

Internal Assessment Test - III

Sub:	Accounting For Managers					Code:	20MBA13			
Date	15/5/2022	Duration:	90 mins	Max Marks:	50	Sem:	I	Branch:	MBA	

Part A: (Answer any 2 full questions)

1 (a) What is window dressing?

Ans : Window dressing occurs when portfolio managers try to boost a fund's investment performance prior to investor or shareholder presentations. It can be identified by carefully evaluating a firm or fund's financial statements and looking for suspicious trades coinciding with the end of a quarter or fiscal year.

Marks
[03]

OBE

CO	RBT
CO3	L1

(b) “Sustainability Reporting is not just report generation from collected data; instead it is a method to internalized and improve an organizations commitments. Justify.

[07]

CO	RBT
CO4	L2

Ans: Measure Performance

Once SPIs are established and business processes are modified to allow for the necessary data to be captured and recorded, the process of measurement begins. Data needs to be collected, validated for accuracy, and stored (typically using database technology or computer spreadsheets). Data collection processes must be straightforward and data must be collected systematically and consistently. Sometimes multiple data sources may be required to offset limitations in any one source of data.

Evaluate Performance

The goal of the evaluation phase is to convert raw data into useful performance information and knowledge so that organizations can make informed decisions. Key components of the evaluation phase are data compilation, data analysis, and communication. The evaluation phase includes organizing, synthesizing, and aggregating data. Data analysis is then performed to provide insight by converting data facts into useful knowledge.

Data Analysis

Data analysis can include a variety of techniques including database-driven reporting, spreadsheet analysis, and statistical tests. A business analyst is typically involved in managing this aspect of the sustainable reporting process, and they require both business and technical skills to perform their job. Often the data analysis involves looking for trends when analyzing SPIs. It can also include comparing performance with a goal or standard or to competitors or peers? This typically involves comparing a performance measure to a baseline.

Normalization

Normalization is the process of removing the impact of factors that may influence direct comparison of SPIs. For example, weather impacts the energy use of a building and varies from year to year. Frequently, an annual energy use SPI will be normalized for weather (e.g., controlled for the coldness of a winter season) to allow for relevant comparison of energy use from one year to the next.

(c) What is IFRS and what are its objectives?

[10]

Ans: What are IFRS and its purpose? IFRS full form is International Financial Reporting Standards. As the name suggests, its purpose is effective, efficient, and accurate reporting of financial statements using standard accounting principles to ensure transparency, consistency, growth, and interest of public services.

CO4

L3

2(a) What is Forensic Accounting?

[03]

Ans: Forensic accounting, forensic accountancy or financial forensics is the specialty practice area of accounting that investigates whether firms engage in financial reporting misconduct. Forensic accountants apply a range of skills and methods to determine whether there has been financial reporting misconduct.

CO4

L1

(b) What are the advantages of Human Resources Accounting?

[07]

Ans: Human Resource Accounting provides useful information for making suitable personnel policies about promotion, favorable working environment, employee job satisfaction, etc. It allows management personnel to monitor the use of human resources effectively.

CO4

L2

<p>(c) What is computerized accounting system? Explain advantages/disadvantages of computerized accounting system. [10]</p> <p>Ans: Advantage: Simplicity. ... Advantage: Reliability. ... Advantage: Cost-Effectiveness. ... Advantage: Ability to Collaborate. ... Disadvantage: Potential Fraud. ... Disadvantage: Technical Issues. ... Disadvantage: Incorrect Information.</p>	CO4	L3
<p>3 (a) What is Material Yield Variance (MYV)? [03]</p> <p>Ans: The material yield variance is the difference between the actual amount of material used and the standard amount expected to be used, multiplied by the standard cost of the materials. The formula is: (Actual unit usage - Standard unit usage) x Standard cost per unit = Material yield variance.</p>	CO3	L1
<p>(b) What do you understand by the terms budget and budgetary control? What are the advantage of budgetary control? [07]</p> <p>Ans: Budgetary control is a system whereby the budgets are used as a means of planning and controlling costs. Budgeting lays down as to what is to be attained and how it is to be attained while control ensures that the objectives are realised and actual results do not deviate from the planned course more than necessary.</p>	CO3	L2
<p>(c) The standard materials required for producing 100 units is 120 kgs. A standard price of 0.50 paise per kg is fixed and 2,40,000 units were produced during the period. Actual materials purchased were 3,00,000 kgs at a cost of Rs. 1,65,000. Calculate material variance. MCV, MPV, MUV. [10]</p> <p>Ans:</p> <p>Solution :</p> <div style="border: 1px solid black; padding: 5px;"> <p>Standard Quantity : 100 finished units require 120 kgs of materials 2,40,000 units will require $\left(\frac{120}{100} \times 2,40,000\right) = 2,88,000$ kgs. of Materials</p> <p>Actual price per kg. = $\left(\frac{1,65,000}{3,00,000}\right) = 0.55$ paise</p> <p>(i) Material Cost Variance : Standard material cost – Actual material cost $(2,88,000 \times 0.50) - (3,00,000 \times 0.55)$ $1,44,000 - 1,65,000 = \text{Rs. } 21,000$ Unfavourable</p> <p>(ii) Material Price Variance : Actual Quantity (Standard Price – Actual Price) $3,00,000 (0.50 - 0.55)$ $3,00,000 (-0.05) = \text{Rs. } 15,000$ Unfavourable</p> <p>(iii) Material Usage Variance : Standard Price (Standard Quantity – Actual Quantity) $0.50 (2,88,000 - 3,00,000)$ $0.50 (-12,000) = \text{Rs. } 6,000$ Unfavourable</p> </div> <p>Verification</p> <p>Material Cost Variance = Material Price Variance + Material Usage Variance $-21,000 = -15,000 - 6,000$ $-21,000 = -21,000.$</p> <p>Part B (Mandatory 10 marks)</p>	CO3	L3

SOLUTION:

FLEXIBLE BUDGET
for three months ended 31 December 2007

Particulars	Capacity Levels			
	50% ₹	60% ₹	80% ₹	100% ₹
Sales (i)	21,25,000	25,50,000	34,00,000	42,50,000
Fixed Expenses:				
Management Salaries	2,10,000	2,10,000	2,10,000	2,10,000
Rent and Taxes	1,40,000	1,40,000	1,40,000	1,40,000
Depreciation of Machinery	1,75,000	1,75,000	1,75,000	1,75,000
Sundry Office Expenses	2,22,500	2,22,500	2,22,500	2,22,500
Total Fixed Expenses (ii)	7,47,500	7,47,500	7,47,500	7,47,500
Semi-variable Expenses:				
Plant and Machinery	62,500	62,500	68,750	71,875
Indirect Labour	2,47,500	2,47,500	2,72,250	2,84,625
Salesmen's Salaries	72,500	72,500	79,750	83,375
Sundry Expenses	65,000	65,000	71,500	74,750
Total Semi-variable Expenses (iii)	4,47,500	4,47,500	4,92,250	5,14,625
Variable Expenses:				
Materials	6,00,000	7,20,000	9,60,000	12,00,000
Labour	6,40,000	7,68,000	10,24,000	12,80,000
Salesmen's Commission	95,000	1,14,000	1,52,000	1,90,000
Total Variable Expenses (iv)	13,35,000	16,02,000	21,36,000	26,70,000
Total Costs (ii + iii + iv) = (v)	25,30,000	27,97,000	35,75,750	39,32,125
Profit/(Loss) (i) - (v)	(4,05,000)	(2,47,000)	24,250	3,17,875

4 Prepare Flexible Budget relates to the productive activities of Mohd Aspak Ltd., for three months ended 31 Dec 2021

Fixed Expenses:

Management Salaries

₹
2,10,000

SOLUTION:

FLEXIBLE BUDGET
for three months ended 31 December 2007

Particulars	Capacity Levels			
	50% ₹	60% ₹	80% ₹	100% ₹
Sales (i)	21,25,000	25,50,000	34,00,000	42,50,000
Fixed Expenses:				
Management Salaries	2,10,000	2,10,000	2,10,000	2,10,000
Rent and Taxes	1,40,000	1,40,000	1,40,000	1,40,000
Depreciation of Machinery	1,75,000	1,75,000	1,75,000	1,75,000
Sundry Office Expenses	2,22,500	2,22,500	2,22,500	2,22,500
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Profit/(Loss) (i) - (v)	(4,05,000)	(2,47,000)	24,250	3,17,875

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1:	Demonstrate theoretical knowledge and its application in real time accounting					
CO2:	Capable of preparing financial statement of sole trading concerns and companies					
CO3:	Independently undertake financial statement analysis and take decisions	1a,1b, 2a	2b,2 c,3c,			
CO4:	Comprehend emerging trends in accounting using data base Management system			2c ,4		

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1- *Theoretical knowledge* PO2 – *Effective communication skill* ;
PO3- *Leadership qualities* ;
PO4 – *Sustained research Orientation* PO5: *Self sustaining Entrepreneurship*

CT

CCI

HOD