

BACHELOR OF HOTEL MANAGEMENT & CATERING TECHNOLOGY (2010 COURSE)
B.H.M.C.T. Sem-VII : WINTER :- 2021
SUBJECT: FINANCIAL MANAGEMENT

Day : Tuesday
Date 25-01-2022

W-6354-2021

Time : 10:00 AM-01:00 PM
Max. Marks: 80

N.B.:

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

Q.1 Following are the summarized Balance Sheet of Shania Ltd. as on 31st March, 2016 and 31st March, 2017. [20]

Particulars	31 st March, 2016 ₹	31 st March, 2017 ₹
Assets:		
Goodwill	15,000	5,000
Land	50,000	70,000
Machinery	40,000	50,000
Cash	10,000	5,000
Sundry Debtors	20,000	25,000
Stock	25,000	35,000
Total	1,60,000	1,90,000
Liabilities:		
Share Capital	1,00,000	1,20,000
General Reserves	20,000	25,000
Profit and Loss A/c	20,000	25,000
Sundry Creditors	15,000	13,000
Provision for Taxation	5,000	7,000
Total	1,60,000	1,90,000

Additional Information:

- a) Depreciate Machinery @ 10% p.a.
 - b) Tax paid during the year ₹ 8,000.
- Prepare :
- i) Statement of 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:

- a) Backward Pricing
- b) Cash from operations
- c) Limitation of Ratio Analysis
- d) Sales Budget
- e) Time Value of Money

[12]

P.T.O.

- Q.3** From the information given below. Prepare a statement determining the Working Capital requirement of Gagry Pvt. Ltd. [12]
- Budgeted annual production 90,000 units.
 - Cost of Raw Materials ₹ 120 per unit, Labour ₹ 60 per unit and Overheads ₹ 30 per unit.
 - Stock of Raw Materials is maintained for 2 months.
 - Stock of finished goods is maintained for 1 month.
 - Credit allowed to customer is 2 months.
 - Credit allowed by supplier is 3 months.
 - Lag in payment of wages 1.5 months.
 - Cash balance is to be maintained at 10% of Gross Working Capital.

- Q.4 a)** Explain the following terms: [04]
- Variable Cost
 - Funds from operations
 - Payback period
 - Budget

- b)** Fill in the blanks: [04]
- Profit and loss account is also called as _____ statement.
 - Difference between Current Assets and Current Liabilities is known as _____.
 - Issue of Debenture is _____ of funds.
 - Cash Inflow \times Discount factor = _____.

- c)** State whether the following statements are True or False: [04]
- Payment of Dividend is Application of Funds.
 - Difference between Current Assets and Current Liabilities is known as Current Ratio.
 - “Debt Equity Ratio” is a Solvency Ratio.
 - “Current Ratio” denotes liquidity.

- Q.5** Prepare a Cash Budget for three months ending 31st March, 2018 from the budgeted data. [12]

Month	Purchases ₹	Sales ₹	Wages ₹	Misc. Expenses ₹
November	60,000	80,000	10,000	6,000
December	50,000	1,00,000	12,000	6,000
January	70,000	90,000	8,000	5,000
February	40,000	1,20,000	10,000	4,000
March	50,000	1,40,000	10,000	5,000

Additional Information:

- Cash on hand on 01.01.2018 ₹ 20,000.
- Cash sales are 20% and balance realized after two months.
- Supplier is paid after one month.
- Wages are paid with time lag of 1 month.
- Miscellaneous expenses are paid in the same month.

- Q.6** Distinguish between the following: [12]
- Gross Working Capital and Net Working Capital.
 - Cash Flow Statement and Funds Flow Statement.

...3...

- Q.7** A company is considering an investment proposal to install a new machinery [12]
at a cost of ₹ 6,00,000 each. The estimated cash flow are as follows:

Year	Discounting factor @ 10%	Cash Inflows	
		Project A ₹	Project B ₹
1	0.909	1,40,000	1,80,000
2	0.826	1,50,000	1,60,000
3	0.751	1,60,000	1,60,000
4	0.683	1,80,000	1,40,000
5	0.621	1,20,000	1,00,000

You are required to appraise the proposal on the basis of:

- Payback period method.
- Net present value method @ 10% discount factor.

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

- Explain the importance of Ratio Analysis.
- What is the scope of Financial Management?
- Write the advantages of V.A.T.
- Explain the characteristics of budget.
- Explain the role of Supply and Demand in determination of Price.

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