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FINAL

CMA Student E - Bulletin

150 YEARS OF CELEBRATING THE MAHATMA

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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
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MESSAGE FROM THE CHAIRMAN

Dear Students,

Greetings,

"True education must correspond to the surrounding circumstances or it is not a healthy growth"- M.K.Gandhi

Education gives us knowledge of the world around us and changes it into something better. It develops in us a perspective of looking at life. It helps us build opinions and have points of view on things in life. I have always focused on it because I wanted to become a professional. I knew it will be hard and very challenging, however I believed I can handle the challenge. Likewise, I feel, this professional course will help my beloved students to change their outlook about their life. I trust that "Optimism is the faith that leads to achievement; nothing can be done without hope and confidence".

We have stepped in to July and I know those appeared for June, 2019 term of examination is waiting anxiously to know about the outcome. As you know, fortune favours the brave, likewise those who did well in their examination will clear their term and those who did not, will have to try harder.

I am reiterating that the Directorate of Studies is trying continuously to guide you through various publications in e-form; Mock Test Papers (both questions and answers), Work Book (both questions and answers), monthly publication of E-bulletin & conducting of Webinar Sessions; all are for your continuous learning and practice. Try to grab those opportunities.

I am really thankful to all academicians who, despite their busy schedule, have helped the D.O.S. all the way and have encouraged you all by contributing their valuable input and which had also helped the D.O.S. in timely publications of E-bulletin. I hope, you will be enjoying those publications in future and will update yourself on a regular and continuous basis. As the Chairman of The Training & Education Facilities and Placement Committee, I would like to offer best wishes to all engaged in the process as I have enjoyed my stint with great pleasure.

My dear future professionals, I stand committed towards your development always and my sincere request to you all-please be a Good Samaritan and try to put your mark in shaping the nation.
I want to conclude with the words of M.K.Gandhi "An education which does not teach us to discriminate between good and bad, to assimilate the one and eschew the other is a misnomer".

CMA Manas Kumar Thakur

Be a CMA, be a Proud Indian

150 YEARS OF CELEBRATING THE MAHATMA

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

Vol: 4, No.: 7.
July 2019, Issue

150 YEARS OF CELEBRATING THE MAHATMA

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CONTENTS

150 YEARS OF CELEBRATING THE MAHATMA

KNOWLEDGE Update

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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.

Vol: 4, No.: 7.
July 2019, Issue

GROUP: 3, PAPER: 13

CORPORATE

LAWS & COMPLIANCE (CLC)

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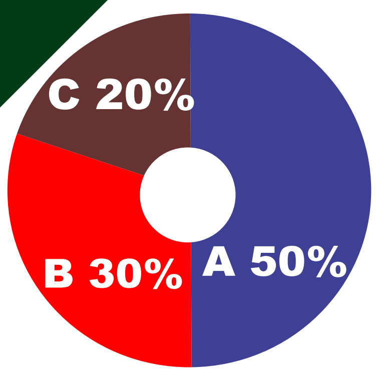
Your Preparation Quick Takes



Syllabus Structure
A Companies Act **50%**
B Other Corporate Laws **30%**
C Corporate Governance **20%**

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.

Capital market

Market where capital instruments are sold and bought, any security instrument having the right to own a company is capital market or has some connection with the company's long term finance is a capital market instrument

Primary market: sale/ allotment of shares from the company to any entity: IPO/ FPO

Secondary market: sale of shares from one person to another person: instruments are already created

Off market trading: sale of shares other than through stock market

Capital market intermediary: the entity which facil;aytes the transactions in capital market. i. e, stock exchange, broker, under writer, share transfer agent, debenture trustee, merchant banker etc.

a) **SEBI:** created by SEBI Act in May 1992 to regulate capital market. Has various divisions like primary market, secondary market, stock exchanges, operations etc. Board consists of full time and part time members under is under ministry of Finance. Headquartered in Mumbai, has office in all regions in metro cities. Issues regulations and orders from time to time. Decision of SEBI can be appealed to Sebi Appellate Tribunal (SAT)

1.0 CAPITAL MARKET TERMINOLOGIES

1.1 Contract:
'Contract' means a contract for or relating to the purchase or sale of securities.

1.2 Securities:

'Securities' includes the following:

Shares, scrip, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in any incorporated company or other body corporate.
Derivative.
Government securities.
Rights or interests in securities.
Such other instruments as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

1.3 Government security:
'Government security' means a security created and issued, whether before or after the commencement of this Act, by the Central Govt. or a State Govt. for the purpose of raising a public loan and having one of the forms specified in clause (2) of section 2 of the Public Debts Act, 1944.

1.4 Derivative:

'Derivative' includes-

A security derived from a debt instrument, share, loan, whether secured or not, risk instrument or contract for differences or any other form of security;
A contract which derives its value from the prices, or index of prices, of underlying securities.

1.5 Beneficial owner:

1.6 "Beneficial owner" means a person whose name is recorded as such with a depository.

1.7 Depository:
"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration by SEBI Act, 1992.with the objective of ensuring free transferability of securities with speed, accuracy and security by (a) making securities of public limited companies freely transferable subject to certain exception; (b) dematerializing the securities in the depository mode; and (c) providing for maintenance of ownership records in a book entry form.

Process:
The depository system involves:

(a) Conversion of securities from physical mode to electronic mode.
(b) Settlement of trades in electronic segment.
(c) Electronic transfer of ownership.
(d) Electronic custody of securities.
(e) All the securities are identical in all respects and are fungible.
(f) The system is not mandatory for the owner of the securities but it is mandatory for the companies.

1.8 Merchant Banker:
A financial intermediary who can manage issue of shares, make valuation of shares and is involved in various formalities of issue and transfer of securities.

1.9 **Broker** – a person who is agent of either buyer or seller. In case of market transaction, brokers should be registered with

SEBI.broker can appoint sub brokers.

1.10 Stock Exchange – a company which provides a platform for buying and selling of securities through brokers and is called market transaction. Only CG authorized exchanges can operate. The brokers/ sub brokers can only do the trading job.

1.11 Underwriter – any person/organization who agrees to subscribe a portion of the
securities, being issued to public, in case they are not subscribed by investors in public issue. They are paid commission by the company for taking this risk.

1.12 Share Transfer Agents – organizations who keep account of share transfer for other companies.

1.13 Insider Trading – passing of information by any insider of a company. Insider means any person who, is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access to the unpublished price sensitive information in respect of securities of a company, or who has received or has had access to such unpublished price sensitive information.

Price sensitive information' means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of the securities of the company.

1.14 Book Building Process – Price discovery. Demand for securities is built up and the price for the securities is assessed on the basis of the bids obtained from Qualified Institutional Buyers (QIB).

1.15 Promoter – Person/persons controlling the plan/programme of the company pursuant to which public issue is made. Directors in professional capacity are not promoters.

1.16 Promoters' Group – (1) Promoter's relative. (2) In case of a company – (a) Subsidiary/holding company. (b) Any company whose promoter holds 10% or more of the equity or which holds 10% or more of the promoter.

1.17 Red Herring Prospectus – This is an indicative prospectus without any details of price and number of shares or amount of issue. The floor price or price band is declared one day prior to the opening the issue. After the price is obtained through bidding the offer document is filed as prospectus.

1.18 Abridged Prospectus –
- Salient features of prospectus and accompanied with a form.
- Letter of offer – documents for rights issue filed Stock Exchange.
- Abridged Letter of Offer – abridged form of the above, compulsorily to be sent to each shareholder. Details to be given on request.

2.0 SEBI Regulations (Issue of Capital and Disclosure Requirements).

2.1 Entry Norms (IPO or FPO)
At least 25 per cent of each class or kind of securities issued by a company is offered to the public for subscription through advertisement in newspapers. The limit of 25% can be relaxed to 10% if following conditions are satisfied:

a) Minimum 20 lakh securities (excluding reservations, firm allotment and promoters' contribution) are offered to the public;
b) The size of the offer to the public, i.e. the offer price multiplied by the number of securities offered to the public was minimum Rs.100 crores; and
c) The issue was made only through book building method with allocation of 60 per cent of the issue size to the qualified institutional buyers as specified by the Securities and Exchange Board of India;

Recognized stock exchange may relax any of the conditions with the previous approval of the SEBI, in respect of a Government company.

2.2 An unlisted company may make an initial public offering (IPO) of equity shares or any other security, which may be converted into or exchanged with equity shares at a later date, only if it meets all the following conditions:

(i) The company has net tangible assets of at least 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;

(ii) The company has a track record of distributable profits in terms of for at least (3) out of immediately preceding five (5) years.

(iii) The company has a net worth of at least 1 crore in each of the preceding 3 full years (of 12 months each)

(iv) In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and

(v) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.)

(vi) Eligibility – Unlisted company whose commercial operation of less than two years and the post issue capital shall not exceed Rs.5 crore and not less than Rs.3 crore.
vii) Appoint market maker to the issue on all stock exchanges where the securities are proposed to be listed.
viii) The unlisted companies whose capital after the proposed issue of securities is less than Rs.3 crore shall be eligible to be listed only on the Over the Counter Exchange of India.

2.3 Pricing by Companies Issuing Securities

An unlisted company eligible to make a public issue and desirous of getting its securities listed on a recognized stock exchange may freely price its equity shares.

2.4 Price Band:
Issuer company can mention a price band of 20% in the offer document filed with the Board and actual price can be determined

at a later date before filing of the offer document with the ROCs.

2.5 Promoters' Contribution and Lock-in Requirements.

In a public issue by an unlisted company, the promoters shall contribute not less than 20% of the post issue capital.

Promoters shall bring in the full amount of promoters' contribution including premium at least one day prior to the issue opening date.

Minimum Promoters' contribution
Lock-in period: 3 years.

Excess Promoters' contribution:
Lock in period: 1 year.

2.6 Book Building Process: Price discovery. Demand for securities is built up and the price for the securities is assessed on the basis of the bids obtained from subsidiaries. RHP do not contain price. It contains either the floor price or a price band.

2.7 Pre- issue Obligations:

1.The lead merchant banker shall exercise due diligence.

1. Documents to be submitted along with the offer document by the Lead Manager:
   - Memorandum of Understanding.
   - Inter se allocation of responsibilities
   - Due diligence certificate.
   - Undertaking.
   - List of Promoters' group and other details.
   - Appointment of intermediaries like merchant bankers, co-managers and other intermediaries.

2.8 Public Issue Steps:

The lead merchant banker's minimum underwriting obligation: 5% of the total underwriting commitment or Rs.25 lakhs whichever is less.

Offer document to be made Public.

Pre-issue advertisement.

IPO grading: By rating agency approved by SEBI.

Despatch of issue material.

No complaints certificate.

Mandatory collection centers of applications in major cities.

Authorized collection agents.
Appointment of compliance officers: To be notified in the advertisement who is responsible for the compliance.

Agreement with depositories: For data access of shareholders

2.9 Reservation for Employees:

As per Rule 19(2)b of SC(R) rules, 1957 the reservation for employees cannot exceed 10% of the total issue amount.

The main object of the SEBI Act are as follows:

(a) Protect the interests of the investors in securities.
(b) Promoting orderly and healthy growth of the securities market.
(c)Regulation of the securities market and other incidental matters.
(d) Promoting the fair dealings by the issuer of securities and raising of funds at a relatively lower cost.
(e) Monitoring the activities of stock exchanges, mutual funds and merchant bankers etc.

3.0 Powers of SEBI

(1) Specific powers like regulating the business of stock exchanges, registering and regulating the functions of stock brokers, share transfer agents, bankers, registrars, trustees, underwriters, portfolio managers etc.
(2) Power to make inspection.
(3) Powers of civil court exercisable by SEBI.
(4) Power to issue direction.
(5) Power to regulate and prohibit the issue of prospectus.
(6) Power to seize documents like books and papers.

4.0 Guidelines on initial public issue through the stock exchange

1) Agreement with the stock exchange.
2) Appointment of brokers.
3) Appointment of Registrar to the issue.
4) Listing.
5) Responsibility of Lead Managers.
6) Mode of operation.
7) Demat

5.0 Book Building:
SEBI Guidelines define Book Building as a process undertaken by which a demand for the securities proposed to be issued by a corporate body is elicited and built up and the price for such securities is assessed for the determination of the quantum of such securities to be issued by means of a notice, circular, advertisement, document or information memoranda or offer document

6.0 SEBI (Substantial Acquisition of Shares)
On purchasing of shares from the market. for every 5% Acquisition to inform to SE and The company.

Vol: 4, No.: 7.
July 2019, Issue

GROUP: 3, PAPER: 14

STRATEGIC FINANCIAL MANAGEMENT (SFM)

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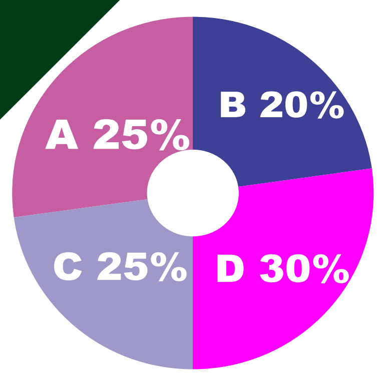
Your Preparation Quick Takes



Syllabus Structure

A Investment Decisions **25%**
B Financial Markets and Institutions **20%**
C Security Analysis and Portfolio Management **25%**
D Financial Risk Management **30%**

Learning objectives:

After studying this section on Strategic Financial Management, you will be able to:

- understand the exchange rate
- cognize the foreign exchange quotation
- know the principles of exchange rate quotes

Strategic Financial Management

EXCHANGE RATES

An exchange rate is the rate at which one currency can be exchanged for another. It is the price of one currency expressed in terms of another currency. In this context you keep in mind basic pricing, say the price of an apple. If the price is Rs 50/apple, the price is Rs 50, the unit is the apple. Just as a product has a price in a store, a unit of currency has a price.

FOREIGN EXCHANGE QUOTATION

A foreign exchange quotation (or quote) is a statement of willingness to buy or sell at an announced rate for the two currencies. Quotations may be designated by traditional currency symbols or by ISO (International Standards Organization) codes. Actually ISO developed three-letter codes for all the currencies which abbreviate the name of the country as well as the currency. The codes were developed for use in electronic communications. Some of the major codes are given in the following table:

Currency	Traditional Symbol	ISO code
US Dollar	$	USD
European Euro	€	EUR
Great British Pound	£	GBP
Japanese Yen	¥	JPY
Australian Dollar	A$	AUD
Hong Kong Dollar	HK$	HKG
Switzerland Franc	Fr	CHF

Today, all wholesale trading, that is, the trading of currencies between major banks in the global market place, uses the ISO codes. Although there are no hard and fast rules in the retail markets and in business periodicals. European and American periodicals have a tendency to use the traditional currency symbols, while many publications in Asia and the Middle East have embraced the use of ISO codes. The paper currencies (bank notes) of most countries continue to use the country's traditional currency symbol.

PRINCIPLES OF EXCHANGE RATE QUOTES

Foreign exchange quotations follow a number of principles/conventions. The inter-bank market uses quotation conventions adopted by ACI (Association Cambiste Internationale). These conventions are explained below:

i. Every currency exchange involves two currencies, currency 1 (CUR 1) and currency (CUR2): CUR1/CUR2 a currency pair is denoted by the three letter ISO codes for the two currencies, separated by an oblique or a hyphen. For example

USD/INR : US dollar-Indian rupee

ii. The currency to left of the slash is called the base currency. The currency to the right of the slash is called the quoted currency. Thus, in USD/INR, US dollar is the base currency and Indian rupee is the quoted currency.

iii. The quotation always indicates the number of units of the quoted currency, CUR2, required in exchange for receiving one unit of the base currency, CUR1. For example a USD/INR quotation will be given as number of rupees per dollar.

iv. Although a newspaper or magazine article will state an exchange rate as a single value, the retail or wholesale market for buying and selling currencies, uses two different rates, one for buying and one for selling. Thus, a quotation consists of two prices- bid price and ask price. This way of quoting exchange rate is known as two-way quotations. The price shown on the left of the oblique is the bid price and the price on the right is the ask price.
For example, GBP/EUR 1.4015/1.4025
The dealer will buy 1 GBP and pay EUR 1.4015 in return. His bid rate for GBP is EUR 1.4015. He will sell one GBP and would want to be paid EUR 1.4015 in returns. His ask rate for one GBP is EUR 1.4025.

v. Quotations in inter-bank markets are usually given upto five or six significant digits and for decimal places. The last two digits have a value of 0.0001 if the currencies are quoted to four decimal places. The last two digits are called 'points' or 'pips' which represents the smallest price increment a currency can make against another currency in foreign exchange trading.

vi. The quotations are usually shortened as follows:
GBP/JPY: 1.5660/1.5670 will be given as 1.5660/70. When two dealers are conversing with each other, this may be further shortened to 60/70. The first three digits viz. 1.56 are known as the 'big figure' and professional dealers are supposed to know what the big figure is at all times. The quotations are always with respect to the dealers.

For example,

EUR/USD	1.2170/1.2178	Or 1.2170/78
• EUR - Base currency • USD - Quoted currency	• You can sell 1 euro for $1.2170 -Bid price • You can buy 1 euro for $ 1.2178 - Ask price	• 78-Traders my quote only the last two digits on a rate.

However, according to Eiteman et al., the order of currencies in quotations used by traders is quite confusing. As noted by one major international banking publication: The notation EUR/USD is the system used by traders, although mathematically it would be more correct to express the exchange rate the other way around, as it shows how many USD have to be paid to obtain EUR 1. This is why the following currency quotes are also expressed as:

EUR/USD 1.2170 → $1.2170/€
USD/JPY 83.16 → ¥83.16/$
GBP/USD 1.5552 → $1.5552/£

and so on.

Vol: 4, No.: 7.
July 2019, Issue

YEARS OF CELEBRATING THE MAHATMA

GROUP: 3, PAPER: 15

STRATEGIC

COST MANAGEMENT-DECISIONMAKING (SCMD)

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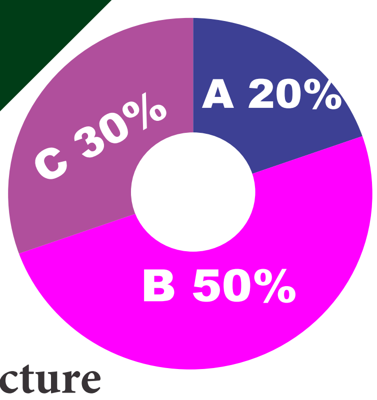
Your Preparation Quick Takes



Syllabus Structure

A Cost Management **20%**

B Strategic Cost Management Tools and Techniques **50%**

C Strategic Cost Management - Application of Statistical Techniques in Business Decisions **30%**

Learning Objectives:

The Strategic cost management framework provides a clear plan of attack for addressing costs and decisions that affect them. It helps to get answers on:

- Is there a plan for strategic cost management?
- Have the controlling functions for each significant cost in the organization been identified?
- Are there resources devoted to finding or obtaining new approaches to breaking cost barriers?
- Is cost modelling being used or is there an active effort to develop or buy cost modelling capability?

Multifaceted Applications of Marginal Costing

Cost Managers adopt the technique of marginal costing for a sweeping number of multifaceted strategic and financial applications. The technique is extensively used all over the world. It is built up around the fundamental principle that other things being equal, the fixed costs will, in total remain fixed within a relevant range regardless of the changes in the level of production and that the fixed cost per unit will constantly vary; whereas variable costs will remain constant per unit of production, and vary in total. Numerous managerial decisions can be taken with the help of marginal costing, which include:

(i) Profit Planning
(ii) Product Preference
(iii) Evaluation of Alternatives
(iv) Key Factor Analysis
(v) Impact Analysis

Furnished below is an illustrative problem that highlights the multifaceted applications of the technique of Marginal Costing. This sort of problems has been the Examiners' favourite pitch for ages.

Problem

As a part of its rural upliftment programme, the Government has put under cultivation a farm of 96 hectors to grow tomatoes of four varieties: Royal Red, Golden Yellow, Juicy Crimson and Sunny Scarlet. Of the total 96 hectors, 68 hectors are suitable for all four varieties, but the remaining 28 hectors are suitable for growing only Golden Yellow and Juicy Crimson. Labour is available for all kinds of farm work and there is no constraint. The market requirement is that all four varieties of tomatoes must be produced with a minimum of 1,000 boxes of any one variety. The farmers engaged have decided that the area devoted to any crop should be in terms of complete hectors and not in fractions of a hector. The other limitation is that not more than 22,750 boxes of any one variety should be produced. The following data are given.

Particulars	Royal Red	Golden Yellow	Juicy Crimson	Sunny Scarlet
Annual Yield (Boxes per hector)	350	100	70	180
Direct Material Costs (Rs. per hector)	4760	2160	1960	3120
Labour Costs (Rs.)				
a. Growing per hector	8960	6080	3710	5280
b. Harvesting & packing per box	36	32	44	52
C. Transportation per box	52	52	40	96
Market price per box	153.80	158.70	183.80	222.70

Fixed Overheads per annum

Growing	Rs. 1,12,000
Harvesting	Rs. 74,000
Transportation	Rs. 72,000
General Administration	Rs. 1,02.000

Required

(i) Product Preference within the given constraints
(ii) Optimum Product Mix & Maximum Profit
(iii) A nationalized bank has come forward to help in an improvement programme for the piece of 28 hectors in which only Golden Yellow and Juicy Crimson used to grow, with a loan of Rs.50,000 at a very nominal interest of 6% per annum. After this improvement is carried out, there will be a saving of Rs.12.50 per box in the harvesting cost of Golden Yellow and the 28 hectors will become suitable for growing Royal Red in addition to the existing Golden Yellow and Juicy Crimson varieties. Assuming that

other constraints continue, find the maximum total profit that would be achieved after the improvement programme is carried out.

Commentary
While seeking solutions in terms of product preference, optimum product mix, maximum profit and evaluation of alternatives, the problem sets certain constraints. The constraints are:

(i) 68 hectors are suitable for all four varieties, but the remaining 28 hectors are suitable for growing only Golden Yellow and Juicy Crimson
(ii) All four varieties of tomato must be produced with a minimum of 1,000 boxes of any one variety
(iii) The area devoted to any crop should be in terms of complete hectors
(iv) Not more than 22,750 boxes of any one variety should be produced
(v) After an improvement is carried out the 28 hectors will become suitable for growing Royal Red in addition to the existing Golden Yellow and Juicy Crimson varieties

The problem can be solved by adopting five steps:

(i) Determination of Contribution per hector & product preference
(ii) Computation of Optimum Product Mix
(iii) Computation of Maximum Profit
(iv) Computation of Optimum Mix after the improvement programme
(v) Computation of Profit after the improvement programme

Here follows the stepwise solution. In order to assimilate the concepts, the students are advised to go through the notes, furnished at relevant places, carefully.

Solution
Step 1 : Determination of Contribution per hector & product preference

Amount (Rs.)

Serial	Particulars	Royal Red	Golden Yellow	Juicy Crimso	Sunny Scarlet
1	Sales per hector				
a	Boxes per hector	350	100	70	180
b	Price per Box	153.80	158.70	183.80	222.70
c	Sales (a x b)	53830	15870	12866	40086
2	Variable costs				
a	Direct material	4760	2160	1960	3120
b	Growing cost	8960	6080	3710	5280
c	Harvesting and packing Per Box Per hector	 36 12600	 32 3200	 44 3080	 52 9360
d	Transport Per Box Per hector	 52 18200	 52 5200	 40 2800	 96 17280
3	Contribution per hector (1 – 2)	9310	-770	1316	5046
4	Order of Preference	1	4	3	2

Note: Order of preference is decided on the basis of contribution per hector

Step 2: Computation of Optimum Product Mix

Particulars	Royal Red	Golden Yellow	Juicy Crimson	Sunny Scarlet	Total
Minimum Area					
Minimum boxes	1,000	1,000	1,000	1,000	
Boxes per hector	350	100	70	180	
Minimum Area (Hectors)	2.85		14.28	5.55	
	i.e.3.00	10.00	i.e.15.00	i.e.6.00	34.00
Balance Area (96 – 34)					62.00
Maximum area for 22,750 boxes (22750 / Boxes per hector)	65	227.50	32.14	126.39	
Allocation of area 68 hectors suitable for all varieties being distributed for preferences 1 and 2	62.00			6.00	
28 hectors suitable for Golden yellow & Juicy Crimson		10.00	18.00		
Total	62.00	10.00	18.00	6.00	96.00

Notes:

(i) In case of Royal Red, the minimum area of 2.85 hectors has been rounded off to the next higher multiple 3.
(ii) In case of Juicy Crimson, the minimum area of 14.28 hectors has been rounded off to the next higher multiple 15.
(iii) In case of Sunny Scarlet, the minimum area of 5.55 hectors has been rounded off to the next higher multiple 6.
(iv) Of the 68 hectors suitable for all varieties, 62 acres have been apportioned to Royal Red after allocating the minimum area of 6 to Sunny Scarlet.
(v) Of the 28 hectors suitable for Golden yellow & Juicy Crimson, 18 acres have been apportioned to Juicy Crimson after allocating the minimum area of 10 to Golden yellow.

Step 3: Computation of Maximum Profit

(Amount in Rs.)

Serial	Particulars	Royal Red	Golden Yellow	Juicy Crimson	Sunny Scarlet	Total
1	Area (Hectors)	62	10	18	6	96
2	Contribution per hector	9310	(770)	1316	5046	
3	Total contribution	5,77,220	(7,700)	23,688	30,276	6,23,284
4	Fixed costs					
	a. Growing					1,12,000
	b. Harvesting					74,000
	c. Transport					72,000
	d. General Administration					1,02,000
	e. Sub Total (a..d)					3,60,000
5	Profit					2,63,484

Step 4: Computation of Optimum Mix & Profit after the improvement programme

Particulars	Royal Red	Golden Yellow	Juicy Crimson	Sunny Scarlet	Total
Minimum Area (hectors)	3.00	10.00	15.00	6.00	34.00
Balance area being apportioned on the basis of product preference	62.00				62.00
Total area (hectors)	65.00	10.00	15.00	6.00	96.00

Note: Product-wise apportionment of the area has been done by following a similar process as has been outlined in step2.

Step 5: Computation of Profit after the improvement programme

(Amount in Rs.)

Serial	Particulars	Royal Red	Golden Yellow	Juicy Crimson	Sunny Scarlet	Total
1	Area (Hectors)	65	10	15	6	96
2	Contribution per hector Existing Savings after the improvement Revised	9310 9310	(770) 1250 480	1316 1316	5046 5046	
3	Total contribution	6,05,150	4,800	19,740	30,276	6,59,966
4	Fixed costs a. Growing b. Harvesting c. Transport d. General Administration e. Interest @ 6% on Rs. 50,000/- f. Sub Total (a..d)					 1,12,000 74,000 72,000 1,02,000 3,000 3,63,000
5	Profit					2,96,966

Quick Take

Be it be manufacturing sector, service sector or agriculture sector, the application of Marginal Costing is Universal.

Vol: 4, No.: 7.
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150 YEARS OF CELEBRATING THE MAHATMA

GROUP: 3, PAPER: 16

DIRECT TAX

LAWS AND INTERNATIONAL TAXATION (DTI)

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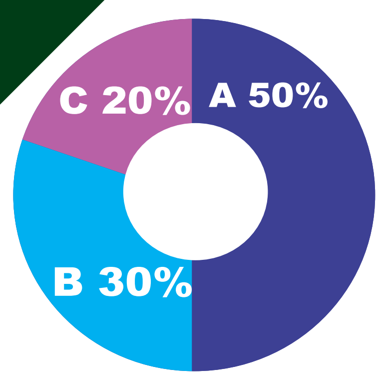
Your Preparation Quick Takes



Syllabus Structure

A Advanced Direct Tax Laws **50%**
B International Taxation **30%**
C Tax Practice and Procedures **20%**

Learning Objectives:

- To develop basic idea about the problem of International double taxation
- To get acquainted with the methods of reliefs
- To have acquaintance with the basic provisions of the provisions of the Indian Income-tax Act regarding reliefs for double taxation.

Business Restructuring: Amalgamation

Definition [Sec. 2(1B)]

Amalgamation (in relation to companies) means:

the merger of one or more companies with another company; or

the merger of two or more companies to form one company;

in such a manner that—

(a) all assets and liabilities of the amalgamating company or companies immediately before the amalgamation becomes the assets and liabilities of the amalgamated company;

(b) shareholders (both equity or preference) holding not less than 75% in value of the shares in the amalgamating company or companies (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated company or its subsidiary) become shareholders (equity or preference) of the amalgamated company.

- Number of shares allotted to the shareholders of the amalgamating company by the amalgamated company is not relevant.
- Where C Ltd. merges with Z Ltd., in a scheme of amalgamation, and immediately before the amalgamation, Z Ltd. holds 20% of the share in C Ltd., the aforesaid mentioned condition will be satisfied if shareholders holding not less than $\frac{3}{4}$th (in value) of the remaining 80% of the shares in C Ltd., i.e., 60% thereof (3/4 x 80), become shareholders of Z Ltd., by virtue of the amalgamation. Where, however, the whole of the share capital of a company is held by another company, the merger of the two companies will qualify as an amalgamation within sec. 2(1B), if the other two conditions are satisfied [Circular 5P, dated 9-10-67]

Exceptions:
Following mergers shall not be treated as amalgamation -

Merger as a result of acquisition of the property of one company by another company pursuant to the purchase of such property by the other company; or

Merger as a result of distribution of such property to the other company after the winding up of the first-mentioned company.

Amalgamation & Shareholder of amalgamating company
Effect of amalgamation on a shareholder are as under:

Transfer of shares of amalgamating company	As per sec. 47(vii), any transfer by a shareholder, in a scheme of amalgamation, of share(s) held by him in the amalgamating company is not treated as transfer and hence not liable to capital gain tax, if following conditions are satisfied: i. The transfer is made in consideration of the allotment to him of any share or shares in the amalgamated company; and ii. The amalgamated company is an Indian company.
Cost of shares in amalgamated company	The cost of shares in amalgamating company shall be deemed to be the cost of shares in amalgamated company. [Sec. 49(2)]
Determination of nature of assets	To find whether shares in amalgamated company are long-term or short-term capital asset, the period of holding shall be calculated from the date when shares in the amalgamating company were acquired. [Sec. 2(42A)]
Indexation benefit	Indexation benefit shall be available from the year in which shares of amalgamated company were acquired by the assessee.

Amalgamation & amalgamating company

- As per sec. 47(vi), any transfer, in a scheme of amalgamation, of a capital asset by the amalgamating company to the amalgamated company is not treated as transfer (hence not liable to capital gain) provided the amalgamated company is an Indian company.
- If amalgamation does not satisfy condition of sec. 2(1B) **and** of sec. 47(vi), then exemption is not available.

- As per sec. 47(viab),any transfer, in a scheme of amalgamation, of a capital asset, being a share of a foreign company, (referred to in the Explanation 5 of sec.9(1)(i)), which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the amalgamating foreign company to the amalgamated foreign company, if:

  a. at least 25% of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company; and
  b. such transfer does not attract tax on capital gains in the country in which the amalgamating company is incorporated.

  As per sec. 47(via), any transfer, in a scheme of amalgamation, of a capital asset being a share or shares held in an indian company, by the amalgamating foreign company to the amalgamated foreign company is not treated as transfer (hence not liable to capital gain) provided:

  a. at least 25% of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company; and
  b. such transfer dose not attract tax on capital gains in the country, in which the amalgamating company is incorporated.

  Taxpoint
  - Such transfer is in a scheme of amalgamation by the amalgamating foreign company to the amalgamated foreign company.
  - Transferred asset must be a capital asset being a share or shares held in an Indian company.
  - At least 25% of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company.
  - Such transfer does not attract tax on capital gain in the country, in which the amalgamating company is incorporated.

Amalgamation & amalgamated company

- **Value of non-depreciable capital assets for the purpose of capital gain**

  As per sec. 49(1), where a capital asset became the property of amalgamated (Indian) company in a scheme of amalgamation, the cost of acquisition of the asset to the amalgamated company shall be deemed to be the cost for which the previous owner (i.e., amalgamating company) of the property acquired it, as increased by the cost of any improvement of the assets incurred or borne by the previous owner or the assessee, as the case may be.

  It is to be noted that where non-depreciable asset was acquired before 1-4-2001, the cost of acquisition can be taken as cost of acquisition or fair market value of the asset as on 1-4-2001, at the option of the assessee.

  In determining the period of holding of such asset, period of holding of previous owner shall also be considered, however, indexation benefit is available from the year of amalgamation.

- **Value of depreciable asset for the purpose of business income**

  Where in any previous year, any block of assets is transferred by the amalgamating company to the amalgamated (Indian) company in a scheme of amalgamation, then, the actual cost of the block of assets in the case of the amalgamated company shall be the written down value of the block of assets as in the case of the amalgamating company for the immediately preceding previous year as reduced by the amount of depreciation actually allowed in relation to the said preceding previous year [Exp. 2 to sec. 43(6)]

  Allocation of depreciation in the year of amalgamation: The aggregate deduction, in respect of depreciation allowable to the amalgamating company and the amalgamated company in the case of amalgamation shall not exceed in any previous year the deduction calculated at the prescribed rates as if the amalgamation had not taken place and such deduction shall be apportioned between the amalgamating company and the amalgamated company in the ratio of the number of days for which the assets were used by them.

- **Value of asset transferred as stock in trade**

  Where an asset [not being an asset referred to in sec. 45(2)] which becomes the property of an amalgamated company under a scheme of amalgamation, is sold by the amalgamated company as stock-in-trade of the business carried on by it, the cost of acquisition of the said asset to the amalgamated company in computing the profits and gains from the sale of such asset shall be the cost of acquisition of the said asset to the amalgamating company, as increased by the cost, if any, of any improvement made thereto, and the expenditure, if any, incurred, wholly and exclusively in connection with such transfer by the amalgamating company [Sec. 43C(1)]

  Taxpoint: The provision is applicable where following asset of the amalgamating company is taken over by the amalgamated company as stock-in-trade at revalued price:

  a) Stock-in-trade
  b) Capital asset converted to stock-in-trade
  c) Capital asset

  Sec. 43C is also applicable where an asset becomes the property of the assessee on the total or partial partition of HUF or under a gift or will or irrevocable trust.

Set-off and carry forward of business loss and unabsorbed depreciation [Sec. 72A]

Applicable

Where there has been an amalgamation of a company owning:

(a) an industrial undertaking; or
(b) a ship; or
(c) a hotel,

- with another company.

An amalgamation of a banking company with a specified bank.

One or more public sector company or companies engaged in the business of operation of aircraft with one or more public sector company or companies engaged in similar business,

Conditions to be satisfied

The accumulated loss shall not be set off or carried forward and the unabsorbed depreciation shall not be allowed in the assessment of the amalgamated company unless:

(a) The amalgamating company—

(i) has been engaged in the business, in which the accumulated loss occurred or depreciation remains unabsorbed, for three or more years;
(ii) has held continuously as on the date of the amalgamation at least $\frac{3}{4}^{th}$ of the book value of fixed assets held by it two years prior to the date of amalgamation.

(b) The amalgamated company—

(i) holds continuously for a minimum period of 5 years from the date of amalgamation at least $\frac{3}{4}^{th}$ of the book value of fixed assets of the amalgamating company acquired in a scheme of amalgamation;
(ii) continues the business of the amalgamating company for a minimum period of 5 years from the date of amalgamation;
(iii) fulfils such other conditions* as may be prescribed to ensure the revival of the business of the amalgamating company or to ensure that the amalgamation is for genuine business purpose.

* Conditions for carrying forward or set-off of accumulated loss and unabsorbed depreciation allowance in case of amalgamation [Rule 9C]

(a) The amalgamated company, owning an industrial undertaking of the amalgamating company by way of amalgamation, shall achieve the level of production of at least 50% of the installed capacity (i.e., the capacity of production existing on the date of amalgamation) of the said undertaking before the end of 4 years from the date of amalgamation and continue to maintain the said minimum level of production till the end of 5 years from the date of amalgamation.

Provided that the Central Government, on an application made by the amalgamated company, may relax the condition of achieving the level of production or the period during which the same is to be achieved or both in suitable cases having regard to the genuine efforts made by the amalgamated company to attain the prescribed level of production and the circumstances preventing such efforts from achieving the same.

(b) The amalgamated company shall furnish to the Assessing Officer a certificate in Form No. 62, duly verified by an accountant, with reference to the books of accounts and other documents showing particulars of production, along with the return of income for the assessment year relevant to the previous year during which the prescribed level of production is achieved and for subsequent assessment years relevant to the previous years falling within five years from the date of amalgamation.

Treatment

The accumulated business (non-speculative) loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or, as the case may be, allowance for depreciation of the amalgamated company for the previous year in which the amalgamation was effected, and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

In a case where any of the conditions are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the amalgamated company shall be deemed to be the income of the amalgamated company chargeable to tax for the year in which such conditions are not complied with.

Deduction of expenses incurred in case of amalgamation or demerger [Sec. 35DD]

Applicable to: An Indian company

Conditions

a) Assessee has incurred certain expenditure wholly & exclusively for the purpose of amalgamation or demerger.

b) No deduction has been claimed for such expenses under any other section.

Quantum of deduction: 1/5th of expenses so incurred for a period of 5 years commencing from the year in which amalgamation or demerger takes places.

Other Provisions

Capital Expenditure on Scientific Research [Sec. 35(5)]: Provisions of sec. 35 shall apply to the amalgamated company, as it would have been applied to the amalgamating company, if the latter had not transferred such asset.

Telecom or spectrum licence: The amalgamated company or resulting company (being Indian company) as the case may be shall be entitled to claim deduction u/s 35ABB (or sec. 35ABA) for the residual period as if the amalgamating or demerged company had not transferred the licence.

Amortisation of Preliminary Expenses: In case of transfer of undertaking under the scheme of amalgamation or demerger, the amalgamated company or resulting company (being Indian company) shall be entitled to claim deduction u/s 35D for the residual period as if the amalgamation or demerger had not taken place.

Amortisation of expenditure incurred under VRS: In case of transfer of undertaking under the scheme of amalgamation or demerger, the amalgamated company or resulting company (being Indian company) as the case may be, shall be entitled to claim deduction u/s 35DDA for the residual period as if the amalgamation or demerger had not taken place.

Vol: 4, No.: 7.
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150 YEARS OF CELEBRATING THE MAHATMA

GROUP: 4, PAPER: 17

CORPORATE FINANCIAL REPORTING (CFR)

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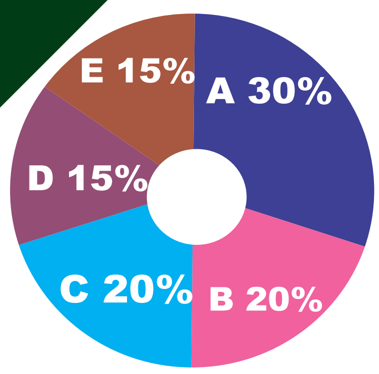
Your Preparation Quick Takes



Syllabus Structure

A GAAP and Accounting Standards **30%**
B Accounting if Business Comminations & Restructuring **20%**
C Consolidated Financial Statements **20%**
D Developments in Financial Reporting **15%**
E Government Accounting in India **15%**

Learning Objectives:

After studying the present section of Corporate Financial Reporting you will be able to:

- Learn the importance of reporting of Labour Practices and Decent Work Conditions.
- Know the associated GRI-G4 Indicators.

An introduction to accounting for group of companies

1. Concept of group:
A group consists of a parent and its subsidiaries. A **parent** is an entity that **controls** one or more entities. A **subsidiary** is an entity that is controlled by another entity.

2. Financial Statements:

There are three types of **financial statements: (a)** An Individual financial statements, (b) Consolidated financial statements and (c) Separate financial statements.

Ind AS 110 requires that a **parent** company in a group of companies shall prepare **consolidated financial statements** and further it shall prepare **separate financial statements** as per Ind AS 27.
A company having investments in associates or joint ventures prepares **consolidated financial statements** using **equity method** of accounting as per Ind AS 28; in addition it shall also prepare separate financial statements as per Ind AS 27.

We may also note that the companies Act, 2013 in Section 129 sub section 2 and 3 state:

(2) At every annual general meeting of a company, the Board of Directors of the company shall lay before such meeting **financial statements** for the financial year.

(3) Where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements provided under sub-section (2), prepare a **consolidated financial statement** of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under sub-section (2).

Thus a company presenting consolidation or applying equity method shall in addition present separate financial statements. A company exempted from consolidation or from applying equity method may prepare separate financial statements as its only financial statements.

A company that does not have a subsidiary, associate or investment in joint venture shall prepare **Individual financial statements**.

3. Transactions and accounting:
Purchasing of shares of another company is an important transaction for which different situations may arise and different accounting methods are applied based on the requirement of the Ind ASs. By purchase of shares

(i) entailing voting power of 20% or more, the investor company may have significant influence over the investee company (called Associate).
(ii) the investor company may have joint control in the investee company (called Joint Venture).
(iii) the investor company may acquire control in the investee company (called subsidiary).
(iv) entailing voting power of less than 20%, the investor company may have none of the above.

Accounting for consolidated financial statements (Ind AS 110) is made for transactions falling under 3(iii).

Again consolidated financial statements are prepared for investments in associates and joint ventures (Ind AS 28) falling under 3(i) and 3(ii). However, the accounting in these cases is based on **equity method**.

For 3(i), (ii) and (iii) in addition to consolidated financial statements, separate financial statements shall also be prepared by the investor company and investments are valued **at cost or as per Ind AS 109**.

Individual financial statements are prepared in case of transactions falling under 3(iv) and Ind AS 109 is applied for such investment.

4. Equity Method
The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Illustration:
Company P Ltd. (a listed company) acquires 20% shares (entitling 20% voting power and significant influence) in company Q Ltd. on 1-4-17 at a cost of Rs. 46000, paid by cash. During the financial year 17-18, Q made profits of Rs. 20000 and other comprehensive income of Rs. 10000.

a) Whether for the investment in shares of Q, P requires preparation of consolidated financial statements and separate financial statements?
b) Pass the journal entries in books of P at the time of acquisition.
c) Show the relevant accounting treatment at the end of the year in (i) consolidated and (ii) separate financial statements of P.

Solution:
a) P Ltd. requires preparation of consolidated financial statements because it has investment in Associate Q Ltd. Ind AS 28 requires that accounting for investment in associate and in joint venture should be made under equity method in the consolidated financial statement. Q is an Associate because P has significant influence in Q by virtue of its 20% voting power through holding of 20% shares in Q.
Ind AS 28 also requires P the investor company to prepare separate financial statement as per Ind AS 27.
b) Journal Entry:
Investment Dr. 46000
To Cash 46000
c) There will be two sets of accounting at the end the year, one for consolidated accounts and the other for separate financial statements.

(i) For consolidated accounts Ind AS 28 requires the recognition of investment by equity method.

At the yearend in consolidated accounts of P Ltd., adjustments are made to the Investment and income accounts as per equity method:

Investment Dr.	6000	
To Profit and Loss		4000
To Other Comprehensive Income		2000

Working Note: Change in investee's net assets = 20000+10000 = 30000; share of P = 20% of 30000 = 6000.
Investor's Profit or loss includes 20% of 20000 = 4000 and other comprehensive income includes 20% of 10000 = 2000.

(ii) At the yearend for the separate financial statements of P Investment is valued at cost at Rs. 46000 or at a value as per Ind AS 109.

Vol: 4, No.: 7.
July 2019, Issue

GROUP: 4, PAPER: 18

INDIRECT TAX

LAWS & PRACTICE (ITP)

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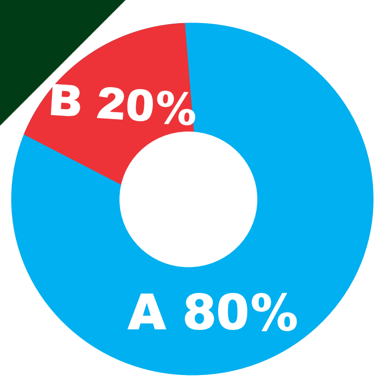
Your Preparation Quick Takes



Syllabus Structure

A Advanced Indirect Tax - Laws & Practice **80%**

B Tax Practice and Procedures **20%**

Learning objectives:

After studying this section, you will having an understanding of:

- Determination of Time of Supply under Default Rule/ Forward Charge;
- Time of Supply under Forward Charge with payment received in Advance.

ILLUSTRATIONS OF 'TIME OF SUPPLY OF GOODS' UNDER GST LAW

Time of supply means the point in time when goods/services are considered supplied. It helps in the determination of the date when the event which gives rise to GST liability has occurred. As per the provisions of the GST, time of supply for goods can be classified into three broad categories:

- Time of Supply for Goods – Forward Charge
- Time of Supply for Goods – Reverse Charge
- Time of Supply for Goods – Miscellaneous Provisions

In the following sections we analyse some of the illustrations on time of supply of goods under forward charge situation:

Illustrations for determining Time of Supply of Goods under 'Default Rule'/ 'Forward Charge'

Forward charge refers to the situation in which the buyer of goods pays the taxes to the supplier of the goods, and the supplier, in turn, remits the said taxes to the tax authority. In this case, the time of supply of goods shall be the earlier of the following dates:

o Date of issue of invoice (or the last day by which invoice should have been issued); or
o Date of receipt of payment.

Illustration 1: Time of Supply under Forward Charge
Mr. P sold goods to Ms. Q worth Rs 1,00,000. The invoice was issued on June 15, 2019. The payment was received on June 22, 2019. The goods were supplied on June 20, 2019.

We know, in case of forward charge, Time of supply is earliest of the following two dates:

a) Date of issue of invoice; or
b) Date of receipt of payment.

Here, Date of issue of invoice is June 15, 2019 and Date of receipt of payment is June 22, 2019.

Therefore, in this case the time of supply happens to be the Date of issue of invoice i.e. June 15, 2019.

NB: Date of supply of goods is not relevant.

Illustration 2: Time of Supply under Forward Charge
Ms. C sold goods to Mr. D worth Rs 2,00,000. The invoice was issued on June 15, 2019. The payment was received on June 12, 2019. The goods were supplied on June 20, 2019.

We know, in case of forward charge, Time of supply is earliest of the following two dates:

a) Date of issue of invoice; or
b) Date of receipt of payment.

Here, Date of issue of invoice is June 15, 2019 and Date of receipt of payment is June 12, 2019.

Therefore, in this case the time of supply happens to be the Date of receipt of payment i.e. June 12, 2019.

NB: Date of supply of goods is not relevant.

Illustration 3: Time of Supply under Forward Charge
Mr. J supplied goods to Mr. K worth Rs 3,00,000. The invoice was issued on July 2, 2019. The payment was received in his bank account on July 14, 2019, while it was entered in the books by the Mr. J on July 16, 2019. The goods were supplied to Mr. K on May 15, 2019.

We know, in case of forward charge, Time of supply is earliest of the following two dates:

a) Date of issue of invoice; or
b) Date of receipt of payment.

Moreover, Date of receipt of payment is the earlier of the 'Date on which payment is entered in his books of accounts' or 'Date on which the payment is credited to his bank account'.

In this case, Date of issue of invoice is July 2, 2019.

The Date of receipt of payment has to be ascertained from the date of entry in books of accounts and date on which payment is credited in bank account, as under:

Date on which payment is entered in his books of accounts is July 16, 2019,whereas the date on which the payment has been credited to his bank account is July 14, 2019. Therefore, Date of receipt of payment is July 14, 2019 (i.e. the earlier date)

Finally, Date of issue of invoice is July 2, 2019 and Date of receipt of payment is July 14, 2019 (determined above).

Therefore, in this case the time of supply happens to be the Date of issue of invoice i.e. July 2, 2019.

Illustration 4: Time of Supply under Forward Charge with payment received in Advance

Ms. A sold goods to Ms. B worth Rs 4,00,000. The invoice for the goods was issued on May 10, 2019. The goods were received by Mr. K on May 12, 2019, and as per the agreement 30% of the consideration i.e. Rs., 1,20,000 was received by Ms. A in advance on April 24, 2019. The final payment was received on May 22, 2019.

We know, in case of forward charge, Time of supply is earliest of the following two dates:

a) Date of issue of invoice; or
b) Date of receipt of payment.

Moreover, it is to be noted that GST on advance is payable at the time of issue of the invoice. (Vide Notification No. 66/2017 – Central Tax issued on 15.11.2017)

Here, Date of issue of invoice is May 10, 2019 and payment has been received in two parts – Advance payment on April 24, 2019 and final payment on May 22, 2019.

Therefore, in this case the Time of supply has to be split into two as under:

For advance payment of Rs. 1,20,000: Time of supply happens to be April 24, 2019 (since, Date of receipt of advance predates the date of issuance of invoice);

For the balance payment of Rs 2,80,000: Time of supply happens to be Date of issuance of invoice i.e. May 10, 2019. [since, it is earlier than the date of receipt of payment i.e. May 22, 2019]

Illustration 5: Time of Supply under Forward Charge with payment received in Advance

Mr. X sold goods to Mr. Y worth Rs 5,00,000. The invoice for the goods was issued on May 5, 2019. The goods were received by Mr. Y on May 10, 2019, and as per the agreement a part of the consideration Rs., 2,00,000 was received by Mr. X in advance on April 29, 2019. The final payment was received and credited to bank account on May 25, 2019, while it was entered in the books by the supplier the next day.

We know, in case of forward charge, Time of supply is earliest of the following two dates:

a) Date of issue of invoice; or
b) Date of receipt of payment.

Moreover, it is to be noted that GST on advance is payable at the time of issue of the invoice (vide Notification No. 66/2017 – Central Tax issued on 15.11.20170.

Here, Date of issue of invoice is May 5, 2019 and payment has been received in two parts – Advance payment on April 29, 2019 and final payment on May 25, 2019.

The Date of receipt of payment (other than advance) has to be ascertained from the date of entry in books of accounts and date on which payment is credited in bank account, as under:

Date on which payment is entered in his books of accounts is May 26, 2019,whereas the date on which the payment has been credited to his bank account is May 25, 2019. Therefore, Date of receipt of payment is May 25, 2019 (i.e. the earlier date)

Therefore, in this case the time of supply can be split into two as under:

For advance payment of Rs. 2,00,000: Time of supply happens to be April 29, 2019 (since, Date of receipt of advance predates the date of issuance of invoice);

For the balance payment of Rs 3,00,000: Time of supply happens to be Date of issuance of invoice i.e. May 5, 2019.

Vol: 4, No.: 7.
July 2019, Issue

150 YEARS OF CELEBRATING THE MAHATMA

GROUP: 4, PAPER: 19

COST & MANAGEMENT AUDIT (CMAD)

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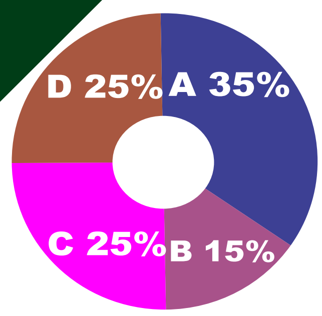
Your Preparation Quick Takes



Syllabus Structure

A Cost Audit **35%**
B Management Audit **15%**
C Internal Audit, Operational Audit and other related issues **25%**
D Case Study on Performance Analysis **25%**

Learning Objectives:

- To verify the correctness of the cost accounting records.
- To find out whether the principles of cost accountancy have been fully and correctly applied in maintaining cost records.
- To search for the deficiencies in the cost record system of the company.
- To attain efficiency in cost accounting systems and procedures

AUDIT OF HOSPITAL

While conducting audit of a Hospital, an auditor has to consider the following points.

Maintenance of Accounts of Hospital –
Being non-profit organizations, hospitals prepare Receipt & Payment Account, Income & Expenditure Account and Balance Sheet. Following are various items that fall under income and expenditure in the hospitals.

Main items of Income:

1. Room Rent
2. Medical care
3. Dentistry Charges
4. Delivery Room Charges
5. Anesthesia charges
6. Laboratory Charges
7. Grants of Operating Needs of Hospital
8. Grants for Fixed Assets
9. Donations
10. Miscellaneous Income
11. Interest on Investments
12. Fees from Nursing Training school
13. Bed charges
14. Operating Room charges
15. X-ray Charges
16. Pharmacy Charges
17. Physiotherapy Charges, etc.

Types of Expenses/Payments:

1. Electricity and Water charges
2. Pharmacy Charges
3. Salary and Wages
4. Building Repair & maintenance
5. Laundry Charges
6. Rent for Nursing Hostel Accommodation (in case of rented premises)
7. Telephone Expenses
8. Laboratory and Pharmacy Expenses
9. Surgery Expenses
10. Operation Tools and Equipment Expenses
11. Depreciation, etc.

Preliminary Audit of Hospitals:

An Auditor should follow the procedure as mentioned below, while conducting audit of a Hospital –

- Obtain a list of books, documents, register and other re cords as maintained by the Hospitals.
- Examine the audit report of last year and note down qualifications, if any, therein.
- Examine the system of receiving grants and donations, whether received through cheque or otherwise.
- Examine the scope of responsibilities according to the overall objectives of audit.
- Note down the important clause of Trust Deed or Charter, which may affect the audit and accounts of hospital.
- Examine the Minutes of Meetings of the Board or Directors/Trustees or the Managing Committee, and note down the important decisions concerning the financial transactions relating to fixed assets, investments and financial powers as required by him during the audit.

- Examine the Internal Control system reg. purchase of fixed assets, medicines, stores, consumables, clothing and provisions etc.
- Examine the Internal Control System for recording of purchases, issue and storage of all items and physical verification of them.
- Obtain the rate structure for fees, medicine and other services, power to do concession or waiver of fees.
- Calculate and examine the requisite input-output ratios.

Audit of Income of Hospital:

An Auditor should consider the following points and carefully examine the income/receipts of the Hospital.

- Check the bill book, bill register and copy of bills.
- It should be verified that bills are prepared properly according to visit charges of doctors, medicine, stay charges, room rent etc.
- Bills to be verified with the fees/charges structure.
- Concession and waiver on account of fees and other charges should be verified.
- Bills should be verified with cash receipt book, counterfoil of receipts and Cash Book.
- Arrears of bills should be verified
- Unrecoverable arrears should be written off with the approval and consent of proper authority.
- Rental income should be properly verified
- Examine the Property Register and vouch arrear of rent, advance rent and provisions for the same.
- Interest and dividend income should be verified with Investment Register, Cash Book and Share warrants etc.
- Documents and correspondence relating to donation and grants should be verified with the list of donors, grant sanction letter etc.
- Distinction between Revenue and Capital donation should be checked and verified. In case donation is related to some specific purpose, the Auditor should ensure that the money is used for such purpose only.

Audit of Expenses of Hospitals:

Vouching of expenses in Hospitals is almost the same as in other organizations. However, the following points need to be considered by an Auditor –

- An Auditor should adopt the usual way to vouch purchases and other expenses of the Hospitals.
- Salary of staff should be vouched according to general auditing principles
- Clear distinction should be made between capital and revenue expenses.

Audit of Assets and Liabilities of Hospitals:

An Auditor should consider the following for verification –

- The documents and records relating to Land and Buildings.
- Resolution of Trustees/Managing Committee should be verified for sale and purchase of fixed assets.
- Whether depreciation has been charged on the basis of policies of the Managing Committee.
- Liabilities should be verified in usual manner.
- Auditor should physically verify the investments like shares, debentures, bonds and securities along with Investment Register.
- Stock and Stores of medicines, clothing, consumables etc should also be physically verified at the end of the year.

AUDIT OF HOTELS

The business of running a hotel is a service – oriented industry and hence, stands distinct from running an industrial unit for manufacturing products.

The following aspects require special attention by the auditor.

1. **Internal control –**
   In hotel business, the internal control procedure, normally tends to be weak and ineffective. Therefore, the auditor should exercise utmost care in evaluating the effectiveness of internal control system in different areas, before deciding audit techniques and methods to be followed in these areas.

2. **Verification of Cash Sales –**
   In hotels with no lodging facilities, almost the entire sales is on cash basis. Therefore, the internal check should be very efficient and ensure that all sales are accounted for. An electronic billing machine or a series of numerically controlled manual bills may be used. The internal check shall ensure that daily sales report is prepared and reconciled with the total of bill role or the numerically controlled bills.

   The auditor may cross-verify the same with cash records maintained by an independent person.

   The auditor may also test check the kitchen order tickets with the cash bills to ensure the efficiency in internal checking system.

3. **Verification of Credit Sales –**

The guest bills are the supporting documents for credit sales. These bills are prepared in the reception wing. Guest bills contain room rent, charges for room-service, laundry and other services provided.

The Guest Register provides information such as the nature of rooms occupied by the guests, the number of days stayed and the number of persons occupying the room.

Internal check should include preparation of daily report on room occupied in the previous night with the number of persons in each room. This daily report may be prepared by an independent person such as house-keeper, who has no control over the accounts department or reception wing.

The auditor may cross verify the guest bills with the guest Register, and daily reports on room occupancy. Verification of Cash Book against the guest bills shall confirm collection of cash from the guests. If the rates charged are not as per the normal rates, the auditor has to ensure that such bills are duly authorized. The auditor shall ensure that the tax charged in the guest bills are duly remitted to the concerned tax authorities by the management.

4. **Verification of Stocks –**
   The probability of pilferage of food items is very high due to their nature. Therefore, the stock movement records should be accurately maintained.

   The internal control procedures, right from the receiving the stock to the sales point, should be correctly maintained to avoid pilferage. Unauthorized entry should be prohibited in the areas where stock is kept. The receipt and issue should be made only under effective supervision.

   The auditor may ensure his presence at the time of physical verification of stock. The auditor may also rely on the valuation carried out by the professional valuers, if he believes that the procedure and methods of valuation of each item are appropriate to the nature of items.

5. **Verification of Assets –**
   Apart from the usual fixed assets, such as land and building, furniture, plant & machinery, vehicles etc, in hotel Industry semi-fixed assets, viz silver and cutlery, blankets, curtains etc are also to be recorded, controlled and accounted for. The method of accounting for this type of special items is to be prescribed by the auditor and he should also ensure that the recommended method is duly and consistently followed by the management.

6. **Verification of payments to Travel Agents–**
   In many hotels, the booking for rooms, banquet hall etc takes place through travel agencies or other similar agencies. The auditor has to ensure that the amount due is collected within the period as agreed upon. While verifying the amount of commission paid to the agents, it should be ensured that the commission payable is as per the agreement between the management and agent.

7. **Verification of payment to Labourers –**
   In Hotel industry, the labour turnover tends to be high and hence number of casual workers/labourers employed is more. During the festive seasons and in case of distinguished gatherings, labourers are employed even for a couple of hours. This may lead to improper maintenance of records relating to wage payments and chance of misappropriation of cash cannot be ruled out. The auditor shall insist on systematic maintenance of proper wage records and adequate controls in payment of wages.

8. **Verification of Miscellaneous items -**
   In many hotels, a counter for exchanging the foreign currency into Indian Rupees is maintained. The auditor should ensure that all the statutory requirements governing such conversions are duly complied with.

   The auditor should also ensure that the occupancy-in-progress as on the date of Balance Sheet is appropriately valued and accounted for. The auditor may also analyze the financial statements by calculating and comparing food cost occupancy ratio and relevant ratios applicable exclusively to Hotel Industries.

AUDIT OF EDUCATIONAL INSTITUTIONS

An Auditor has to thoroughly study the Trust Deed of the Trust to which the School or the College belongs. In case of the audit of an university, he has to study the Act of legislature and the rules that are applicable to that university.

The Institute, in general, may receive the following:

1. Grant from Government, Local Authority or Governing bodies
2. Legacies
3. Donation in cash and in kind
4. Income from investments
5. Admission fees, Tuition fees, Hostel fees etc.
6. Fines and penalties
7. Contribution towards specific fund
8. Rental Income etc.

The important documents, records and books to be examined and verified by the Auditor, are as follows:

1. Minutes of the managing committee
2. Students fees Register
3. Cashbook, counterfoils of receipts for fees, caution deposit, fine etc.
4. Rental and Lease agreements
5. Correspondence and other documents relating to Legacies, Grants etc.
6. Investment Register.

While examining above documents/records, an Auditor has to perform the following:

(a) Evaluate and confirm the effectiveness of internal check system of accounting of receipts
(b) Verify that the fees are collected from all the students and if there is any concession the same is granted by a person who is so authorized.
(c) Ensure that fees received in advance and fees receivable are properly accounted for, while irrecoverable fees are written off under the authorization of appropriate person.
(d) Ensure that the admission fees are credited to Capital Fund A/c
(e) Ensure that fines and penalties are collected after due authorization and accounted for properly.
(f) Ensure that a separate register is maintained for caution deposit received from students and refund due out of caution deposit is refunded to the students concerned.
(g) Ensure that long outstanding tuition fees, hostel fees etc. are periodically reviewed and reported to the management for further action.
(h) Ensure that the funds created for specific purpose are maintained separately; the investments representing such funds are kept separately; and the surplus income from such funds are accumulated and invested along with the capital fund maintained for the purpose.
(i) Ensure that the amounts that are refundable to the students are shown as liability in Balance Sheet.
(j) Ensure that the capital expenditure are duly approved by the managing committee.
(k) Ensure that the Internal Control Procedure relating to purchase of stationery, clothing provisions and other terms are effective and adequate so that chances of pilferage and fraud are minimum.

AUDIT OF CO-OPERATIVE SOCIETY

The following books of accounts are generally maintained by the co-operative societies in accordance with the rules prescribed by the Government.

1. Cash Book
2. General Ledger
3. Stock Register
4. Personal Ledger
5. Register of Members
6. Register of Shares and Debentures
7. Minutes books of general meeting and committee meetings
8. Property Register
9. Register recording loan applications
10. Maintenance of Register of audit objections and their rectifications.

The checking of posting, arithmetical accuracy, vouching, verification of assets and liabilities and scrutiny of Balance Sheet are same as Auditor do in any other case. A few important aspects related to audit of co-operative societies are discussed below:

1. Examination of Overdue Debts;
An Auditor has to examine and classify overdue debts in the following two categories in order to show the same in his audit report.
(i) From 6 months to 5 years and
(ii) After 5 years.

2. Overdue Interest:
While calculating the profit of Co-operative society, overdue amount of interest outstanding should be excluded.

3. Adherence to Co-operative principles:
An Auditor should ascertain how far the objectives, for which the co-operative society is set up, have been achieved in course of its working. It is not necessary in terms of profit, but in terms of extending benefits to members who have formed the society.

4. Certification of Bad-Debts:
Where law requires, Bad-debts and irrevocable losses are written off against bad debt Fund or Reserve Fund only after certification by the auditor. Otherwise, the managing committee must authorize such write off.

5. Observation of the provisions of the Act and Rules:

An auditor should be well versed with the provisions of the Act and Rules of the co-operative society and the by-laws thereof. In case of irregularity, if any, it should be immediately assessed and reported, to the next level.

6. **Special Report to the Register:**
   During audit is any irregularities are found by the Auditor, that should be reported to the Registrar, who may take appropriate action against the society.

7. **Verification of members Register and Pass Book.**
   The Auditor should examine the members Register and Pass Book to verify the amount of loan granted and their repayments. It would help ensure that the books of accounts are free from any manipulation.

8. **Valuation of Assets and Liabilities:**
   General principles of accounting and auditing conventions and standards are adopted at the time of valuation of assets and liabilities. No specific provisions or instructions under the Act and Rules are provided.

9. **Audit Classification of Society:**
   After assessing the overall performance, an auditor has to award a class to the society. Judgement of Auditor should be based on the criteria fixed by the Registrar. The Auditor should be very careful while making decisions related to the classes in the society. In case management is not satisfied by the award, it may file an appeal to the Registrar who may direct to review the audit classification.

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STRATEGIC

PERFORMANCE MANAGEMENT AND BUSINESS VALUATION (SPBV)

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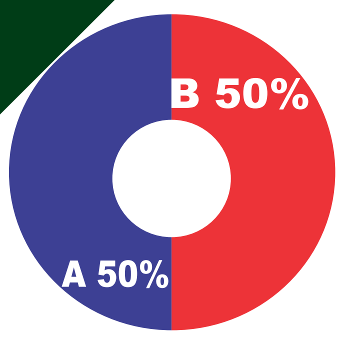
Your Preparation Quick Takes



Syllabus Structure

A Strategic Performance Management **50%**
B Business Valuation **50%**

Learning objectives:

After studying this section, you will be able to:

- understand the two-stage dividend discount model
- solve the problem of two-stage dividend discount model

Strategic Performance Management and Business Valuation

Two-stage dividend discount model

Two common versions of the two-stage dividend discount model exist. The first model assumes a constant growth rate in each stage, such as 30 percent in Stage 1 and 15 percent in Stage 2. The second model assumes a declining dividend growth rate in Stage 1 followed by a fixed growth rate in Stage 2. For example, the growth rate could begin at 30 percent and decline continuously in Stage 1 until it reaches 15 percent. Then it grows forever at15 percent in Stage 2. This second model is called the H-model. In this issue the first model is considered.

The first two-stage dividend discount model provides for two dividend growth rates: a high growth rate for the initial period, followed by a sustainable and usually lower growth rate thereafter. The two-stage dividend discount model is based on the multiple-period model.

$$V_0 = \sum_{t=1}^{n} \frac{D_t}{(1+r)^t} + \frac{V_t}{(1+r)^n}$$

where V_n is considered an estimate of P_n. The two-stage model assumes that the first n dividends grow at an extraordinary short-term rate, g_s:

$D_t = D_o (1 + g_s)^t$

After time n, the annual dividend growth rate changes to a normal long-term rate, g_L. The dividend at time n + 1 is $D_{n+1} = D_n(1 + g_L) = Do\ (1 + g_S)^n(l + g_L)$, and this dividend continues to grow at g_L. Using D_{n+1}, we can use the Gordon growth model to find V_n:

$$V_n = \frac{D_0 (1+g_s)^n (1+g_L)}{r-GL}$$

To find the value at t = 0, V_o, we simply find the present value of the first n dividends and the present value of the projected value at time n.

$$V_0 = \sum_{t=1}^{n} \frac{D_0 (1+g_s)^t}{(1+r)^t} + \frac{D_0 (1+g_s)^n (1+g_L)}{(1+r)^n (r-g_L)}$$

The two-stage dividend discount model is very useful because many scenarios exist in which a company can achieve a supernormal growth rate for a few years, after which time the growth rate falls to a more sustainable level. For example, a company may achieve supernormal growth through possession of a patent, first-mover advantage, or another factor that provides a temporary lead in a specific marketplace. Subsequently, earnings must descend to a level that is more consistent with competition and the growth in the overall economy. Accordingly, that is why in the two-stage model, extraordinary growth is often forecast for a few years, and then normal growth is forecast thereafter. The accurate estimation of V_n , the terminal value of the stock is an important part of correct use of dividend discount models. In practice, analysts estimate the terminal value either by applying a multiple to a projected terminal value of a fundamental, such as earnings per share or book value per share, or they estimate V_n, using the Gordon growth model. (Stowe, Robinson, Pinto, McLeavey, Pp. 72-75)

Example

General Mills (GIs) is a large manufacturer and distributor of packaged consumer food products. Benoit Gagnon, a buy-side analyst covering General Mills, has studied the historical growth rates in sales, earnings, and dividends for GIs, and also has made projections of future growth rates. Gagnon expects the current dividend of \$1.10 to grow at 11 percent for the next five years, and that the growth rate will decline to 8 percent and remain at that level thereafter.

Gagnon feels that his estimate of GIs's beta is unreliable, so he is using the bond yield plus risk premium method to estimate the required rate of return on the stock. The yield to maturity of GIs 's long-term bond (6.27s of 2019) is 6.67 percent. Adding a 4.0 percent risk premium to the yield-to-maturity gives a required return of 10.67 percent, which Gagnon rounds to 10.7 percent. The following Table shows the calculations of the first five dividends and their present values discounted at 10.7 percent. The terminal stock value at t = 5 is

$$V_5 = \frac{D_0 (1+g_s)^n (1+g_L)}{r-GL}$$

$= 1.10(1.11)^5 (1.08) / (0.107 - 0.08)$
$= 74.143$

TABLE : *General Mills Dividend Calculation*

Time	Value	Calculation	D_t or V_t	Present Values $D_t / (1.107)^t$ or $V_t / (1.107)^t$
1	D_1	1.10(1.11)	1.221	1.103
2	D_2	$1.10(1.11)^2$	1.355	1.106
3	D_3	$1.10(1.11)^3$	1.504	1.109
4	D_4	$1.10(1.11)^4$	1.670	1.112
5	D_5	$1.10(1.11)^5$	1.854	1.115
5	V_5	$1.10(1.11)^5(1.08) / (0.107 - 0.08)$	74.143	44.5997
Total				50.1447

In this two-stage model, we are forecasting the five individual dividends during the first stage and then calculating their present values. We use the Gordon growth model to derive the terminal value (the value of the dividends in the second stage at the beginning of Stage 2). As shown above, the terminal value is $V_5 = D_6/(r - g_L)$. The Period 6 dividend is \$2.002 (= D_5 X 1.08 = \$1.854 X 1.08). Using the standard Gordon growth model, V_5 = \$74.14 = 2.002/(0.107 - 0.08). The present value of the terminal value is \$44.60 = 74.14/1.107. The total estimated value of GIS is \$50.14 using this model. Notice that almost 90 percent of this value, \$44.60, is the present value of V_5, and the balance, \$50.14 - \$44.60 = \$5.54, is the present value of the first five dividends. (Stowe, Robinson, Pinto, McLeavey, Pp. 72-75)

An idea can lead to a whole lot of Difference!

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01.00 Innovation

Innovation means novelty; Innovation is invention; Innovation implies revolution; Innovation leads to evolution. Innovations, Discoveries, Inventions and Evolutions keep moving hand in hand.

Discovery of America by Christopher Columbus laid the foundation for a period of European exploration, conquest, and colonization that lasted for several centuries and the eventual integration of the world into one planet. Discovery of sea route to India by Vasco da Gama opened the way for an age of global imperialism. Discovery of Steam Engine by James Watt ushered in a new order of industrialization. All of them are innovations that kindled a new order of evolutions.

02.00 The redBus Story

redBus is India's first, largest and favorite bus tickets booking site. It got voted by Forbes among the top 5 hottest start ups in India. It is one of the most loved travel websites with some of the rarest features and has offices all over the country.

It is interesting to know that redBus was founded by three engineers -- Phanindra Sama, Charan Padmaraju and Sudhakar Pasupunuri. They were friends from BITS Pilani, one of India's finest engineering colleges, all with top IT MNCs - IBM, Texas Instruments and Honeywell.

The seed for the venture was sown when Phanindra couldn't get a bus ticket to go to Hyderabad from Bangalure during the long Diwali weekend in 2005. He ran around the city hunting for a ticket, but they were all sold out minutes before he reached the travel agents.

As he had no other work, he went to a bus ticket agent and asked how the whole process worked. He felt there might have been a bus which went vacant and he didn't know about it. When the agent explained how the system of bus ticket booking worked, Phanindra figured out that there were many inefficiencies in the system. He realized that suppose there are hundreds of buses from 30 operators running from Bengaluru to Hyderabad, the agents do not have access to all the operators.

When an agent gets a customer, he calls a bus operator to find out whether there are tickets available. The operator looks at the chart and tells him the number of vacant seats. The number of agents a bus operator can have is limited as he needs to identify all by phone. The agents also have only limited number of operators to work with. Then, the customers cannot always choose the seats as there is no transparency.

Another problem is, as the fares are not published, there is no fixed fare for the customer. But the major problem was booking return tickets. Every time you went home, you had to call someone and ask them to book the return tickets from there. Phanindra felt that computers could solve these problems easily.

That's when he thought of the possibility of providing consumers the convenience of booking a bus ticket over the internet. The objective was two-fold - to ensure that they don't have to leave the confines of their comfort to book a ticket, and to help them get a ticket when they need it the most. The idea was compelling. And why not? The internet was being voted as a medium people couldn't do without. PC and net penetration was increasing not only in urban areas, but also in rural India with innovative concepts like Shakti and e-Choupal. Also, people were getting used to booking tickets for travel using IRCTC and private airline websites. So, why not buses? However, the most compelling reason was that nobody in India had done this!

That weekend itself, Phanindra wrote a mail to his roommates telling them about the problem, and why he had to stay back. He also wrote, 'I see a solution to this problem and could we work on this?'. What he planned was, to create a software, sell it to bus operators and give the money to some NGO. It was not a business proposition at all.
It was very exciting to find a solution for such a problem that involved thousands of people. In January, 2006, the team -- the seven of the friends -- divided the work amongst them and started working on weekends on the project. When the prototype was ready, they went to the bus operators and tried selling it to them, but the operators were not even willing to take it for free. It was like, the team was trying to disturb the status quo. They didn't know what to do. That was when they heard of TiE, Bengaluru, and they went to them with the business plan. TiE provided the team three mentors who would advise on what to do and how to go ahead.

The venture started in August 2006 with Rs 5,00,000 which was the savings of the three -Phanindra, Charan and Sudhakar. One room of the house where they stayed was their office. In the morning they would keep the other parts closed so that the room looked like an office. By now, three more people who were young relatives of the promoters had joined them to help out.

After several visits and many requests, one operator agreed to give them five seats. It was on the August 18. He said, if you sell five seats in one week, it's fine. If you don't, don't bother me again. The team had one week to prove themselves. They put the seats up! They told all their friends and colleagues and asked them to buy from them. They also requested one of their friends to write about them on their discussion board at Infosys.

On the 22nd of August, the first seat was sold. A lady working at Infosys booked a ticket to go to Tirupati. The friends were so tense that they went to the bus station and waited till she boarded the bus. They sold all the seats in five days and went back to the operator. Slowly, they could add more operators to their inventory.

When TiE selected the proposition as one of the three ideas out of 300 for mentoring, it became news. It was followed by venture capitalists contacting them as they found the idea interesting. The VCs asked them how much money was needed, the team said Rs. 30 lakhs as that was a big amount for them then. Then one of the VCs spent several hours with the team and the plan was revised seven times. At last, it was found that Rs. 3 crores was the sum needed to scale up the business. The agreement was that money would be invested in three years.

That was in February 2007 and the money was supposed to last till February 2010. But, all of the Rs. 3 crores was spent in one-and-a-half years. The VCs also asked the promoters to change the venture from an online bus ticketing company to just bus ticketing company, and that is what redBus is now.

redBus has come a very long way from the days of struggle to the days of growth. It has the largest number of tie-ups (and growing) with bus operators and a large and satisfied customer base. Being run by a team of young people, the culture is informal and everyone is ambitious and charged to make it larger than imagined. What started as a team of three grew into a team of 650 in 8 years. On offer are over 1500+ bus operators and 80,000 routes across the Indian map.

In June 2013 redBus was acquired by ibibo Group, India's leading online travel group that owns properties such as Goibibo.com (Leading B2C Online travel aggregator); and travelboutique (51% stake in the leading B2B online travel platform). In April 2019 redBus is reported to have appointed Mahendra Singh Dhoni as its brand ambassador. Iconic industrialists like GMR keep mentioning the success story of redBus as an inspiration for the budding entrepreneurs!

03.00 Quick Take

Be it be the Discovery of America by Columbus or Phanindra'6s redBus, it is an idea that germinates the inkling for an innovation or invention which in turn leads to the evolution of a new order. It is an idea that can lead to a whole lot of difference!

150 YEARS OF CELEBRATING THE MAHATMA

PRACTICAL Advice

ABOUT YOUR STUDIES - FINAL COURSE

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

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01 Read Study Notes
MTPs, E-Bulletin
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Webinar seasons

02 Solve Excercises given in Study Note

03 Assess Yourself

04 Appear For Examination

FINISHED

SUBMISSION

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.

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.

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

Message from

Directorate of Studies

Dear Students,

We from the Directorate of studies know your expectations from us and accordingly we are trying to delivery some meaningful tips through the publications of monthly E-bulletins. Other than this we are trying to help you through, Mock Test Papers (MTPs), Work Book, and we have conducted Webinar sessions. Before stepping in to the examination hall, please go through the PPTs on "Achieve your GOAL"; Uploaded by the Directorate of Studies and which will help you to know about certain Do's and Don'ts in the examination.

You know that the nation is celebrating 150th birth anniversary of the father of the nation **M.K. Gandhi**. One of his inspirational message towards the students were:

"Whatever you do will be insignificant. But it is very important that you do it",

Let us observe his memory by following his message.

Certain general guidelines are listed below and which will help you in preparing yourselves:

- Conceptual understanding & Overall understanding of the subject 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 is 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) : **https://icmai.in/studentswebsite/mtp2016_j19_Final.php**

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

For Work Book Link : **https://icmai.in/studentswebsite/Workbook-Syl-2016-Final-March2019.php**

Live/Recorded Webinar Link : **https://eicmai.in/Webinar_Portal/Students/StudentLogin.aspx**

Ebulletin Link : **https://icmai.in/studentswebsite/E-Bulletin.php**

We are sure that you will be motivated after looking into the placement news of our students' appeared in the Times of India, newspaper.

GOOD LUCK & Best wishes.

Be Prepared and Get Success;

Few Snapshots

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Amit A. Apte, President, Prof. Laxman Watawala, President, Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka), CMA Dr. PVS Jagan Mohan Rao, President, SAFA, CMA A.N Raman, Former President, SAFA and CMA Balwinder Singh, Vice President & Chairman CASB during MOU signing ceremony at Colombo.

CMA Amit A. Apte, President along with CMA P.V. Bhattad, Past President & CCM, CMA H. Padmanabhan, CCM and CMA P Raju Iyer, CCM extending greetings to Shri Rajiv Kumar, IAS, Secretary to the Government of India, Department of Financial Services, Ministry of Finance.

CMA Amit Anand Apte, President, ICAI inaugurating the National Regional Council & Chapters Meet, 2019 at Mysore on 16th February 2019.

CMA Amit A. Apte, President, CMA Balwinder Singh, Vice-President and CMA Sanjay Gupta, Immediate Past President of the Institute extending greetings to Shri Subhash Chandra Garg, Finance Secretary to the Government of India, Ministry of Finance.

CMA Amit A Apte, President and CMA Balwinder Singh, Vice-President of the Institute attended meeting of Technical Cell of the Institute on July 15, 2019 in New Delhi. CMA (Dr) Dhananjay V Joshi, Former President and Chairman, Technical Cell is also seen along with other members and invitees of the Technical Cell.

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