



WEST BENGAL STATE UNIVERSITY
B.A./B.Com. Honours 3rd Semester Examination, 2021-22

BATACOR07T-TOURISM AND TRAVEL MANAGEMENT (CC7)

FINANCIAL ACCOUNTING IN TOURISM

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.
Candidates should answer in their own words and adhere to the word limit as practicable.
All symbols are of usual significance.*

GROUP-A

Answer any two questions from the following

10×2 = 20

1. (a) What is financial control? 2+8
(b) What are the importance of financial management?
2. (a) What do you mean by optimum capital structure? 4+6
(b) What are the features of a sound capital structure?
3. (a) What is Accounting for Hotels and Travel Accounting? 4+6
(b) The book value of Plant and Machinery of a Limited company shows a debit balance of Rs. 2,40,000 on 1st January 2020. The same includes Machinery purchased at cost on 1st January 2015 for Rs. 30,000. It was sold on 1st April 2020 for Rs. 11,400 and on the same date a new machine was purchased for Rs. 40,000.

Show the 'Plant and Machinery' account for the year ended 31-12-2020, assuming depreciation is charged @ 10% p.a. under diminishing balance method.

GROUP-B

Answer any two questions from the following

15×2 = 30

4. The following items appear in the Trial Balance of Mr. X on 31-12-2020. 15

Debit Balances	Rs.	Credit Balances	Rs.
Salaries	36,000	Sales	5,46,000
Debtors	2,52,000	8% Loan from Mr. Z	1,20,000
Stock on 1-1-2020	60,000	(taken on 1-7-2020)	
Machinery	4,00,000	Provision for bad debts	16,000

Furniture	1,70,000	Bills Payable	22,000
Bad Debts	8,000	Outstanding Salaries	6,000
Purchases	3,00,000	Capital Account	6,00,000
Printing and stationery	10,600	Creditors	1,80,000
Postage	6,400		
Rent	9,000		
Cash in hand	5,000		
Bank Balance	1,45,000		
Insurance	9,600		
Bills Receivable	30,000		
General Expenses	18,400		
Drawings	20,000		
Interest on Loan	4,000		
Wages	6,000		
Total	14,90,000	Total	14,90,000

Additional Information:

- (i) Value of closing stock was Rs. 60,000.
- (ii) During the year the proprietor had taken goods of Rs. 6,000 for personal consumption.
- (iii) Write off Rs. 2,000 p.m. Debtors as Bad Debts and increase the provision for doubtful debt to 10%.
- (iv) Machinery is to be depreciated at 5% and Furniture at 10%.
- (v) Bill receivable includes dishonoured bill of Rs. 10,000.

Prepare Trading and Profit and Loss Account for the year ended 31-12-2020 and a Balance Sheet as on that date.

5. (a) What are the difference between operating leverage and financial leverage?

5+10

(b) The following data relate to two companies —

(Rs. In lac)

	S Ltd.	M Ltd.
Sales	500	100
Variable Cost	200	300
Fixed Cost	150	400
Interest on Debenture	50	100

Calculate Operating Leverage, Financial Leverage and Combined Leverage for the two companies.

6. The capacity of an organization is to produce 50,000 units of tubes per annum. Due to power cuts, the organization can operate at 60% of the capacity level. You are required to ascertain the Working Capital requirement at the current level of operations. The following information on the cost-price structure of tubes at the current level of production is available:

Elements of Cost	Per Unit
Raw Materials	Rs. 8
Direct Labour	Rs. 4
Overhead	Rs. 4
Total Cost	Rs. 16
Profit	Rs. 4
Selling Price	Rs. 20

Raw materials are in stock on an average for two months. The duration of the production process is half a month. Finished goods are in stock on an average for one month. Credit allowed to customers is three months and that obtained from suppliers of raw materials is $1\frac{1}{2}$ months. Lag in payment of wages is half a month. There is usually no lag in payment of overheads.

N.B. : *Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.*

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