V. M. SALGAOCAR INSTITUTE
of
INTERNATIONAL HOSPITALITY EDUCATION

B.Sc. International Hospitality Management

Type: Semester End Assessment — Date: 09/04/2025

Batch and Term: 2022-2025 & 9 — Total Marks: 25 — Time Duration: 02 Hours

Course Name: Financial Management — Course Code: IHOH115

Faculty: CMA (Ms.) Shameem Memon

This paper contains 03 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.

Answer the following questions

Q. 1. Answer the following questions in short. **(05 Marks)**

a) What is the formula for calculating the dividend payout ratio? What does it indicate?

b) If the investment in a project is Rs.4,00,000 and the annual cash inflow is Rs.50,000 then What will be the payback period?

c) Write the format of the owners' equity statement.

d) Explain the concept of the Internal Rate of Return.

e) State any four factors affecting the dividend policy of a company.

Q. 2. Food Lovers Company Ltd. wants to buy one machine, for which Machine B is under consideration. The cost of Machine B is Rs.28,00,000. Discounting rate is 9%. The following data is provided by the company: **(05 Marks)**

Year	Machine B	
	Cash inflow after tax and after Depreciation	Depreciation per annum
01	900000	12000
02	800000	11000
03	700000	10000
04	600000	9000
05	500000	8000
06	300000	7000

You are required to:

i) Calculate Discounted Payback Period and Net Present Value.

ii) Advice the company about buying Machine B based on Discounted Pay Back period and Net Present Value. The ideal payback period is 6 years.

Q. 3. Complete the following vertical income statement and calculate the trend percentage for Completed Income Statement. **(05 Marks)**

Particulars	2022 (Rs.)	2023 (Rs.)	2024 (Rs.)	2025 (Rs.)
Sales	25,00,000	30,00,000	70,00,000	80,00,000
(-) Cost of sales	10,00,000	10,00,000	20,00,000	40,00,000
Gross Margin	?	?	?	?
(-) Expenses:				
1) Management Expenses	300,000	400,000	500,000	600,000
2) Marketing Expenses	600,000	700,000	800,000	900,000
3) Finance Cost	300,000	300,000	400,000	400,000
4) Depreciation	100,000	100,000	100,000	100,000
Total Expenses	?	?	?	?
Net Profit Before Tax	?	?	?	?

Q. 4. a) Calculate Earnings Per Share and Price Earnings Ratio from the following information:
Profit available to equity shareholders is Rs. 36,00,000.
Number of equity shares is 120000. Market Price per equity share is Rs.35. **(2.5 Marks)**

Q. 4. b) A 8-year bond with 13% 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.2000. **(2.5 Marks)**

Q. 5. A company has the following capital structure and cost of capital associated with the same. The tax rate is 35%. **(05 Marks)**

Sources of Funds	**Amount (Rs.)**	**Cost of Capital Before Tax (%)**
Debt	32,00,000	9
Preference Share Capital	16,00,000	08
Equity Share Capital (Face value Rs. 100 per share)	12,00,000	11
Retained Earning	8,00,000	10

Calculate the Weighted Average Cost of capital:

a) According to book value

b) According to market value if Market price per equity share is Rs. 160.

****