

**MASTER OF ARTS IN TOURISM  
MANAGEMENT (MTM)**

**02971 Term-End Examination  
December, 2014**

**MTM-5 : ACCOUNTING AND FINANCE FOR  
MANAGERS IN TOURISM**

*Time : 3 hours*

*Maximum Marks : 100*

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*Note : Attempt any **five** questions in about 600 words each. All questions carry equal marks.*

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1. (a) What are the purposes of accounting information? Explain briefly.  
(b) What groups of people would be interested in accounting reports and why?  $2 \times 10 = 20$
  
2. Differentiate between  $2 \times 10 = 20$ 
  - (a) 'Schedule of Changes in Working Capital' and 'Funds Flow Statement'.
  - (b) 'Funds Flow Statement' and 'Cash Flow Statement'.
  
3. Write short notes on the following :  $4 \times 5 = 20$ 
  - (a) Contribution
  - (b) Break-even Point
  - (c) Margin of Safety
  - (d) Angle of Incidence

4. The Standard Material and Standard Cost per kg of material required for the production of one unit of product A is as follows :

Material – 5 kgs.

Standard Price – ₹ 5 per kg

The actual production and related material data are as follows :

400 units of product A

Material used 2,200 kgs.

Price of Material ₹ 4.50 per kg

Calculate :

20

- (a) Material Cost Variance
  - (b) Material Price Variance
  - (c) Material Usage Variance
5. What are the important decisions of finance function ? Explain their importance and relevance in Financial Management. 20
6. Define 'Operating Leverage' and 'Financial Leverage. How is Financial Leverage related to Operating Leverage ? Substantiate your answer with examples. 20
7. Explain the different methods of evaluating Capital Investment proposals. 20
8. What factors should a Financial Manager take into consideration while estimating Working Capital needs of the firm ? 20
9. What are the determinants of Capital Structure ? Explain briefly. 20

**10. Discuss the role of a Financial Manager with respect to Dividend Policy. What alternatives need to be considered and what factors should be taken into consideration before finalising the Dividend Policy ?**

*20*

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