administration (BBA)  
Semester - VII

Subject: Business Environment in Nepal

Full Marks: 100 Pass Marks: 50

Course Code: MGT 474

Time: 3:00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

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

Answer any **EIGHT** questions:

1. Define factor markets along with some examples.
2. What is business environment? Describe its internal and external forces.
3. What is corporate governance? Explain its importance to the organization.
4. Analyze the performance of the private sector in Nepal.
5. Labor has been always an issue for Nepal. Many Nepali youths are going abroad for employment, how can we create the employment opportunity in Nepal?
6. Infrastructure is considered as a constraint to the Nepalese business climate. Explain.
7. Remittance as well as tax is the major source of income for Nepal. Kindly suggest what alternative ways of income can be developed.
8. Is business environment directly affected by technological environment of Country? Explain.
9. Talk about some companies and their technological innovations for their success.
10. How can you define trade? Briefly explain the barriers faced by the Nepalese trade sector.

**SECTION C: LONG ANSWER QUESTIONS (3 × 10 = 30 MARKS)**

Answer any **THREE** questions:

11. What are the major constraints for Nepalese private business sector? Also suggest some solutions.
12. How is Nepalese business environment being affected by Nepal's geographic and infrastructural conditions?
13. Which one is more important for National Economy: - Formal or Informal Sector? Also discuss the importance of both.
14. What do you mean by privatization? Is privatization differs from liberalization? Explain with suitable examples.
15. Discuss the problems, constraints or limitation faced by the new investors or entrepreneurs in Nepal. Why do most of the start-ups in Nepal fail?

**SECTION D: CASE STUDY (15 MARKS)**

16. Read a case given below and answer the following questions:

The business's total project cost was put at Rs. 3.10 million, out of which Mr. Singh's own sourced equity participation amounted to Rs. 1.60 million, and bank loans would fund another Rs. 1.50 million. Keshav Rana, CEO of Nepal Food Pvt. Ltd. (NFPL) was excited at having received an attractive offer from Switzerland based giant Nestle. The offer included a Nestle Proposal to work in collaboration with Nepal's NFPL to develop new wheat-based syrup Nes-Fru targeted at Nepali working couples in particular and urban consumers in general. Keshav knew his team at the NFPL would have to work rigorously for marketing of the NEsFru, as it was still an untested product for general Nepali consumers. If the NFPL entered into this collaboration, it would also be entrusted to handle the job of distributing all products of Nestle and its allies throughout the Nepali markets. The two-pronged offer involved great

opportunities, as it will open new avenues for NFPL to get hooked to the international network on Nestle, which has tied its knots with the archrival General Mills a couple of years ago. Consequently, Nestle and USA- headquartered General Mills have also created a joint venture known as Cereal Partners to produce and market cereals. Among others, the Nestle – General Mills' venture has already positioned a new product Kokocrunch into the market. Their new product, which has already entered Nepali market is set for hand –on competition with Kellogg's Chocos, product that has been in Nepali market over the years. It was something Keshav has already learnt from preliminary market survey. Their new venture has not only started manufacturing of its own, but also launched marketing of the products, by making use of their two parent companies international distribution system to enter the new markets and countries, which would otherwise be the uncharted or inaccessible ones. General Mills has thus found a strait into Nepali market that it earlier had not peeked into thanks to the Nestle's distribution network. Keshav, meanwhile, also found that the offer involved risks, as the contract would blind the NFPL also lacks experience and exposure in working with such professionally managed – company that boasts of its big size and global network. To cope with the need for efficient managerial professional, NFPL must hire a dynamic management team. All this certainly increase its cost. Furthermore, Keshav is also aware of how Nestles' cerelac with rice flavor had performed unsuccessfully in Nepali market a few years ago. As an MBA in marketing management, he believed it could be one of the lessons to the cereal giant of the world. As Nesle's failure to consider Nepal's environmental factors was basically to blame for the product rejection by Nepali consumers in the past, their recent offer to NFPL seems to be a more market-oriented strategy that could place Nestle on the winning end. Taking stock of past events and trends, Keshav has found his company position at the crossroads. Now, he has got only a week's time to decide on the Nestle's deal.

**Questions:**

- a. Should Keshav accept the Nestles' offer? Defend your answer with adequate logic and illustrations. [3]
- b. Which specific environmental factors cause the failure of Cerelac rice flavor product? Illustrate your answer from a business environment point of view. [4]
- c. Could NFPL reap the strategic benefits that the general Mills – Nestle alliance did in their market performance? Why? [4]
- d. If NFPL accepted the offer any way, what specific local and global environment factors should it analyze and take into consideration? Base your answer on the information furnished in the case. [4]

**THE END**