

**Internal Assessment Test - II**

Sub:	Accounting for Managers						Code:	22MBA13	
Date:	20.05.2024	Duration:	90 Minutes	Max Marks:	50	Sem:	I	Branch:	MBA
<b>SET- II</b>									

		Marks		OBE	
		CO	RBT		
<b>Part A - Answer Any Two Full Questions ( 2* 20 = 40 marks)</b>					
1 (a)	Find 'Debt-Equity Ratio' given Debt as Rs.50,00,000 and Equity as Rs.75,00,000. Interpret the results thereof.	[03]	CO2	L1	
	0.67				
	DE Ratio is 0.667. It means that the company is trading on equity with more debt than equity.				
(b)	Elucidate the importance of 'overdraft' in a Bank Reconciliation Statement. Indicate the steps of reconciliation for a few items.	[07]	CO2	L4	
	overdraft is shown in the cash book as a credit balance. In the bank statement, where the balance is followed by Dr. (or sometimes OD) means that there is an overdraft and called debit balance as per passbook. An overdraft is treated as negative figure on a bank reconciliation statement.				
(c)	Discuss on the emerging concepts in Accounting indicating the Green Finance, ESG report and how are they becoming tools of corporate governance.	[10]	CO1	L3	
	Simply put, green finance is a loan or investment that promotes environmentally-positive activities, such as the purchase of ecologically-friendly goods				
	ESG Report and CG : ESG reporting is all about disclosing information covering an organization's operations and risks in three areas: environmental stewardship, social responsibility, and corporate governance. Consumers look to ESG reports to figure out if their dollars are supporting a company whose values align with theirs				
2 (a)	Explain 'Provision for Depreciation' when maintained separately.	[03]	CO3	L2	
	2(a) Explain 'Provision for Depreciation' when maintained separately. Provision for depreciation- It's a provision created to record the value of depreciation on assets separately. The purpose of this account is to transfer the total amount of depreciation into the assets account at the time of sale of the assets.				

- (b) Compute (i) Current Ratio (ii) Quick Ratio (iii) Absolute Quick Ratio from the following information: [07]

Stock	1,00,000
Creditors	60,000
Debtors	80,000
Bills Payable	10,000
Cash in hand	40,000
Prepaid expenses	5000
Bills receivable	45000
<b>Current Ratio</b>	
	<b>3.86</b>
<b>Quick Ratio</b>	
	165000
	<b>2.36</b>
<b>Absolute Quick Ratio</b>	
	<b>0.57</b>

- (c) Prepare a Cash Flow Statement for the year 2023 in accordance with AS-3 (Revised) [10]

Balance Sheets of a company as on 2018 & 20293 are given below: (in Lakhs)

Liabilities	2018	2019	Assets	2018	2019
Equity	2,50,000	2,50,000	Land & Buildings	150	150
5% Debentures	1,00,000	80,000	Machinery	82,000	90,000
Creditors	1,15,000	1,08,000	Stock	1,00,000	1,14,000
Surplus account	20,000	27,000	Debtors	85,000	81,000
Depreciation fund	40,000	44,000	Cash bank	60,000	55,000
Reserve for contingencies	70,000	55,000	Temporary investments	1,31,000	95,000
Outstanding expenses	15,000	24,000	Prepaid expenses	2,000	3,000

Additional information:

- (i) New machinery purchased for Rs.30,000 but old machinery costing Rs.15,000 was sold for Rs.5,000 accumulated depreciation was Rs.8,000
- (ii) Rs.20,000, 5% debentures were redeemed by purchase from open market @96.
- (iii) Rs.36,000 investments were sold at book value
- (iv) 12% dividend paid in cash
- (v) Rs.15,000 debited to Contingency Reserve for settlement of previous tax liability.
- (vi)

(c)	(A)	<b>Cash flow from Operating Activities</b>		
		Net profit before taxation and Extraordinary items	45200	
		Adjust. For depreciation	12000	
		Net profit before working capital changes	57200	
		Increase in outstanding expenses	9000	
		decrease in sundry debtors	4000	
		decrease in temporary investments	36000	
		increase in sundry creditors	-7000	
		increase in stock	-14000	
		increase in prepaid expenses	-10000	
		Cash generated from Operations	84200	
		Tax paid	-15000	69200
	(B)	<b>Net cash from operating activities</b>		
		Cash flow from investing activities		
		Sale of machinery	5000	
		purchase of machinery	-30000	-25000
	(C)	<b>Net cash used in investing activities</b>		
		Cash flow from financing activities		
		redemption of debentures	-10200	
		payments of dividend	-30000	-49200
		<b>net cash used in financing activities</b>		
		net cash in the beginning		60000
		Net cash at the end		55000
		<b>cash and cash equivalents at the end of the period</b>		
		Calculations:		
		Adjusted Surplus A/c		
		machinery written*	7000	balance b/d
		loss on sale	2000	20000
		dividend paid	30000	profit on redemption
		balance c/d	27000	net profit before taxation
			66000	66000
		Depreciation Fund A/c		
		Machinery a/c	8000	balance b/d
		balance c/d	44000	P&L (current year dep)
			52000	52000
		Machinery A/c		
		Balance b/d	82000	depreciation fund
		bank a/c	30000	bank
				adj. For loss
				adj. Surplus
				(obsolete machinery written off comes as
				90000
			112000	balance c/d
				112000

List out the aspects of ESG.

- 3 (a) Aspects of ESG : ESG stands for environmental, social, and governance. ESG investing refers to how companies score on these responsibility metrics
- (b) Briefly explain various methods of Human Resource Accounting.

There are two main models the cost-based model and the value-based model.  
 Cost-based Model: The cost-based model of HRA focuses on quantifying and reporting the historical costs incurred in acquiring, developing, and maintaining human resources within an organization.

- (c) On 01.01.2016, a firm purchases machinery for Rs.40,000 and spent Rs.10,000 for its installation. On 1<sup>st</sup> July, 2016, it purchased another machinery for Rs.20,000. On 30.06.2017, machinery purchased on 01.07.2016 was sold for Rs.16,000. On 01.07.2017, a new machinery was purchased for Rs.30,000. The firm writes off 10% under WDV Method. Prepare machinery account for three years ending 31.12.2018.

[03]

CO2

L2

[07]

CO1

L2

[10]

CO3

L5

3(c)		Machinery A/c						
01.01.2016	cash I	40000	31.12.2016	By Depreciation				
	cash	10000		I 5000				
01.07.2016	cash II	20000		II 1000	6000	BV	19000	1900
			31.12.2016	By Balance c/d	64000		16000	950
		70000			70000	Loss	1150	2850
01.01.2017	To Balance b/d	64000	30.06.2017	by cash	16000			17150
01.07.2017	Cash III	30000		By Loss	3000			16000
				By Depreciation				1150
				I 4500				
				II 950				
				III 1500	6950			
			31.12.2017	By Balance c/d	68050			
		94000			94000			
01.01.2018	To Balance b/d	68050	31.12.2018	By Depreciation				
				I : 4050				
				III : 2750	6800			
			31.12.2018	By Balance c/d	61250			
		68050			68050	40500		
01.01.2019	To Balance b/d	61250				4050		
						2750		

Part B - Compulsory (1\*10=10 marks) – CASE STUDY

4 Study the following financial statement and decide how to prepare the Comparative Balance Sheet. Interpret the components is required:

Particulars	31/03/2019	31/03/2018
<b>Equities &amp; Liabilities</b>		
Share Capital	7,00,000	6,00,000
<b>Non Current liabilities</b>		
Long Term loans	2,00,000	4,00,000
<b>Current liabilities :</b>		
Bills Payable	3,00,000	2,00,000
	12,00,000	12,00,000
<b>Assets</b>		
Non – current tangible	8,00,000	6,00,000
<b>Current assets</b>		
Bills receivable	4,00,000	6,00,000
	12,00,000	12,00,000

Why did you choose this method may form part of your answer.

	2018	2019	Change	Interpretation
<b>Equities &amp; Liabilities</b>				
Share Capital	600000	700000	100000	16.67% Increase in share capital
Long Term loans	400000	200000	-200000	-50.00% decrease in debt capital, the firm is not taking the cost advantage
Bills Payable	200000	300000	100000	50.00% increase in bills payable showing creditors are having confidence
	1200000	1200000		
<b>Non – current Tangible</b>				
	600000	800000	200000	33.33% assets are increased meaning the company wants to improve its efficiency
Bills receivable	600000	400000	-200000	-33.33% decrease in bills vouches that the company maintains good effective payment back
	1200000	1200000		

As a part of financial statement analysis, comparative method compares in absolute measure and takes the percentage which is more understandable than by other methods.

Course Outcomes (COs)		P1	P2	P3	P4	P5	PSO1	PSO2	PSO3	PSO4
CO1:	Know what and how books of accounts and financial statements are prepared.	1(c) 2(a)						1(c) 1(b) 3(b)		3(c) 4

<b>CO2:</b>	How to interpret financial statements of companies for decision making.		1(a) 1(b) 3(a) 2(b)							2(a) 1(a) 3(a)
<b>CO3:</b>	Independently undertake financial statement analysis and take decisions.			2(c) 3(b) 3(c) 4						2(b) 2(c)

<b>Cognitive level</b>	<b>KEYWORDS</b>
L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	asses, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

**PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;**  
**PSO1- Comprehend Contemporary features of Business Management Science and its administration**  
**PSO2- Analyze and interpret the dynamic situations for making Business Management strategies**  
**PSO3- Handle responsibility with the ethical values for all actions undertaken by them**  
**PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.**

**CI**

**CCI**

**HOD**