

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2080  
Bachelor of Business Administration (BBA)  
Semester - V

R.No. ....

Subject: International Business Environment  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 451  
Time: 3:00 Hours

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

*Tick the best answers.*

1. Manufacturing and trade beyond the boundaries of one's own country is known as ....
  - a. internal trade
  - b. local trade
  - c. retail trade
  - d. foreign trade
2. Permission for distribution of services in another country under a specific copyright is .....
  - a. merchandising
  - b. franchising
  - c. licensing
  - d. marketing
3. IPR stands for .....
  - a. Intellectual Property rights
  - b. International Property rights
  - c. Internal Promotion rights
  - d. Interior Promotional rights
4. Subsidiaries consider the regional environment for policy formulation. It is known as...
  - a. polycentric approach
  - b. ethnocentric approach
  - c. regiocentric approach
  - d. geocentric approach
5. The world bank is also known as .....
  - a. IMF
  - b. IDA
  - c. IFC
  - d. IBRD
6. Bilateral arrangements instituted to restrain the exports of specific manufactured goods are called...
  - a. voluntary export restraints
  - b. imposed export restrains
  - c. administered protection
  - d. export protection
7. The factor endowments theory is propounded by .....
  - a. Adam Smith
  - b. David Ricardo
  - c. Ohlin and Hecksher
  - d. Michael Taussig
8. Mercantilists believed that a country could increase the amount of wealth by ....
  - a. promoting exports and discouraging imports
  - b. discouraging exports and promoting imports
  - c. controlling imports and exports
  - d. increasing both imports and exports
9. Which one of the following is the benefit of outsourcing?
  - a. Cost reduction
  - b. Sweat shopping
  - c. Resentment in home country
  - d. Ethical fall out
10. An analysis of the external environment enables a firm to identify....
  - a. strength and opportunities
  - b. strength and weakness
  - c. weakness and threats
  - d. opportunities and threats

11. IBRD stands for...
- a. International Board for Research and Development
  - b. International Bank for Reconstruction and Development
  - c. International Bank for Research Development
  - d. International Barrier for Reconstruction and Development
12. Dumping refers to:
- a. reducing tariffs
  - b. sale of goods abroad at a lower price, below their cost and price in their home market
  - c. buying goods at low prices abroad and selling at higher prices locally
  - d. expensive goods selling for low prices
13. Market in which currencies buy and sell and their prices settled on is called ....
- a. international bond market
  - b. international capital market
  - c. foreign exchange market
  - d. eurocurrency market
14. Which one of the followings is a pull factor in emigration?
- a. Politics
  - b. Infrastructure
  - c. Job opportunities
  - d. Communication
15. In the ethnocentric approach, \_\_\_ are from the parent country.
- a. key managers
  - b. technical workforce
  - c. engineers
  - d. programmers

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

Answer any **EIGHT** questions:

1. Explain the reasons for the expansion of business globally. [5]
2. Describe the challenges of globalization for international business. [5]
3. Briefly explain the principles of the WTO. [5]
4. Explain, briefly, the modes of payment in international trade. [5]
5. What is currency risk? How can this be managed effectively? [2+3]
6. Differentiate between international business and international trade. [5]
7. What is outsourcing? Explain its importance for international business. [2+3]
8. Explain any three entry strategies in international market. [5]
9. Discuss foreign direct investment. How does it enable country's development? [2+3]
10. How can the subsidies influence the international trade? [5]

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

Answer any **THREE** questions:

11. A political system is basically the system of politics and government in a country. It governs a complete set of rules, regulations, institutions, and attitudes. How do the political system and ideologies between countries influence the international business? Explain. [10]
12. Drawing upon Porter's theory of national competitive advantage, what kinds of policies would you recommend that the government should adopt? Are these policies at variance with the basic free trade philosophy? [4+6]
13. WTO is the only international organization dealing with the global rules of trade between nations. Explain the impact of the WTO on international business. [10]
14. Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries or more expensive domestically. In this context, explain the various contemporary issues of international trade. [10]
15. Today's human lives are characterized by consumption of goods and services brought from the different parts of the world. In the light of the above statement, explain the push and pull motivational factors of IB.

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

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

Mrs. Hira Laxmi is CEO of her family-run hotel company in Nepal. After 8 years in the company's leadership, she now wants to build, operate, and fully own a hotel in Kandy, Sri Lanka, one of the tourist destinations in South Asia. She does not want any joint ventures with local Sri Lankans. For this company's operation, she will require some loans.

An MBA from a renowned Indian university, she was aware of the future regional plans of creating a Buddhist pilgrimage triangle in South Asia by joining Nepal with Sri Lanka on the south and Thailand on the north. She had started brewing the idea of investing in the Sri Lankan tourism sector following her pilgrimage to the Sacred Temple housing Lord Buddha's relics in the city of Kandy. During her Sri

Lanka visit a few years ago, she got impressed with the progress Sri Lanka made in the tourism sector, despite the decade long insurgency of Tamils in the country's north.

She is now willing to put up about half of the original capital in the Lankan venture. But she also wants to be assured that its share of the profits can be converted to US dollars and repatriated as dividends from Colombo, Sri Lanka, to Nepal. Now, she is looking for an IB consultant who has a specialty in the fields of exporting, investing, licensing, and franchising in South Asian countries, more preferably Nepal and Sri Lanka.

**Questions:**

- a. To what organization might you turn for information concerning a Sri Lankan company's ability to convert profits into US dollars and remit them to Nepal? Why? [5]
- b. As a consultant to her overseas investment, what economic factors would you first identify in the Sri Lankan market that receives overseas tourists? [5]
- c. Based on the case, explain any two major opportunities for international business. [5]

**THE END**

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Bachelor of Business Administration (BBA)  
Semester - V

R.No. ....

Subject: Banking and Insurance Management

Course Code: MGT 455

Full Marks: 100 Pass Marks: 50

Time: 3:00 Hours

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

*Tick the best answers.*

1. What is the feature of commercial Bank?
  - a. Providing financial literacy
  - b. Student counselling
  - c. Shadow Banking
  - d. Issuance of Monetary Policy
2. We should keep our savings with banks because
  - a. it is safe
  - b. earns interest
  - c. can be withdrawn anytime
  - d. all of above
3. Physical damage loses the three garages from natural disasters or other perils. Which insurance policy covers this risk?
  - a. Commercial auto policy
  - b. Commercial property insurance
  - c. Stocks Insurance
  - d. Buglary Insurance
4. Underwriting means the claim settlement process after accidents occurs.
  - a. True
  - b. False
5. Which one insurance policy is mandatory in Nepal?
  - a. Life Insurance Policy
  - b. Auto Insurance
  - c. Commercial Insurance
  - d. Third Party Insurance
6. What will bank customers pay for using safe deposit locker facilities?
  - a. Commission on locker
  - b. Exchange on locker
  - c. Rent on locker
  - d. Safe custody charges
7. Which one is not 5<sup>th</sup> c of credit?
  - a. Customer
  - b. Condition
  - c. Collateral
  - d. Characters
8. Bank cannot take institutional deposits if its non-performing loan is above:
  - a. 4%
  - b. 5%
  - c. 6%
  - d. 2%
9. Which one among the followings is not a pure risk?
  - a. Personal risk
  - b. Property risk
  - c. Loss of income risk
  - d. Strategic risk
10. "A contract that pledges payment of an agreed upon amount to the person (or his/her nominee) on the happening of an event covered against" is technically known as
  - a. death coverage
  - b. life insurance
  - c. savings for future
  - d. provident fund

11. The insurance companies collect a fixed amount from its customers at a fixed interval of time. What is it called?
- a. Instalment
  - b. Contribution
  - c. Premium
  - d. EMI
12. Remittance deposit can earn extra \_\_\_\_\_ interest on fixed deposits.
- a. 0.25%
  - b. 0.50%
  - c. 1%
  - d. Same as other deposit
13. Which one of the followings is a function of central Bank? -
- a. Accepting deposits of money from public with a purpose of lending or investment
  - b. Agency function of the Bank
  - c. Credit Creation
  - d. Banker to the government
14. In insurance policies we always find a date which is "Date of Maturity". What does it mean?
- a. This is the date on which the policy was sold to the customer/person insured
  - b. This is the date on which the policy holder will have to submit his/her claim seeking the amount of the policy.
  - c. This is the date on which the contract between the person and insurance company will come to an end
  - d. None of this
15. Which one insurance policy is mandatory in Nepal?
- a. Life Insurance Policy
  - b. Auto Insurance
  - c. Commercial Insurance
  - d. Third Party Insurance

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

Answer any **EIGHT** questions:

1. List out the various features of bank.
2. Define the various types of banks?
3. What are the principles of lending?
4. Discuss the different risks that may arise in banking sectors.
5. Why should banks be regulated? Explain.
6. Write, in brief, about the functions of Beema Samiti.
7. How do you market the insurance products?
8. Why is Banc assurance not a popular product in Nepal? Explain with a relevant example.
9. Explain the principles of insurance.
10. Differentiate between liquidity management and liability management.

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

Answer any **THREE** questions:

11. Define Customer Relationship Management (CRM). Why is CRM important in today's organization? Justify based on principles of CRM. [3+3+4]
12. Currently, banks are facing a huge challenge in loan recovery. Entire business activity is affected resulting to low business transaction/ turnover. In this situation, what suggestions would you like to give to NRB to help the organization and banking institutions. [10]
13. Explain the risk management process in insurance. [10]
14. Briefly explain the various services offered by banks in Nepalese market. [10]
15. Explain underwriting, claim management, and claim settlement procedure. [10]

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

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

The Central Investigation Bureau (CIB) has arrested six individuals on the charge of planning and executing a murder by making it look as if it was an accident to claim Rs. 25 million accidental insurance.

The arrestees were made public amid a press conference at the Bureau on Friday. On July 29, 2021, Reliance Life Insurance provided a cheque of Rs. 25 million to Sapana Malla, a 21-year-old resident from Ward No. 2 of Kohalpur Municipality in Banke district.

It was the amount Sapana received after the accidental death of her 21-year-old husband Sarjan BK, a resident of Ward No. 11 of Kohalpur. Sarjan was hit by a mini-bus (Bhe 1 Kha 2491) on April 15, 2021, at an inner ally in Ward No. 6 of Baijanath Rural Municipality in Banke and died while receiving treatment. Sarjan, a manual labourer, was hit when he was returning home on a motorcycle (Bhe 10 Pa 1727) after loading sand in a tipper.

"After Sarjan's death, an accidental death case was filed at the Banke District Court on May 10, 2021. On February 8, 2022, the court ruled it as an accident and driver Top Bahadur Chhetri was sentenced to 30 days in prison and fined Rs. 2,000," read a statement by the CIB.

“The mystery behind the case would not have come into light had the Nepal Reinsurance Company Limited not reached us. They suspected the case and requested us to investigate. During investigation, we found that a plan was executed as Sarjan was insured for accident without his knowledge and was killed to receive insurance money,” said Additional Inspector General of Police (AIGP) Uttam Raj Subedi, director at CIB. The Nepal Reinsurance Company had lodged a complaint at the CIB on January 14, 2022, stating that Sarjan’s accidental death and disbursement of Rs. 24.2 million was suspicious.

“There were several individuals involved in the killing of Sarjan and establishing it as an accident. We have arrested six individuals till date but we suspect involvement of several others as well,” AIGP Subedi told The Rising Nepal.

The plan was hatched by Sanjib Aryal, an employer of Sarjan. Aryal, 31, of Syangja had been living in Kohalpur and he had brought Sapana in contact with Sarjan and the two had a court marriage on March 15, 2021.

Although Sapana had not truly married Sarjan, she was kept as the primary beneficiary of the insurance. “Sarjan was insured at Reliance Insurance’s Kohalpur branch on March 10, 2021. The same day Sanjib paid the first premium of Rs. 540,000 for Sarjan’s accidental insurance,” CIB’s statement read.

Sarjan was insured through Sardar Ahmad Khan, a 32-year-old resident of Ward No. 15 of Kohalpur. Khan is an insurance agent for Reliance Insurance Company and the owner of the motorcycle used by Sarjan when he was killed

by the minibus driven by Top Bahadur. The place where the accident took place was not the route of Top Bahadur. He had come there only to hit Sarjan,” read the statement.

“Sapana and Sarjan were not in contact despite being husband and wife legally. Sapana rather was in contact with Sanjib, the man who received Rs. 8.036 million of the insurance,” said AIGP Subedi.

Similarly, there was another individual who had received a large amount of money from the insurance. Dipak KC, a 38-year-old from Kohalpur, had received Rs. 6 million. Sapana had Rs. 8.689 million in her bank account and had transferred Rs. 1.746 million to the account of her mother Chhabi Kumari Khatri.

The transaction was made through the account of Sapana in KamanaSewa Development Bank. The account was opened on February 24, 2021 by Sanjib. Sanjib had also opened an account in the same bank for Sarjan on February 17, 2021.

“Sapana came in contact with Sanjib through Lalita Sapkota, a 21-year-old from Ward No. 1 of Kohalpur. Lalita had lured Sapana by assuring her of profit and to send her abroad,” said AIGP Subedi.

AIGP Subedi added, “Sanjib was behind all of this crime. He planned it, may be with Dipak, a man working from behind the scenes as he was in contact with everyone other than the victim. There are other individuals involved in this case as well. We will arrest all the involved individuals soon. There is still more to be revealed in this case.”

The intention behind insuring Sarjan was disclosed after the CIB arrested Sapana on July 25, 2022, from New Delhi airport, India, while she was en-route to Japan. She had a student visa to Japan.

“After Sapana’s arrest, we received much information and arrested five others from different places of Kohalpur, Banke, on July 27,” the CIB statement read. According to AIGP Subedi, they have initiated the investigation under fraud. “They will also be charged under the murder of Sarjan.

After the case came to light, the CIB has also started investigating into other cases of accidents in which the victims were insured

**Questions:**

- a. What went wrong while accepting the insurance policy by insurance company? Explain. [7.5]
- b. If you were a senior level manager, what are the areas you would like to examine before accepting insurance and in claim settlement process in this case? [7.5]

**THE END**



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R.No. ....

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

Course Code: MGT 454  
Time: 3:00 Hours

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

Tick the best answers.

1. Fundamental research is the type of research that
  - a. is made for performing the basic or pure research; it's theoretical research.
  - b. is intended for finding some solution to the problem considered.
  - c. includes fact-finding enquires and surveys
  - d. uses available information as the base to make the further critical evaluation.
2. Research hypotheses is
  - a. formulated prior to a review of the literature
  - b. statements of predicted relationships between variables
  - c. stated such that they can be confirmed or refuted
  - d. b and c
3. Increasing the sample size has the following effect upon the sampling error:
  - a. it increases the sampling error
  - b. it reduces the sampling error
  - c. it has no effect on the sampling error
  - d. all of the above
4. Research design is
  - a. a way of conducting research that is not grounded in theory.
  - b. the choice between using qualitative or quantitative methods.
  - c. the style in which you present your research findings, e.g. a graph.
  - d. a blueprint and framework for every stage of the collection and analysis of data.
5. An inductive theory is one that
  - a. allows theory to emerge out of the data
  - b. involves testing an explicitly defined hypothesis
  - c. allows for findings to feedback into the stock of knowledge
  - d. uses qualitative methods to build theory
6. Which one of the followings is not a secondary source of collection method?
  - a. Published source
  - b. Unpublished source
  - c. Computerized database
  - d. Interview
7. Researcher reviews the relevant literature to know
  - a. what is already known about the topic
  - b. what concepts and theories have been applied to the topic
  - c. who are the key contributors to the topic
  - d. all of the above
8. A systematic sample is one in which
  - a. every unit of the population has an equal chance of being selected.
  - b. every  $n^{\text{th}}$  unit from the sampling frame is selected.
  - c. making the result difficult to generalize.
  - d. the researcher has a certain quota of respondents to fill for various social groups.
9. A study that is used to study the relationship between two or more variables is known as
  - a. descriptive research design
  - b. correlational research design
  - c. case study
  - d. longitudinal research design

10. The last step in problem formulation is
- a. survey
  - b. discussion
  - c. literature survey
  - d. rephrasing the Research problem
11. The main characteristic of scientific research is:
- a. empirical
  - b. theoretical
  - c. experimental
  - d. all of the above
12. Which one of the followings is not a form of measurement validity?
- a. Concurrent validity
  - b. Face validity
  - c. Constructive validity
  - d. Convergent validity
13. The term secondary analysis refers to the technique of
- a. conducting a study of seconds, minutes and other measures of time.
  - b. analyzing existing data that have been collected by another person or organization.
  - c. analyzing your own data in two different ways.
  - d. working part time on a project alongside other responsibility.
14. Which one of the followings is a type of probability sampling?
- a. Quota sampling
  - b. Convenience sampling
  - c. Snowball sampling
  - d. Stratified random sampling
15. A variable that influences the dependent variable in a positive or negative way is known as
- a. dependent variable
  - b. independent variable
  - c. mediating variable
  - d. moderating variable

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

Answer any **EIGHT** questions:

1. Define scientific research. Show the difference between basic and applied research. [2+3]
2. What are the difficulties, a researcher faces while applying scientific methods in social science research? Explain. [5]
3. Discuss the ethical issues in research. [5]
4. Define the theoretical framework, in brief, with a suitable example. [5]
5. Differentiate between dependent and independent variables. [5]
6. What is a hypothesis? Describe null and alternative hypotheses with suitable examples. [2+3]
7. What is sampling? Explain the different types of sampling in brief. [2+3]
8. Briefly explain the purposes of preparing a research proposal. [5]
9. What are the major sources of measurement problem? [5]
10. List out the major factors to be considered while selecting a good research topic. [5]

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

Answer any **THREE** questions:

11. Why is literature review important in the research process? Describe the basic procedure that the researcher should consider during the literature review process. [5+5]
12. Compare and contrast the similarities and differences between quantitative research design and qualitative research design. Also, explain the factors to be considered for selecting an appropriate research design. [5+5]
13. What do you mean by measurement and scaling? Explain the most widely used classification of measurement scales with examples. [5+5]
14. What is the link between theory, concept, construct, operational definitions and variables in formulating conceptual framework in research? [10]
15. What is data collection? Discuss the various methods of data collection. [3+7]

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

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

Higher education division of BG Group of company faces problems from the human resource sector. It had encountered low morale, motivation, satisfaction, and finally low service delivery and efficiency. Mr. Binod Gyawali CEO of BG Group suggested to Ms. Prakirti, head of the HR Department to individual. Mr. Binod also suggested reviewing the existing remuneration and performance evaluation system. Ms. Prakirti reviews the payment and performance evaluation system. But the team spirit was not improving and simultaneously not improving in any performance indicators like satisfaction, commitment, quality service, and productivity.

Mr. Binod decided to hire a research expert and decided to undertake research so as to find out the real problem, find out the causes of the problem, and suggest remedial measures for such problems. In the

consultation with Ms. Prakirti, he decided to hire you as a researcher. Ms. Prakirti explained to you that team was not effective and is apathetic and there could be multiple reasons for this. Thus, it was essential that the team be studied to identify what was the group's reaction to the working condition in identify what was the group reaction to working conditions in the division. Also, it was important to identify what was perceived as the major problem area. There might be a difference between the old and new employees. This angle was to be given due recognition while conducting a survey. Ms. Prakirti said, it seems to be a logical approach to the problem, but don't you think that before you go to the team members you must at least identify what could be the reasons for the low performance by looking at the other organizations?

As an expert, you said, "I think there is a lot of merit in what you said, so this is what I will do"

- a. Which research design do you think is appropriate for the study of this issue? Why? [5]
- b. Identify the major variables that are to be considered while undertaking the research. Construct your conceptual framework. [3]
- c. Formulate hypotheses for the study [2]
- d. Write a statement of the problem and objectives of the study. [5]

**THE END**

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R.No. ....

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Course Code: MGT 452  
Time: 3:00 Hours

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

Tick the best answers.

1. Strategy can be defined as the ..... game plan of the organization.
  - a. future oriented
  - b. past oriented
  - c. present oriented
  - d. quick
2. Which one of the followings is the feature of strategic management?
  - a. Systematic Process
  - b. Dynamic Process
  - c. Ends and Means
  - d. All of the above
3. The purpose and the reason of an organization existence can be described as:
  - a. Strategic Intent
  - b. Strategic Management
  - c. Strategic Plan
  - d. Strategic Decision
4. Which one of the followings is a component of operating environment of a business?
  - a. Technological Factor
  - b. Customers
  - c. Ecological Factor
  - d. Global Factor
5. The economic factors affecting a business includes:
  - a. economic cycle
  - b. political parties
  - c. government
  - d. technological advancement
6. Which one of the following is a component of Porter's Five Forces Model?
  - a. Bargaining Power of Buyers
  - b. Threat of Substitute Products
  - c. Bargaining Power of Suppliers
  - d. All of the Above
7. The process of identifying competitors in your industry and researching their different marketing strategies is known as:
  - a. value chain analysis
  - b. scenario planning
  - c. competitors analysis
  - d. pastel analysis
8. Strategic Group consists of close competitors who:
  - a. cover similar geographic areas
  - b. sell in similar price range
  - c. have comparable product line breadth
  - d. all of the above
9. The external business environment analysis helps us know about:
  - a. opportunities and threats of a business
  - b. strengths and threats of a business
  - c. opportunities and strengths of a business
  - d. strengths and weaknesses of a business
10. Conglomerate diversification strategy is concerned with the addition of.....
  - a. related
  - b. unrelated
  - c. integration
  - d. none of the above

11. Which one of the followings is a feature of product development strategy?
- a. Expansion of current product into new market
  - b. Sale of current product in current market
  - c. Imitation, modification or launch of innovative product
  - d. Doing nothing
12. Which one of the followings is a variation of stability strategy used by a business?
- a. Divestment
  - b. Market Penetration
  - c. Integration
  - d. No Change Strategy
13. A ..... is an agreement that unites two existing companies into one new company.
- a. merger
  - b. takeover
  - c. joint venture
  - d. strategic alliance
14. The strategy of *competing based on low price to target a wider market* is known as.....
- a. differentiation strategy
  - b. cost leadership strategy
  - c. focused differentiation strategy
  - d. focused cost leadership strategy
15. .... control is the process used by organizations to control the formation and execution of strategic plans.
- a. Strategic
  - b. Business
  - c. Operational
  - d. Market

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

Answer any **EIGHT** questions:

1. What is strategic management? Why is it important for modern businesses? [2+3]
2. Define strategic intent. What are its key components? [2+3]
3. Define benchmarking. What are the different types of benchmarking techniques? [2+3]
4. What is competitors analysis? How can it help an organization? [2+3]
5. What is SWOT analysis? Prepare a short SWOT analysis of your own college. [2+3]
6. What are the different types of growth through intensification strategy? Discuss briefly. [5]
7. What is strategic alliance? How does it help an organization? [2+3]
8. What do you mean by BCG matrix? What are its uses and limitations? [2+3]
9. Briefly discuss the different foreign market entry strategies that can be used by an organization. [5]
10. Differentiate between strategic formulation and strategic implementation. [5]

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

Answer any **THREE** questions:

11. "Political situation of a country has a key impact on business decisions." What are the key political factors that a business should consider while monitoring the impact of those factors in the business?
12. "Value chain analysis is an important technique to understand the areas of value addition in a business." Discuss the concept of value chain analysis with its key implications for business.
13. "Porters Five Forces Model is considered as a critical weapon in assessing competitive position of an organization in a given industry." What is so special about this model? Discuss.
14. "Strategic implementation is a challenging process." Discuss what makes the process so challenging.
15. What are the different business level strategies that can be pursued by a business in order to be competitive in the market? Discuss.

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

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

Nepalese financial sector comprising of banks, finance companies and credit & saving cooperatives has been going through challenges since last 4-5 years. It started with the cash crunch felt by general people during the Dashain festival two years back.

However, problems surfaced before that when NB bank and Lumbini bank were taken under control by Nepal Rastra Bank (NRB) due to the mismanagement of fund by BOD and CEO. A worse scenario was the declaration of bankruptcy of Nepal Development Bank. The effect now a days has come down to finance companies like Samjhana, Peoples Finance, Nepal Share Market, Capital Merchant and Finance Company etc.

NRB which use to apply hard measures to regulate banking sector has been forced to offer last resort lending fund, ease in housing loan, increase in margin for share market and renewal in old loans taken by business sector.

Financial sector has been intensely competitive in recent years for deposit collection offering attractive package like: zero balance, free ATM and ABBS, utilities payment facilities, internet/mobile banking operation and even gift hampers for new account opening. Banks have already added Deposit Marketing department recruiting young MBA and BBA graduates who are asked to go for aggressive marketing. Similarly they have also offered a lot of additional perks for opening deposit accounts for customers.

On the other hand, operation cost of the banks have increased due to sophisticated banking service, use of technology and increased competition. Situation is worsening due to the lower gap of spread margin.

NRB in order to hide its regulating efficiency is suggesting for merger in financial sector and recommending depositors to assess the financial health of the institution before placing their deposits. Questions is raised in such situation doubting the regulating efficiency of the NRB; how a simple and straight forward public could judge the indicators of the bank when the entire NRB mechanism with the nation's most well paid human resource fail to anticipate and manage the financial issues and problem?

- a. Explain, in brief, the competitive environment faced by the bank internally and externally. [7.5]
- b. In the light of the case along with your personal judgement what should be the appropriate strategies to be formulated by Nepalese commercial banks to remain competitive? [7.5]

**THE END**



Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2080  
Bachelor of Business Administration (BBA)  
Semester - V

R.No. ....

Subject: Management Accounting

Course Code: MGT 453

Full Marks: 100 Pass Marks: 50

Time: 3:00 Hours

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

*Tick the best answers.*

1. The cost which varies with the level of output is called.....
  - a. variable cost
  - b. semi-variable cost
  - c. fixed cost
  - d. step fixed cost
2. Which one of the followings is not the relevant cost?
  - a. Direct material
  - b. Allocated fixed cost
  - c. Opportunity cost
  - d. Direct labor
3. Which one of the followings is the feature of financial accounting?
  - a. Futuristic in nature
  - b. Not mandatory
  - c. Guided by GAAP
  - d. Reporting to internal users
4. Management accounting produces information to .....
  - a. government
  - b. suppliers
  - c. internal user
  - d. investors
5. Neutron Company reported net sales of Rs.40,00,000 and a total cost of Rs. 30,00,000. How much would be the total fixed cost, if the variable cost is 60% of sales?
  - a. Rs.6,00,000
  - b. Rs. 24,00,000
  - c. Rs.5,00,000
  - d. Rs.10,00,000
6. Net income reported by variable costing is Rs. 200,000. The opening as well as closing stock was Rs.15,000 and Rs.25,000 respectively with SFOR Rs.5. Then the net income reported by the absorption costing would be....
  - a. Rs.150,000
  - b. Rs. 225,000
  - c. Rs.250,000
  - d. Rs. 300,000
7. A manufacturing company has set a standard of 4 hours of labour to produce one unit of output. The standard rate per hour is Rs.5. The company produced 20,000 units of the actual output using 90,000 hours @ Rs.4.5 each. The labour rate variance would be....
  - a. Rs.45,000
  - b. Rs.55,000
  - c. Rs. 42,500
  - d. Rs.90,000
8. Which one of the followings is a fixed cost?
  - a. Direct labour
  - b. Direct material
  - c. Depreciation
  - d. Direct expenses
9. Which one of the followings statement is not true?
  - a. Under absorption costing, the inventorial cost includes prime cost and total overheads.
  - b. Variable costing income statement always reports a lower amount of profit.
  - c. Variable costing income statement aims to report managers.
  - d. Under variable costing, the inventorial cost includes prime cost and variable overheads only.

10. Which one of the followings is not the cost classification for the managerial decision?
- a. Avoidable and unavoidable cost
  - b. Opportunity cost
  - c. Product and period cost
  - d. Relevant and irrelevant cost
11. The total cost is Rs.160,000 and Rs. 240,000 respectively for the output levels 30,000 unit and 50,000 units. Then the VCPU and FC would be;
- a. Rs. 4 and Rs.40,000
  - b. Rs. 4 and Rs.20,000
  - c. Rs.6 and 90,000
  - d. Rs.5 and Rs. 40,000
12. The net income reported by the variable costing would be greater than absorption costing when,
- a. beginning inventory is more than ending inventory.
  - b. beginning inventory is equal to ending inventory.
  - c. beginning inventory is less than ending inventory.
  - d. sales unit is more than production unit.
13. The fixed cost of a company is Rs.12,00,000, selling price and variable cost per unit is Rs.30 and Rs.20 respectively. What would be the break-even units?
- a. 40,000 units
  - b. 120,000 units
  - c. 60,000 units
  - d. 24,000 units
14. The total cost at 36,000 units level is Rs. Rs.300,000 of which 60% is a variable cost. How much will be the budgeted cost for 50,000 units?
- a. Rs.200,000
  - b. Rs.250,000
  - c. Rs. 370,000
  - d. Rs. 100,000
15. When beginning inventory is of 20,000 units, budgeted sales of 180,000 units, and ending inventory of 40,000 units, then production units would be;
- a. 1,40,000 units
  - b. 200,000 units
  - c. 110,000 units
  - d. 220,000 units

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*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. The flexible budget is an important tool for overhead control. Discuss. [5]
2. Differentiate between financial and management accounting. [5]
3. Explain the main objectives of management accounting. [5]
4. What do you mean by opportunity cost? Illustrate. [5]
5. Variable costing income statement is important for internal reporting. Discuss. [5]
6. Narayani Company has provided the following information regarding its material cost.

Standard: one unit of output needs 3 kg @Rs.10 per kg.

The actual result shows that the company produced 25,000 units using 71,000 kg of material @Rs.9.5 per kg.

**Required:** Material usage, price, and cost variance. [2+2+1]

7. XYZ company has an annual capacity of 200,000 units of which 90% is currently utilized. The company received an offer of 18,000 units at a reduced price of Rs.85 per unit. The regular selling price is Rs.100 per unit. The variable cost per unit is Rs.70 and the total fixed cost for the period is Rs.200,000.

**Required:** Prepare a differential income statement and recommend whether the offer should be accepted? [5]

8. Khimchi Company provided the following information:

Sales for the year 20,000 units is @ Rs.30

The variable cost per unit is Rs.18, and the fixed cost is Rs.240,000.

**Required:**

- a. Breakeven point units [2]
- b. Margin of safety units [2]
- c. Desired sales to earn before tax profit is of Rs. 120,000. [1]
9. Following is the information relating to the overheads of a company.

Normal capacity 60,000 DLH with normal fixed cost Rs.500,000

Standard hour per unit of output = 3 hrs

Variable overhead rate (SVOR) = Rs. 5 per hrs.

Actual output = 22,000 units

Actual labor hour worked = 62,000 DLH with actual overheads Rs. 860,000

**Required:** Three overhead variances.[2+2+1]

10. Makwanpur Manufacturer provided the following information;

Month	January	February	March	April	May
Budgeted sales units	10,000	15,000	20,000	25,000	30,000

The inventory planning of the house is to meet the sales order of the next month. One unit of finished goods needs 4 Kg of material is @ Rs.5 per kg. The raw material inventory policy is to keep enough material required to meet the next month's production needs.

**Required:** Production budget and raw material purchase budget for the first three months. [3+2]

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

Answer any **THREE** questions:

11. "Management accounting assists manager by providing information for planning and decision making". In light of this statement, highlight the importance and contemporary issues of management accounting. [5+5]
12. What is the cost volume profit analysis? What are the main assumptions and limitations of CVP analysis? [2+4+4]
13. Auto Company Limited has provided the following income statement for the year...

Products	Plain	Fancy
Sales units	25,000	35,000
Selling price per unit	Rs. 200	Rs.150
Variable cost per unit	Rs.150	Rs.100
Less: Fixed cost Rs:		
Departmental	150,000	250,000
Joint fixed cost		300,000

**Required:**

- a. Overall, BEP units and individual products too. [6]
  - b. Desired sales units is to earn Rs. 150,000 [2]
  - c. Desired sales units is to earn Rs. 150,000 after tax, assuming the tax rate is 25% [2]
14. Kuber Company has produced the information regarding its overhead cost at the different volumes of production as:

Production in units	15,000	20,000
Costs in Rs.:		
Direct material	300,000	400,000
Direct labour	150,000	200,000
Indirect material	45,000	60,000
Indirect labor	150,000	200,000
Supervision cost	75,000	95,000
Heat, light, and power	70,000	90,000
Depreciation and others	200,000	200,000

**Required:**

- a. Develop flexible budget formula. [6]
  - b. Flexible budget for 30,000 and 40,000 units of output showing cost per unit [2+2]
15. Kamana Manufacturing company supplied the following information for the year-end.

Production units	120,000
Opening stock (units)	10,000
Sales (units)	110,000
Fixed manufacturing cost at a normal volume of 100,000 units	400,000
Fixed selling expenses (Rs.)	180,000
Direct material cost per unit	Rs. 30
Direct labor cost per unit	Rs. 15
Variable manufacturing cost per unit	Rs. 5

Variable selling expenses per unit	Rs.4
Selling price per unit	Rs. 70

**Required:**

- Income statement under absorption costing.[5]
- Income statement under variable costing[5]

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

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

Nepal Lever Ltd. Has a strong belief in using highly decentralized management. As a new manager of one of its small stores, you have been asked to prepare a complete master budget for your store for June, July, and August of 2023. The store has the following data as of May 31, 2022.

Balance Sheet		Recent and Projected Sales Rs	
Cash	Rs 29,000	April	300,000
Inventory	420,000	May	350,000
Accounts receivable	400,000	June	700,000
Net furniture	168,000	July	400,000
		August	400,000
		September	300,000
<b>Total assets</b>	<b><u>10,17,000</u></b>		
Accounts payable	425,000		
Retained earnings	81,000		
Owners' equity	511,000		
<b>Total liabilities and owners' equities</b>	<b>Rs</b>		
	<b>10,17,000</b>		

Cash sales will be 20% and credit sales will be 80% of total sales. Credit accounts are collected 50% in the month following the sale and 50% in the next following month. The average gross profit on sales is 40%.

The policy is to acquire enough inventories each month to equal the following month's projected sales. All purchases are paid for in the month following the purchase.

Salaries, wages, and commissions are average 10% of sales; all other variable expenses are also 10% of sales. Fixed expenses for rent, property taxes, miscellaneous payroll, and other items is of total Rs 55,000 per month. Assume that these variables and fixed expenses are required to pay in the same month of occurrence. Depreciation is Rs 2,500 monthly.

Assume that a minimum cash balance of Rs 25,000 is to be maintained. Also, assume that all borrowings are effective at the beginning of the month and all repayments are made at the end of the month of repayment. Interests are paid only at the time of repaying the principal. The interest rate is 12% per annum. All loans borrowing and repayments of principal must be made in multiples of 1,000 rupees.

**Required:**

- Merchandise purchase budget for three months June, July, and August. [4]
- Cash collection and disbursement budget [6]
- Budgeted income statement for three months ending August [3]
- Budgeted balance sheet as of August end [2]

**THE END**