

**B. SC. (HOSPITALITY & HOTEL ADMINISTRATION) SEM –  
VI 2010 COURSE) : WINTER - 2017  
SUBJECT: FINANCIAL MANAGEMENT**

Day: **Monday**  
Date: **27/11/2017**

**W-2017-1504**

Time: **08.30 AM TO 11.30 AM**  
Max. Marks: 80

**N.B.:**

- 1) Attempt any **SIX** questions including **Q. No. 1** is 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 are the Balance Sheet of Dolly Ltd. As on 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March, 2016. **(20)**

Particulars	31 <sup>st</sup> March, 2015 Rs.	31 <sup>st</sup> March, 2016 Rs.
<b><u>Assets</u></b>		
Goodwill	40,000	25,000
Plant and Machinery	1,50,000	2,25,000
Building	1,00,000	90,000
Debtors	1,20,000	1,60,000
Stock	2,20,000	1,80,000
Cash	30,000	40,000
Formation Expenses	30,000	20,000
<b>Total Rs.</b>	<b>6,90,000</b>	<b>7,40,000</b>
<b><u>Liabilities</u></b>		
Share Capital	5,00,000	5,50,000
General Reserve	30,000	50,000
Profit and Loss A/c	40,000	60,000
Creditors	70,000	50,000
Provision for Taxation	50,000	30,000
<b>Total Rs.</b>	<b>6,90,000</b>	<b>7,40,000</b>

**Additional Information:-**

- a) Charge depreciation on building Rs. 30,000 and on Machinery Rs. 15,000.
  - b) Dividend paid during the year Rs. 20,000.
  - c) Tax Paid during the year Rs. 30,000.
- Prepare:
- i) Fund flow Statement
  - ii) Statement Showing change in working capital
  - iii) Working Note, if any.

**Q.2** Write short notes on any **THREE** of the following: **(12)**

- a) Advantages of VAT
- b) Time value of Money
- c) Backward Pricing
- d) Need of working Capital

**P. T. O.**

**Q.3** From the information given below: **(12)**

Prepare a Statement showing Working capital requirement of ABC Ltd.

- a) Budgeted annual production 15,000 units.
- b) Cost of Material Rs. 50 per unit, Labour Rs, 30 per unit, Overheads Rs. 20 per unit.
- c) Stock of Material is maintained for 3 months.
- d) Stock of finished goods is maintained for 1 month.
- e) Credit allowed by Supplier is 2 months.
- f) Credit allowed to Customer is 2 months.
- g) Lag in payment of wages 1.5 months.
- h) Cash balance is to be maintained at Rs. 50,000.

**Q.4 A)** From the following details Calculate: **(06)**

- i) Stock Turnover Ratio.
- ii) Debtors Turnover Ratio
- iii) Current Ratio

Annual Sales Rs. 40,000; Gross Profit 25%, Opening Stock Rs. 8,000, Closing Stock 9,000 . Credit Sales Rs. 12,000, Debtors Rs. 8,000. Bills Receivable 10,000, Current Assets Rs. 1,50,000 and Current Liabilities Rs. 75,000.

**B)** State Whether following Statements are **True** or **False**. **(06)**

- i) Payment of dividend is sources of funds.
- ii) Acid test ratio denotes solvency.
- iii) Purchase of Machinery is an application of funds.
- iv) Payback period method considers the time value of Money.
- v) Total fixed cost is constant of all capacity level.
- vi) Cost of Sales = Sales –Gross Profit.

**Q.5** A Company is presently working at 50% Capacity. Presents the following **(12)** information.

<b>Particulars</b>		<b>Rs.</b>
Sales	100% Variable	3,60,000
Materials	100% Variable	80,000
Labour	100% Variable	50,000
Overheads	100% Variable	30,000
Staff Salary	100%fixed	20,000
Advertisement	40% fixed	10,000
Salary to Salesman	70% Variable	20,000

Prepare a flexible budget at 75% and 100% Capacity Showing Cost per unit and Total Cost.

- Q.6 a) What are the determinants of Price Policy? (06)
- b) Explain the Modern Concept of Financial Management? (06)

Q.7 Z Ltd. is Considering to purchase a new machinery. Two alternative are available at the cost of Rs. 4,00,000 each. (12)

Year	Machine A	Machine B	Discount @10%
1	1,80,000	1,20,000	0.909
2	1,20,000	1,60,000	0.826
3	80,000	1,50,000	0.751
4	70,000	60,000	0.683
5	50,000	40,000	0.621

Calculate for each Machine:-

- a) Payback Period
- b) Net Present Value at 10% discount factor
- c) A.R.R. Method
- d) Profitability Index at 10% discount factor
- Q.8 Answer the following: (Any **THREE**) (12)
- a) Importance of Capital budgeting
- b) Explain any two Solvency ratios
- c) Explain with examples fixed cost and variable cost
- d) What is Decision Accounting?

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