

**B. SC. (HOSPITALITY & HOTEL ADMINISTRATION) SEM – VI**  
**2010 COURSE) : SUMMER - 2018**  
**SUBJECT : FINANCIAL MANAGEMENT**

Day : **Monday**  
Date : **16/04/2018**

Time : **10.00 AM To 01.00 PM**  
**S-2018-2194** Max. Marks : 80

**N.B.:**

- 1) Attempt **ANY SIX** questions including **Q. No.1** which is **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of pocket **CALCULATOR** is allowed.
- 4) Assume additional data, if necessary.

**Q.1** Following is the Balance Sheets of Ahura Ltd., as on 31<sup>st</sup> March, 2014 and 31<sup>st</sup> March, 2015. [20]

**Balance Sheet**

Particulars	31 <sup>st</sup> March, 2014 Rs.	31 <sup>st</sup> March, 2015 Rs.
<b>Assets:</b>		
Goodwill	15,000	2,500
Machinery	50,000	75,000
Furniture	25,000	20,000
Investments	10,000	17,500
Stock	25,000	35,000
Debtors	20,000	24,500
Cash	750	500
Preliminary Expenses	9,250	7,500
<b>Total</b>	<b>1,55,000</b>	<b>1,82,500</b>
<b>Liabilities:</b>		
Share Capital	50,000	60,000
General Reserve	25,000	30,000
10% Debenture	25,000	22,500
Profit and Loss Account	5,000	7,500
Creditors	35,000	42,500
Bills Payable	15,000	20,000
<b>Total</b>	<b>1,55,000</b>	<b>1,82,500</b>

**Additional Information:**

- a) Depreciation is to be charged @10% p.a. on opening balance of Machinery and Furniture.
  - b) Dividend paid during the year was Rs. 30,000.
- Prepare:
- i) Statement Showing changes in Working Capital.
  - ii) Statement of Sources and Application of Funds.
  - iii) Working notes if any.

**Q.2** Write short notes on **ANY THREE** of the following: [12]

- a) Time Value of money
- b) Meaning of VAT
- c) Cost Plus Pricing
- d) Sales Budget
- e) Functions of Management

**P.T.O.**

- Q.3 a)** Calculate the following ratios from the details given as under: [06]
- i) Current Ratio
  - ii) Gross Profit Ratio
  - iii) Fixed Asset Turnover Ratio

Particulars	Rs.
Annual Sales	2,52,000
Closing Stock	50,000
Fixed Assets	1,44,000
Cost of Sales	1,92,000
Current Liabilities	60,000
Current Assets	1,50,000

- b)** From the information given below prepare a statement determining the working capital requirement of ABC Ltd. [06]

Element of Cost	Per unit (Rs.)
Materials	30
Labour	18
Overheads	<u>12</u>
Total cost	<u>60</u>

**Additional Information:**

- i) Budgeted annual production 12,000 units.
- ii) Stock of raw materials is maintained for 2 months.
- iii) Stock of finished goods is maintained for 1 month.
- iv) Credit allowed by Supplier is 3 months.
- v) Credit allowed to Customer is 2 months.

- Q.4 a)** State whether following statements are True or False: [04]
- i) Gross Profit Ratio denotes Liquidity.
  - ii) Current Ratio is a Solvency Ratio.
  - iii) In flexible budget variable rate per unit is constant.
  - iv) Assets purchased indicates sources of funds.

- b)** Fill in the blanks: [04]
- i) Cost of goods sold = \_\_\_\_\_ – Gross Profit.
  - ii) Issue of Shares indicates \_\_\_\_\_ of funds.
  - iii) Working Capital = \_\_\_\_\_ Assets – \_\_\_\_\_ Liabilities.

- c)** Explain the following terms: [04]
- |                  |                        |
|------------------|------------------------|
| i) Variable cost | iii) Proprietor's Fund |
| ii) Inventory    | iv) Liquidity          |

- Q.5** A company is presently working at 50% capacity. [12]

Particulars	Rs.
Sales 100% Variable	48,000
Materials 100% Variable	15,000
Labour 100% Variable	8,000
Overheads 100% Variable	5,000
Staff Salary 100% Fixed	10,000
Advertisement expenses 100% Fixed	5,000
Salesman Salary 40% Fixed	2,000

Prepare a flexible budget at 80% and 100% Capacity.

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**Q.6** Answer **ANY THREE** of the following: [12]

- a) Explain the factors affecting Working Capital requirement of any business.
- b) What are the determinants of Pricing Policy?

**Q.7** A company is considering an investment proposal to install a new machinery at a cost of Rs. 2,00,000. The estimated Cash Flow are as follows: [12]

Year	Cash Inflow	Discounted @ 10%
1	50,000	0.909
2	60,000	0.826
3	60,000	0.751
4	70,000	0.683
5	40,000	0.621

Evaluate the above on the basis of:

- a) Payback Period Method.
- b) Average Rate Return Method on original Investment.
- c) Net Present Value Method assuming 10% discount factor.

**Q.8** Answer **ANY THREE** of the following questions: [12]

- a) Explain the importance of budget.
- b) What are the advantages of Pay Back Method?
- c) What is the utility of Cash Flow Statement?
- d) Explain with examples Fixed Cost and Variable Cost.
- e) Explain any two Solvency Ratios.

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