

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

Subject: Business Law
Full Marks: 100 Pass Marks: 50

R.No.

Course Code: MGT 331

Time: 3:00 Hours

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

Tick the best answers.

1. An agreement consists of reciprocal promises between at least:
 - a. Four parties.
 - b. Six parties.
 - c. Three parties.
 - d. Two parties.
2. Every promise and every set of promise forming the consideration for each other is /an:
 - a. Contract.
 - b. Agreement.
 - c. Offer.
 - d. Acceptance
3. Valid contracts:
 - a. Are made by free consent.
 - b. Are made by competent parties.
 - c. Have lawful consideration and lawful object.
 - d. All of the above.
4. A minor who claims to be over the age of majority commits:
 - a. Fraud.
 - b. Misrepresentation.
 - c. Extortion.
 - d. Larceny.
5. A promise to deliver his watch to B and, in return, B promises to pay a sum of 3000. This is a /an:
 - a. Agreement.
 - b. Proposal.
 - c. Acceptance.
 - d. Offer.
6. A legal means of enforcing a right or correcting a wrong is a (n):
 - a. Breach.
 - b. Remedy.
 - c. Avoidance.
 - d. Beneficiary
7. What is the responsibility of the finder of goods?
 - a. Same responsibility as a bailee.
 - b. Same responsibility as a trustee.
 - c. Same responsibility as a pledgee.
 - d. Same responsibility as the owner.
8. The offeree's refusal, or, of an offer ends that offer.
 - a. Rejection.
 - b. Revocation.
 - c. Implication.
 - d. Expression.
9. Contractual rights and duties are created by:
 - a. State.
 - b. Statute.
 - c. Parties.
 - d. Custom or usage
10. is made by words written.
 - a. Express contract.
 - b. Implied contract.
 - c. Indirect contract.
 - d. Unlawful contract.

11. A contract in which, under the terms of a contract, one or both the parties have still to perform their obligations in future is known as:
- a. Executed contract.
 - b. Executory contract.
 - c. Unilateral contract.
 - d. None of the above.
12. When contracts eventually end, they are said to be:
- a. Rejected.
 - b. Avoided.
 - c. Discharged.
 - d. Unenforceable.
13. Which of these contracts has three parties consisting of creditor, principle debtor and surety?
- a. Contract of indemnity.
 - b. Contract of surety.
 - c. Contract of pledge.
 - d. Contract of guarantee
14. Award means:
- a. Prize
 - b. Reward
 - c. Decision of arbitrator
 - d. Verdict of court
15. Shareholders are:
- a. Owners
 - b. Creditors
 - c. Debtors
 - d. Managers

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

Answer any **EIGHT** questions:

1. 'The scope of business law is growing as a part of law'. Discuss. [5]
2. "No consideration no contract". Elucidate with examples. [5]
3. What do you understand by performance of contract? Why is it important in business field? [2+3]
4. Define the 'remedies for the breach of a contract'. What are the remedies for an injured party? [2+3]
5. What is bailment? What are the essential features of a bailment contract? [1+4]
6. What is a contract of guarantee? Distinguish it from a contract of indemnity. [1+4]
7. Who is a finder of lost goods? Explain the rights and duties of a finder of lost goods. [1+4]
8. What are the rights and powers of an auditor? State in brief the conditions of removal of an auditor. [2+3]
9. Discuss the importance of arbitration in business and business law. [5]
10. What do you mean by intellectual property? Why is IP right given to a person? [1+4]

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

Answer any **THREE** questions:

11. What do you mean by a contract? What are the essential elements of a valid contract? [3+7]
12. What do you mean by termination of a contract? Explain the different modes of termination of contract. [3+7]
13. What are the modes of creating agency? Explain. [10]
14. Define the term 'Sale' and 'Agreement to Sale' and distinguish between them. [10]
15. What is company? Explain the features of company. [3+7]

SECTION D: CASE STUDY (15 MARKS)

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

Mr. Ravi Timilsina went to Rukum West to start his new business. He was thinking to open goat firm by taking land in lease for some period of time. So for this purpose he talked to few people there and after some period of time he met the boy named Romharsh Gautam and discussed the planning about his business. Then Romharsh replied to Mr. Timilsina that he had sufficient land and will give his land in a lease to start his business in less cost. Mr. Timilsina immediately made a lease contract with him and paid him advance payment as a consideration too. But after few days, family members of Romharsh Gautam came to Mr. Timilsina and denied to give land in lease contract. They explained to Mr. Timilsina that Romharsh being only 16 years old minor, contract between them is void and none of his guardian were also present while making contract as well. But Mr. Ravi Timilsina warned them to file against Romharsh for the breach of contract.

Questions:

- a. What do you mean by void, voidable and valid contract? What are the contracts that are mentioned by Civil Code 2074 as void contract? [5]
- b. Whether the contract between Mr. Ravi Timilsina and Mr. Romharsh Gautam is valid contract or not? And why? [5]
- c. What do you mean by contractual capacity and who are the persons competent to conclude contract according to Muluki Civil Code 2074? Why do you think law has limited the power for some categories of people like Romharsh Gautam to make contracts? [5]

THE END

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Semester - III

R.No.

Subject: Human Resource Management
Full Marks: 100 Pass Marks: 50

Course Code: MGT 332
Time: 3:00 Hours

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

Tick the best answers.

1. HRM can be understood as a process of:
 - a. processing
 - b. developing
 - c. maintaining people
 - d. all the above
2. The significant role of Human Resource department is _____.
 - a. Assurance
 - b. Accountability
 - c. Service
 - d. Day to Day activity
3. Job analysis is a systematic procedure for securing and reporting information defining a _____.
 - a. Specific Performance
 - b. Specific job
 - c. Specific Service
 - d. Specific knowledge
4. The importance of HRP is _____.
 - a. Prepare high talent personnel
 - b. Equal employment opportunity
 - c. Foundation for HR functions
 - d. All of the above
5. A process of assigning a specific job to each of the selected candidates is known as:
 - a. Induction
 - b. Placement
 - c. Selection
 - d. Orientation
6. Recruitment is the process of _____.
 - a. Training
 - b. Learning
 - c. Seeking potential candidates
 - d. Analyzing organizational performance
7. What does job specification includes?
 - a. Personal Characteristic
 - b. Physical characteristic
 - c. Psychological Characteristics
 - d. All of the above
8. A/An _____ is a plan or a program scheme that helps to motivate an individual or group to deliver outstanding performance.
 - a. Promotion Scheme
 - b. Incentive Scheme
 - c. Reward
 - d. None of the above
9. Method of employee training is _____.
 - a. On-the-job and off-the-method
 - b. HRIS
 - c. Talent management technique
 - d. Behavior modeling
10. Performance appraisal means _____.
 - a. Deciding the value of the work done by an individual.
 - b. Studying the human behavior of each employee
 - c. Emphasizing skilled workers for productivity
 - d. All of the above

11. Industrial relations cover the following area(s) of:

a. Collective bargaining

b. Labour legislation

c. Industrial relations training

d. All of the above

12. _____ is a systematic approach to providing monetary value to employees.

a. Salary

b. Allowances

c. Compensation

d. Rewards

13. What is the maximum wage period for the payment of wages?

a. 1 month

b. 40 days

c. 45 days

d. 60 days

14. Promotion is basically a reward for _____

a. Efficiency

b. Seniority

c. Physical fitness

d. Retention

15. The perspective for the need of HR is:

a. Selects the legal employee

b. Promotes the skill of employee

c. Empower the employee

d. Right person for the right job

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

Answer any **EIGHT** questions:

1. Define HR management. Discuss the outcomes of HRM system. [1+4]
2. What is human resource planning? Mention its major significant roles. [1+4]
3. What is the difference between job specification and job description? [5]
4. What are the five core dimensions of job characteristics model of job design? [5]
5. Discuss any two methods of on-the-job and off-the-job management development. [5]
6. Define indirect compensation. Explain the compensation practices in Nepalese organizations. [5]
7. Differentiate between Personnel Management and HRM.
8. What is placement? What is the importance of placement in HRM? [1+4]
9. What is promotion in HRM? How do you promote human resources? [1+4]
10. What does Globalization mean for HR? How does globalization affect HRM? [1+4]

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

Answer any **THREE** questions:

11. What is HRM Outsourcing? Describe the emerging challenges in HRM in global perspective. [3+7]
12. Managers need to understand why effective recruiting is important to retain a more diverse workforce. Briefly explain internal sources of recruitment. [10]
13. What is employee selection? Describe the selection process that helps the organizations to find the most suitable candidate. [2+8]
14. Discuss the different methods of performance appraisal used under relative standard category. [10]
15. What do you understand by Industrial relation? Discuss the major issues of industrial relation system in Nepal. [10]

SECTION D: CASE STUDY (15 MARKS)

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

Rastriya Banijya Bank Limited (RBBL) is the fully government owned, and is the largest commercial bank in Nepal. RBBL was established on January 23, 1966. RBBL provides various banking services to a wide range of customers including banks, insurance companies, industries, trading houses, airlines, hotels, and many other sectors. It has most wide-ranging banking network with over 179 branches. The Bank with as many as 1.7 million satisfied /direct customers ranging from poor to elite ones and millions of indirect ones, has drawn important name in the picture of country's economy through its significant involvement in the best use of its resources to enhance the production, income and employment opportunities. The Bank is fully committed to contribute its best for the socio-economic development of the country and people in the days to come.

From 1980 - 1990, the RBB suffered from deficiencies in governance, regulatory compliance, capital adequacy, credit risk management. In the early 1990s, the government injected some capital into the Bank, initiated recovery activities, installed a new management team, but it could not sustain the Bank over the long term. The bank was making loss continuously. Thereafter, the Bank operated in the black, and the annual losses were high from the year 2000, and the cumulative losses amounted to Rs. 24 billion in 2003. The RBBL is the largest bank in Nepal operating a wide branch network and providing extensive banking services to the rural and urban areas. It is imperative for the authorities to act and prevent the Bank from failing. A financial sector reform programme was launched by the government with the technical support of the World Bank. The programme has covered the restructuring of the RBBL.

The central bank of Nepal emplaced a foreign management team in January 2003 in RBBL, adopting the international bidding process. Under restructuring, the Bank saw improvements in its financials, governance and operations. The employees decreased from 5583 in 2002 to 2600 now. The level of negative capital has been reduced. The Bank reported profitability continuously from 2004 onwards. The annual audit of the Bank is being completed each year. Its systems and procedures are being improved. The bank has computerized its branch banking operations and the Bank introduced its ATM service in 2007. The level of Non-Performing Assets (NPA) has decreased from 60.15 percent as of July 2003 to 3.11 percent as of January 2018.

The new management team has brought about a lucrative financial institution after five years of rigorous exercise, relating to reform in the bank. RBBL has made significant progress during this period. From an almost a dead bank, it has become an awakened bank. In order to right-size human resources, RBBL conducted three rounds of voluntary retirement schemes (VRS) and has downsized the organization. On the human resources front, the change in working culture and grooming positive attitude among employees has been a milestone, which will be crucial in running the bank efficiently in future too. Before the restructuring, there was no specific job portfolio for employees. After the change in management, the bank raised pay and perks by up to 55 per cent during the last four years. Introduction of computerized operation system, ABBS system, introduction of new product and services, ATM and issuance of debit cards (Visa card) are going on aggressively.

The state-owned RBBL will be ready for privatization within a year or two, says, CEO of the RBBL.

Questions:

- a. Discuss the major issues of the RBBL before the restructuring program.
- b. Explain the approaches adopted by RBBL for the restructuring.
- c. Is it good to privatize the RBBL in the present situation? Justify your answer. Discuss the competitive advantage of RBBL.
- d. If you were the CEO of the RBBL, what would be your strategy to make it a learning organization? Discuss.

THE END

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Bachelor of Business Administration (BBA)
Semester - III

R.No.

Subject: Cost Accounting

Course Code: MGT 333

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. Which one of the followings is the best suitable one for process costing?
 - a. Hospitals
 - b. Oil refining firm
 - c. Transport
 - d. School / College
2. Indirect materials used in production are classified as
 - a. Office Overheads
 - b. Selling Overheads
 - c. Factory Overheads
 - d. Distribution Overheads
3. The following information relates to the process for one month:
Input 8,000 units
How many units will be achieved as output from the process if 10% normal loss and 200 units abnormal loss is expected?
 - a. 6,300 units
 - b. 6,500 units
 - c. 6,600 units
 - d. 7,000 units
4. Bad debt is :
 - a. Shown in cost accounting
 - b. Shown in financial accounting
 - c. Ignored
 - d. None of the above
5. The process of allocating overhead of service department into production department is known as:
 - a. Allocation
 - b. Apportionment
 - c. Re- apportionment
 - d. Segregation
6. The economic order quantity for a product is 600 units. The annual ordering cost is Rs 4,800. Which one of the followings is true?
 - a. The annual demand for a product is 600 units
 - b. The annual carrying cost is Rs 4,800
 - c. The average carrying cost per unit is Rs 8
 - d. The cost of placing an order is Rs 8
7. The workers who are entitled to the wages on the basis of their output are called as:
 - a. Out workers
 - b. Daily workers
 - c. Casual worker
 - d. Piece workers
8. The power expenses is best apportioned to cost centers using:
 - a. Horse power
 - b. Machine hour
 - c. The value of machinery
 - d. Machine hour × Horse power
9. How many rates are used to calculate the wages under Taylors' piece rate system?
 - a. Two
 - b. Three
 - c. Four
 - d. Five
10. Re-order quantity is defined as:
 - a. How much to buy?
 - b. What to buy?
 - c. When to buy?
 - d. Why to buy?
11. A low turnover is the indication of:
 - a. High productivity
 - b. High cost of production
 - c. Ineffective personnel management
 - d. Effective training

12. Cost account concepts includes all the followings except:
- a. Planning
 - b. Profit sharing
 - c. Controlling
 - d. Product costing
13. The loss which arises in manufacturing activities on account of inherent nature of product is
- a. Gross loss
 - b. Normal loss
 - c. Net loss
 - d. Abnormal loss
14. Cost account is an important system developed for:
- a. Shareholder
 - b. Management
 - c. Financial institution
 - d. Government
15. $\frac{2}{3}$ portion of notional profit can be transferred to P/L account:
- a. When the contract just started
 - b. More than $\frac{1}{2}$ portion of contract completed
 - c. Less than $\frac{1}{2}$ Portion of contract completed
 - d. None of the above

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

Answer any **EIGHT** questions:

1. What do you mean by cost? Briefly explain the methods of classifications of cost. [5]
2. Briefly write about controllable and uncontrollable costs. [5]
3. Differentiate between time rate and piece rate systems of wages payment with examples. [5]
4. Explain the contract costing with its objectives. [5]
5. Cost structure of ABC Company at the different volumes of production has been given below.

Production in units	200	400	600	800	1000
Cost in Rs	1,500	2,300	3,100	3,900	4,700

Required: a) Segregation of cost into variable and fixed component using least square method
 b) Total cost for 1200 units [5]

6. The following pieces of information of inventory requirement were given.

- Daily need 500 units
- Ordering cost per order Rs 40
- Carrying cost per year 40 % of inventory value,
- Days in a year 360 days

Required: a) EOQ b) Total cost of EOQ c) Length of inventory cycle [3+2]

7. The standard time for a job is 160 hours. The hourly rate of guaranteed wages is Rs 12 per hours. Because of saving time, a worker gets an hourly rate of Rs 15 under Rowan premium plan.

Required: Total earning of the worker under Halsey premium plan [5]

8. Explain the conditions of determining profit and loss on incomplete contract. [5]

9. The following information is available from the books of Manakamana Company.

- a) Net profit as per cost account is Rs 1,25,500.
- b) Depreciation charged in financial account is Rs 40,000 while recorded in cost account Rs 42,500
- c) Works overhead over absorbed in cost account is by Rs 27,500.
- d) Dividend paid Rs 25,000 not recorded by cost account.
- e) Profit on sales of furniture Rs 22,500 recorded in financial account only.
- f) Opening stock over charged in financial account by Rs 20000.

Required: Cost reconciliation statement. [5]

10. The following pieces information of inventory requirement were given.

- Maximum stock level 120,000 units
- Re- order level 60,000 units
- Consumption/day (2,000 – 4,000) units
- Re- order period (20-30) days

Required: a) Re- order quantity b) Minimum stock level c) Average stock level [2.5+2.5]

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

Answer any **THREE** questions:

11. Explain the important objectives of cost accounting. In what essential respects does cost accounting differ from the financial accounting? [5+5]
12. The details of cost and other costs of 10000 units are as follows:
 Direct material Rs 40,000 Direct Wages Rs 50,000
 Factory overhead Rs 20,000 Office overhead Rs 22,000
 Selling overhead Rs 16,500 Sales Rs 178,200
 Estimate the cost for 12000 units for tender, when material cost will go up by 10%
 Wages reduced by 10%, works overhead increased by 10% and selling expenses increased by 5%
Required: Cost Sheet and Tender Sheet [5+5]
13. The following particulars relate to a contract undertaken by a firm of contractors:

Particular	Amount Rs.
Material at site	85349
Labor engaged on site	74375
Plant installed on site	15000
Direct expenses	3167
Establishment expenses	4126
Material return to store	549
Work certified by Architecture	195000
Cost of work not yet certified	4500
Material at end	1883
Outstanding wages	2400
Direct expenses accrued	240
Plant at end	11000

The contract price was agreed at Rs. 250,000. Cash received from contractee was Rs. 180,000.

Required: You are required to prepare a contract account, contractee's account, and show suitable items in the Balance sheet of the contractors as on 31 March. [10]

14. Indusankar Sugar Company Ltd. has three production departments X, Y, Z and two service departments S1 and S2. The actual cost for a period are as follows:

Rent and rates Rs 9,600 Sundry expenses Rs 8,000
 Depreciation Rs 10,000 Supervisory expenses Rs 20,000

Particulars	X	Y	Z	S1	S2
Direct wages (Rs)	15,000	5,000	10,000	5,000	5,000
Direct Material (Rs)	5,000	10,000	5,000	3,000	2,000
Area in Sq. feet.	500	1,000	400	300	200
Value of plant	60,000	40,000	50,000	25,000	25,000
Number of employees	50	60	40	20	30
Service rendered by S1	30%	40%	30%	-	-
Service rendered by S2	55%	25%	20%	-	-

Required: Apportionment of the overhead cost to the various departments on the most equitable basis. [10]

15. The finished product of a factory has to pass through three processes P1, P2 and P3. The output of process 1 becomes the input of process 2 and output 2 becomes the input of Process 3. The entire output of process 3 was transferred to warehouse. The following further information is obtained.

Particulars	Process 1	Process 2	Process 3
Input 1000 units			
Material	25,000	-	-
Direct wages (Rs)	10,000	15,100	17,300
Factory overhead (Rs)	17,500	21,130	25,000
Normal wastage	7,500	10,000	12,500
Scrap value per unit (Rs)	10%	5%	10%
Output in units	15	25	30
	920	870	800

Required: a) Process P1, P2 and P3 Accounts b) Normal account
c) Abnormal gain account d) Abnormal loss account

[3+3+4]

SECTION D: CASE STUDY (15 MARKS)

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

Activity based costing system is concerned with ascertainment of costs. In ABC, resources are assigned to activities based upon consumption and activities are assigned to cost objectives based on consumption. ABC assumes and gives due importance to causal relationship of cost drivers to activities.

In traditional costing system, overhead costs are assumed to be influenced by only level of activity that is units, labour hours and machine hours produced.

A company ltd. makes three main products using broadly the same production method and equipment for each. A traditional product costing system is used at present although an ABC system is being considered. Details of the three products and relevant information for a period are:

Particulars	Product P	Product Q	Product R
Output in units	420	280	560
Data per product per unit:			
Direct Material cost (Rs.)	50	60	30
Direct labour hour	25	19	15
Machine hour	5	4	3

The production overheads and cost drivers are as follows:

Overheads	Cost drivers	Amount (Rs)
Volume related cost	Machine hour	36,750
Material handling cost	No. of order executive	97,650
Quality control cost	No. of production run	36000
Set up cost	No. of production runs	101,430
Store receiving expenses	Requisition raised	79,785

Additional information:

- The total number of orders executed was 63, each order being in a batch 20 units for each product.
- The products are usually produced in production run of 70 units per and sold in a batch of 40 units.
- The number of requisition raised on the stores for material purchase for product P, Q and R were 10,15 and 20 respectively.

Required:

- Calculate the cost per unit of each product by using traditional costing method. [4]
- Find out the rate of each cost driver involved in manufacturing three products. [4]
- Compute the cost of each product under activity based costing method. [2]
- Comment on the reasons for any differences in the cost between traditional and ABC method. [2]
- What will you suggest the management to choose more appropriate method of product costing? Why? [3]

THE END

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Subject: Tourism and Hospitality Management
Full Marks: 100 Pass Marks: 50

R.No.
Course Code: MGT 334
Time: 3:00 Hours

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

Tick the best answers.

1. Which one of the followings is the value of Hospitality and Tourism Industry?
 - a. Creating jobs
 - b. Increasing income to the community
 - c. Keeping local culture and tradition alive by staging festivals and events
 - d. All of the above
2. A guest who arrives at the hotel without a reservation is called
 - a. A guaranteed reservation
 - b. A confirmed reservation
 - c. Walk-in guest
 - d. A stay over
3. Service Voucher / Confirmation Slip is used to
 - a. Confirm a guest reservation
 - b. Guarantee a sale
 - c. Allocate a room
 - d. Provide accommodation
4. A European plan on the tariff is
 - a. Room and breakfast
 - b. Rooms only
 - c. Full boarding
 - d. Half boarding
5. Mr. Lama checks into room 207 for a one-night stay. Early the next morning, Mr. Lama leaves the hotel without paying the bill. When checking the 4 P.M. housekeeping report, the front desk finds room 207 listed as vacant and ready for sale and realizes that the guest was a:
 - a. Due out
 - b. Sleeper
 - c. Skipper
 - d. Sleep out
6. Which one of the following departments employs the largest staff in the rooms division?
 - a. The front office
 - b. Reservations
 - c. Uniformed services
 - d. Housekeeping
7. Abrasives, Mop Wringer trolley and Scarifying machines are used in:
 - a. Manual cleaning
 - b. Electric cleaning
 - c. Garden cleaning
 - d. Chemical cleaning
8. Mr. Hari Sharma made a reservation at the Radisson Hotel. He arrived at 9 P.M. only to find that the hotel was full. The room held for him was released for sale at 6 P.M. Based on this information, which one of the following types of reservations did Mr. Hari Sharma probably make?
 - a. Non-guaranteed reservation
 - b. Credit card guaranteed reservation
 - c. Travel agent guaranteed reservation
 - d. Corporate guaranteed reservation
9. Food or beverages served in a guest room is known as
 - a. Full service
 - b. Room service
 - c. Service station
 - d. None of these

10. Which one of the followings is not a hallmark event?
- a. NADA Auto Show
 - b. Oscar Award
 - c. Rio Olympic Games
 - d. FIFA World Cup
11. Recreation is engaged upon during
- a. Leisure Time
 - b. Work Time
 - c. Committed Time
 - d. Sleep Time
12. Which one of the following intermediaries never actually owns the products but it promotes and sells:
- a. Industrial users
 - b. Wholesalers
 - c. Retailers
 - d. Agents
13. Which one of the following statements is true regarding regulation in the travel and tourism industry?
- a. Regulation policies are always being instituted, revised, and repealed
 - b. The same regulations apply to all travel and tourism businesses
 - c. There are no regulations in place for the physical environment
 - d. Governments limit regulation to the transportation industry
14. Which one of the followings is NOT a service in the hospitality industry?
- a. Hotels
 - b. Flights
 - c. Restaurants
 - d. Grocery stores
15. What is the housekeeping department in the hospitality industry?
- a. The team of employees that is in charge of the food and beverage in an organization.
 - b. The team of employees that is in charge of guest relations in an organization.
 - c. The team of employees that is in charge of the cleaning tasks in an organization.
 - d. The team of employees that is in charge of management in an organization.

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Course Code: MGT 334
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 tourism. Explain the nature of tourism. [2+3]
2. Define travel agency. Elucidate the functions of travel agency. [1+4]
3. Why is it necessary to do marketing of tourism products? Illustrate 7Ps marketing mix. [1+4]
4. Show the relationship between travel, tourism and hospitality industry with suitable examples. [1+4]
5. What are food and beverage services? Explain the different types of F&B services. [5]
6. What are the career prospects in an accommodation industry? Explain. [1+4]
7. Briefly explain the jobs included in pre-tour arrangement. [5]
8. Introduce and explain the role of events for promotion of tourism. [5]
9. Highlight the evolution and growth of a hotel industry. [5]
10. Write short notes on any TWO: [2.5+2.5]
 - a. Manual Cleaning
 - b. Mega Event
 - c. Mechanical Cleaning

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

Answer any **THREE** questions:

11. What is hotel? Briefly explain the classification of hotel departments. Give the job description for general manager of a five star hotel. [2+4+4]
12. What is an itinerary? Prepare an itinerary for 4N5D Pokhara and Bhakunde Tour. [2+8]
13. Sketch Food and Beverage organizational chart of 5 star hotel and explain duties of each department head. [5+5]
14. Define tour operator. Describe the major responsibilities of tour operator. [2+8]
15. Explain the qualities of front office staff, types of room and meal plans. [4+3+3]

SECTION D: CASE STUDY (15 MARKS)

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

Eco-Tourism – Grootbos Private Nature Reserve (South Africa)

David A. Fennell defines ecotourism as "... a sustainable form of natural resource-based tourism that focuses primarily on experiencing and learning about nature, and which is ethically managed to be low-impact, non-consumptive, and locally oriented (control, benefits, and scale). It typically occurs in natural areas, and should contribute to the conservation or preservation of such areas." The International Ecotourism Society (TIES) defines Ecotourism as "Responsible travel to natural areas that conserves the environment and improves the well-being of local people."

In the nut shell though, the principles that define ecotourism include destinations that:

- Minimize human impact on the environment
- Build environmental and cultural awareness and respect

- Provide positive experiences for both visitors and hosts
- Ensure direct financial benefits for conservation and empowerment for local people and
- Raise sensitivity to the host countries' political, environmental, and social climate.

A visit to Grootbos provides a prime example of Ecotourism Principles in action – it's more than just five star accommodation and eco adventures; it's about making a real and effective contribution to the unique natural environment of the Walker Bay region and its people. From the beginning, Grootbos has been committed to the conservation of the region's biodiversity as well as the upliftment of the local community. Back in 1991, when Heiner and Eva Lutzeyer purchased a 123 hectare farm on the mountain slopes overlooking Walker Bay between the villages of Stanford and Gansbaai, little did they realize that their enterprising sons Michael and Tertius would succeed in establishing what has become a pristine botanical treasure trove, wildlife sanctuary, international 5-star eco-lodge and a world leader in luxury ecotourism

Over the years, Grootbos staffs have cleared all alien vegetation from the property, restored damaged areas, and now manage the land in accordance with strict ecological principles. The rehabilitation and development of this 2500 hectare property is well chronicled in the book 'Field Guide to the Flora of Grootbos Nature Reserve and the Walker Bay region' by Sean Privett and Heiner Lutzeyer. Of the 9250 species of flowering plants to be found in the UNESCO protected Cape Floristic Region, 760 species are found within Grootbos, of which six are totally new to science, and found only in this particular part of the reserve. The friendly and knowledgeable guides at Grootbos take pride in sharing their love for nature and the outdoors, and they know Grootbos and its surrounds like the palm of their hand and display an eagerness to share it's many secrets with guests. Their humorous commentary and intriguing tales aim to convey science and history through stories that bring the landscape to life. Coming from different backgrounds, cultures and schooling, each guide adds an individual quality and flair to the Grootbos experience – a personal touch and friendliness beyond mere service. In terms of empowering local people and associated non-profit programmes, Grootbos now employs in excess of 150 full time staff, some 80 percent of whom are from local disadvantaged communities.

Conclusion

In conclusion, if I were a lodge owner / general manager, tourist attraction or destination manager looking to apply ecotourism principles into my business operations, I would certainly look at tapping into the Grootbos Foundation's expertise for assistance.

Questions:

- Define the concept of eco-tourism and highlight the major outcome of Grootbos Private Nature Reserve. [3+5]
- Why is eco-tourism considered as an integral part for environmental conservation? Support your answer relating with Grootbos Private Nature Reserve. [4]
- What conclusion do you draw from the above case study? [3]

THE END

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

R.No.

Subject: Financial Management-II
Full Marks: 100 Pass Marks: 50

Course Code: MGT 335
Time: 3:00 Hours

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

Tick the best answers.

1. The point of tangency between risk return indifference curves and efficient frontier highlights:
 - a. Optimal portfolio
 - b. Efficient portfolio
 - c. Sub-optimal portfolio
 - d. None of the above
2. Combined leverage can be used to measure the relationship between:
 - a. EBIT and EPS
 - b. PAT and EPS,
 - c. Sales and EPS,
 - d. Sales and EBIT
3. Business risk can be measured by:
 - a. Financial leverage
 - b. Operating leverage
 - c. Combined leverage
 - d. None of the above
4. In case the firm is all-equity financed, WACC would be equal to:
 - a. Cost of Debt
 - b. Cost of Equity
 - c. Neither (a) nor (b)
 - d. Both (a) and (b)
5. Cost of capital may be defined as:
 - a. Weighted Average cost of all debts
 - b. Rate of Return expected by Equity Shareholders
 - c. Average IRR of the Projects of the firm
 - d. Minimum Rate of Return that the firm should earn
6. Debt Financing is a cheaper source of finance because of:
 - a. Time Value of Money
 - b. Rate of Interest
 - c. Tax-deductibility of Interest
 - d. Dividends not Payable to lenders.
7. Basic objective of diversification is:
 - a. Increasing Return
 - b. Maximising Return
 - c. Decreasing Risk
 - d. Maximizing Risk
8. If risk free rate of return is 8%, return on market portfolio is 12%, and Beta is 1.5, then the expected rate of return according to CAPM is equal to:
 - a. 10%
 - b. 14%
 - c. 18%
 - d. 24%
9. Net income approach was suggested by:
 - a. Modigliani and Miller
 - b. Durand
 - c. Walter
 - d. None of these
10. The latest example of successful big merger in Nepalese banking is between:
 - a. Nepal Bank and Rastriya Banjiya Bank
 - b. Janta Bank and Global IME Bank
 - c. Sunrise Bank and Prabhu Bank
 - d. Himalayan Bank and Investment Bank
11. Operating Leverage is calculated as:
 - a. $\text{Contribution} \div \text{EBIT}$
 - b. $\text{EBIT} \div \text{PBT}$
 - c. $\text{EBIT} \div \text{Interest}$
 - d. $\text{EBIT} \div \text{Tax}$

12. Efficient frontier comprises of:

- a. Portfolios that have negatively correlated securities
- b. Portfolios that have positively correlated securities
- c. Inefficient portfolios
- d. Efficient portfolios

13. Pecking order theory suggests:

- a. Internal funds, debt, and external equity have the same risk-adjusted return.
- b. Debt is preferred to external equity and internal funds.
- c. External equity is preferred to debt which is preferred to internal funds.
- d. Internal capital is preferred to debt which is preferred to external funds.

14. A warrant is a relatively _____ option to purchase _____ at a specified exercise price over a specified period of time.

- a. Short-term; Bonds
- b. Long-term; Bonds
- c. Short-term; Common stock
- d. Long-term; Common stock

15. Beta is the slope of:

- a. The security market line
- b. The capital market line
- c. A characteristic line
- d. The CAPM

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

Answer any **EIGHT** questions:

1. Stock A offers an expected return of 14% with the standard deviation of 6%. Stock B offers an expected return of 8% with standard deviation of 3%. The correlation coefficient between the return of stock A and B is +0.5. What is the expected return and risk of the portfolio consisting of 40% investment in stock A and 60% in stock B? [5]
2. An investor purchased 100 shares of common stock of NCC Bank at Rs. 200 per share a year ago. During the year the bank declared and paid Rs. 20 per share dividend. Investor sold the stock at Rs. 220 per share after one year holding period.
 - a. What was the rupee return on investment? [2]
 - b. What was holding period return? [3]

3. Suppose you are the manager of Rs. 10 Lakhs investment fund. The fund consists of following stock with the given investment and beta:

Stocks	Investment (Rs.)	Beta
A	300,000	2
B	200,000	1.5
C	400,000	1
D	100,000	0.5

- a. Calculate the beta of the investment fund. [3]
- b. If the expected return of the market is 10 percent and risk free rate is 6 percent. What is the fund's required rate of return? [2]
4. The Raman construction's EPS was Rs. 4.5 in 2015 and Rs. 2.2 in 2010. The company pays out 30 percent of its earnings as dividends, and the stock sells for Rs. 25.
 - a. Calculate the past growth rate in earnings. [1.5]
 - b. Calculate the next expected dividend per share. [1.5]
 - c. What is the cost of retained earnings for the Raman construction? [2]
5. Swornim Electronics has a debt-equity ratio of 0.25. Its WACC is 15 percent, and tax rate is 30 percent. If its cost of equity is 16 percent, what is its pretax cost of debt? [5]
6. Asian paints manufactures various sorts of paints. The material cost is Rs. 1.15 per pint and the labor cost is Rs. 2.26. Calculate:
 - a. If fixed cost incurs of Rs. 320,000 during a year when total production is 280000 pints, what are the total costs for the years? [2]
 - b. If selling price is Rs. 5.3 per pint, and depreciation for the year is Rs. 130,000 per year, what is the accounting breakeven point? [3]

7. What is optimal portfolio? How is it selected? Explain. [5]
8. What is optimal capital structure? Explain the features of optimal capital structure. [5]
9. JenniShover Inc., has warrants outstanding that allow the holder to purchase three shares of common stock for a total \$60 for each warrant that is held. Currently, the market price per share of JenniShover common stock is \$18. However, investors hold the following probabilistic beliefs about the stock six months hence.
- | | | | | | |
|------------------------|------|------|------|------|------|
| Market price per share | \$16 | \$18 | \$20 | \$22 | \$24 |
| Probability | 0.15 | 0.20 | 0.30 | 0.20 | 0.15 |
- a. What is the present theoretical value of the warrant? [3]
- b. What is the expected value of stock price six months hence? [2]
10. Explain the development of merger and acquisition in Nepal. [5]

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

Answer any **THREE** questions:

11. Stock A and B have the following historical return:

Year	Returns, r_A (%)	Returns, r_B (%)
2001	8	16
2002	10	14
2003	12	12
2004	14	10
2005	16	8

- a. Calculate the average rate of return for each during the period 2001 to 2005. [2]
- b. Assume that someone held a portfolio consisting of 50% of Stock A and 50% of Stock B. What would have been the realized rate of return on the portfolio in each year from 2001 to 2005? What would have been the average return on the portfolio during this period? [2]
- c. Calculate the standard deviation of returns for each stock and for the portfolio. [2]
- d. Calculate the coefficient of variation for each stock and for the portfolio. [2]
- e. If you are risk averse investor, would you prefer to hold stock A, stock B, or the portfolio? Why? [2]
12. Two common stocks A and B have following expected return and standard deviation of returns.

Common Stock	Expected return (%)	Standard Deviation (%)
A	8	5
B	10	10

A portfolio is formed investing equal amount in stock A & B.

- a. If the returns of stock A and B are perfectly positively correlated, what is the expected return and risk of the portfolio? [3]
- b. If the returns of stock A and B are uncorrelated, what is the expected return and risk of the portfolio? [3]
- c. If the returns of stock A and B are perfectly negatively correlated, what is the expected return and risk of the portfolio? [3]
- d. Based on above calculation, interpret the result. [1]
13. You are supplied with the following analytical income statement for the firm. It reflects last year's operations.

Particulars	Amount (Rs.)
Sales (100,000 units)	18,000,000
Variable cost	7,000,000
Revenue before fixed cost	11,000,000
Fixed cost (including 500,000 depreciation)	6,000,000
EBIT	5,000,000
Interest expenses	1,750,000
EBT	3,250,000
Taxes	1,250,000
Net Income	2,000,000

- a. At this level of output, what is the degree of operating leverage? [2]
 b. What is degree of financial leverage? [2]
 c. What is degree of combined leverage? [2]
 d. If sales increase by 15 percent, by what percent would earnings before taxes increase? [2]
 e. What is the firm's breakeven point in units and sales rupees? [2]
14. The Barnaby Boat Company has current earnings of Rs. 3 a share with 500,000 shares of common stock outstanding. The company plans to issue 40,000 shares of 7 percent, Rs. 50-par-value convertible preferred stock at par. The preferred stock is convertible into two shares of common for each preferred share held. The common stock has a current market price of Rs. 21 per share.
- a. What is the preferred stock's conversion value? [1]
 b. What is its premium over conversion value? [1]
 c. Assuming that total earnings stay the same, what will be the effect of the issue on basic earnings per share (i) before conversion? (ii) on a diluted basis? [4]
 d. If profits after taxes increase by Rs. 1 million, what will be basic earnings per share (i) before conversion? (ii) on a diluted basis? [4]
15. Explain the concept of merger and acquisition. Explain the types of merger and acquisition in details. [10]

SECTION D: CASE STUDY (15 MARKS)

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

The Amazon Company has Rs. 200 million in total net assets at the end of 2000. It plans to increase its production machinery in 2001 by Rs. 50 million. Bond financing, at an 11 percent, will sell at par. Preferred stock will have an 11.5 percent dividend payment and will be sold at par value of Rs. 100. Common stock currently sells for Rs. 50 per share and can be sold to net Rs. 45 after floatation costs. There is Rs. 10 million of internal funding available from the retained earnings. Over the past few years, dividend yield has been 6 percent and the firm's growth rate is 8 percent. The tax rate is 40 percent.

Debt:		80,000,000
4% coupon bonds	40,000,000	
7% coupon bonds	40,000,000	
Preferred stock		20,000,000
Equity:		100,000,000
Common stock (Rs. 10 par)	40,000,000	
Retained earnings	60,000,000	

- a. How much of the Rs. 50 million must be financed by equity capital if the present capital structure is to be maintained? [2]
 b. How much of the equity funding must come from the sale of new common stock? [2]
 c. Calculate the components cost of capital: New debt, new preferred stock, Retained earnings and new equity. [8]
 d. What is Amazon's average cost of equity for 2001? [3]

THE END