

M.B.A.T.M.

THEORY EXAMINATION (SEM-II) 2016-17

TOURISM MANAGEMENT

Time : 3 Hours

Max. Marks : 70

Note : Be precise in your answer. In case of numerical problem assume data wherever not provided.

SECTION – A

1. Explain the following:

7 x 2 = 14

- What are the decisions of finance function?
- What do you mean by financial leverage?
- When is said to be capital structure optimum?
- Explain the importance of financial planning?
- “Share capital is better than debt capital”, in favour of this explain one factor which affects the capital structure.
- What are the factors affecting the dividend decisions.
- Explain by giving reasons, why capital budgeting decisions are important?

SECTION – B

2. Attempt any five of the following questions:

5 x 7 = 35

- What is capital budgeting? What are the various techniques of capital budgeting? Discuss them in brief.
- What are the various short term and long term sources of finance available with a business concern? Explain.
- What is working capital? What are the sources of working capital explain.
- What is meant by capital structure? Give the theories of capital structure?
- Give the argument for and against the relevance of dividend pay-out.
- Finance function of business is closely related to other functions of business. Discuss.
- Explain the long term sources of finance.
- Explain the CAPM approach for computing the cost of equity.

SECTION – C

Attempt any two of the following questions:

2 x 10.5 = 21

3. There are two projects X and Y. each project requires an investment of Rs. 20,000. You are required to rank the projects accordingly to the pay-back period with the following information.

(Net Profit before depreciation and after tax.)

Year	Project X (Rs.)	Project Y (Rs.)
1.	1,000	2,000
2.	2,000	4,000
3.	4,000	6,000
4.	5,000	8,000
5.	8,000	--

Justify your answer.

4. What is Working Capital Management? Explain the concept of Operating Cycle with an example.

5. The financial data of a firm is given as follows:

Equity shares of Rs. 100	Rs. 10,00,000
12% preference shares of Rs. 10	Rs. 5,00,000
Profit after tax	Rs. 4,00,000
Equity Dividend paid Rs. 2 per share	
Market price of equity share	Rs. 120

Calculate the following ratios:

- | | |
|-------------------------------------|----------------------------|
| (i) Dividend yield on equity shares | (ii) EPS for equity shares |
| (iii) Price-Earning ratio | |