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Reg. No.....

Name.....

**BACHELOR OF HOTEL MANAGEMENT DEGREE
EXAMINATION, JANUARY 2026**

Third Semester

FINANCIAL MANAGEMENT

(2017–2019 Admissions – Supplementary/2014–2016 Admissions – Mercy Chance)

Time : Three Hours

Maximum Marks : 80

Part A

*Answer **all** questions.
Each question carries 1 mark.*

Write short notes on the following :—

- | | |
|--------------------------------------|-------------------------------|
| 1. Financing decision. | 2. Business finance. |
| 3. Debentures. | 4. Commercial papers. |
| 5. Weighted average cost of capital. | 6. Capitalisation. |
| 7. Operating leverage. | 8. Optimum capital structure. |
| 9. Net working capital. | 10. Credit policy. |

(10 × 1 = 10)

Part B

*Answer any **eight** questions.
Each question carries 2 marks.*

11. What do you mean by profit maximisation ?
12. State the duties of financial treasurer.
13. Distinguish between Present value and Future value.
14. Who is an Non Resident Indian ?
15. What is Inter Corporate deposit ?
16. Do retained earnings have a cost ?
17. What is the value of market value weights in computing weighted average cost of capital ?
18. Differentiate between Financial and Operating leverage.
19. What do you mean by Dividend Policy ?

Turn over





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20. What is cash dividend ?
21. Mention any two strategies for cash management.
22. How do you fix the credit standards ?

(8 × 2 = 16)

Part C

*Answer any **six** questions.
Each question carries 4 marks.*

23. What are the guidelines one should keep in mind while formulating a financial plan ?
24. Why is consideration of time important in financial decision making ? How can time be adjusted ?
25. State the causes of risk.
26. Explain the modus operandi of factoring services.
27. A company issued a debenture with a face value of Rs. 100. The coupon rate is 9 %. Determine the market price of the debenture if the current yield on the debenture is (i) 10 %; (ii) 11%; and (iii) 9 %.
28. Explain the base for valuing a business firm.
29. The capital structure of the Progressive Corporation Ltd., consists of an equity share capital of Rs. 10,00,000 (shares of Rs. 10 per value) and Rs 10,00,000 of 20 % debentures. Sales increased by 25 % from 2,00,000 units to 2,50,000 units, the selling price is Rs. 10 per unit, variable costs amounts to Rs. 6 per unit and fixed expenses amounts to Rs. 2,50,000; income tax rate is assumed to be 50 %. You are required to calculate the following :
 - (a) The percentage increase in earning per share;
 - (b) The degree of financial leverage at 2,00,000 units and 2,50,000 units;
 - (c) The degree of operating leverage at 2,00,000 units and 2,50,000 units.
30. What is an operating cycle ? How is it important for the management of working capital ?
31. How do working capital management policies affect a firm's risk and profitability.

(6 × 4 = 24)

Part D

*Answer any **two** questions.
Each question carries 15 marks.*

32. Discuss the new role of financial manager in the modern business environment.
33. Discuss the role of financial institutions in funding business.





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34. Discuss some of the important practices followed for the payment of dividends.
35. A firm has annual credit sales of Rs. 25,00,000. It grants 2 months credit to its customers with no cash discount facility. It intends to offer a discount of 2/10 net 60. It is expected that this will reduce average collection period to one month and 50 % of the customers (in value) will take advantage of this benefit the selling price per unit is Rs. 25 while average cost per unit is Rs. 20.

You are required to advise the firm in the new scheme presuming required rate of return on investment is 25 % and one month is of 30 days.

(2 × 15 = 30)

