

ROLL No.....

NATIONAL COUNCIL FOR HOTEL MANAGEMENT
AND CATERING TECHNOLOGY, NOIDA
ACADEMIC YEAR – 2014-2015

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. A Balance Sheet of a company is given below:

Liabilities	Amount in `	Assets	Amount in `
Equity Capital	5,00,000/-	Cash in hand	50,000/-
Reserve & Surplus	50,000/-	Fixed Assets	3,00,000/-
Loan	1,00,000/-	Stock	65,000/-
Creditors	40,000/-	Debtors	50,000/-
P & L Account	50,000/-	Goodwill	50,000/-
Provision for Taxation	25,000/-	Investment	2,50,000/-
TOTAL	7,65,000/-	TOTAL	7,65,000/-

Note: Sales for the year was `2,50,000/-

Calculate:

- (a) Current ratio
- (b) Fixed assets to current assets ratio
- (c) Debt equity ratio
- (d) Liquidity ratio
- (e) Fixed assets turnover ratio

(5x2=10)

Q.2. What is Working Capital? Discuss the factors which determine working capital needs of a firm.

OR

Discuss the features of Financial Management.

(10)

Q.3. What do you understand by Financial Analysis and what are its objectives?

OR

Write the difference between Fund Flow Statement and Cash Flow Statement.

(10)

Q.4. Define the following terms in not more than five lines each (**any five**):

- (a) Net Profit Ratio
- (b) Cash Budget
- (c) Trend Analysis
- (d) Stock Turnover
- (e) Pay-back period method
- (f) Working Capital

(5x2=10)

Q.5. Prepare a Funds Flow Statement for the year 2013 from the following Balance Sheets:

Balance Sheets as on 31st March 2013

Liabilities	2012	2013	Assets	2012	2013
Sundry Creditors	12,000/-	14,000/-	Fixed Assets	5,50,000/-	6,50,000/-
Share Capital	5,50,000/-	6,50,000/-	Investment	12,000/-	20,000/-
Bills Payable	10,000/-	10,000/-	Cash in Hand	17,000/-	16,000/-
Provision for Tax	12,000/-	19,000/-	Sundry Debtors	15,000/-	14,000/-
Outstanding Expenses	10,000/-	7,000/-			
TOTAL	5,94,000/-	7,00,000/-	TOTAL	5,94,000/-	7,00,000/-

(10)

Q.6. Write short notes on **any two**:

- (a) DU Point Control Chart
- (b) Common size income statement
- (c) Financial Planning

(2x5=10)

Q.7. Differentiate between the following (**any two**):

- (a) Over Trading and Under Trading.
- (b) Under Capitalisation and Over Capitalisation.
- (c) Profit Maximization and Wealth Maximization

(2x5=10)

Q.8. Prepare a Statement of changes in Working Capital from the following Balance Sheets of ABC Ltd.

Liabilities	2010	2011	Assets	2010	2011
Equity Capital	5,00,000/-	5,00,000/-	Fixed Assets	6,00,000/-	7,00,000/-
Debentures	3,70,000/-	4,50,000/-	Investments	2,00,000/-	1,00,000/-
Tax Payable	77,000/-	43,000/-	Work in progress	80,000/-	90,000/-
Accounts Payable	96,000/-	1,92,000/-	Stock	1,50,000/-	2,25,000/-
Interest Payable	37,000/-	45,000/-	Bills Receivable	70,000/-	1,40,000/-
Dividends Payable	50,000/-	35,000/-	Cash	30,000/-	10,000/-
TOTAL	11,30,000/-	12,65,000/-	TOTAL	11,30,000/-	12,65,000/-

(10)

Q.9. XYZ Ltd. is considering to purchase a machine. Two machines are available A and B costing `2,50,000/-.

YEAR	A machine cash inflow	B machine cash inflow	Discount factor 8%
1	30,000	60,000	.926
2	50,000	1,00,000	.857
3	60,000	65,000	.794
4	65,000	45,000	.735
5	40,000	-	.651
6	30,000	-	.630
7	16,000	-	.683

Evaluate the two alternatives according to Net Present Value method (Cost of Capital @ 10%).

OR

State the importance of financial statement analysis. Explain **any one** technique of financial statement analysis.

(10)

Q.10. What do you mean by Financial Planning? Explain the causes of Under-capitalisation.

(10)
