



## Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

### Master's Degree Examination – May 2025

#### II Semester

Class : I P.G.  
Major : Tourism Management

Time: 3 Hours  
Max. Marks: 100

#### 24MTAC09 Accounting and Financial Management

##### Course Outcomes:

- CO1:** Understand financial accounting, preparation of journal, ledger and trial balance and preparation of balance sheet.  
**CO2:** Apply knowledge to know the accounting for diverse sectors.  
**CO3:** Aware of accounting for non-trading concerns, miscellaneous accounts.  
**CO4:** Gain knowledge on costing and cost accounting, types and preparation of cost sheets.  
**CO5:** Apply accounting knowledge to assess the financial performance of various organizations

#### Part A Choose the Correct Answer

10 x 1 = 10

- \_\_\_\_\_ is a specialised branch of accounting that keeps track of a company's financial transactions. CO1K2
  - Cost accounting
  - Management Accounting
  - Financial Accounting
  - Corporate Accounting
- The branch of accounting which provides information to people outside the business is called CO2K2
  - Accounting
  - Financial Accounting
  - Tax Accounting
  - None of the above
- Accounting provides information on CO1K3
  - Cost and income for managers
  - Company's tax liability for a particular year
  - Financial conditions of an institutions
  - All of the above
- The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as CO2K4
  - Current assets
  - Fixed assets
  - Intangible assets
  - Investments
- Profit and loss account shows CO3K1
  - Financial positions of a company
  - Operating efficiency
  - Cash flow of a company
  - None of the above
- Which of the following is an internal user of financial statement? CO2K3
  - Owners
  - Employees
  - Managers
  - All the above
- The calculation for the break even point is sales revenue in marginal costing is CO3K3
  - Fixed costs / Variable cost
  - Fixed costs / Contribution margin ratio
  - Total cost / Contribution margin ratio
  - Fixed costs + variable cost / Sales revenue
- Indirect cost is that cost incurred by the firm which CO4K1
  - has already been incurred and cannot be avoided
  - can be easily traceable to a product
  - are common to several products
  - are aggregate of variable cost

9. The concept of Financial management is CO3K2
- Profit maximization
  - All features of obtaining and using financial resources for company operations
  - Organization of funds
  - Effective Management of every company
10. CAPM stands for CO1K3
- Capital asset pricing model
  - Capital amount printing model
  - Capital amount pricing model
  - Capital asset printing model

**Part B**

**5 x 6 = 30**

**Answer ALL questions**

**Each answer should not exceed 400 words or two pages**

- 11.a. Keswick Co acquired 80% of the share capital of Derwent Co on 1 June 2015. The summarised draft statements of profit or loss for Keswick Co and Derwent Co for the year ended 31 May 2016 are shown below: CO1K2

	Keswick Co Rs.000	Derwent Co Rs. 000
Revenue	8,400	3,200
Cost of sales	(4,600)	(1,700)
	<hr/>	<hr/>
Gross profit	3,800	1,500
Operating expenses	(2,200)	(960)
	<hr/>	<hr/>
Profit before tax	1,600	540
Tax	(600)	(140)
	<hr/>	<hr/>
Profit for the year	1,000	400
	<hr/>	<hr/>

During the year Keswick Co sold goods costing Rs.1,000,000 to Derwent Co for Rs.1,500,000. At 31 May 2016, 30% of these goods remained in Derwent Co's inventory.

Required:

- (i) Prepare the Keswick group consolidated statement of profit or loss for the year ended 31 May 2016. CO2K4
- (or)
- 11.b. How are the balance sheet and income statement connected? CO2K4
- 12.a. Non-profit organization have some distinguishing features from that of profit organization. State them. CO3K2
- (or)
- 12.b. State the difference between tax avoidance and tax evasion. CO2K4
- 13.a. Bring out the importance of Financial Analysis. CO1K4
- (or)
- 13.b. From the following particulars, calculate: CO3K2
- Break-even point in terms of sales value and in units.
  - Number of units that must be sold to earn a profit of Rs. 90,000.

	Rs.
Fixed Factory Overheads cost	60,000
Fixed Selling Overheads cost	12,000
Variable manufacturing cost per unit	12
Variable Selling Cost per ;unit	3
Selling Price per unit	24

14.a. NRC Ltd., manufactured and sold 1000 Radio sets during the year 2019. The summarized accounts are given below:

CO2K1

Mfg. / Trading & Profit & Loss A/c

	Rs.	Rs.
To Cost of Materials	40,000	
By Sales		2,00,000
To Direct Wages	60,000	
To Manufacturing Exp.	25,000	
To Gross Profit	75,000	
	-----	-----
	2,00,000	2,00,000
	-----	-----
To Salaries	30,000	
By Gross Profit		75,000
To Rent, Rates & Taxes	5,000	
To General Expenses	10,000	
To Selling & Distribution Exp.	15,000	
To Net Profit	15,000	
	-----	-----
	75,000	75,000
	-----	-----

It is estimated that output and sales will be 1200 Radio Sets in the year 2020. Prices of Materials will rise by 20% on the previous year's level. Wages per unit will rise by 5% Manufacturing expenses will rise in proportion to the combined cost of materials and wages. Selling and distribution expenses per unit will remain unchanged. Other expenses will remain unaffected by the rise in output. Prepare cost sheet showing the price at which the Radio Sets should be sold so as to earn a profit of 20% on the selling price.

(or)

14.b. Prepare a Cost Sheet for the year ended 31.3.86 from the following figures extracted from the books of Best Engineering Co.

CO3K4

Opening Stock:

- (i) Raw Material Rs.40,350,
- (ii) Work-in-Progress Rs.15,000 and
- (iii) Finished Stock Rs.35,590.

Cost incurred during the period:

Materials purchased Rs.2,50,000, Wages paid Rs.2,00,000, Carriage inward Rs.2,000, Consumable Stores Rs.10,000, Wages of Storekeeper Rs.7,000, Depreciation of Plant & Machinery Rs.10,000, Materials destroyed by Fire Rs.5,000, Repairs & Renewals Rs. 5,010, Office Manager's Salary Rs.10,000, Salary to Office Staff Rs. 20,500, Printing & Stationary Rs.10,000, Power Rs.10,500, Lighting for Office Building Rs. 2,000, Carriage outward Rs.3,000, Freight Rs.5,000, Entertainment Rs. 2,500, Warehousing charges Rs. 1,500, Legal charges Rs.2,000, Expenses for participating in Industrial exhibition Rs.-6,000.

Closing Stock:

- (i) Raw material Rs.35,000,
- (ii) Work-in-Progress Rs. 14,500, and
- (iii) Finished Stock Rs.40,030. Profit 25% on cost.

15.a. Discuss the Traditional approach in Financial Management and highlight its contents. CO2K2

(or)

15.b. Describe the external sources of business finance. CO1K4

**Part C**

**5 x 12 = 60**

**Answer ALL questions**

**Each answer should not exceed 800 words or four pages**

16.a. Malright, a limited liability company, has an accounting year end of 31 October. The accountant is preparing the financial statements as at 31 October 2017 and requires your assistance. The following trial balance has been extracted from the general ledger. CO2K4

Account	Dr	Cr
Rs.000	Rs.000	
Buildings at cost	740	
Buildings accumulated depreciation, 1 November 2016	60	
Plant at cost		220
Plant accumulated depreciation, 1 November 2016	110	
Bank balance		70
Revenue		1,800
Net purchases	1,140	
Inventory at 1 November 2016		160
Cash		20
Trade payables	250	
Trade receivables		320
Administrative expenses	325	
Allowance for receivables at 1 November 2016	10	
Retained earnings at 1 November 2016	130	
Equity shares, Rs.1	415	
Share premium account	80	

The following additional information is also available: –

- The allowance for receivables is to be increased to 5% of trade receivables. The allowance for receivables is treated as an administrative expense.
- Plant is depreciated at 20% per annum using the reducing balance method and buildings are depreciated at 5% per annum on their original cost. Depreciation is treated as a cost of sales expense.
- Closing inventory has been counted and is valued at Rs.75,000.
- An invoice of Rs.15,000 for energy costs relating to the quarter ended 30 November 2017 was received on 2 December 2017. Energy costs are included in administrative expenses.

Required:

Prepare the statement of profit or loss and the statement of financial position of Malright Co as at 31 October 2017.

(or)

16.b. Difference Between Profit and Loss & Profit and Loss Appropriation Account. CO1K3

17.a. Elucidate the Basic Principles for Travel Agency Accounting. CO2K4  
(or)

17.b. Outline the ethical considerations in accounting. CO1K4

18.a. Enumerate the key components of financial statements used in the analysis. CO3K1  
(or)

18.b. Describe the components and benefits of cost volume profit analysis. CO4K1

19.a. The McAlister Co. has the following information available regarding costs and revenues for two recent months. Selling price is Rs.20. CO1K3

	March Rs.	April Rs.
Sales revenue	60,000	1,00,000
Cost of goods sold	-36,000	- 60,000
	-----	-----
Gross profit	24,000	40,000
	-----	-----
Less other expenses:		
Advertising	600	600
Utilities	4,200	5,600
Salaries and commissions	3,200	4,000
Supplies (bags, cleaning supplies etc.)	320	400
Depreciation	2,300	2,300
Administrative costs	1,900	1,900
	-----	-----
Total	-12,520	-14,800
	-----	-----
Net income	11,480	25,200

Required:

i. Identify each of the company's expenses (including cost of goods sold) as being either variable, fixed, or mixed.

ii. What is the total cost equation?

iii. Estimate total cost if sales = Rs.75,000

(or)

19.b. "Cost accounting is becoming more and more relevant in the emerging economic scenario in India." comment. CO2K4

20.a. Explain various sources of funds. Discuss the merits and demerits of each source to company. CO3K1

(or)

20.b. Elucidate the factors affecting investment, financing, and dividend decisions. CO2K1

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