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

**Term-End Examination**

**June, 2013**

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

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. (a) Discuss the computation and significance of the following financial ratios.
  - (i) Profitability analysis ratios
  - (ii) Market strength analysis or investor analysis ratios.
- (b) What are the limitations of accounting ratios ?
  
2. Briefly describe the following types of lease :
  - (a) Finance lease
  - (b) Operating lease. Discuss the accounting treatment of finance lease in both lessor and lessee's books.

3. Define liabilities. How liabilities are classified and discuss the methods used for its valuation. What are contingent liabilities ? Explain the recognition principle of contingent liability.
4. What is segment reporting ? Discuss the suitability of following bases of segmentation :
  - (a) Industry segments
  - (b) Geographical segments
  - (c) Market structureExplain the concept of reportable segment
5. What are the objectives of inflation accounting ? Distinguish between financial statements restated for general price level changes and current value financial statements.
6. Differentiate between the following approaches suggested for valuation of human resources :
  - (a) Historical cost approach and Replacement cost approach
  - (b) Opportunity cost approach and standard cost approach
7. Explain the meaning of term 'social accounting'. What do you mean by 'social benefits' and 'social costs' ? How are they measured in social accounting ?

8. Explain the scope of environmental accounting. Identify internal and external environmental costs and evaluate methods of environmental reporting.
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