



CS – 002

VIII Semester B.H.M. Examination, July 2024  
(CBCS) (F+R)  
(2018 – 19 and Onwards)  
**HOTEL MANAGEMENT**  
**Paper – 8.2 : Financial Management in Hotels**

Time : 3 Hours

Max. Marks : 70

**Instruction :** All working notes and calculations should be **clearly** shown.

SECTION – A

Answer **any five** sub-questions. **Each** carries **two** marks.

(5×2=10)

1. a) Give the formula of EPS.
- b) State any two objectives of cash flow statement.
- c) What do you mean by Financial Management ?
- d) Define Turnover Ratio.
- e) Mention four examples of current assets.
- f) Calculate the average investment from the following information :  
Cost of Investment = ₹ 10,00,000  
Working capital = ₹ 5,00,000  
Scrap value = 10%  
Life of investment = 5 years.
- g) Calculate liquid ratio from the following details :  
Current Liabilities = ₹ 50,000  
Current Assets = ₹ 80,000  
Stock = ₹ 25,000  
Prepaid expenses = ₹ 5,000.

SECTION – B

Answer **any three** questions. **Each** carries **six** marks.

(3×6=18)

2. Discuss the various factors affecting the capital structure of a company.

P.T.O.



3. From the following compute current ratio, quick ratio and net working capital :

	₹		₹
Stock	36,500	Prepaid expenses	1,000
Sundry Debtors	63,500	Bank overdraft	20,000
Cash in hand and bank	10,000	Sundry creditors	25,000
Bills receivables	9,000	Bills payable	16,000
Short term investments	30,000	Outstanding expenses	14,000

4. Compare the two companies in terms of operating leverage and financial leverage.

Particulars	Firm X	Firm Y
	₹	₹
Sales	30,00,000	45,00,000
Variable cost	35% on sales	45% on sales
Fixed cost	8,00,000	9,00,000
Interest	2,00,000	3,00,000

5. Explain the functions of Financial Management.
6. Keerthi Caterers is considering the purchase of a machinery. Two machines S and T each costing ₹ 2,00,000 are available. Cash inflows are expected to be as under :

Year	Machine S	Machine T
	₹	₹
1	60,000	20,000
2	80,000	60,000
3	1,00,000	80,000
4	60,000	1,20,000
5	40,000	80,000

Calculate pay back period.



SECTION – C

Answer **any three** questions. **Each** carries **fourteen** marks.

(3×14=42)

7. What is Financial Analysis ? Discuss the various techniques of financial analysis.
8. Vastu Ltd. is considering an investment decision to install a new machine. The project will cost ₹ 5,00,000/- with a life of 5 years and no salvage value.

The company's tax rate is 50%.

The estimated income before depreciation and taxes is as follows :

Year	1	2	3	4	5
EBDT (₹)	1,00,000	1,10,000	1,40,000	1,50,000	2,50,000

Compute the following :

- a) Pay Back Period.
- b) NPV @ 10% discount rate

Following are the PV factors of Rs 1 @ 10% p.a. for the years 1 to 5.

1 –	0.909
2 –	0.826
3 –	0.751
4 –	0.683
5 –	0.621

9. A company has EBIT of ₹ 4,80,000 and its capital structure consists of the following securities :

Equity share capital (₹ 10 each)	₹ 4,00,000
12% Preference share (₹ 100 each)	₹ 6,00,000
14.5% Debenture	₹ 10,00,000

The company is facing fluctuation in its sales. Calculate the EPS if :

- a) EBIT of the company increase by 25%
- b) EBIT of the company decrease by 25%

The company tax rate is 35%.