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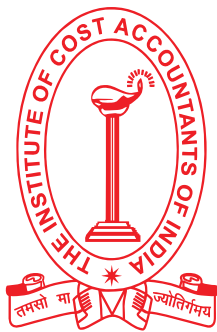
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e Bulletin

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FOUNDATION



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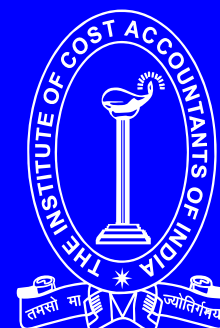
Behind every successful business decision, there is always a CMA



Message from The Chairman

CMA Manas Kumar Thakur

Chairman,
Training & Education Facilities (T& EF) Committee



CMA MANAS KUMAR THAKUR
Chairman, T & EF Committee
Directorate of Studies
President (2016-2017)



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MESSAGE FROM THE CHAIRMAN

Dear Students,

"Education is an ornament in prosperity and a refuge in adversity".

We are already stepped in the fourth month of the year, 2018. We know that 'Time and tide wait for none', hence, it is our collective duty to utilise time in the most efficient and effective way. ***'Learning is a treasure that will follow its owner everywhere.'***

'Teachers who love teaching teach children to love learning', towards this end the Directorate of Studies are providing reading materials to you in various forms and it is your duty to deliver by your performances. **PPT on 'Achieve your GOAL'** has been uploaded in our site I request you all to please go through the slides so that you may avoid to be panic stricken while appearing for the examination. ***'Never stop learning; for when we stop learning, we stop growing.'*** Please try to optimise your preparation by availing the benefits given by the academicians. E-bulletin; if followed seriously will help you to prepare yourself in a systematic way.

I hope you have enjoyed 53rd National Cost Convention held at Vigyan Bhawan New Delhi and have come to know the importance of your Institute as been referred by all the dignitaries. Those could not attend it personally may see the glimpses as displayed in our site. I am sure that it will give you immense pleasure.

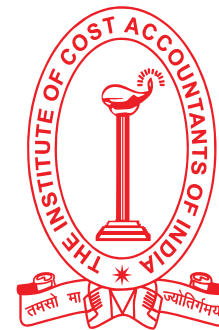
'Education is the key to unlock the golden door of freedom'.

Wishing you all to lead a successful life,

CMA Manas Kumar Thakur

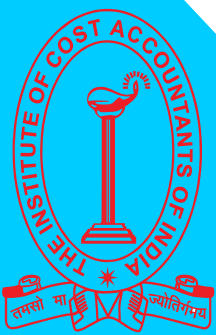
Be a CMA, be a Proud Indian

"Behind every successful business decision there is always a CMA"



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KNOWLEDGE

Update



In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.

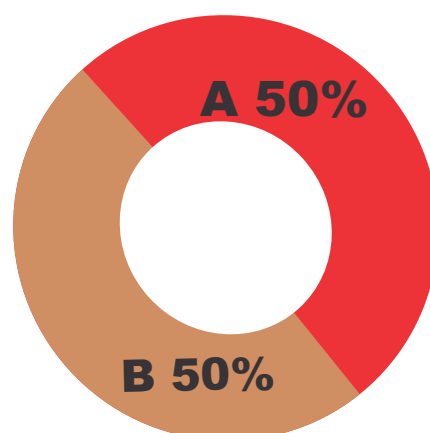
PAPER: 1, PART: I

FUNDAMENTALS

OF ECONOMICS & MANAGEMENT (FEM) - **ECONOMICS**

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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Economics **50%**
B Fundamentals of Management **50%**

Learning Objectives:

- Studying economics, one will be able to develop the analytical skills needed to work successfully in the field, including the study of logical analysis.
- Students will be able to identify and explain economic concepts and theories related to the behaviour of economic agents, markets, industry and firm structures, legal institutions, social norms, and government policies.
- Students will be able to integrate theoretical knowledge with quantitative and qualitative evidence in order to explain past economic events and to formulate predictions on future ones.
- Students will be able to evaluate the consequences of economic activities and institutions for individual and social welfare.

ECONOMICS

As planned out in the last month we will try out a set of questionnaire for a practice session.

I. Choose the correct answer:

1. The central problem of all economies is

- What to produce?
- How to produce?
- For whom to produce?
- All of the above

2. The law of diminishing marginal utility is not applicable in

- Having food
- Accumulating gold
- Drinking water
- Watching films

3. Movement along the demand curve is due to

- Change in the price of the commodity
- Change in the price of substitute goods
- Change in the price of complementary goods
- Change in the income of the consumer

4. Perfectly elastic demand means price elasticity is equal to

- Zero
- Unity
- Infinity
- Greater than unity

5. Backward bending supply curve is applicable for

- Capital
- Labour
- Land
- Raw material

6. Marginal physical product of an input diminishes in

- The stage I of the total physical product curve
- The stage II of the total physical product curve
- The stage III of the total physical product curve
- None of the above

7. Long run average cost curve is the _____ of a family of short run average cost curves

- Horizontal addition
- Vertical addition
- Envelope
- None of the above

8. Which one of the following features is common to both perfect competition and monopolistic competition?

- Product differentiation
- Selling cost
- Free entry and free exit
- Independent price policy

9. If a seller realizes Rs.200 after selling 10 units and Rs.225 by selling 11 units, the marginal revenue will be

- Rs.20
- Rs.25
- Rs.15
- Rs.20.45

10. A discriminating monopolist can extract the maximum possible consumer surplus from the market when

- Price discrimination is of the first degree
- Price discrimination is of the second degree
- Price discrimination is of the third degree
- None of the above

11. Supply curve exists in

- Monopoly
- Monopolistic competition
- Discriminating monopoly
- Perfect competition

12. Which of the following function of money is appropriate for measuring prices of goods and services?

- Store of value
- Standard of deferred payment
- Transfer of money
- Medium of exchange

13. Banker to the government is

- Reserve Bank of India
- State Bank of India
- ICICI Bank
- HDFC Bank

14. RBI manipulates CRR to

- Check unemployment
- Check poverty
- Control the lending ability of commercial banks
- Increase national income

15. Money market deals with

- Long term funds
- Short term funds
- Both a and b
- None

II. Fill in the blanks

- In _____ market the product is homogeneous.
- Resale of the product is impossible for any buyer under _____.
- Returns to scale operates in the _____ run.
- When $AC = MC$ then the average cost is _____.
- Axis Bank is a _____ sector bank.

III. Match the following

a. Adam Smith	i. Short run
b. Inflation	ii. Commercial bank
c. Credit creation	iii. Wealth definition of
d. Law of diminishing marginal productivity of an input Economics	iv. Supply = Demand
e. Equilibrium in the market	v. Cost push

IV. State whether the following statements are true or false

- Marshall was the proponent of the scarcity definition of Economics
- Unit elastic demand curve is a rectangular hyperbola
- Variable costs vary with the quantity of output
- Money is a store of value
- RBI does not control the money market

Key to the exercise given above is as follows:

- d
- b
- a
- c
- b
- b
- c

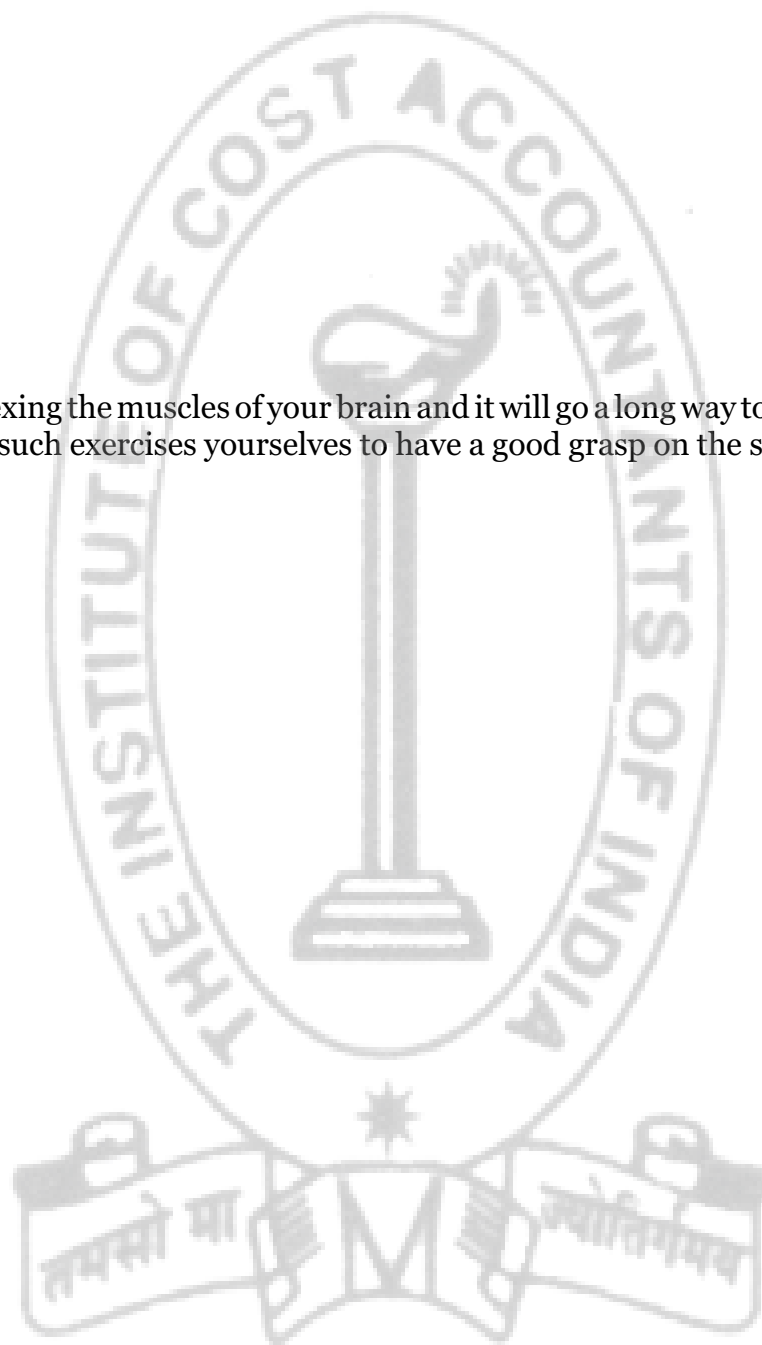
- 8. c
- 9. b
- 10. a
- 11. d
- 12. d
- 13. a
- 14. c
- 15. b

- II.
 - i. Perfectly competitive
 - ii. Discriminating monopoly or Price discrimination
 - iii. long
 - iv. Minimum
 - i. Private

- III.
 - a (iii)
 - b. (v)
 - c. (ii)
 - d. (i)
 - e. (iv)

- IV.
 - a. False
 - b. True
 - c. True
 - d. True
 - e. False

Friends, I hope this exercise will help you in flexing the muscles of your brain and it will go a long way to help you in preparing for your exam. Read the Study notes thoroughly and try out such exercises yourselves to have a good grasp on the subject. Wish you best of luck in the coming examination.



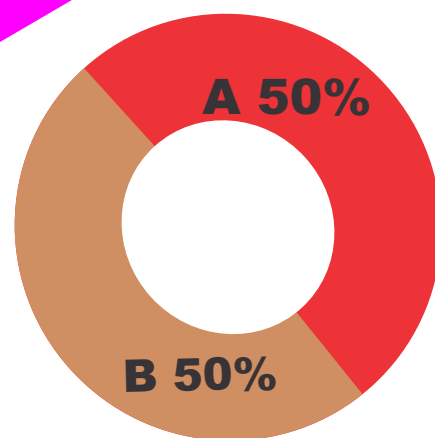
PAPER: 1, PART: II

FUNDAMENTALS

OF ECONOMICS & MANAGEMENT (FEM) - MANAGEMENT

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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Economics **50%**
B Fundamentals of Management **50%**

Learning Objectives:

Students will demonstrate their knowledge of business and management principles
Students will reveal effective written and oral communication
Students will exhibit an awareness of the global environment in which businesses operate
Students will display the ability to recognize when change is needed, adapt to change as it occurs, and lead change

MANAGEMENT

Although some people treat the terms 'managership' and 'leadership' as synonyms, two should be distinguished. Separating leadership from managership has important analytical advantages. Leadership is an important aspect of managing; the essence of leadership is followership. It is the willingness of people to follow that makes a person a leader. Moreover, people tend to follow those whom they see as providing a means of achieving their own desires, wants and needs.

The first ingredient of leadership is power.

The second ingredient of leadership is fundamental understanding of people.

The third ingredient of leadership is the rare ability to inspire followers to apply their full capabilities towards a project or purpose.

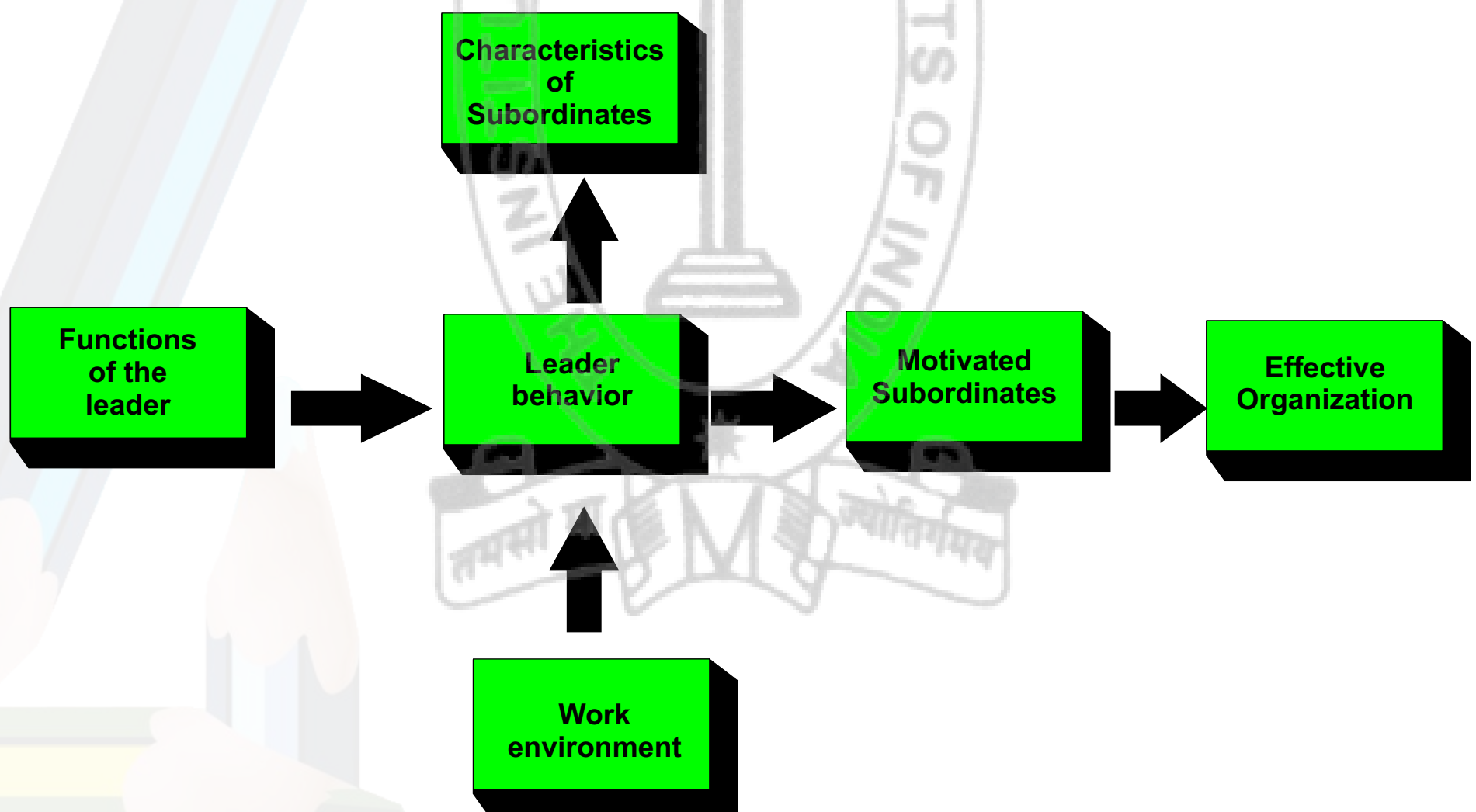
The fourth ingredient of leadership has to do with the style of the leader and the climate he or she develops.

A large number of studies have been made on the premise that leadership is strongly affected by the situation from which the leader emerges and in which he or she operates. Almost every role in organised enterprise is made more satisfying for participants and more productive for the enterprise by those who can help others fulfil their desire for such things as money, status, power or pride of accomplishment.

The fundamental principle of leadership is:

Since people tend to follow those who, in their view, offer them a means of satisfying their own personal goals, the more managers understand what motivates their subordinates and how these motivations operate, and the more they reflect this understanding in carrying out their managerial actions, the more effective they are likely to be as leaders.

Goal Approach to Leadership Effectiveness:

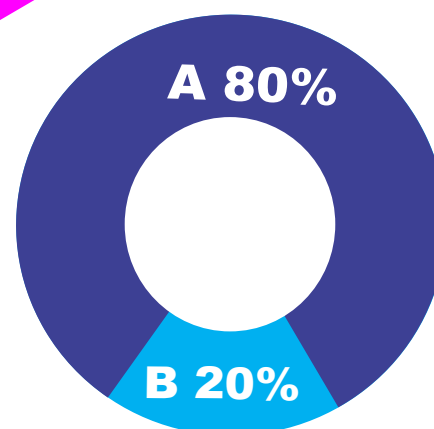


PAPER: 2

FUNDAMENTALS OF ACCOUNTING (FOA)

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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Financial Accounting **80%**

B Fundamental of Accounting **20%**

Learning Objectives:

In order to internalize the concepts of subjects like accountancy one has to have an understanding of the learning objectives of the chapters. Try to go through the Statement of Objects and Reasons issued for every topics as it would give you a background to your study.

SECTION: A

1. (f) ACCOUNTING PROCESS: RECTIFICATION OF ERRORS

INTRODUCTION:

In past issues we have discussed almost all the topics covered in the syllabus except rectification of errors. Quite intentionally I have done this. Rectification of errors is a job of an expert. You can rectify an error only when you know the things very well. If you have gone through the discussions in the past issues I believe you are now eligible to go for rectifying errors. To err is human and so for an accountant. Unlike other subjects you cannot cut the mistake and instead paste the right answer in accountancy. Once a mistake is committed you cannot delete that. What you can do is to pass a reverse entry so that the mistake is nullified. Let us see how this can be done under various circumstances in this issue.

Error can be classified depending on the nature and depending on its occurrence. Nature wise it is classified as:

1. **Error of omission:**
when recoding of an entry is missed or forgotten.
2. **Error of commission:**
when incorrect amount is recorded in an entry.
3. **Compensating error:**
when an error is set off by another error.
4. **Error of principle:**
when entry is made without following accounting principle or logic.
5. **Error of misposting:**
when entry is wrongly posted to ledger though journal is correct.

Depending on the time of occurrence it can be classified as:

1. **Error before trial balance:**
it is a single sided error since ledger is yet to be closed.
2. **Error after trial balance:**
it is a double sided error since ledger is already closed.
3. **Error after final accounts:**
double sided error affecting the profit or loss of the business.

HOW TO RECTIFY ERRORS:

CASE 1. SINGLE SIDED ERROR.

Under such cases since the ledger remains open no complete journal entry is to be passed.

CASE 2. AFTER PREPARATION OF TRIAL BALANCE

If the errors are one sided the rectification entry will not attract Suspense A/C. However the double sided error will attract Suspense A/C.

CASE 3. AFTER PREPARATION OF FINAL ACCOUNTS

If the error affects the profit or loss of the firm the rectifying entry will include P/L adjustment A/C. If it does not affect the profit or loss of the firm the same entry may be passed as if the error occurred after preparation of Trial Balance.

STEPS TO BE FOLLOWED TO RECTIFY ERRORS:

1. First write the wrong entry i.e what is actually done.
2. Write the correct entry i.e what should have been done.
3. Compare the two and apply your expertise to pass the rectifying entry.

EXAMPLE:

We will take an example and solve the same with detail analysis. The same illustration will be solved under various situations.

- a. computer purchased for Rs. 100000 wrongly passed through the purchase account.

Before trial balance		
Wrong entry	Correct entry	Rectifying entry
Purchase ... dr. 100000 To bank 100000	Computer ... dr. 100000 To bank 100000	Computer ... dr. 100000 To purchase 100000

Note : 1. This is an error of Principle because an asset purchased has not been debited to asset account

1. This a double sided error and hence a complete journal entry is passed
2. Analyzing the first two columns we see that purchase is debited instead of computer. Therefore in rectifying entry computer is debited and purchase is credited.

After trial balance		
Wrong entry	Correct entry	Rectifying entry
Purchase ... dr. 100000 To bank 100000	Computer ... dr. 100000 To bank 100000	Computer ... dr. 100000 To purchase 100000

Note:

1. This is an error of Principle because an asset purchased has not been debited to asset account
2. This a double sided error and hence a complete journal entry is passed
3. Since an error of principle does not affect the equality of trial balance suspense account is not attracted and entry for rectification remain same as above.

Analyzing the first two columns we see that purchase is debited instead of computer. Therefore in rectifying entry computer is debited and purchase is credited.

After final accounts		
Wrong entry	Correct entry	Rectifying entry
Purchase ... dr. 100000 To bank 100000	Computer ... dr. 100000 To bank 100000	Computer ... dr. 100000 To P/L Adjustment 100000

Note:

1. This is an error of Principle because an asset purchased has not been debited to asset account
2. This a double sided error and hence a complete journal entry is passed
3. Since the error affects purchase account which is a part of cost of goods sold and plays a vital role in determining profit therefore P/L Adjustment account will be attracted. Due the wrong entry in purchase profit had been shown less as it should have been shown. So in rectifying entry p/L adjustment A/C is credited to increase the profit.

- a. Sales day book was undercast by Rs. 4000.

Before Trial Balance
It is a single sided error and ledger is open now. So only sales account may be credited by Rs.4000 to rectify the error at this level. A complete journal is not required.

Note:

1. This is a casting error.

After Trial Balance		
Wrong entry	Correct entry	Rectifying entry
Casting error of Rs.4000 less	Sales should be credited by Rs.4000	Suspense A/C.. dr 4000 To sales 4000

Note:

1. This is a casting error.
2. Since ledger is closed and this is a one sided error it affected the equality of the trial balance. Since sale is shown in credit side of trial balance this error will create a difference of Rs.4000 in the credit total. To equalize suspense of Rs. 4000 is put in the credit side of the trial balance. Therefore to rectify suspense is debited and sales is credited.

After Final Accounts		
Wrong entry	Correct entry	Rectifying entry
Casting error of Rs.4000 less	Sales should be credited by Rs.4000	Suspense A/C.. dr 4000 To P/L Adjustment 4000

Note:

1. This is a casting error.
2. Since sales is most important deciding factor of profit this will attract P/L adjustment account. Showing less amount of sales means showing less amount of profit. Hence to rectify P/L Adjustment account is credited.

- a. A cheque of Rs. 5000 received from Mr. S Goswami wrongly credited to Mr. S Ghose.

Before Trial Balance		
Wrong entry	Correct entry	Rectifying entry
Bank a/c.... Dr 5000 To S Ghose 5000	Bank a/c Dr 5000 To S Goswami 5000	S Ghose Dr 5000 To S Goswami 5000

Note :

1. Since Account of S Ghose is wrongly credited, in rectifying entry it is debited and the account of Mr. S Goswami is correctly credited.
2. Since it is an error of misposting the trial balance had been tallied and suspense account did not appear. Therefore the same entry will be made if the error is rectified after Trial Balance.
3. Since the accounts affected are Debtors account the profit remains unaffected. Therefore the entry after final accounts will also be the same as above.

These are some sample examples. You can practice these kinds of problems from the books. Meanwhile let me give you one tip to pass rectifying entry after preparation of final accounts with the help of one more example.

Wages paid Rs.1000 for installation of a machine wrongly entered to wages account.

Before Trial Balance		
Wrong entry	Correct entry	Rectifying entry
Wages Dr 1000 To Cash 1000	Machinery A/C... Dr 1000 To Cash 1000	Machinery Dr 1000 To Wages 1000
After Trial Balance		
Wrong entry	Correct entry	Rectifying entry
Wages Dr 1000 To Cash 1000	Machinery A/C... Dr 1000 To Cash 1000	Machinery Dr 1000 To Wages 1000
After Final Accounts		
Wrong entry	Correct entry	Rectifying entry
Wages Dr 1000 To Cash 1000	Machinery A/C... Dr 1000 To Cash 1000	Machinery Dr 1000 To P/L Adjustment 1000

Tip 1. If the suspense account is not attracted rectifying entry before trial balance and after trial balance will remain same.

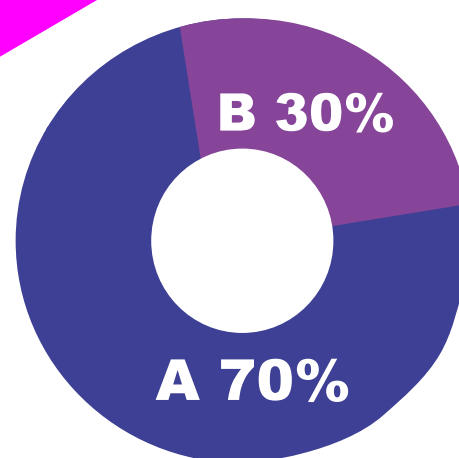
Tip 2. Find the revenue item in the entry after trial balance and substitute that by P/L Adjustment Account. See in the above example wages account is revenue account which is substituted by P/L Adjustment account. You try out with the logical explanation also.

PAPER: 3

FUNDAMENTALS OF LAWS AND ETHICS (FLE)

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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Commercial Laws 70%
B Fundamentals of Ethics 30%

Learning Objectives:

- Read the Study Material minutely.
- For details or if you don't understand Study Material or the section is important to identify the topic, then refer to Bare Act, otherwise reference to Bare Act is not necessary. For Company Law, book by Avtar Singh is recommended. For other laws Institute Study Material is sufficient.
- The words used in any of the texts as mentioned above should be understood by immediate reference to the Dictionary.
- The main points coming out in any of the provisions should be either underlined or written in separate copy which has to be repeated again and again.
- Theoretical knowledge should be adequate and clear before solving practical problems.
- Don't write wrong English. It changes the meaning and therefore answer may be wrong even when the student's conception is clear. Also don't make spelling mistakes.

FUNDAMENTALS LAW & ETHICS

In the previous issues, you have read about Sale of Goods Act. It is hoped that you keep on reading and recapitulation all that you have read for which you must prepare a time-table with time allotted for each subject – to read, write and revise.

Now, let us understand why this paper is really very important for all of you who are aspiring to be true professionals and are all eager to proudly proclaim aloud that – **Yes, behind every successful decision, there is a CMA.**

The first TIP is that you must start thinking like A Teacher. You must start studying the subject and raise questions to yourself and find your own answers.

Now, let us continue to deal more with the Sale of Goods Act, 1930

In respect of such papers, the students are reminded that they must study the relevant Sections of the Act, write what the question wants and then attempt to elaborate by analyzing and commenting on the interpretations of the Act.

To start with, let us discuss **Rules with regard to delivery of goods. Sections 31 to 44 of the Sale of Goods Act, lays Rules with regard to delivery of goods.** Those are explained briefly:

1. **Mode of Delivery:** Can be anything agreed between the parties to put the goods in the possession of the buy or any other person authorized by the buyer.
2. **Delivery and Payment of Price:** Both parties, that is - the seller must be ready to deliver the goods and the buyer must be willing to take the delivery and pay the price for the goods. How the buyer will take possession of the goods or how the seller will send the goods to the buyer depends on the terms of the contract.
3. **Effect of part delivery:** Where the goods are delivered in part, it shall amount to passing on the possession of the goods but any part delivery will not be treated as delivery of the remainder if the intention of the seller is to sever the remaining part from the whole ordered quantity.
4. **Buyer to apply for delivery:** Unless agreed in writing, the seller is not bound to deliver goods until the buyer applies for delivery.
5. **Place of Delivery:** Unless agreed otherwise, between the buyer and the seller, goods must be delivered at the agreed time and place for the buyer to take possession of the goods or the seller to initiate dispatch of the goods to the buyer.
6. **Time of Delivery:** Unless specifically agreed between the seller and buyer, goods must be sent to the buyer within a reasonable period of time/ reasonable hour or else the delivery may be treated as ineffectual. Reasonableness has to be decided depending on various factors.

7. **Goods in the possession of a Third Party:** Suppose at the time of sale the goods being sold, are in the possession of a third party, there is no delivery by the seller to buyer, unless and until, such third party acknowledges to the buyer that, the goods are held by him on his behalf.

8. **Cost of Delivery:** Unless agreed between the buyer and seller, all expenses including incidental expenses incurred for putting the goods in a deliverable state is borne by the seller.

9. **Delivery of wrong quantity:** There can be three possibilities :
 a) The seller may deliver to the buyer, a quantity which is **less than the quantity agreed** ; or
 b) The seller may deliver to the buyer, a quantity which is **more** than the quantity agreed ; or
 c) The seller may deliver to the buyer, a quantity which comprises of **goods as per contract, mixed with goods of other description**, not covered in the contract.

In such cases, the buyer may accept the lesser quantity actually received and pay for it at the contract rate, or in the second case, he may either accept only the ordered quantity and reject the excess quantity sent or accept the entire quantity sent and pay for it at the contract rate ; or in the third case, the buyer may accept the goods as per the contract and reject the rest, or he may even reject the whole quantity sent.

However, all decisions may be subject to usage of trade, special agreement and dealings between the seller and the buyer.

10. Installment Delivery:

- a) A buyer of goods is not bound to accept delivery in installments unless agreed otherwise ;
- b) There may be instances where the seller fails to make delivery or makes one or more defective deliveries or the buyer neglects or refuses to take delivery or pay or more installments, in such cases, the circumstances of each case shall decide whether there is a breach of contract calling for – repudiation of the whole contract or a case giving rise to claim for compensation but not to a right to treat the whole contract as repudiated.

11. Delivery to Carrier or Wharfinger :

- a) Where as per contract, the seller is authorized or is required to send the goods to the buyer, delivery of goods to the carrier or delivery of goods to the wharfinger for safe custody, is prima facie deemed to be a delivery of the goods to the buyer.
- b) The seller shall make a reasonable contract with the carrier or wharfinger on behalf of the buyer for transmission of the goods under the contract. If the seller omits to do so and the goods are lost or damaged, the buyer may decline to treat the delivery to the carrier or the wharfinger as a delivery to himself (the buyer) and /or may hold the seller responsible for any damage.
- c) Unless otherwise agreed, if the seller sends goods to the buyer via sea route, where it is usual to get the goods insured, the goods shall be deemed to be at risk during the sea transit.

12. Risk where goods are delivered at Distant Place

:Where the seller undertakes to deliver the goods **at his (the seller's) own risk**, at a place other than that where the goods were when sold, the buyer shall nevertheless, unless otherwise agreed, take any risk of deterioration in the goods necessarily incidental to the course of transit.

13. Buyer's right of examining the goods :

Where the goods were not examined by the buyer before hand, the delivered goods shall not be deemed to have been accepted unless and until the buyer has got a reasonable opportunity of examining those goods for the sake of ascertaining that they are in conformity with the contract.

14. Acceptance :

Only after the Buyer intimates to the Seller that he has accepted the goods, the goods shall be deemed to have been accepted. Moreover, if after receiving delivery of the goods, the buyer does not act within a reasonable time and still retains those goods, without intimating about any rejection of the goods to the seller, the goods shall be deemed to have been accepted.

15. Buyer not bound to return rejected goods :

Unless otherwise agreed, where the buyer legally holding the right to reject any goods sent by the seller, rejects any goods after receiving delivery, he (the buyer) is not bound to return the goods to the seller. In such case, the buyer just has to intimate the seller that he refuses to accept the goods sent.

16. Liability of Buyer :

Where the seller intimates to the buyer that he (the seller) is ready and willing to deliver the goods and also requests the buyer to take delivery and the buyer fails to take delivery within a reasonable time, the buyer becomes liable to the seller for any loss incidental to negligence or refusal of the buyer to take delivery and is responsible to pay the seller for a reasonable charge for the care and custody of the goods in question.

Now, we will ask ourselves a question – **Who is an unpaid vendor/seller of goods ?** The answer must be thought logically . A seller is considered unpaid if –

1. If the entire price of the goods sold has not been paid or remitted ; or
2. If a Bill of Exchange or Negotiable Instrument has been received from the buyer by the seller as a conditional payment but that instrument has been dishonoured or the conditions on which it was issued has not been fulfilled. Please refer Sec.45(1)

That obviously raises a question – **What shall be the Unpaid Seller's / Vendor's Right** . It may be remembered that the Vendor can exercise his rights even where the property in the goods has passed to the buyer. **The following are the Rights of the Unpaid Vendor/Seller :-**

1. Vendor's Lien :

The unpaid Vendor, who still holds possession of the goods, is entitled to retain possession of the goods (**this is called exercising the right of lien, for non-payment of the price but not for any other charges** .For example, the godown charges, if any, paid by the seller for storing the undelivered goods cannot be a reason for exercising lien) until the payment is made or remitted provided –

- a) The goods were sold without any stipulation as to credit'
- b) The goods were sold on credit, but the terms of credit has expired (it may be noted that the seller cannot refuse to hand over possession of the goods unless the terms of credit has

expired); or

- c) The buyer has become insolvent.

A question may come to mind – what happens if the seller has made part delivery of the goods ? in such a case, the seller can exercise lien on the balance of the goods not yet delivered provided the part delivery was not made with an intention to waive the lien.

2. The Right of Stoppage in Transit .

Suppose the goods were dispatched to the buyer, but before the goods were delivered or before the seller got payment of the price, the buyer became insolvent, in such a case, the seller can resume possession of the goods from the carrier. **This is called the right of stoppage in transit. Please note the following points :**

- a. Goods are in transit from the time they are delivered to the carrier, till the time they are delivered to the buyer or his agent.
- b. The right to stoppage in transit comes to an end as soon as the goods are delivered to the buyer or his agent. However, if the after arrival of the goods at the destination, the carrier intimates to the buyer that the goods are being held by him (the carrier) on behalf of the buyer, the seller's right to take back possession comes to an end.
- c. If the carrier wrongfully refuses to deliver the goods to the buyer, the transit of the goods comes to an end and the seller's right to stop transit too ceases.
- d. Where the seller made part delivery of the goods, in such a case, the seller can only stop the goods in transit, provided it can be proved that the part delivery was not made with an intention to waive the lien.
- e. The buyer need not be declared insolvent in the court of law. Insolvency here, denotes that the buyer has become financially embarrassed.
- f. The vendor/seller can exercise right of stoppage, by either taking actual possession of the goods or by directing the carrier to send back the goods to him or his agent and the expense of such return delivery shall be borne by the seller.

3. The Right to Resale

The unpaid seller/vendor who has retained possession of the goods by exercising his lien or has taken back possession from the carrier upon insolvency of the buyer **can resell the goods**, under the following circumstances :

- a) If the goods are perishable, those can be sold off without notice to the buyer; otherwise
- b) By first giving notice to the buyer and allowing him reasonable opportunity and time to pay/ remit the price, and then resell only if the buyer fails to pay ;

Here too, if the seller, upon resale, gets more value for the goods, he can retain the excess amount, but, if the sale value is less than what was due from the buyer, the seller can sue the buyer for the balance. The buyer remains liable to compensate the seller for damages, if any, suffered by the seller. The next buyer gets good title of the goods .

4. Suit for Price :

- a) Under a contract of sale, where the property in the goods has passed on to the buyer, and the buyer does not act as per terms of the contract and fails to pay or neglects to pay, the seller can sue the buyer for the price of the goods ;
- b) If under the terms of a contract, the buyer is to pay the price on a certain day irrespective of the actual delivery of the goods and the buyer fails to pay or neglects to pay, the seller can sue the buyer for the price even though the property in the goods has not passed to the buyer.

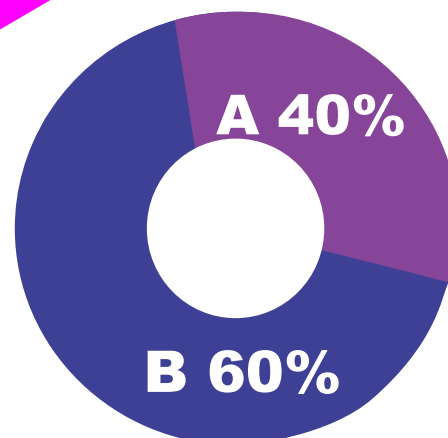
PAPER: 4

FUNDAMENTALS

OF BUSINESS MATHEMATICS AND STATISTICS (FBMS)

CMA Ankan K Bandyopadhyaya
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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Business Mathematics **40%**

B Fundamentals of Business Statistics **60%**

Learning Objectives:

The central **objective** of **Statistics** is to equip students with consequently requisite quantitative skills that they can employ and build on in flexible ways.
Statistics help to design data collection plans, analyze data appropriately and interpret and draw conclusions from those analyses.
To provide students with the idea of statistical calculations which promotes the efficient functioning of commerce and industry;

STATISTICS

In this issue we will discuss few MCQ on Measures of Central Tendency.

Q1. Which one of the following is a Positional Average?

- a) Geometric Mean;
- b) Harmonic Mean;
- c) Mode;
- d) Progressive Average;

Q2. Because of heavy rain on Sunday average rainfall of a city for the week increased to 0.6 inch from the average rainfall 0.3 inch measured from Monday to Saturday. The rainfall on Sunday was-

- a) 2.4inch;
- b) 0.3inch;
- c) 2.1inch;
- d) 1.5inch

Q3. The mean of the frequency distribution $x_1, f_1, , x_2, f_2 , x_3, f_3 \dots \dots \dots x_n, f_n$ is

- a) $\frac{\sum x}{f}$;
- b) $\frac{x}{n}$
- c) $\frac{fx}{n}$
- d) $\frac{fx}{f}$

Q4. $\sum_{x=1}^{20} x = 54120$; While computing this it was observed that two entries were wrongly entered as 850 and 320 instead of 580 and 230. Correct value of \bar{x} is

- a) 2688;
- b) 2746.5;
- c) 2720;
- d) 2662;

Q5. $\sum (x - \bar{x})$ is always equal to

- a) 1;
- b) -1;
- c) 0;
- d)

Q6. The sum of the squares of deviations of a set of observations is the minimum when deviations are taken from the

- a) Geometric Mean;
- b) Harmonic Mean;
- c) Arithmetic Mean;
- d) Mode;

Q7. If each of the values of a variable x with mean \bar{x} , is multiplied by K then the new mean of the variable is

- a) $\frac{\bar{x}}{k}$;
- b) $k\bar{x}$;
- c) \bar{x} ;
- d) \overline{kx} ;

Q8. Assumed mean is 35, $\sum fd = -425$ & $f = 63$. \bar{x} is

- a) 20;
- b) 25.87;
- c) 28.25;
- d) 19.34;

Q9. If $A=500, i=1000$ & $\sum fd' = 232$ & $f = 120$ \bar{x} is

- a) 2433.33;
- b) 527.84;
- c) 501.93;
- d) 1017.24;

Q10. The mean monthly salary paid to all employees in a certain company was B600. The mean monthly salaries paid to the male and female employees were B620 and B520 respectively. Male to female employees in the company is

- a) 3:2;
- b) 4:5;
- c) 5:7;
- d) 4:1;

Q11. The pass result of 50 students who took up a class test is given below:

Marks	4	5	6	7	8	9
No of Students	8	10	9	6	4	3

If the average marks for all the fifty students were 5.16, the average mark of the student who failed is

- a) 0.42;
- b) 3.06;
- c) 4.74;
- d) 2.1;

Q12. For a certain frequency table which has only been partly reproduced below for which the mean is 1.46

No of accidents	0	1	2	3	4	5
Frequency	46	f_1	f_2	25	10	5

If $\sum f = 200$ Unknown frequencies are

- a) $f_1 = 0, f_2 = 114$;
- b) $f_1 = 114, f_2 = 0$;
- c) $f_1 = 78, f_2 = 38$;
- d) $f_1 = 57, f_2 = 57$;

Q13. The sum of the deviations of a certain number of observations measured from 4 is 72 and the sum of the deviations of the observations from 7 is -3. Mean of the observations is

- a) 6.88;
- b) 25;
- c) 3.63;
- d) Cannot be ascertained with given data;

Q14. The mean of a certain number of items is 42. If one more item 64 is added to the data, the mean becomes 44. The no of items in the original data is

- a) 20;
- b) 10;
- c) 43;
- d) 440;

Q15. The weighted average from the following observation is 46.23.

Price per tonne (B)	45.60	50.70	?
Tonnes Purchased	135	40	25

Simple average of the observation is

- a) 46.23;
- b) 46.25;
- c) 66.63;
- d) 46.24;

Q16. In a certain factory a unit of work is completed by A in 4 minutes, by B in 5 minutes, by C in 6 minutes, by D in 10 minutes, and by E in 12 minutes. Average number of units of work completed per minute is

- a) $25/4$;
- b) $5/48$;
- c) $4/25$;
- d) $25/48$;

Q17. A person walks 8 km at 4km an hour, 6km at 3km an hour and 4km at 2km an hour. Average speed per hour is

- a) 0.33;

- b) 2;
- c) 3;
- d) 0.5;

Q18. It is the most suitable average when it is desired to give greater weight to smaller observations and less weight to larger ones. It is

- a) AM;
- b) HM;
- c) GM;
- d) Median;

Q19. Which one of the following is not a feature of Arithmetic Mean (AM)?

- a) AM is affected very much by extreme values;
- b) AM is widely used in the study of qualitative phenomenon;
- c) AM provides a good basis for comparison;
- d) AM is rigidly defined so different interpretation by different people are not possible;

Q20. Which one of the following is a feature of Harmonic Mean (HM)?

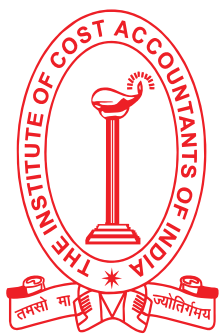
- a) GM is affected much by the presence of externally small or large observations;
- b) GM gives the actual value of the series;
- c) GM is useful when a given phenomenon has a limit for lower value;
- d) GM is imaginary if any of the observations is zero;

Answer:

Q1. (c); Q2. (a); Q3. (d); Q4. (a); Q5. (c); Q6. (c); Q7. (b); Q8. (c); Q9. (a); Q10. (d); Q11. (d); Q12. (c); Q13. (a); Q14. (b); Q15. (b); Q16. (c); Q17. (c); Q18. (b); Q19. (b); Q20. (C)

Suggestions:

This study note need to be read thoroughly. Supplementary readings could be made from other resources. This issue is based on Statistics for Management by Richard I Levin & Statistics- Theory, Methods & Application by Sancheti & Kapoor. In this issue few tricky questions on this chapter are discussed. Few more different types numerical problems on central tendency will be discussed in next few issues. This could be used as supplement to the study guide. Students should go thoroughly for clear conception on the subject Guide book on the paper 4- Fundamental of Business mathematics and Statistics written and issued by Institute on Syllabus -16.



Positive Self - Talk

01.00 Self-Talk

When making a good decision you have to think positively prior to being able to handle the issue effectively. Self-Talk is the act or practice of talking to oneself, either aloud or silently and mentally. Self-talk to some individuals is inner thoughts they hear daily. Positive Self-Talk is one's constant internal conversation to build up encouragement or motivation. Understanding and changing the way you talk to yourself can really take you a long way further ahead in this world.

We keep hearing favourable as also unfavourable things which our mind and our brains pick up and store them for further use on autopilot (subconsciously). In the process of self-talk our subconscious mind recalls these thoughts and makes use of them in decision making leads. Positive self-talk recapitulates favourable things whereas negative self-talk puts forth unfavourable ideas.

In order to make the best of the decisions, we need to change the way we think in such a way as to overpower the unfavourable ideas and take forward the positive ideas. Some simple thoughts could be like 'I can do this or I will manage this alone'. Keep duplicating these consistently until the subconscious quits and backs off the negativity to let your self-talk become more and more positive.

If we are thinking and doing negative things, we will never ever get anywhere in this world. Our sense of wellbeing will decrease pretty quickly since we will not be encouraged to get off our backsides. Negative thoughts take control and we blow ourselves out of the water.

With a positive mental attitude in life, you can be healthier and be successful at anything you want to be when you think positively and engage in second person constructive self-talk and first person affirmations. There are many ways you can change the way you self-talk. There are several kinds of practice exercises that create positive thinking. When you sit down and chat with yourself, for example, you can really get to know who you are and begin to feel better about your self-image.

Use whatever way you feel comfortable with as a starter to set things in motion. For instance, one of the first things you may tell yourself in self talk is in recognising that you have choices. "My choices are huge. I have the option to make my life better if I put my mind to it. These are the thoughts you can use in self talk that can lead you into a conversation to assist you in discovering how to improve your quality of life."

02.00 Mental Chatter

Learning to control and manage your mental chatter is one of the most fundamental elements to improving your life. And

awareness of your mental chatter is the foundation to managing it. Amazingly, people tend not to notice their mental chatter despite its presence nearly every waking moment of their lives, like a fish in water.

03.00 An Exercise

1. Carry a notebook or a few sheets of paper for a week or two
2. A few times each day write your exact thoughts — not the general
3. Note the following
 1. What prompts each instance
 2. What emotions relate to it
 3. How the instances relate to each other, what categories they fit in

Each time you write will probably take a few minutes. The whole exercise will take about an hour over a week or two.

At first writing your thoughts will feel like drinking from a fire hose. You can't write fast enough to keep up with your thoughts. Writing changes your thoughts, so you have to figure out how to write what you were thinking. Part of the reason to do the exercise over a week is to get past initial distractions to observe your mind at work.

To get more out of the exercise, write up what you've observed when you finish, especially trends in what you noted in step 3. To get yet more, do it with others and compare results.

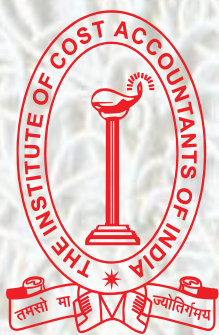
04.00 Know Yourself

Use self-talk and positive thinking to get to know yourself much better. This will help you discover responses that have been sitting in front of you all along. Research each element of your self-talk. When you talk with yourself, pay attention as you would if you were listening to your finest pal when they talk with you.

Continue your self-talk each day so that you establish a self-talking daily routine. If you cease it will only set you back and you will have to start your self-treatment all over again to attain your goals. You can also rely on support groups, supportive family members, friends, etc to reach your objectives. Just do it day-to-day to reach your goals.

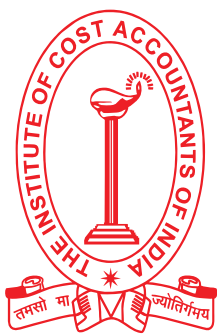
05.00 Quick Take

Start your 'Positive Self-Talk' right now!



Examination TIME TABLE

Day & Date	Foundation Course Examination Syllabus - 2016 Time 2.00 p.m. to 5.00 p.m
Monday, 11th June, 2018	Fundamentals of Economics & Management (FEM)
Tuesday, 12th June, 2018	Fundamentals of Accounting (FOA)
Wednesday, 13th June, 2018	Fundamentals of Laws & Ethics (FLE)
Thursday, 14th June, 2018	Fundamentals of Business Mathematics & Statistics (FBMS)



PRACTICAL

Advice

ABOUT YOUR STUDIES - FOUNDATION COURSE

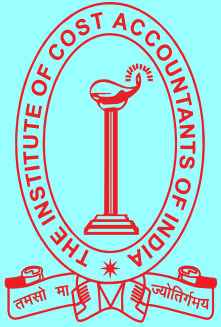
Practical support, information and advice to help you
get the most out of your studies.

**Read Study Notes
MTPs**

**Solve Exercises
given in Study Note**

Assess Yourself

**Appear For
Examination**



SUBMISSION



Updation of E-Mail Address/Mobile:

Students are advised to update their E-Mail id and Mobile Numbers timely so that important communications are not missed as the same are sent through bulk mail/SMS nowadays. Student may update their E-Mail id/ Mobile Number instantly after logging into their account at www.icmai.in at request option.

Dear Students,

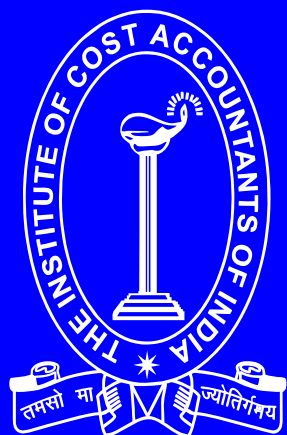
We are very much delighted to receive responses from all of you; for whom our effort is!

We have noted your queries and your requests will definitely be carried out. Further, requesting you to go through the current edition of the bulletin. All the areas will be covered gradually. Expecting your responses further to serve you better as we believe that there is no end of excellence! One of the mails received is acknowledged below.

Please put your opinions so that we can make your e-bulletin everything that you want it to be.

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Send your Feedback to:
e-mail: studies.ebulletin@icmai.in
website: <http://www.icmai.in>



Message from Directorate of Studies

Dear Students,

We have stepped into 2018 and with new enthusiasm for the future to come, it is also a time to reflect on the year gone by and the beautiful moments shared with all. Express your gratitude and spare your thoughts for all who have supported you and remember to make a new year resolution to do much better in every sphere of your life.

'Learn from yesterday, Live for today, Hope for tomorrow'

For the smooth and flawless preparation, Directorate of Studies have provided meaningful tips which will help you to gain sufficient knowledge about each subject. "Tips" are given in this E-bulletin by the knowledge experts for the smooth encouragement in your preparation. We are sure that all students will definitely be benefitted by those tips and that will help them to brush up their knowledge and also to swim across.

Take the course seriously from the very beginning but don't be panicky. Please try to follow the general guidelines, mentioned below; which may help you in your preparation.

Essentials for Preparation:

- Conceptual understanding & Overall understanding of the subject both should be clear.
- Candidates are advised to go through the study material provided by the Institute in an analytical manner.
- Students Should improve basic understanding of the subject with focus on core concepts.
- The Candidates are expected to give to the point answer, which is a basic pre-requisite for any professional examination.
- To strengthen the answers candidates are advised to give answer precisely and in a structured manner.
- In-depth knowledge about specific terms required.
- Write question numbers correctly and prominently.
- Proper time management is also important while answering.

Please refer the links mentioned below :

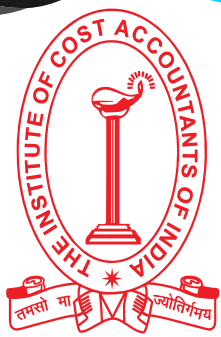
For Mock Test Papers (MTP) : http://icmai.in/studentswebsite/mtp2016_j18_fnd.php

For PPT on "Achieve your GOAL" : <http://icmai.in/studentswebsite>

Be Prepared and Get Success;

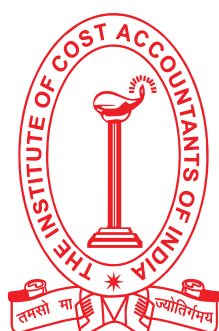
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Snapshots of 58th National Cost Convention 2018, 16-17 March 2018, Vigyan Bhawan, New Delhi





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