

ROLL No.....

**NATIONAL COUNCIL FOR HOTEL MANAGEMENT  
AND CATERING TECHNOLOGY, NOIDA  
ACADEMIC YEAR – 2015-2016**

COURSE : 5th Semester of 3-year B.Sc. in H&HA  
 SUBJECT : Financial Management  
 TIME ALLOWED : 03 Hours MAX. MARKS: 100

(Marks allotted to each question are given in brackets)

Q.1. From the following Balance Sheet of M/s. XYZ Co. Ltd. for the period 31<sup>st</sup> March 2013 and 31<sup>st</sup> March 2014, you are required to prepare:

- (i) Statement of changes in the working capital;  
 (ii) Funds flow statement

Liabilities	31.03.2013 Rs.	31.03.2014 Rs.	Assets	31.03.2013 Rs.	31.03.2014 Rs.
Share capital	4,00,000/-	5,00,000/-	Land & Building	1,50,000/-	1,60,000/-
Creditors	1,00,000/-	65,000/-	Furniture	40,000/-	45,000/-
Profit & Loss A/c	40,000/-	60,000/-	Stock	80,000/-	1,10,000/-
			Debtors	70,000/-	60,000/-
			Cash/Bank	2,00,000/-	2,50,000/-
	<b>5,40,000/-</b>	<b>6,25,000/-</b>		<b>5,40,000/-</b>	<b>6,25,000/-</b>

(10)

Q.2. What are the different sources of raising finance for a large organisation?

**OR**

What are the different financial statements which are usually prepared by business organization?

(10)

Q.3. What do you understand by capital budgeting? What is its practical utility for a large hotel?

**OR**

“Return on investments is considered to be the master ratio which reflects the overall performance of a company’. Explain.

(10)

Q.4. Define financial management. What are the main objectives of financial management? Explain.

(10)

- Q.5. "Ratio analysis is a tool to examine the health of a business with a view to make financial results more intelligible". Explain.

(10)

**OR**Write short notes on **any two**:

- (a) Over-capitalisation
- (b) Net present value method
- (c) Balance sheet (liquidity format)
- (d) Distinguish between funds flow and cash flow

(2x5=10)

- Q.6. From the following data, calculate the 'Net Present Value' of two projects viz. X&Y and suggest which of the two projects should be accepted assuming a discount rate of 10%:

Sl. No.	Particulars	Project X (Rs.)	Project Y (Rs.)
01	Initial Investment	50,000/-	60,000/-
02	Estimated Life	5 years	5 years
03	Scrap Value	1,000/-	2,000/-

The profits before depreciation and after taxes (cash flows) are as follows:

Project	Year 1	Year 2	Year 3	Year 4	Year 5
X	10,000/-	15,000/-	10,000/-	15,000/-	10,000/-
Y	10,000/-	15,000/-	15,000/-	20,000/-	15,000/-

Present value at 10% of Re.1/- is as under:

Year	1	2	3	4	5
Present value at 10% Re.1/-	0.909	0.826	0.751	0.683	0.621

(10)

Q.7. From the Balance Sheets of M/s. XYZ Hotel, you are required to prepare cash flow statement:

Liabilities	As on 31.03.2014 Rs.	As on 31.03.2015 Rs.	Assets	As on 31.03.2014 Rs.	As on 31.03.2015 Rs.
Share capital	50,000/-	70,000/-	Cash	10,000/-	5,000/-
Debentures	30,000/-	20,000/-	Debtors	15,000/-	20,000/-
Sundry Creditors	15,000/-	20,000/-	Stock	50,000/-	40,000/-
Bills Payable	5,000/-	10,000/-	Building	20,000/-	35,000/-
Profit & Loss A/c	20,000/-	25,000/-	Furniture	15,000/-	35,000/-
			Goodwill	10,000/-	10,000/-
	<b>1,20,000/-</b>	<b>1,45,000/-</b>		<b>1,20,000/-</b>	<b>1,45,000/-</b>

OR

Write short notes (**any two**):

- Explain **any two** financial statements.
- Explain objective of profit maximization.
- Deferred Revenue Expenditure (with examples)

(2x5=10)

Q.8. **BALANCE SHEET OF M/S. XYZ CO. LTD. AS ON 31.03.2015**

Liabilities	Amount (Rs)	Assets	Amount (Rs.)
Equity Share Capital	3,00,000/-	Goodwill	70,000/-
10% Debenture	2,00,000/-	Machinery	2,50,000/-
Reserves & Surplus	50,000/-	Stock	1,50,000/-
Bills Payable	20,000/-	Prepaid Expenses	25,000/-
Creditors	1,30,000/-	Marketable Securities	1,25,000/-
Outstanding Expenses	15,000/-	Debtors	30,000/-
Bank Overdraft	50,000/-	Bills Receivable	25,000/-
Provision for taxes	10,000/-	Cash in Hand	30,000/-
		Cash at Bank	70,000/-
<b>TOTAL:</b>	<b>7,75,000/-</b>		<b>7,75,000/-</b>

Calculate:

- Current ratio
- Acid test ratio
- Debt equity ratio
- fixed assets to net worth ratio

OR

Define working capital. What factors would you take into account in estimating the working capital needs of a large organisation?

(10)

- Q.9. The Income statement of a concern are given below for the year ending 31.03.2013 and 31.03.2014. You are required to prepare comparative income statement:

Particulars	31.03.2013 Amount in Rs.	31.03.2014 Amount in Rs.
Net Sales	1,50,000/-	2,50,000/-
Cost of goods sold	50,000/-	75,000/-
<b>Operating Expenses:</b>		
General & Administrative expenses	20,000/-	30,000/-
Advertisement expenses	30,000/-	40,000/-
<b>Non-operating expenses:</b>		
Interest paid	10,000/-	25,000/-
Income tax	20,000/-	40,000/-

(10)

- Q.10. State True or False:

- Ratio analysis helps in decision making process.
- Debt equity ratio is to measure outsiders funds to shareholders funds.
- Working capital = current assets minus current liabilities.
- Non-fund items are added back to profits & loss account in order to know funds from operation.
- Net present value method recognizes the time value of money.
- Pay back method is not a sample method to calculate.
- Depreciation is calculated on fixed assets as well as on current assets.
- Equity share holders and preference shareholders share profit equally.
- Gross profit ratio =  $\frac{\text{Gross profit}}{\text{Net profit}} \times 100$
- Current ratio is =  $\frac{\text{Current liabilities}}{\text{Current assets}} \times 100$

(10x1=10)

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