



V. M. SALGAOCAR INSTITUTE
of
INTERNATIONAL HOSPITALITY EDUCATION

B. Sc. International Hospitality Management

Type: Semester End Assessment

Date: 03/01/2024

Batch & Term: 2021-2024 & 8

Total Marks: 25

Time Duration: 02 Hours

Course Name: Financial Management

Course Code: IHOH115

Instructor: CMA (Ms.) Shameem Memon

This paper contains 02 pages in addition to the cover page.

Name of the Student: _____ Student Number: _____ Class: _____

Marks Obtained: _____ Faculty Signature: _____ Invigilator Signature: _____

Main Answer sheet	Number of Supplements	Total number of Answer sheets
01		

- Carefully read each question at the outset of the paper. All queries must be addressed to the faculty within the first 10 minutes of the examination.
- Students are expected to maintain complete silence in the examination hall and should not interact or communicate with their peers.
- Students will carry only their essential stationery like pens, pencils, ruler and simple calculators into the examination hall.
- Bags, eatables, drinks, etc. will not be allowed inside the hall with the exception of a bottle of water.
- Cell phones, electronic data banks, scientific calculators and smart/beeping watches are prohibited in the examination hall.
- Students will answer the examination with only blue/ black ball point pens unless informed differently by faculty. Avoid usage of green or red ink pens on the answer sheet.
- Dictionaries will not be allowed into examination hall unless informed differently by faculty.

Q. 1. Answer the following questions. (Any 05)

(05 Marks)

- a) List any two tools of analyzing financial statement.
- b) If the investment in a project is Rs.2500,000 and the annual cash inflow is Rs.50000, calculate payback period.
- c) State the role played by the finance manager in a company. (any 04 points)
- d) Enumerate any two sources of corporate finance.
- e) Write the steps with formula to calculate intrinsic value of an equity share.
- f) Draw format of owners' equity statement.

Q. 2.a) A 7-year bond with 12% coupon rate and Rs. 1000 Face value, has yield to maturity of 9% p.a. Assume annual coupon payment. Calculate Value of the Bond. Also state whether it is overvalued or undervalued if its market price is Rs.1400. **(2.5 Marks)**

Q. 2.b) The expected rate of dividend is 15%, Normal rate of return is 25 %, paid up value per share is Rs. 100, calculate value of a share by yield value method and fair value method if value of a share is Rs.85 on the basis of intrinsic value. **(2.5 Marks)**

Q. 3. A company has the following capital structure and cost of capital associated with the same.

Sources of Funds	Amount (Rs.)	Cost of Debt After Tax (%)
Debt	2500000	12
Preference Share Capital	2000000	09
Equity Share Capital (Face value Rs. 100 per share)	2000000	20
Retained Earning	1500000	15

Calculate Weighted Average Cost of capital:

- a) According to book value
- b) According to market value if market price per equity share is Rs. 120.

(05 Marks)

Q.4. Prepare a vertical statement showing trend analysis of the following income

Statement and also offer your comments on the same.

(05 Marks)

Particulars	2020 (Rs.)	2021 (Rs.)	2022 (Rs.)	2023 (Rs.)
Sales	60,00,000	70,00,000	85,00,000	96,00,000
(-) Cost of sales	<u>20,00,000</u>	<u>30,00,000</u>	<u>40,00,000</u>	<u>50,00,000</u>
Gross Margin	40,00,000	100,00,000	125,00,000	146,00,000
Office Expenses	400,000	500,000	600,000	700,000
Marketing Expenses	700,000	800,000	900,000	800,000
Finance Cost	400,000	250,000	500,000	500,000
Depreciation	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Total Expenses	17,00,000	17,50,000	22,00,000	22,00,000
Net Profit Before Tax	23,00,000	82,50,000	1,03,00,000	1,24,00,000
(-) Income Tax @30%	?	?	?	?
Net Profit After Tax	?	?	?	?

Q.5. GoodFood Company Ltd. wants to buy one machine, for which Machine Q is under consideration. Cost of Machine Q is Rs.42,00,000. Discounting rate is 10%. Following data is provided by the company:

(05 Marks)

Year	Machine Q	
	Cash inflow after tax and after Depreciation	Depreciation per annum
01	1200000	15000
02	1900000	12000
03	1220000	11000
04	1350000	10000
05	400000	9000
06	200000	8000

You are required to:

i) Calculate Discounted Payback Period, Net Present Value and Profitability index.

ii) Advise the company about buying Machine Q based on Discounted Pay Back

Period Net Present Value and Profitability Index method. The ideal payback period is 4 years.