

ROLL No.....

**NATIONAL COUNCIL FOR HOTEL MANAGEMENT
AND CATERING TECHNOLOGY, NOIDA
ACADEMIC YEAR – 2018-2019**

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. Prepare a funds flow statement of XYZ hotel Ltd. for the year 2016 from the following balance sheet:

**XYZ Ltd.
Balance Sheet**

Liabilities	2015 (Rs.)	2016 (Rs.)	Assets	2015 (Rs.)	2016 (Rs.)
Share capital	5,00,000/-	6,00,000/-	Fixed assets	5,00,000/-	6,00,000/-
Secured loan	12,000/-	19,000/-	Investments (short term)	10,000/-	15,000/-
Creditors	10,000/-	12,000/-	Debtors	8,000/-	11,000/-
Bills payable	8,000/-	5,000/-	Cash in hand	17,000/-	16,000/-
P/L account	5,000/-	6,000/-			
	5,35,000/-	6,42,000/-		5,35,000/-	6,42,000/-

(10)

OR

What do you mean by a cash flow statement? How does it differ from a funds flow statement?

(3+7=10)

Q.2. A project requires an initial cash outlay of Rs.1,20,000/-. Its life span is estimated to be 5 years. It generates the annual cash inflows as follows:

Year	Annual cash inflows
1	Rs.30,000/-
2	Rs.30,000/-
3	Rs.50,000/-
4	Rs.30,000/-
5	Rs.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.3. Explain the meaning of financial analysis. Discuss the various techniques of making financial analysis of a five-star hotel. (3+7=10)

Q.4. What do you mean by capital structure? Discuss the various factors that influence the capital structure of a company (3+7=10)

OR

Define capital budgeting. How is it important for a five star hotel? Also enumerate the limitations of capital budgeting. (2+4+4=10)

Q.5. Discuss the various concepts of working capital. Also explain the various factors that influence the working capital requirements of a hotel. (3+7=10)

Q.6. Explain the meaning, causes and effects on the following:
 (a) Over capitalisation
 (b) Under capitalisation (5+5=10)

OR

Define a financial plan. Enumerate the requisites of a good financial plan. (3+7=10)

Q.7. Calculate cash from operations for the year 2016 from the following information:

	2015 (Rs.)	2016 (Rs.)
Net profit for the year	-	1,40,000/-
Sundry debtors	42,000/-	40,000/-
Bills receivable	8,000/-	13,000/-
Sundry creditors	47,000/-	50,000/-
Bills payable	15,000/-	10,000/-
Stock in trade	58,000/-	65,000/-
Provision for tax	12,000/-	18,000/-

OR

Explain the following in brief:

- | | |
|-----------------------------------|--------------------|
| (a) Wealth maximization objective | (b) Over trading |
| (c) Profitability index | (d) Trend analysis |
| (e) Funds from operations | |

(5x2=10)

Q.8. 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 | |

	Amount (Rs.)
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.9. Convert the following income statements of ABC hotel into a comparative income statement for the year 2016:

Particulars	2015 (Rs.)	2016(Rs.)
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)

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 & 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)
