Level: BBM (IIIrd Semester)   F.M.: 100

Time: 3 hrs.   P.M.: 50

Course Title: Fundamental of Finance   Date: 2080/11/20

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

Group A: Brief Answer Questions
Attempt ALL Questions: (10×2=20)

1. Define financial management.

2. What is investment decision?

3. Define primary market.

4. Define Ratio and ratio analysis.

5. What is the difference between simple interest and compound interest?

6. If you deposit money today into an account that pays 6.5 percent interest, how long will take for you to double your money?

7. Real risk free rate is 4 percent. Average inflation is 5 percent in year 1 and 7 percent in year 2. What is the yield on 2-year securities?

8. Find the value of Rs.1000 par value, 8 percent coupon, perpetual bond if investor require a 10 percent annual rate of return.

9. A preferred stock pays dividend of Rs.15 per share. Investor's required rate of return is 12 percent. What is the value of this preferred stock?

10. The star Company's common stock has beta of 1.2. if the risk-free rate is 4.5 percent and the expected return on the market is 13 percent, what is the company's cost of equity capital?

Group B: Short Answer Question

Attempt any SIX Questions: [6× 5 = 30]

11. What do you mean by financial management? Describe the function of financial management.

12. What do you mean by financial market? Describe the function of financial market.

13. LEC Corporation has Rs.875,000 in current assets and Rs.350,000 in current liabilities. Its initial inventory level is Rs.250,000, and it will raise funds as additional notes payable and use them to increase inventory. How much can the firm's short-term debt (notes payable) increase without violating a current ratio 2 to 1? What will be the firm's quick

ratio after it has raised the maximum amount of short-term funds?

14. Assume that the real risk-free rate is 3 percent. The inflation is expected to be 8 percent in year 1, 5 percent in year 2, and 4 percent thereafter. Assume also that all Treasury bonds are highly liquid and free of default risk. If both 2-year and 5-year Treasury bonds yield 10 percent,

   a. What is the maturity premium on 2-year bond?
   b. What is maturity premium on 5-year bond?
   c. Why do maturity premiums on two bonds differ?

15. Bikash bought a Rs.120,000 motorbike with 20 percent down payment and financed the rest with a four-year loan at 8 percent stated annual interest rate, compounded monthly. What is his monthly payment if he starts the payment one month after the purchase?

16. An 8-year, 12 percent semiannual coupon bond, with a par value of Rs.1,000, may be called in 4 years at a call price of Rs.1,080.The bond sells for Rs.1150: Assume that the bond has just been issued.

   a. Calculate the approximate bond yield to maturity and effective annual yield to maturity.
   b. What is the bond's current yield?

17. Rapti - Bheri Textile Company is experiencing a period of rapid growth. Earnings and dividends are expected to grow at 15 percent during the next 4 years, and at 6 percent constant rate thereafter. Company's last dividend was Rs 10, and the required rate of return on the stock is Rs 12 percent. Calculate the value of the stock today.

Group C: Long Answer Questions

Attempt any THREE questions: **[3× 10 = 30]**

18. Define financial statement and ratio analysis. Who are the users of financial ratio analysis and list out the limitation of ratio analysis?

19. Using the following information, complete the balance sheet that follows: (Assume 360 days in your calculation)

Long-term debt to net worth	0.5 to 1
Total assets turnover ratio	2.5 times
Average collection period	18 days
Inventory turnover ratio	9 times
Gross profit margin	10%
Acid-test ratio	1:1

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

20. The yield on 1-year Treasury securities is 6 percent, 2-year securities yield 6.2 percent, and 3-year securities yield 6.3 percent. There is no maturity risk premium. Using

expectation theory, forecast the yields on the following securities:

a. A 1-year security, 1 year from now.
b. A 1-year security, 2 years from now.
c. A 2-year security, 1 year from now.

21. Anita borrowed Rs 15,000 at a 14 percent annual rate of interest to be repaid over years. The loan is amortized into three equal annual end-of-year payments.

a. Calculate the annual end-of-year loan payment.
b. Prepare a loan amortization schedule showing the interest and principal breakdown of each of the three loan payments.
c. Explain why the interest portion of each payment declines with the passage of time.

Group D: Comprehensive Answer Question   [20]

22. The ACE Company is interested in measuring its cost of specific types of capital as well as its overall capital cost. Current investigations indicate that the following costs would be associated with the sale of debt, preferred stock and common stock. The company has a 40 percent average tax rate.

Debt:
The company can sell a 20 year, Rs.1,000 face value bond with a 6 percent coupon for Rs.970. A underwriting fee of 2 percent of the face value would be incurred in the process.

Preferred stock:
8 percent preferred stock having face value of Rs.75 can be sold for Rs.72. A fee of Rs.2 per share must be paid to the underwriters.

Common stock:

The company's common stock is currently selling for Rs.90 per share.
The company expects to pay a dividend of Rs.4 per share at the end of the coming year. Its dividend payments, which

represent a fixed payout of earnings over the past five years are given below:

Year	2019	2018	2017	2016	2015
Dividend (Rs.)	3.74	3.495	3.266	3.053	2.853

It is expected that in order to sell the new common stock it must be under - priced R$5 and therefore will reach the market at Rs.85 per share. The company must also pay a Rs.3 per share underwriting fee.

   a. Calculate the specific cost of each source of financing including retained earnings.
   b. Given the following book and market value data, calculate:
      i. The weighted average cost of capital using book value weights, and ii.
      ii. The weighted average cost of capital using market value weights.

Book and market values for each type of capital are as follows:

Types of Capital	Book Value	Market value
Long term debt	Rs.600,000	Rs.650,000
Preferred stock	Rs.150,000	Rs.180,000
Common stock	Rs.200,000	Rs.470,000
Retained earnings	Rs.50,000	-
Total	Rs.10,00,000	Rs.1300,000

c. Compare the weighted average cost of capital calculated above. Explain why they are different.

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PRE - UNIVERSITY EXAM – 2080

Level: BBM (IIIrd Semester)　　　　　　　　F.M.: 60

Time:　3 hrs.　　　　　　　　　　　　　　　　P.M.: 24

Course Title: Business Statistics　　　　**Date: 2080/11/24**

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

Group A

Attempt all the questions.　　　　　　　**[10*1=10]**

1. Write the correct answer.

i.　What is the meaning of Correlation analysis?

ii.　What is the value of the correlation between the speed of an automobile and the distance traveled by it after applying the brakes?

iii.　Write down the relation between mean and median in the case of Normal distribution.

iv.　In regression equation y=0.8+1.23x what is meant by 1.23?

v.　The mean of the binomial distribution is 25. If binomial distribution tends to Poisson distribution, what is the mean of Poisson distribution?

vi.　In a moderately asymmetric distribution, mean and median values are 16 and 20 respectively. What is the value of mode?

vii.　Calculate the combined mean from the following information:

	Group A	Group B
Mean	120	130

viii.　What is the regression?

ix.　If The mean of a distribution is 14 and the standard deviation is 5 then what is the value of the coefficient of variation?

x.　If the lower and upper quartiles are 40 and 70 respectively, then calculate the quartile deviation.

Group 'B'　　　　**(6*5=30)**

Attempt any Six questions:

2.　What do you mean by Statistics? Describe the scope of Statistics.

3.　The average marks secured in the BBM exam in the year 2079 by College A and College B are 78 and 80 with variances of 100 and 81 respectively. The number of students who appeared in the BCA exam from College A is 100 and from College B is 150. Compute the combined mean and combined variance of marks secured by the two groups.

4.　A bag contains 8 red, 4 white, and 5 black colored balls. Three balls are drawn randomly from the bag. Find the probability that (a) all are red (b) 2 are red and 1 white (c) 2 are red and 1 black ball.

5.　The mean and variance of Binomial distribution are 3 and 2 respectively. Find the probability of (i) less than or equal to 2 (ii) greater than or equal to 7.

6.　Given a standard Normal distribution, determine the following probabilities:　(i) P(Z<1.96)

　　　　　　　　　　　　　(ii) P(Z<-1.64)

　　　　　　　　　　　　　(iii) P(Z> -0.34)

(iv) P(0.17<Z< 1.64)

(v) Probability that Z is less than-0.84 or greater than 2.08.

7. An office switchboard receives telephone calls at the rate of 3 calls per minute on average. What is the probability of receiving (a) no call in a one-minute interval and (b) at most 3 calls in a 5-minute interval?

8. The monthly rents paid by the families in Thamel are given as follows:

Monthly Rents 000 Rs.	0-2	2-4	4-6	6-8	8-10	10-12
No. of families	20	25	40	35	28	12

Calculate the Kurtosis and comment on the normality of the distribution.

Group C

Attempt any TWO questions [2*10=20]

9. From the following bivariate table, compute the correlation coefficient between advertising expenditure and sales revenue and test the result's significance.

Advertisement (Rs.in 000)	Sales revenue (Rs.in 000)				
	0-50	50-100	100-150	150-200	200-250
0-40	12	6	8	-	-
40-80	2	18	4	5	1
80-120	-	8	10	2	4
120-160	-	1	10	2	1
160-200	-	-	1	2	3

10. From the following data between yearly turnover and profits. Find regression equation of profit and yearly turnover and estimate profit when yearly turnover is 30 million units.

Profit in thousand $	18	20	22	23	27	28	30
Yearly turnover in	23	25	27	30	32	31	35

million units							

11. Two teaching methods method A and method B applied for 11 pairs of students so that the students in a pair have approximately equal scores on an intelligence test. In each pair, one student was taught by method A and the other by method B and examined after the score. The marks obtained by them are as follows. Find the Spearman Rank correlation coefficient.

Marks obtained by A	24	29	19	14	30	19	27	30	20	28	11
Marks obtained by B	37	35	16	26	23	27	19	20	16	11	21

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Level: BBM (3rd Semester)   F.M.: 100

Time: 3 hrs.   P.M.: 50

Course Title: Business Communication   **Date: 2080/11/21**

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

Group "A"

Brief Answer Questions: **(10×2=20)**

1. What is a business plan?
2. What does the closing part of a business proposal focus on?
3. Mention any two chief characteristics of a good business part.
4. What skills does a speaker need to be successful in communicating with others? Give an example of difficulty or failure in oral communication.
5. Why is time limit important in the case of a presentation?
6. Often it is difficult to know where to begin a presentation. What do you think is the first thing to consider? Why?
7. What is the purpose of using infographics?
8. What is visual communication?
9. What is a career objective?
10. What is an AIDA approach?

Group "B"

Short Answer Questions: (Any Six)   **(6×5=30)**

11. What is a resume? Discuss the basic components of a resume.
12. Briefly summarize the guidelines you can follow during the question-answer session in an interview.
13. Illustrate the types of visual aids.
14. Discuss the difference between a presentation and speech.
15. Define the report in your own words. Discuss the types of reports.
16. What are the main purposes of writing notices? Explain.
17. How can you improve your oral communication? Write in detail.

Group "C"

Long Answer Questions: (Any Three)   **(3×10=30)**

18. Interpret the following postures. What do they signify?
    - Arms folded across the chest while discussing a problem with a friend
    - Staring with half-closed eyes
    - Pointing at someone with the index finger

- Leaning over the desk of a subordinate while talking to him
- Look at the clock while someone is talking

19. You recently organized an expedition to a hill station of Kathmandu Valley as part of extracurricular activities. As a concluding step to the program, you are supposed to submit a short report to the Administration of BBM program of your college to get 40% aid to your total budget. Prepare a short report in Memo format detailing the objective, significance and procedure of the expedition. Also, do not forget to highlight the problems that surfaced and how you dealt with them.

20. You are a student of a particular university. You receive notices about exams and holidays. This is also a part of communication. Prepare a flowchart to show how these notices come to you.

21. **Read the following situation and answer the questions that follow.**

NCELL is hiring a dynamic Sales Executive for its Kathmandu, Nepal location. The ideal candidate should have a bachelor's degree (preferred) and at least two years of sales experience. The role involves generating new business, meeting sales targets, and ensuring customer satisfaction. The successful applicant will need to be proactive, with excellent communication skills and a desire to excel in a fast-paced, dynamic environment. NCELL offers competitive salary, commission, and benefits packages, as well as opportunities for career growth. If you have a passion for sales and want to work in a company that values diversity and supports its employees, apply now by sending your resume and cover letter to [email address] with the subject line "Sales Executive Application – [Your Name]".

Group "D"

Case Studies: (6+8+6=20)

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

Alisha is the marketing manager at "Café Sunflower," a small coffee shop in a busy city. She's concerned about the efficiency of the shop's social media advertising. A customer recently complained about the lack of engagement and interesting content on the shop's Instagram account. Alisha decided to analyze the shop's social media posts over the past year. She found that in January 2023, the average number of likes per Instagram post was 100; in February, it was 110; in March, 120; in April, 105; in May, 130; in June, 150; in July, 140; in August, 160; in September, 150; in October, 180; in November, 175; and in December, 200.

Questions:

a. What type of visual aid should Alisha use to convey this information?
b. Explain your decision, based on the criteria for graphics provided in this chapter.
c. Create the appropriate visual aid.

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