

MASTER OF ARTS (TOURISM MANAGEMENT)**Term-End Examination****December, 2013****MTM-05 : ACCOUNTING AND FINANCE FOR MANAGERS IN TOURISM***Time : 3 hours**Maximum Marks : 100**Note : Answer any five questions. All questions carry equal marks unless otherwise specified.*

1. From the following balances of ledger of Shri Chand B as on 31st March 2011, prepare the trading and profit and loss a/c for the year ended March 31st 2011 and the Balance sheet as on March 31st 2011 :

Particulars	₹ Amount	Particulars	₹ Amount
Sundry Creditors	19,000	Bad Debts	100
Building	15,000	Loan from Ram	2,500
Income Tax	1,025	Sundry Debtors	9,500
Loose tools	1,000	Investments	6,500
Cash at bank	16,200	Bad Debts Reserve	1,600
Sundry Expenses	1,990	Rent and Taxes	850
Bank Interest (cr)	75	Furniture	3,000
Purchases	1,57,000	Stock (1.4.2010)	27,350
Wages	10,000	Capital	47,390
Carriage Inwards	1,120	Discount allowed	630
Sales	1,85,000	Dividends received	535
Motor van	12,500	Drawings	2,000
Cash in hand	335	Bills Payable	10,000

Adjustments to be taken into account:-

- (a) Write off ₹ 300 as bad debts out of sundry debtors and create a provision for doubtful debts @ 20% on debtors.
- (b) Rates paid in advance ₹ 100 and wages outstanding ₹ 450 ?
- (c) Stock was valued at ₹ 15,000 on 31-3-2011.
- (d) Write off 5% depreciation on building and 10% for motor van.

2. State the group of persons having an interest in a business organisation and examine the nature of their information needs. Also discuss the role of accountants in modern business organisations. 20

3. "An outsider, who reads the data relating to the business as revealed by the accounting statements, tends to assume that accounting gives an exact picture of the business." Utilizing your understanding of the concepts, including the limitations imposed by such concepts on accounting information, discuss the above statement and critically evaluate the statement. 20

4. Explain the following terms giving relevant examples. 5x4=20

- (a) Accounts receivables.
- (b) Inventory.
- (c) Current Liabilities.
- (d) Reserves and Surpluses.
- (e) Contingent Liabilities.

5. Define the following and give 4 examples of each : 5x4=20
- (a) Direct costs.
 - (b) Indirect costs.
 - (c) Fixed costs.
 - (d) Variable costs.
 - (e) Semi-variable costs.

6. From the following particulars, find out 20

- (a) Material Cost Variance.
- (b) Material Usage Variance.
- (c) Material Price Variance.

Quantity of material purchased	4,000 units
Value of material purchased	₹ 10,000
Standard quantity of materials per unit of finished product	2 kg.
Standard rate of material	₹ 2 per kg.
Opening stock of material	1,000 kg.
Closing stock of material	2,000 kg.
Finished product during the period	1,000 units.

7. From the details given below, calculate : 20

- (a) Efficiency Ratio.
- (b) Activity Ratio.
- (c) Capacity Ratio.

Budgeted production	880 units.
Standard hours per unit	10
Actual production	750 units.
Actual working hours	6,000

8. Is the use of financial leverage justifiable from a socio-economic standpoint ? Explain by listing some advantages and disadvantages. 20
9. "In managing cash the finance manager faces the problem of compromising the conflicting goals of liquidity and profitability". Comment on the statement. What strategy should the finance manager develop to solve this problem ? Discuss. 20
10. What is capital structure ? What are the features of an appropriate capital structure ? Explain the importance of capital structure and planning. 20
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