

MASTER OF ARTS (TOURISM MANAGEMENT)

Term-End Examination

June, 2013

MTM-05 : ACCOUNTING AND FINANCE FOR MANAGERS IN TOURISM

Time : 3 hours

Maximum Marks : 100

*Note : Answer **any five** questions in all. All questions carry equal marks unless otherwise specified.*

1. Answer the following questions in brief : 4x5=20
 - (a) Differentiate between zero based budgeting and performance based budgeting.
 - (b) Separate entity concept.
 - (c) Convention of materialism.
 - (d) List 5 functions of finance managers.
 - (e) Define accounting equation.

2. Discuss the basic accounting concepts and conventions in detail. What are their importance for tourism industry managers ? 20

3. From the following data, calculate : 20
 - (a) Break Even Point expressed in terms of units and rupees.
 - (b) P.V. Ratio

(c) Desired sales to earn a profit of ₹ 60,000.

Sales prices (10,000 (units)	₹ 20 per unit
Material cost per unit	₹ 10 per unit
Labour cost per unit	₹ 2 per unit
Fixed factory cost	₹ 54,000 per year
Fixed selling cost	₹ 2,000 per year

4. What role and duties should the finance managers play in an organisation ? What is the justification for goal of maximising the wealth of shareholders ? **20**
5. Name the three activities in which cash flows are classified as per accounting standard 3. Also give 3 examples of transactions covered in these activities. **20**
6. Following is the balance sheet of Suboder and sons Ltd. as on March 31st 2012. **20**

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Equity share capital	20,00,000	Fixed Assets : Cost	
13.5% pref. share capital	10,00,000	60,00,000	
General Reserve	6,67,000	Less : Depreciation	
15% Debentures	11,00,000	20,50,000	39,50,000
Sundry creditors	7,20,000	Sundry Debtors	10,00,000
Provision for tax	2,92,000	Stock	6,50,000
		Cash	1,79,000
	57,79,000		57,79,000

Calculate :

- (a) Current ratio and acid test ratio.
- (b) Debt equity ratio.
- (c) Fixed asset to net worth ratio.
- (d) Proprietary ratio.

7. What do you understand by the terms budget and budgetary control ? You own a large size tour operation company. In context to it discuss the advantages and objectives of introducing budgetary control in your organisation. 20
8. Differentiate between the following : 4x5=20
- (a) Interest on capital and interest on drawings.
 - (b) Current Liabilities and Contingent Liabilities.
 - (c) Outstanding expenses and prepaid expenses.
 - (d) Outstanding income and accrued income.
9. Define cost accounting. Also discuss the various types of costs and methods of costing. 20
10. What is working capital ? What factors will affect the size of working capital in your tour operation company ? Elaborate. 20