



NBP-010-004602

Seat No. _____

Third Year B. H. T. M. (Sem. VI) (CBCS) Examination

April / May - 2017

**6.2 - Financial Management
(New Course)**

Faculty Code : 010

Subject Code : 004602

Time : 3 Hours]

[Total Marks : 70

- Instructions :**
- (1) All questions carry 14 marks each.
 - (2) Attempt any 5 questions. Simple Calculators and PVIF tables may be allowed.
 - (3) For questions 1 to 5; make use of the financial statements given at the beginning of the question paper.

Balance Sheet as at (In Rupees Crores)	March 31, 2016	March 31, 2015
Equity and Liabilities		
Shareholders' Funds		
Share Capital	98.93	80.75
Reserves and Surplus	3,786.67	2,534.40
	3885.6	2615.15
Non-Current Liabilities		
Long-term Borrowings	1,558.06	2,898.10
Deferred Tax Liabilities (net)	303.03	191.06
Other Long-term Liabilities	484.83	585.47
Long-term Provisions	48.67	27.31
	2,394.59	3,701.94
Current Liabilities		
Short-term Borrowings	7.45	0.99
Trade Payables	203.39	165.49
Other Current Liabilities	941.99	633.79
Short-term Provisions	129.1	81.02
	1281.93	881.29
Total	7,562.12	7,198.38

Assets		
Non-Current Assets		
Fixed Assets		
Tangible Assets	2,114.61	1,988.60
Intangible Assets	41.36	23.2
Capital Work-in-Progress	55.23	140.46
Intangible Assets under Development	0.35	1.4
	2,211.55	2,153.66
Non-current Investments	2,781.16	2,546.14
Long-term Loans and Advances	1,437.44	1,439.55
Other Non-current Assets	1.96	3.28
	6,432.11	6,142.63
Current assets		
Current Investments	135.87	431.82
Inventories	45.08	43.16
Trade Receivables	161.2	138.88
Cash and Bank Balances	22.3	355.83
Short-term Loans and Advances	716.86	53.24
Other Current Assets	48.7	32.82
	1130.01	1055.75
Total	7,562.12	7,198.38

Statement of Profit and Loss for the year ended March 31

	2016	2015
(In Rupees Crores)		
Revenue : Rooms, Restaurants, Banquets and Other Income from Operations		
Room Income	1,002.33	908.34
Food, Restaurants and Banquet Income	918.2	813.42
Shop rentals	29.86	30.68
Membership fees	71.01	59.08
Management and operating fees	148.95	137.74
Others	103.35	75.12
	2,273.70	2,024.38
Other Income	108.62	79.22
Total	2,382.32	2103.60
Expenses		
Food and Beverages Consumed	209.82	181.88
Employee Benefit Expense and Payment to Contractors	615.98	531.37
Finance Costs	88.2	89.46
Depreciation and Amortisation	127.08	117.85
Other Operating Expenses		
Linen and Room Supplies	36.86	32.11
Catering Supp. lies	18.89	17.69
Other Supplies	4.7	4.01
Fuel, Power and Light	179.98	174.27
Repairs to Buildings	37.6	34.2
Repairs to Machinery	42.23	41.18
Repairs to Others	11.63	11.24
Linen and Uniform Washing and Laundry Expenses	11.54	10.92
Payment to Orchestra Staff, Artistes and Others	26.59	24.1
Guest Transportation	34.62	24.49
Travel Agents' Commission	32.25	28.11
Discount to Collecting Agents	19.85	19.25
Other Operating Expenses	40.3	35.07
	497.04	456.64

General Expenses		
Rent	48.87	44.48
Licence Fees	146.87	128.39
Rates and Taxes	49.52	45.8
Insurance	6.12	6.17
Advertising and Publicity	88.96	96.66
Printing and Stationery	8.37	8.23
Passage and Travelling	8.95	9.65
Provision for Doubtful Debts	4.38	1.99
Professional Fees	35.41	36.11
Outsourced Support Services	49.16	45.63
Exchange Loss (Net)	0	1.06
Loss on Sale of Fixed Assets (Net)	1.41	0.23
Payment made to Statutory Auditors	4.25	2.86
Directors' Fees and Commission	2.65	0.52
Corporate Social Responsibility (CSR)	0.92	
Other Expenses	66.47	68.04
	522.31	495.82
Total	2060.43	1873.02
Profit Before Tax and Exceptional Items	321.89	230.58
Exceptional Items	-10.21	-228.7
Profit / Loss Before Tax	311.68	1.88
Tax Expenses		
Current Tax	51.89	41.37
Deferred Tax	111.97	83.9
Minimum Alternate Tax Credit	-51.89	-41.37
Provision of Tax / Deferred Tax of Earlier Years (net)	-1.33	0
Total	110.64	83.9
Profit / Loss After Tax	201.04	-82.02

Revenue for the year 2014, 2013 and 2012 in Rupees crores are

1977.33	1924.79	1864.72
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- 1 Prepare the general budget on traditional style for the year 2017-2018 from the following financial statements.
- 2 Prepare Fund Flow Statement on total resource basis / working capital basis from the given information.
- 3 Calculate Break Even sales from the given information.
- 4 Calculate any five the following ratios from the given information :
 - (a) Collection Period
 - (b) Inventory Turnover Ratio
 - (c) Operating Profit Margin
 - (d) Asset Turnover Ratio
 - (e) Fixed Charge Coverage Ratio
 - (f) Sales Mix
 - (g) Food Cost Percent
 - (h) Accommodation Cost Percent
 - (i) Return on Capital Employed
- 5 Define the term 'Financial Analysis'. Enumerate the tools of Financial Analysis. What is Ratio? Define the term 'Ratio Analysis'. With the help of neat chart, classify the various financial ratios in detail indicating the formula of each financial ratio.
- 6 What is budget? Enumerate the various types of budget. Explain the steps for preparation of budget on traditional basis in your own words.
- 7 Define the term 'Ratio' and 'Ratio Analysis'. With the help of neat chart, classify the various financial ratios in detail indicating the formula of each financial ratio.

- 8 Define the term 'EOQ'. With the help of graphical and mathematical calculation derive the formula of EOQ. Also enumerate the assumptions taken while determining the EOQ.
- 9 What is Working Capital? Mention its types and explain the factors affecting working capital. How is working capital cycle calculated ?
- 10 Expand the acronym 'CVP'. Define the term Break Even Point. Derive the formula of Break Even Sales both graphically and numerically. Also indicate the assumptions and financial decision to be taken based on CVP analysis.
- 11 Write a detailed note on the 'Sources of Long Term Finance'.
- 12 Calculate Operating Cycle in days based on the following data :

Particulars	In Rupees Lakhs	
Purchase of Raw Material		10676
Direct Expenses		1147
Depreciation		248
Selling and Other Expenses		4557
Sales		54211
	Opening Balance	Closing Balance
Raw material	3455	4095
Work In Progress	56	73
Finished Goods	638	1033
Accounts Receivable	756	1166
Accounts Payable	2504	3087

13 Do as directed :

- (a) Project of Renovation of a restaurant is expected at \$2500 and is expected to generate year-end cash inflows of \$900, \$800, \$700, \$600 and \$500 in years 1 through 5. The opportunity cost of the capital is assumed to be 10%. Should the project be implemented? (Hint : Use NPV)
- (b) Project of Renovation of a restaurant is expected at \$2500 and is expected to generate year-end cash inflows of \$900, \$800, \$700, \$600 and \$500 in years 1 through 5. What is the Internal Rate of Return?

OR

EIH Ltd. is evaluating 2 alternatives A and B for internal transportation having a life of 7 and 5 years at 12%. The initial outlay and operating costs associated with these systems are as follows :

Year	A (In INR)	B (In INR)
0	10,00,000	8,00,000
1	1,00,000	75,000
2	1,25,000	1,00,000
3	1,50,000	1,20,000
4	1,75,000	1,40,000
5	2,00,000	1,00,000
6	2,25,000	
7	2,00,000	

Which alternative should be chosen by the company?