The Post Graduate Department of Commerce is launching its magazine for the first time in year 2016 - 2017 on the theme "Human Resource Accounting" topped off with lots of information and endurance.

We, the Editors are propitious to be a part of it. “Human Resource Accounting” - It's really amazing that in the age of unbelief, as a smart man called it, there isn't even more fraud. After all, with no God, there's no one to ever call you to account, and no accounting at all if you can get away with it.

Thanks to our Co-ordinator Mr. Rajiv Mishra for having faith on us to launch the Magazine for M.Com Department.

We hope you will enjoy every bit of “MIRAGE”

Happy reading cheers......!!!

**Student Editors**

**James Peter**  
M.Com (Part II)

**Nishant Jain**  
M.Com (Part II)

**Balmurgan Nadar**  
M.Com (Part I)

**Shashiraj Madival**  
M.Com (Part I)
Established in the 1983 the National Education Society’s Ratnam College of Arts, Science and Commerce has evolved as an institution which believes that along with academic excellence, formal education must ideally seek and include programmers & processes aimed at character & personality building. So, at Ratnam we go beyond the confines of class room teaching /learning and endeavor to make each and every Ratnamite well-honed and confident to face the challenges of the outside world. The institution has an array of co-curricular & extra-curricular activities to give opportunities to budding talented students to express themselves.

The college has been the proud recipient of ISO 9001:2000 Certificate on April 14, 2002 - first of its kind in Maharashtra for any education institution for conforming to world standard in education. In the year 2004, the college has been accredited with ‘A’ grade by National Assessment & Accreditation Council (NAAC), a body of UGC.

In recognition of the contribution made by the college towards the cause of education, MCGM has renamed the Bhattipada Road (Approach road to college) as NES Ratnam College Marg in 2006. In the year 2011, college has been re-accredited with an 'A' grade by NAAC. In the year 2015, The College has been conferred with Best College Award in Urban area by the Mumbai University for the Academic year 2013-2014.
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“Human Resource Accounting” is the offshoot of various research studies conducted in the areas of accounting and finance. Human resource is an asset whose value gets appreciated over the period of time provided placed, applied and developed in the right direction. Till the recent past, organizations took few efforts to assign monetary value to human resource in its accounting practice. Behavioral scientists initiated efforts to develop appropriate methodology for finding out the value of human resource to the organization. They were against the conventional accounting practice for its failure to value the human resource of an organization along with physical resources. The traditional concept suggested that expenditure on human resource is treated as a charge against revenue as it does not create any physical asset. At present there is a change in this concept and the expenses incurred on any asset (as human resources) should be treated as capital expenditure as it yields benefits which can be derived for a long period of time and could be measured in monetary terms.

The following are the reasons why Human Resources Accounting has been receiving so much attention in the recent years:

- There is genuine need for reliable and complete management of human resources.

- A traditional framework of Accounting is in the process to include a much broader set of measurement than was possible in the past.

The people are the most important assets of an organization but the value of this asset yet to appear in financial statements. It does not get included in management information systems too. Conventional accounting of human resources took note of all expenses of Human capital formation which does not seem to be correct or meeting the actual needs. Human Resource Accounting is the measurement of the cost and value of people to the organization. It involves measuring costs incurred by the organizations to recruit, select, hire, train and develop employees and judge their economic value to the organization.
Main objectives of a HR Accounting system:

- To furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing and maintaining human resources in order to achieve cost effective organizational objectives.

- To monitor effectively the use of human resources by the management.

- To have an analysis of the human asset i.e., whether such assets are conserved, depleted or appreciated.

- To aid in the development of management principles, and proper decision making for the future by classifying financial consequences, of various practices.

- In all, it facilitates valuation of human resources, recording the valuation in the books of account and disclosure of the information in the financial statement.

“Human Resources Isn’t A Thing We Do. It’s The Thing That Runs Our Business.”

Sugandhi Pillai
M.Com (Part I)
Success of corporate undertakings purely depends upon the quality of human resources. Human element is the most important input in any corporate enterprise. It is worthwhile to examine and human resource accounting practices in corporate sector in India.

The future earnings of the human resources of the organization until their retirement is aggregated and discounted at the cost of capital to arrive at the present value.

Human resources accounting system consists of two aspects namely:

a) The investment made in human resources
b) The value human resource

Measurement of the investments in human resources will help to evaluate the charges in human resource investment over a period of time. It also helps in guiding the management to frame policies for human resource management. The present performance result will act as input for future planning and the present planning will have its impact on future result.

In the old days, you would have one lawyer to handle everything: speeding tickets, buying a house, contracts, litigation, real estate, copyrights, leasing, entertainment, intellectual property, forensic accounting, criminal offenses... the list goes on. Now, you have to have a separate lawyer for each one of those categories!

Rupali Prasad
M.Com (Part I)

“Never Hire Someone Who Knows Less Than You Do About What He’s Hired To Do.”
My View.....People or Profit?

People are the most important assets of an organization but the value of this asset yet to appear in financial statements. Human Resource Accounting is the measurement of the cost and value of people to the organization. It involves measuring costs incurred by the organizations to recruit, select, hire, train and develop employees and judge their economic value to the organization. With the accelerated growth in science and technology, the value of human capital is gradually increasing and hence it is essential for a company to reflect the investment in human resources.

Through HRA decision makers may draw some inferences from reported values of human capital. The HRA concept itself represents a new way of thinking about people as assets.

It has a great potential for future organization to understand the value of human forces and the same should mentioned in the financial statements.

“Every generation inherits a world it never made; and, as it does so, it automatically becomes the trustee of that world for those who come after. In due course, each generation makes its own accounting to its children.”

Antony Albert
M.Com (Part II)

“Management Is Nothing More Than Motivating Other People.”
Bo Hansson - wrote an article on "Is it time to disclose information about human capital investments?"
Firms' investments in training their employees constitute a substantial part of the overall investments for an average firm. Despite difficulties in accessing company-based data on training, recent research has shown that these investments generate considerable gains for firms in terms of increased productivity and profitability. The absence of reliable, standardized information on training appears to hamper the ability of investors to stay informed about these investments. It is therefore argued from the current state of research that it might be time for mandatory disclosure of employee training in order to achieve a better allocation of resources in the capital market. Reliable information on company training might not only benefit investors but also lead to a labor market that functions better.

Training investments comprise a considerable amount of the overall investments for an average firm. Research in labor economics has shown that firms invest in training whether the training is useful to other (competing) firms or not. From the labor economic literature, we also know that part of the returns to training investments is captured by the employees. Despite difficulties in linking training with company performance measures, several recent studies have shown that these investments produce significant future gains for firms. The current state of sporadic and unregulated reporting of training investments makes it almost impossible for investors to stay informed about these investments. This result further suggests that capital needed for training investments with above average returns is incorrectly allocated by the market.

The allocation problem might not only be confined to capital markets; but maybe more importantly, the lack of information about training might also distort the allocation of human capital in the labor market. Individuals interested in continuously upgrading their human capital stock are not assisted to make an informed employment decision by the lack of information about these investments.
You will never be bored.
You will always be frustrated,
You will be surrounded by challenges,
so much to do and so little time.
You will carry immense responsibility
and very little authority.
You will step into people’s lives
and you will make a difference.
Some will bless you.
Some will curse you.
You will see people at their worst – and at their best.
You will never cease to be amazed
at people’s capacity for
love, courage, and endurance.
You will see experience resounding triumphs
and devastating failures.
You will cry a lot.
You will laugh a lot.
You will know what it is to be human and to be humane.
The constraint that states that some industries can depart from traditional accounting theory.

Financial reporting should always be free from bias according to the:

A quality that refers to the principle that companies should use the same accounting methods to record similar transactions over time.

The process of communicating financial information to people outside of an organization.

The expanded accounting equation includes revenues, expenses, common stock, dividends, paid in capital, and

What do journal entries record?
The concept that debits will always equal credits.

A record or document that contains account summaries for accounts used by a company.

Resource accounts with the same balance as expenses.

A quality of accounting information that addresses the usability of financial information.

Whether financial information can be verified and used consistently by investors and creditors with the same results.

First activity listed on the cash flow statement:

ANS: (INDUSTRY PRACTICES CONSTRAINT, OBJECTIVITY PRINCIPLE, COCONSISTENCY, FINANCIAL ACCOUNTING, TREASURY STOCK, BUSINESS TRANSACTIONS, DOUBLE ENTRY ACCOUNTING, GENERAL LEDGER, ASSETS, COMPARABILITY, RELIABILITY, OPERATING ACTIVITIES.)
A STUDY ON IMPACT OF HUMAN RESOURCE ACCOUNTING IN EDUCATIONAL INSTITUTIONS

The study mainly focuses on primary data collected with the help of questionnaires given to the employees and management of four colleges in Bangalore, namely St. Josephs college of commerce, JyotiNivas College, Krupanidhi College and Vijaya College. The secondary data is collected from sources such as internet, research papers, books, articles, and journals. This is an exploratory study which determines the priorities for future research explaining the basic concepts. Further research may involve development of a new system for accounting Human Assets in academics.

Observation by other researchers

- The models devised so far for Human Resource Accounting are developed keeping in mind the US environment. These models need to be reviewed for India which has a different environment. HRA is still not been used by many companies in India. Research on HRA must be enhanced further before it is used by operating managers (Mamtaratti2012)
- Employees must be prepared to take up roles and responsibilities. Competency development must also be taken apart from technology upgradation. Providing a platform to exhibit creativity and innovation is important (Dr. Ankitachaturvedi2011)
- Strong growth of IFRS may pave way for future financial reports that include the value of human resource using HRA methods. GAAP provides a sophisticated approach for measuring tangible and intangible assets. This will enhance HRA for future external use.
- Very few companies in India follow HRA practices and most of the companies disclose a few attributes of HRA. High importance is given to the cost aspect of employees and less attention is given to the true value of employees (Nirnay)
- The societies in which we live have high expectations from these educational institutions and these expectations cannot be met without the development of those working for it.
- Every institution must identify the need of having human relations which ensures efficient and effective administration. Motivation and recognition of individual’s worth is also necessary.
- Placements, course design, and faculty proficiency are valued high and are more important when compared to physical assets such as infrastructure and support facilities.
- Intellectual assets of a company would generate a value three to four times more than the tangible assets. HRA has certain deterrents such as lack of industry standards and low acceptance and awareness. Research must be conducted in the same field.
- In India very few companies have identified its value and have implemented it. HR is always regarded as an neglected element and must be considered for betterment.
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