

ROLL No.....

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

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. Prepare a Cash Flow statement from the summarized Balance Sheet given below:

	1998	1999		1998	1999
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Liabilities			Assets		
Share Capital	3,00,000/-	4,00,000/-	Plant & Machinery	50,000/-	60,000/-
P & L Account	15,000/-	30,000/-	Furniture & Fixture	10,000/-	15,000/-
Creditors	1,00,000/-	70,000/-	Stock	85,000/-	1,05,000/-
			Debtors	1,60,000/-	1,50,000/-
			Cash	1,10,000/-	1,70,000/-
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	4,15,000/-	5,00,000/-		4,15,000/-	5,00,000/-
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(10)

Q.2. Define any **five** of the following terms:

- | | |
|--|---------------------------|
| (a) Business Finance | (b) Du-Pent control chart |
| (c) Fund from operation | (d) Financial Plan |
| (e) Gross Working Capital | (f) Pay-back period |
| (g) Rate of Return on capital employed | (h) Common size statement |

(5x2=10)

Q.3. What is meant by the term Ratio Analysis in Financial Management? Classify the different types of Ratios with examples.

OR

Distinguish between Fund Flow and Cash Flow statements.

(10)

Q.4. Balance Sheet:

Liabilities			Assets
	Rs.		Rs.
Equity shares of Rs.10/- each	1,00,000/-	Fixed Assets (at cost)	1,40,000/-
Reserves	20,000/-	Stock	30,000/-
Profit & Loss Account	30,000/-	Debtors	30,000/-
Secured loan	80,000/-	Advances	10,000/-
Creditors	50,000/-	Cash in hand	30,000/-
Provisions for taxation	20,000/-	Other Asset (Goodwill)	60,000/-
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	3,00,000/-		3,00,000/-
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(Note: The Sales for the year was Rs.5,60,000/-)

Calculate the following ratios:

- (a) Debt-Equity Ratio
- (b) Liquidity Ratio
- (c) Fixed Assets to current Assets Ratio
- (d) Fixed Assets Turnover

(10)

Q.5. "Financial Management is that managerial activity which is concerned with the planning and controlling of the firm's financial resources". In the light of above definition discuss the scope and extent of Financial Management.

OR

"Financial Management draws heavily on related disciplines and fields of study such as economics, accounting, marketing, production and quantitative methods". Discuss.

(10)

Q.6. Write short notes on **any two** of the following:

- (a) Internal Rate of Return
- (b) Overtrading
- (c) Wealth maximization objective
- (d) Acid test ratio

(2x5=10)

Q.7. Briefly describe the techniques of Financial analysis and state the limitations of Financial Analysis.

OR

Define what is meant by Working Capital. Discuss the factors which determine Working Capital needs.

(10)

Q.8. State what is meant by the term capitalization. Discuss in the light of this the status of over-capitalisation and under-capitalisation.

OR

Define the term Capital Structure. Discuss the factors that determine Capital structure of a company.

(10)

Q.9. From the summarized Balance Sheet given below, prepare a Fund Flow statement for the year 1976:

Balance Sheet

	1975	1976		1975	1976
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Liabilities			Assets		
Share Capital	10,000/-	15,000/-	Cash	5,000/-	8,000/-
P & L Account	5,000/-	8,000/-	Debtors	10,000/-	15,000/-
Reserves	4,000/-	6,000/-	Stock	10,000/-	12,000/-
Creditors	8,000/-	12,000/-	Machinery	3,000/-	5,000/-
Bills Payable	5,000/-	3,000/-	Land	4,000/-	4,000/-
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	32,000/-	44,000/-		32,000/-	44,000/-
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(10)

Q.10. The initial cash outlay of a proposed project is Rs.5,00,000/-. The cash inflow during next five years are Rs.1,85,000/-, Rs.1,25,000/-, Rs.1,40,000/-, Rs.1,70,000/- and Rs.1,80,000/-. Find out the payback period of the project.

(10)
