



Name :

Roll No. :

Invigilator's Signature :

**CS/BHM/SEM-5/HM-510/2009-10
2009**

ADVANCED ACCOUNTING

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10 ∞ 1 = 10

i) Discounted cash flow is a technique applied in

- a) Capital Budgeting
- b) Working capital management
- c) Cash flow statement
- d) Ratio Analysis.

ii) Earnings per share is an example of

- a) Liquidity ratio
- b) Leverage ratio
- c) Activity ratio
- d) Profitability ratio.



- iii) Balance sheet shows the
 - a) Financial position
 - b) Balance of all accounts
 - c) Income position
 - d) None of these.
- iv) Which of the following is not a source of fund ?
 - a) Issue of share capital
 - b) Sale of fixed asset
 - c) Issue of bonus shares
 - d) None of these.
- v) Acid test ratio is
 - a) Current asset/current liability
 - b) Quick asset/current liability
 - c) Fixed asset/current liability
 - d) Working capital/current liability.
- vi) Which of the following techniques of project appraisal does not take into account the time value of money ?
 - a) Internal rate of return
 - b) Payback period
 - c) Benefit cost ratio
 - d) Net present value.
- vii) Liquid assets are equal to
 - a) Value of all current assets
 - b) Sum of cash and bank balance
 - c) Current assets less inventories & prepaid expenses
 - d) None of these.
- viii) Assets of business means
 - a) Liabilities – Capital
 - b) Cash + Capital
 - c) Liabilities + Capital
 - d) Capital + Drawings.
- ix) Current liabilities do not include
 - a) bills payable
 - b) sundry creditors
 - c) pre-paid expenses
 - d) short term loan.



- x) Current ratio = 2 : 1; Net working capital Rs. 20,000, then the current assets is
- a) Rs. 30,000 b) Rs. 40,000
 c) Rs. 50,000 d) Rs. 20,000.
- xi) The depreciation of machinery involves a/an of fund.
- a) source b) application
 c) absence of flow d) none of these.
- xii) While preparing funds flow statement an increase in working capital is regarded as
- a) Application of funds
 b) Source of funds
 c) Neither application nor source
 d) Both application as well as source.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. 3 ∞ 5 = 15

2. The ratio relating to HOTEL CITY BAR are given below :
- | | |
|--------------------|------------|
| Gross profit ratio | 25% |
| Stock velocity | 6 months |
| Debtors velocity | 3 months |
| Creditors velocity | 3 months |
| Gross profit | Rs. 60,000 |
- Find out :
- a) sales b) closing stock
 c) sundry debtors d) sundry creditors
 e) cost of goods sold.
3. Distinguish between fund flow and cash flow statements.
4. What is capital budgeting ? Discuss its importance. 2 + 3
5. Explain the significance of ratio analysis.
6. State the limitations of ratio analysis in brief.



GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following.

$3 \times 15 = 45$

7. a) Explain the meaning of NPV & IRR. Discuss their merits and demerits.
- b) Distinguish between NPV and IRR. (4 + 6) + 5
8. a) What is Fund Flow Statement ? What are its importances ?
- b) What are the limitations of the balance sheet ?
- (2 + 5) + 8
9. Prepare the Balance Sheet of Hotel Mumtaj from the following information :
- | | |
|---------------------------------------|------------|
| Current ratio | 2.5 : 1 |
| Liquid ratio | 1.5 : 1 |
| Proprietary ratio | 0.75 |
| (Fixed assets / proprietor's funds) | |
| Working capital | Rs. 60,000 |
| Reserves & Surplus | Rs. 40,000 |
| Bank overdraft | Rs. 10,000 |
- There is no Long-term loan or Fictitious Assets.
10. Write the challenges of maintaining inventory of the kitchen and house-keeping departments of a five star hotel.
11. While investing in a mega project in Dubai, United Arab Emirates, how should a hotel management company look for its capital and working capital ? Write logically.

