



**MBO-010-004602**

Seat No. \_\_\_\_\_

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

**Examination**

**April / May - 2018**

**6.2 - Financial Management**

*(New Course)*

**Faculty Code : 010**

**Subject Code : 004602**

Time :  $2\frac{1}{2}$  Hours]

[Total Marks : 70

- Instructions :** (1) All questions carry equal marks. - 14 Marks each.
- (2) Attempt any five questions.
- (3) Simple Calculators and Non Programmable Calculators are allowed.

- 1** 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. **14**
- 2** Define the term 'Inventory' financially. Derive EOQ and ROL formula both graphically and algebraically. Also mention the assumptions considered therein. **14**
- 3** Write a detailed note on Inventory Systems. Draw the relevant formats neatly. **14**
- 4** Write a detailed note on Working Capital and factors affecting working capital. What do you mean by Under-trading and Over-trading? **14**

- 5 Calculate Break Even Sales from the following information 14  
with Total Fixed Cost assumed at Rupees 1,55,600/-

Product Name	Selling Price	Portion Cost	Portions sold
Cheesy Veg Croissant	160	55	210
Smoked Chicken Sandwich	100	35	420
Chicken 65 Sandwich	90	30	90
Tandoori Chicken Sandwich	160	60	600
Tandoori Paneer Sandwich	200	75	90
Tex Mex Veg Cheese Sandwich	170	55	360
Spinach & Corn Cheese Sandwich	160	50	510
Veg Club Sandwich	140	65	240
Salmon & Cream Cheese Sandwich	190	70	150
Olive & Red Tomato Sandwich	130	50	330

- 6 Prepare Fund Flow Statement for the period 2016 - 2017 14  
from the data of The Indian Hotels Limited.
- 7 From the following data, calculate the Working Capital 14  
Amount from the data of the Jubilant Food Works Limited.
- 8 Calculate the following Financial Ratios from the 14  
information related to The Indian Hotels Company Limited.  
(Any 7)
- Acid Test Ratio
  - Inventory Turnover Ratio
  - Return on Capital Employed
  - Asset Turnover Ratio
  - Fixed Charge Coverage Ratio
  - Retention Ratio
  - Debt-equity Ratio
  - Average Room Rate
  - Food Cost Percent
  - Accommodation Cost Percent

9 Do as directed :

7+7=14

(a) Find the EOQ, ROL, Buffer Stock, Maximum Stock 7

and Minimum Stock from the following information :

(i) Commodity : Olive Oil

(ii) Rate : 720/-

(iii) Cost Per Order : 35/-

(iv) Carrying Cost % - 20%

(v) Annual Consumption - 14400 litres

(vi) Lead Time - A fortnight

(vii) Stock Out Acceptance Factor : - 0.35

(b) Perform ABC and VED Analysis from the following 7

data :

<i>Sl.</i>	<i>Commodity</i>	<i>Quantity</i>	<i>Rate</i>
1	Rice	2	32
2	Tamarind	3	50
3	Groundnut	5	45
4	Mustard seeds	8	35
5	Jaggery	13	43
6	Refined Flour	21	37
7	Bengal Gram	34	62
8	Green Gram	55	56
9	Black Pepper	89	375
10	Coriander Seed	144	100

**Annexure 1**  
**Balance Sheet of Jubilant Food Works Limited**

Particulars	March 31, 2017	March 31, 2016
<i>Equity and Liabilities</i>	(Rs. in lakhs)	(Rs. in lakhs)
<b>Equity</b>		
Equity Share capital	6,594.91	6,594.91
<b>Other Equity</b>		
Securities premium	11,180.03	10,694.10
Retained Earnings	66,245.48	61,417.49
Other Reserves	1,198.01	1048.60
Money received		
against share warrants	0.35	2.55
<b>Total Equity</b>	<b>85,218.78</b>	<b>79,757.65</b>
Non-current liabilities		
Financial Liabilities		
Security Deposits	36.50	13.00
Deferred tax liabilities (Net)	6,930.96	7,293.56
	<b>6,967.46</b>	<b>7,306.56</b>
<b>Current liabilities</b>		
Financial Liabilities		
Trade and other payables	31,173.77	29,297.19
Other Payables	487.36	442.37
Other Financial liabilities	87.36	110.25
Short-term provisions	2,006.12	1,710.02
Other Current Liabilities	7,267.33	6,723.83
	41,021.94	38,283.66
<b>Total Equity and Liabilities</b>	<b>133,208.18</b>	<b>125,347.87</b>

<b>Assets</b>	(Rs. in Lakhs)	(Rs. in Lakhs)
<b>Non-current assets</b>		
Property, Plant and Equipment	76,679.80	77,897.10
Capital work-in-progress	5,981.72	1,738.11
Investment Property	3.41	3.41
Other Intangible Assets	4,443.75	2,653.23
Intangible assets under development	0.00	778.72
Investment in subsidiary	7,442.52	6,167.86
<b>Financial Assets</b>		
Security Deposits	7,584.24	7,947.01
Others	136.90	122.12
Other non-current assets	6,816.13	5,359.41
Assets for Current Tax	810.62	568.08
	<b>109,899.09</b>	<b>103,235.05</b>
<b>Current assets</b>		
Inventories	5,872.32	5,376.61
<b>Financial Assets</b>		
Investments	9,356.77	9,077.56
Trade and other receivables	1,561.90	1,247.82
Cash and cash equivalents	3,243.46	3,138.02
Other current assets	3,274.64	3,272.81
	23,309.09	22,112.82
<b>TOTAL ASSETS</b>	<b>133,208.18</b>	<b>125,347.87</b>

**Annexure 2**  
**Profit & Loss A/c of Jubilant Food Works Limited**

<b>Particulars</b>	<b>March 31, 2017</b>
<b>Income</b>	<b>(Rs. in Lakhs)</b>
<b>Revenue from operations</b>	
<b>Sale of Manufactured goods</b>	
Pizza	188,747.72
Others	45,429.38
<b>Total</b>	<b>234,177.10</b>
<b>Traded goods</b>	
Beverages	10,046.69
Dessert	6,767.98
Dips	2,725.93
Others	834.89
<b>Total</b>	<b>20,375.49</b>
Other operating income :	
Sub-franchisee Income	54.39
<b>Revenue from operation</b>	<b>254,606.98</b>
Other Income	1,448.49
<b>Total Revenue</b>	<b>256,055.47</b>
<b>Expenses</b>	
Cost of raw materials consumed	53,619.08
Purchase of traded goods	8,027.80
Changes in inventories of raw material-in-progress and traded goods	-49.42
Employee benefit expenses	58,453.82

Depreciation and amortisation expense	15,115.25
Stores Consumed	1,632.49
Packing Materials Consumed	8,321.27
Power & Fuel	14,233.09
Repairs - Plant and Machinery	3,577.48
Repairs - Others	3,609.53
Rent	29,864.20
Rates and Taxes	859.60
Insurance	259.48
Travelling and Conveyance	1,825.37
Freight and forwarding charges	7,629.22
Communication costs	2,646.73
Legal and Professional Charges	2,462.15
Director's Sitting Fees and Commission	87.87
Franchisee Fee	8,438.14
Advertisement & Publicity Expenses	14,365.16
Sundry balances written off	6.72
Allowances for doubtful debts and advances	26.58
CSR Spend	300.80
Loss on disposal of fixed assets	343.57
Donation	5.00
Miscellaneous Expenses	9,402.35
<b>Total expenses</b>	<b>245,063.33</b>

**Annexure 3**  
**(Value in Rupees Lakhs)**

<b>Cost of Raw Materials Consumed</b>	
Inventory at the beginning of the year	3,952.78
Add : Purchases during the year	54,341.88
	<b>58,294.66</b>
Less : Sales during the year	(389.67)
Less : Inventory at the end of the year (including Raw material in Transit Rs. 331.68 lakhs (PY Rs. 405.17 lakhs)	(4,285.91)
<b>Cost of raw materials consumed</b>	<b>53,619.08</b>
<b>Details of raw materials consumed</b>	
Cheese	20,738.75
Others	32,880.33
<b>TOTAL</b>	<b>53,619.08</b>
<b>Details of Inventory</b>	
Cheese	2,136.56
Others	2,149.35
<b>TOTAL</b>	<b>4,285.91</b>
<b>(Increase) / Decrease In Inventories</b>	
<b>Opening Stock</b>	
Raw material in Process	82.27
Traded Goods	339.16
<b>Total (A)</b>	<b>421.43</b>
<b>Less : Closing Stock</b>	
Closing Stock - Raw material in Process	(61.34)
Closing Stock - Traded Goods	(409.51)
<b>TOTAL (B)</b>	<b>(470.85)</b>
<b>TOTAL (A-B)</b>	<b>(49.42)</b>



<b>Details of Purchase of traded goods</b>	
Prepackaged Beverages	5,815.87
Dessert	1,429.31
Dips	782.62
<b>Details of (increase)/decrease in inventories</b>	<b>8,027.80</b>
<b>Traded Goods :</b>	
Beverages	(60.18)
Dessert	(34.93)
Dips	24.76
<b>TOTAL (A)</b>	<b>(70.35)</b>
<b>Raw material in process TOTAL (B)</b>	<b>20.93</b>
<b>(Increase)/Decrease In Inventories (A+B)</b>	<b>(49.42)</b>
<b>Details of inventory at the end of the year</b>	
<b>Traded Goods :</b>	
Beverages	221.13
Dessert Including Raw material in Transit Rs.2.86 lakhs (PY Rs. 17.09 lakhs)	140.68
Dips	47.70
<b>TOTAL</b>	<b>409.51</b>
<b>Raw Material in Process :</b>	
Dough	61.34
<b>Total</b>	<b>61.34</b>

**Annexure 4 :**  
**The Indian Hotels Company Limited**

<b>Balance Sheet as at March 31</b>	<b>2017</b>	<b>2016</b>
<b>Equity and Liabilities</b>	<b>crores</b>	<b>crores</b>
Equity		
Equity share capital	98.93	98.93
Other equity	2,516.97	2,276.65
	<b>2615.90</b>	<b>2375.58</b>
<b>Liabilities</b>		
Non-current liabilities		
Financial liabilities		
Borrowings	1,494.54	1,569.37
Other financial liabilities	253.46	298.36
Provisions	48.78	48.65
Deferred tax liabilities (net)	288.32	228.80
	<b>2,085.10</b>	<b>2,145.18</b>
<b>Current Liabilities</b>		
Financial liabilities		
Borrowings	7.31	7.45
Trade payables	177.14	172.85
Other financial liabilities	883.13	921.42
Provisions	85.72	78.14
Other current liabilities	239.29	266.6
	<b>1,392.59</b>	<b>1,446.46</b>
	<b>6,093.59</b>	<b>5,967.22</b>

<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,148.57	2,100.91
Capital work-in-progress	107.88	55.23
Intangible assets	38.12	41.36
Intangible assets under development	0.03	0.35
Financial assets		
Investments	2,875.09	1,818.84
Loans	37.78	1,057.29
Other financial assets	58.60	56.05
Advance income tax (net)	65.35	47.95
Other non-current assets	255.94	250.16
	<b>5,587.36</b>	<b>5,428.14</b>
<b>Current assets</b>		
Inventories	47.56	45.08
Investments	53.10	135.87
Trade receivables	213.74	161.83
Cash and cash equivalents	14.07	21.12
Other Balances with Banks	7.63	8.09
Loans	1.47	1.47
Other financial assets	119.82	123.26
Other current assets	48.84	42.36
	<b>506.23</b>	<b>539.08</b>
	<b>6,093.59</b>	<b>5,967.22</b>

**Annexure 5:**  
**The Indian Hotels Company Limited**  
**Statement of Profit & Loss**  
**for the year ended March 31**

		2017
		crores
<b>Income</b>		
Revenue from operations		
Room Income		1,058.18
Food, Beverage & Banqueting Income		931.87
Shop rentals		30.46
Membership fees		95.15
Management and Operating fees		158.81
Other Operating Income		116.78
Other income		53.86
<b>Total</b>		<b>2,445.11</b>
<b>Expenses</b>		
Opening Stock	22.32	
Add : Purchases	221.80	
Less : Closing Stock	24.13	
Food and beverages consumed	219.99	219.99
Employee benefit expenses and payment to contractors		633.22
Finance costs		197.86
Depreciation and amortisation expenses		151.29
Other operating expenses		
Linen and Room Supplies	41.99	
Catering Supplies	20.75	
Other Supplies	5.22	
Fuel, Power and Light	166.87	
Repairs to Buildings	40.36	
Repairs to Machinery	45.02	
Repairs to Others	11.37	
Linen and Uniform Washing and Laundry Expenses	10.86	
Security charges and Others	27.59	
Guest Transportation	33.32	
Travel Agents' Commission	37.26	
Discount to Collecting Agents	20.03	
Other Expenses	42.86	
	<b>503.50</b>	<b>503.50</b>

Other general expenses		
Rent	46.55	
Licence Fees	158.13	
Rates and Taxes	42.44	
Insurance	6.53	
Advertising and Publicity	70.64	
Printing and Stationery	8.33	
Passage and Travelling	10.83	
Provision for Doubtful Debts / Bad debts written off	1.57	
Expenditure on Corporate Social Responsibility	4.36	
Professional Fees	32.65	
Outsourced Support Services	53.65	
Exchange Loss (Net)	0.22	
Payment made to Statutory Auditors	3.91	
Directors' Fees and Commission	3.32	
Other Expenses	70.78	
	<b>513.91</b>	<b>513.91</b>
Total Operating and General Expenses		1,017.41
<b>Total</b>		<b>2,219.77</b>
<b>Profit before exceptional items and tax</b>		225.34
<b>Exceptional items</b>		33.51
<b>Profit before tax</b>		<b>258.85</b>
<b>Tax expense</b>		
Current tax		109.24
Deferred tax		7.67
Minimum Alternate Tax Credit		
<b>Total</b>		<b>116.91</b>
<b>Profit after tax</b>		<b>141.94</b>

**Annexure 6**  
**The Indian Hotels Company Limited**  
**Statement of Profit & Loss Appropriation**  
**Account for the year ended March 31**

<b>Income</b>	<b>2017</b> <b>crores</b>
Profit after tax	141.94
Other comprehensive income	
Items that will not be reclassified subsequently to profit or loss	
Re-measurement of defined benefit obligation	7.58
Change in fair value of equity instruments designated irrevocably as Fair Value Through Other Comprehensive Income	127.79
Less/(Add) :- income tax expense / (credit)	-2.93
Other comprehensive income for the year, net of tax	132.44
Total comprehensive Income for the ear	274.38
<b>Expenditure</b>	
Final Dividend	29.68
Tax on Dividend	4.38
Transferred to Other Equity Reserves and Retained Earnings	240.32
<b>Total</b>	<b>274.38</b>

**Annexure 7 :**  
**Additional Information**

Number of Rooms	4303
Occupancy Percentage	66%
Share Price as on 28/02/2018	Rupees 127.50
Dividend Declared for the Period : 2016 - 2017	35%
Face Value of the Share	Rupee 1.00/-