

NATIONAL COUNCIL FOR HOTEL MANAGEMENT
AND CATERING TECHNOLOGY, NOIDA
ACADEMIC YEAR 2013-2014

COURSE : 4th Semester of 3-year B.Sc. in H&HA - **Specialisation**
SUBJECT : Financial Management
TIME ALLOWED : 03 Hours MAX. MARKS: 100

(Marks allotted to each question are given in brackets)

Q.1. Discuss the various factors that affect the capital structure of a hotel. (10)

OR

What is working capital? Explain the factors which influence the working capital need of a company.

(2+8=10)

Q.2. What is a financial plan? Give the essentials of a good financial plan.

OR

What is meant by capitalization? Differentiate between over-capitalization and under-capitalization.

(2+8=10)

Q.3. Prepare a Cash Flow Statement as per AS-3 (revised) from the following balance sheet:

Liabilities	2012 (₹)	2013 (₹)	Assets	2012 (₹)	2013 (₹)
Share capital	1,00,000	1,50,000	Land	40,000	40,000
Creditors	80,000	1,20,000	Building	30,000	50,000
Bills payable	50,000	30,000	Furniture	50,000	80,000
Reserves	40,000	60,000	Debtors	50,000	70,000
Retained earnings	50,000	80,000	Stock	1,00,000	1,20,000
			Cash	50,000	80,000
	3,20,000	4,40,000		3,20,000	4,40,000

(10)

Q.4. Write short notes on:

- (a) Du-Pont control chart (b) Over-trading (c) Trend analysis
(d) Profitability index (e) Net present value

(5x2=10)

Q.5. Compare and contrast wealth maximization with profit maximization. Which one of the two is superior?

(10)

Q.6. Convert the following income statement of XYZ hotel into a comparative income statement:

Particulars	2012 (₹)	2013(₹)
Net sales	1,50,000	1,80,000
Cost of sales	70,000	80,000
Administration expenses	25,000	20,000
Selling expenses	10,000	15,000
Interest paid	3,000	2,000
Income tax	40%	50%

(10)

OR

What do you mean by financial analysis? Discuss the various techniques of financial analysis.

(2+8=10)

Q.7. Prepare a Funds Flow Statement from the following balance sheet:

Liabilities	2012 (₹)	2013 (₹)	Assets	2012 (₹)	2013 (₹)
Share capital	40,000	50,000	Goodwill	20,000	10,000
Debentures	20,000	10,000	Land & Building	40,000	70,000
Creditors	20,000	30,000	Debtors	20,000	18,000
Bills payable	10,000	20,000	Stock	10,000	17,000
Reserve	10,000	15,000	Cash	30,000	40,000
P/L account	20,000	30,000			
	1,20,000	1,55,000		1,20,000	1,55,000

(10)

OR

What do you mean by a funds flow analysis? Explain the uses and limitations of a funds flow statement.

(2+4+4=10)

Q.8. A project requires an initial cash outlay of 1,20,000/-. Its life span is estimated to be 5 years. It generates cash inflows as follows:

Year	Cash inflows (₹)
1	30,000
2	30,000
3	50,000
4	30,000
5	40,000

Calculate the pay-back period of the project. Also suggest whether it should be accepted, if the minimum pay-back period is 3 years. (10)

Q.9. From the information furnished below, calculate

- (a) Gross profit ratio (b) Net profit ratio (c) Current ratio
 (d) Acid-test ratio (e) Inventory turnover ratio

Particulars	Amount (₹)
Net sales	5,00,000
Cost of goods sold	2,55,000
Net profit after tax	45,000
Creditors	6,000
Bills payable	10,000
Accrued expenses	5,000
Income tax payable	13,000
Sundry debtors	30,000
Stock-in-trade	25,000
Cash and bank balances	34,000

(5x2=10)

Q.10. Fill in the blanks:

- (a) Capital budgeting is also known as _____.
 (b) There is a time gap between cash inflows and _____.
 (c) _____ is called the life blood of a business.
 (d) NPV is the difference between present value of cash inflows and _____.
 (e) Capital gearing refers to the relationship between equity capital and reserves and _____.
 (f) The discount rate at which the present value of cash inflows and cash outflows become equal is known as _____.
 (g) Ratio of net sales to fixed assets is called _____.
 (h) Depreciation is sometimes treated as _____ of funds.
 (i) The ratios calculated to test the short-term solvency position of a company are called _____ ratios.
 (j) _____ statement shows the cash inflows and cash outflows of a business during a given period. (10x1=10)
