NP – 361

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V Semester B.Com. Examination, January/February 2025
(NEP Scheme) (Freshers/Repeaters)
TOURISM AND TRAVEL MANAGEMENT
5.1 : Financial Management TTM

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) Define working capital management.
   b) Profit before tax is ₹ 2,00,000, tax rate is 50%, No. of equity shares are 10,000. Calculate EPS.
   c) Expand NPV and EBIT.
   d) Financial leverage is 3 times, operating leverage is 2 times, what is combined leverage ?
   e) What is capital structure ?
   f) Initial investment is ₹ 20,00,000, scrap value is ₹ 4,00,000, working life of the machine is 10 years. Calculate average investment.
   g) List any 2 techniques used under capital budgeting.
   h) Give the meaning of financial management.

SECTION – B

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

2. Briefly describe the function of financial management.
3. Explain the need for time value of money.
4. Calculate operating leverage from the following details.

   Sales 1,00,000 units, selling price per unit ₹10, variable cost is ₹ 6 per unit, fixed cost is ₹ 2,00,000.

5. Prepare an estimate of working capital requirement from the following information :

   Profit (% Net profit) on sales 30%

   Annual sales 1,20,000 units

   Selling price per unit ₹10

   Average credit period allowed to customer – 10 weeks

   Average credit period allowed by suppliers – 5 weeks

   Average stock holding in terms of sales requirement – 5 weeks

   Allow 15% for contingencies.

6. Calculate ARR for Project A and Project B from the following information.

Particulars	**Project A**	**Project B**
Investments	2,00,000	3,00,000
Expected life	4 years	5 years
Net Income		
(after tax) (projects)		
I Year	20,000	30,000
II Year	15,000	30,000
III Year	15,000	20,000
IV Year	10,000	10,000
V Year	–	10,000

   Required rate of return is 12%. Which project should be undertaken ?

SECTION – C

Answer **any three** questions out of five. **Each** question carries **twelve** marks.

(3×12=36)

7. Who is a finance manager ? Explain the role of finance manager.

8. Explain the factors influencing capital structure decision.

9. Arun electronics is considering purchase of 2 machines 'P' and 'Q' costing 50,000. Assuming a discount rate of 10%. The profit before depreciation after tax (cash inflow) and P.V. factor as follows.

Year	**Machine P (cash inflow)**	**Machine Q (cash inflow)**	**P. V. Factor at 10%**
1	25,000	15,000	0.909
2	30,000	25,000	0.826
3	35,000	30,000	0.751
4	25,000	40,000	0.683
5	20,000	30,000	0.621

Compute :

a) Payback period.

b) Net present value.

c) Accounting rate of return.

10. From the following particulars estimate working capital requirement from the books of TTM Ltd.

Particulars	**Amount Per unit**
Raw material	45
Direct labour	9
Overheads	21
Total cost	**75**
Profit	15
Selling Price	90

Additional information :

1) Raw material are in store on an average for 2 months
2) Materials are in process for 1 month
3) Finished goods are in store on an average for 3 months
4) Credit allowed by suppliers is 3 months
5) Credit allowed to customers is 2 months
6) 20% of output sold for cash
7) Production and sales 70,000 units
8) Cash in hand expected to be 35,000.

11. Malnad Ltd. is capitalized with ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each. Management decides to raise another ₹10,00,000 to finance a major expansion program. These are 3 possible financial plans.

i) All equity shares

ii) All debentures carrying 8% interest.

iii) ₹ 5,00,000 equity shares and ₹ 5,00,000 in debentures

Calculate EPS when EBIT is :

a) ₹ 4,80,000
b) ₹ 6,00,000
