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**TMS 505**

**Third Semester M.B.A. (TTM) Degree Examination, December 2018**  
**TOURISM AND TRAVEL MANAGEMENT**  
**Accounting for Tourism**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

**Note** : Answer **any two** questions. **Each** question carries **10** marks. **(10×2=20)**

1. Discuss the accounting concepts and fundamental accounting conventions in detail.
2. What is meant by cost volume profit analysis ? Explain the advantages of such analysis.
3. 'Management Accounting serves as a tool of Management'. Explain this statement.

**SECTION – B**

**Note** : Answer **any three** from the following. **Each** question carries **12** marks. **(3×12=36)**

4. From the following information, compute (i) Material cost variance; (ii) Material price variance; and (iii) Material usage variance.

Quantity of material purchased	3000 units
Value of materials purchased	Rs. 9,000
Standard quantity of material required per ton of output	30 units
Standard rate of material per unit	Rs 2.50
Opening stock of material	Nil
Closing stock of material	500 units
Output during the period	80 tons

**P.T.O.**



5. The following information relates to Process I and Process II :

	<b>Process – I</b>	<b>Process – II</b>
	<b>Rs.</b>	<b>Rs.</b>
Materials	20,000	–
Wages	20,000	28,000
Overheads	8,000	20,000

The output of Process I is transferred to Process II at a price fixed to yield a profit of 20% on the transfer price. The output of process II is transferred to the sales department at a profit of 25% on the transfer price. The entire output was sold for Rs 2,04,000 by the sales department. Prepare process accounts. Calculate the total profit assuming that there was no opening or closing stock.

6. Journalize the following transactions in the books of Suresh and post them into the ledger :

<b>Date</b>	<b>Particulars</b>
2005 Nov. 1	Suresh commenced with Cash Rs. 10,000 and goods Rs. 5,000
2	Purchased goods from Kishore Rs. 4,000
5	Bought Stationery for Rs. 500
7	Paid wages Rs. 800
8	Sold goods to Raman for cash Rs. 6,000
10	Paid into Bank Rs. 5,000
12	Paid postage Rs. 500
13	Paid electricity bill Rs. 1,000
15	Purchased machine from Hindustan tools limited Rs. 3,000
18	Paid rent Rs. 300
22	Drew for office use Rs. 500
25	Advanced to Govind Rs. 1,000 as loan
27	Received cash from Raman on account Rs. 1,500
30	Paid Kishore on account Rs. 2,000

7. The following data have been extracted from the books of Sunshine Industries Ltd., for the year 2012 :

	<b>Rs.</b>
Opening Stock of Raw Material	25,000
Purchases of Raw Materials	85,000
Closing Stock of Raw Materials	40,000
Carriage inward	5,000



Wages – Direct	90,000
Wages – Indirect	10,000
Rent and Rates – Factory	5,000
– Office	500
Depreciation – Plant and Machinery	1,500
– Office furniture	100
Indirect consumption of material	500
Sales	2,50,000
Advance Income-tax paid	15,000
Carriage and freight outward	1,000
Travelling expenses of Salesmen	1,100
Advertising Expenses	2,000
Bad Debts written off	1,000
Manager’s Remuneration	12,000
Other Office Expenses	900
Other Factory Expenses	5,700
Salary – Office	2,500
– Salesmen	2,000

The manager has the overall charge of the company and his remuneration is to be allocated at Rs. 4,000 to factory, Rs. 2,000 to the office and Rs. 6,000 to the selling operations. From the above particulars prepare a statement showing (a) Prime cost; (b) Factory cost; (c) Cost of Production; (d) Cost of Sales; and (e) Net Profit.

8. A company offers 10000 shares of Rs.10 each to the public for subscription at Rs.12 per share. Money is payable as follows :
- Rs.3 on application
  - Rs.4 on allotment (including Re 1 as premium)
  - Rs.5 on call (including Re 1 as premium)
- Applications are received for 15000 shares. No allotment is made to applicants for 3,000 shares and their application money is refunded. Rest are allotted shares on a pro rata basis. All allottees pay the money due on shares as and when called up.

Pass necessary journal entries and show how the items will appear in the company’s Balance Sheet.



SECTION – C  
(Compulsory)

(1×14=14)

9. A product is completed in three consecutive processes. During a particular month the input to Process I of the basic raw materials was 5000 units at Rs. 2 per unit. Other information for the month was as follows :

	<b>Process – 1</b>	<b>Process – 2</b>	<b>Process – 3</b>
Output (units)	4700	4300	4050
Normal loss as % of input	5	10	5
Scrap value per unit (Rs.)	1	5	6
Direct wages (Rs.)	3,000	5,000	8,000
Direct Expenses (Rs.)	9,750	9,910	15,560

The Overhead expense of Rs. 32,000 is chargeable as percentage of direct wages. There were no opening or closing work-in progress stocks. Compile three process accounts and finished stock account with details of abnormal loss and gain where applicable.

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