NP – 501

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V Semester B.Com. Examination, February/March 2024
(NEP) (Freshers)
TOURISM AND TRAVEL MANAGEMENT B.Com TTM
Paper – 5.1 : Financial Management

Time : 2½ Hours

Max. Marks : 60

***Instruction** : Answer **all** the questions in **English**.*

SECTION – A

1. Answer **any six** questions out of eight. **Each** question carries **two** marks. **(6×2=12)**
   a) Who is a financial analyst ?
   b) Define financial management.
   c) Which are the techniques of time value of money ?
   d) Give the meaning of earnings per share.
   e) Define capital budgeting.
   f) What is inventory management ?
   g) Cost of machinery is ₹ 1,00,000 and cashflows for the first 3 years are ₹ 30,000, ₹ 45,000 and ₹ 50,000. Express the PBP in terms of years.
   h) Mention the motives of holding cash.

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SECTION – B

Answer **any three** questions out of five. **Each** question carries **four** marks. **(3×4=12)**

2. Explain the factors determining working capital management.

3. What are the steps involved in financial planning ?

4. Calculate present value of ₹ 10,00,000 to be received after 5 years from now assuming 6% time preference for money.

5. A firm has sales of ₹ 10,00,000, variable cost ₹ 7,00,000 and fixed cost of ₹ 2,00,000 and debt of ₹ 5,00,000 at 10% rate of interest. What are the operating, financial and combined leverages ?

6. A project requires an investment of ₹ 5,00,000 and has a scrap value of ₹ 20,000 after five years. It is expected to yield profits after taxes during the five years are as follows. Calculate the average rate of return.

Yr	1	2	3	4	5
a/min ₹	40,000	60,000	70,000	50,000	20,000

SECTION – C

Answer **any three** questions out of five. **Each** question carries **twelve** marks. **(3×12=36)**

7. What is working capital ? Explain the dangers of excessive working capital and also inadequate working capital.

8. Briefly explain the role of finance manager in India.

9. The capital structure of the Progressive Corporation Ltd., consists of an equity shares capital of ₹ 10,00,000 (shares of ₹ 10 per value) and ₹ 10,00,000 of 20% debentures. The sales increased by 25% from 2,00,000 units to 2,50,000 units. The selling price is ₹ 10 per unit variable costs amount to ₹ 6 per unit and fixed expenses amount to ₹ 2,50,000. Income tax rate is assumed to be 50%. You are required to calculate the following :

   a) The percentage increase in EPS.

   b) The degree of operating leverage at 2,00,000 units and 2,50,000 units.

   c) The degree of financial leverage at 2,00,000 units and 2,50,000 units.

   d) The degree of combined leverage at 2,00,000 units and 2,50,000 units.

10. 'SK' Ltd., is considering the purchase of machine. Two machines 'X' and 'Y' each costing ₹ 1,00,000 is available. In comparing the profitability of these machines a discount rate of 10% is to be used. Earnings after taxes are expected to be as follows :

Year	1	2	3	4	5
Machine 'X'	30,000	40,000	50,000	30,000	20,000
Machine 'Y'	10,000	30,000	40,000	60,000	40,000

The following are present value factors at 10%.

Year	1	2	3	4	5
P-V factor at 10%	0.909	0.826	0.751	0.683	0.621

Evaluate the proposal under :

1) The payback period

2) The accounting rate of return

3) The net present value.

11. 'XY' Company Ltd., is desirous to purchase a business and has consulted you. You have to advise them about the average amount of working capital which will be acquired in the first year.

Particulars	**Amount for the year**
a) Amount blocked up for stocks :	
Stock of finished product	5,000
Stock of stores materials etc.	8,000
b) Average credit given	
Inland sales – 6 weeks credit	3,12,000
Export sales –1½ weeks credit	78,000
c) Delay/lag in payment of wages and other outgoings	
Wages – 1½ weeks	2,60,000
Stock of materials etc. – 1½ months	48,000
Rent, royalties etc. – 6 months	10,000
Clerical staff – ½ month	62,400
Manager salary – ½ month	4,800
Miscellaneous expenses – 1½ month	48,000
d) Payment in advance	
Sundry expenses (paid quarterly in advance)	8,000
e) Margin for contingencies	10%