

**MASTERS OF BUSINESS ADMINISTRATION
(MANAGEMENT ACCOUNTING AND
FINANCE)
(MBAMAFCI)**

Term-End Examination

December, 2013

**MCN-086 : ANALYSIS OF FINANCIAL
ACCOUNTS AND EXTERNAL REPORTING**

Time : 3 hours

Maximum Marks : 100

*Note : Attempt **any five** questions. All questions carry equal marks.*

1. "Human resource accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties". Explain this statement and state the objectives of HR accounting. Also discuss briefly 'Replacement Cost Approach' and 'Standard Cost Approach' under HR accounting models. 20

2. What is inflation accounting ? What are its objectives ? Using illustrative data explain the 'current purchasing power method' and 'current cost accounting method' of the inflation accounting. 20

3. Discuss the similarities and the differences between IFRS and US GAAP. Use suitable example. **20**
4. Following data is taken from the Balance Sheets of 'XYZ' and 'ABC'. **20**

	XYZ	(Amount in Rs.'000) ABC
Inventories	38	41
Trade receivables	45	7
Bank/(bank overdraft)	(4)	63
Trade payables	51	107
Long term loan	32	21
Ordinary share capital	45	84
Reserves	14	47
Notes : • Sales revenue for year	439	963
• Purchases for year	324	851
• Cost of sales for year	336	847

You are required to calculate for each company :

- Net current assets (current) ratio.
 - Liquid capital (acid test) ratio.
 - Trade receivable days.
 - Trade payable days.
 - Gearing Ratio
5. What are the new segment disclosures characteristics under the adoption of IFRS - 8 ? Which factors are associated with the higher levels of compliance with the standard ? **20**

6. Describe the objective of International Accounting Standard (IAS) - 33 'Earnings Per Share'. How is it calculated under the following situation ? 20
- (a) Bonus issues
 - (b) Rights issues
 - (c) Convertible stock
7. Define 'Creative Accounting'. Discuss its applicability and limitations. Why is it required to be aware of unusual accounting policies ? 20
8. Write short notes on **any four** : 4x5=20
- (a) Liquidity Analysis
 - (b) Behavioural Finance
 - (c) Redeemable Debt
 - (d) Ratio Analysis limitations
 - (e) Non financial measures of social impact
 - (f) UK's business review and the accounting standard board's best practices standard.
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