

NATIONAL COUNCIL FOR HOTEL MANAGEMENT AND CATERING TECHNOLOGY, NOIDA
ACADEMIC YEAR – 2019-2020

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. What is capital structure? Explain the importance of capital structure.
OR
What is capital budgeting? How is it important in decision making? (10)
- Q.2. What is financial management? Explain the functions of financial management.
OR
Explain financial planning and its importance. (10)
- Q.3. What is financial analysis? Explain the different types of financial analysis.
OR
What is financial statement? Explain the different types of financial statements. (10)
- Q.4. What do you understand by working capital? Explain the factors affecting the working capital.
OR
What is fund flow statement? Explain the objectives of fund flow statement. (10)
- Q.5. Write short notes on **any two**:
(a) Value maximization (b) Financial plan (c) Du Pont control chart (2x5=10)
- Q.6. Distinguish between the following (**any two**):
(a) Reserve and revenue
(b) Over-trading and under-trading
(c) Fund flow statement and cash flow statement (2x5=10)
- Q.7. Prepare a Statement of Changes in working capital from the following balance sheet as on 31st December:

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Equity share capital	15,00,000/-	15,00,000/-	Cash in hand	5,000/-	10,000/-
Preference share capital	2,00,000/-	-	Cash at bank	40,000/-	50,000/-
Debentures	1,00,000/-	5,00,000/-	Bills receivable	30,000/-	80,000/-
Long term loan	1,00,000/-	3,00,000/-	Debtors	10,000/-	30,000/-
Short term loan	30,000/-	50,000/-	Land & building	12,00,000/-	15,00,000/-
Bills payable	15,000/-	10,000/-	Kitchen equipment	4,50,000/-	4,80,000/-
Outstanding expenses	10,000/-	15,000/-	Cutlery	2,20,000/-	2,25,000/-
	19,55,000/-	23,75,000/-		19,55,000/-	23,75,000/-

(10)

Q.8. Balance sheet of M/s. Maruti Ltd. as on 31.12.2018 was as follows:

Liabilities		Amount (in Rs.)	Assets		Amount (in Rs.)
Capital reserve		60,000/-	Cash in hand		10,000/-
Equity share capital		50,000/-	Short term investments		16,000/-
Profit & loss account		52,000/-	Stock		20,000/-
Creditors		26,000/-	Debtors		24,000/-
Bank overdraft		4,000/-	Furniture & fixtures		10,000/-
Taxation:	Current	4,000/-	Plant and machinery		50,000/-
	Future	4,000/-	Land and buildings		70,000/-
		2,00,000/-			2,00,000/-

From the above balance sheet, calculate:

- (i) Current ratio (ii) Quick ratio (iii) Debt equity ratio (iv) Proprietary ratio (10)

Q.9. Balance sheet of XYZ Ltd at the end of 2016 and 2017 are as follows:

Liabilities	31 st March 2016 (in Rs.)	31 st March 2017 (in Rs.)
Accounts payable	15,000/-	20,000/-
Notes payable	25,000/-	10,000/-
Other current liabilities	10,000/-	15,000/-
6% bonds	-	20,000/-
Profit and loss account (retained earnings)	80,000/-	1,10,000/-
Mortgage	-	10,000/-
Shares	50,000/-	50,000/-
TOTAL:	1,80,000/-	2,35,000/-
Assets	31 st March 2016 (in Rs.)	31 st March 2017 (in Rs.)
Cash	10,000/-	5,000/-
Marketable security	10,000/-	-
Inventory	70,000/-	1,05,000/-
Receivables	30,000/-	40,000/-
Fixed assets	1,00,000/-	1,40,000/-
Accumulated depreciation	(-) 40,000/-	(-) 55,000/-
TOTAL:	1,80,000/-	2,35,000/-

You are required to prepare a statement of changes in working capital and fund flow statement. (10)

Q.10. Rank the following projects in the order of their desirability according to the Net Present Value Method:

Project	Year 1 - `	Year 2 - `	Year 3 - `	Year 4 - `	Year 5 - `
A	5000	10000	10000	3000	2000
B	20000	10000	5000	3000	2000

Initial investment:

Project A - `20000

Project B - `30000

Discount rate 10%

Present value `1/- @10% (discount factor) using present value tables:

Year1	Year 2	Year 3	Year 4	Year 5
.909	.826	.751	.683	.621

(10)
