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150 YEARS OF CELEBRATING THE MAHATMA

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CMA Student E - Bulletin

FINAL

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Behind every successful business decision, there is always a CMA

Message from The Chairman

CMA Manas Kumar Thakur

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

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

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MESSAGE FROM THE CHAIRMAN

Dear Students,

Season's Greetings,

"Satisfaction lies in the effort, not in the attainment, full effort is full victory"-M.K.Gandh.

We all should start believing that effort matters more than ability. People with a fixed mindset generally believe that their skills and abilities are fixed and won't improve much, even with practice. Moreover, fixed mind setters focus on the end result more than the process of development and often focus on factors that are beyond their control, e.g. bad luck, unfortunate circumstances etc. In contrast, growth mind setters generally believe that no matter what their skill or ability level now, they can improve with effort. Falling on the line of M.K.Gandhi, I also believe in the strength of the growth mind setters.

The Directorate of Studies is coming out soon with **revised work book**, for your practising purpose. As you are aware that **study materials are continuously updated** for incorporation of necessary amendments in paper's where those are extremely needed and also the up-dation is carried out in all the papers with the view of providing you the needed and relevant information.

D.O.S. have started the **live webinar session**, to give you the opportunity to meet and interact with the subject wise experts and advance hoisting of calendar, probably have helped you to follow the live lectures. **Recorded sessions are also been uploaded** for reaching to the unreached. I am really thankful to all those academicians who are regularly updating your knowledge bank by extending their suggestions and input towards your all-round development. **New Mock Test Paper's (MTP)** will be uploaded soon. Please try to grab the offerings provided by the D.O.S. and try to make you more up to date.

Both, February and August months are very important for upcoming CMA professional as those months are related to the declaration of results. Those who have done well in their exam are hopeful about pass out and those could not, may be sceptical. Please try to believe on your strength.

"Successful and unsuccessful people do not vary greatly in their abilities. They vary in their desires to reach their potential".

Wishing you all a grand success in your future endeavour,

CMA Manas Kumar Thakur

Be a CMA, be a Proud Indian

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

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150 YEARS OF CELEBRATING THE MAHATMA

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CONTENTS

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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.

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Shri Subrata Kr. Roy
Company Secretary & Consultant
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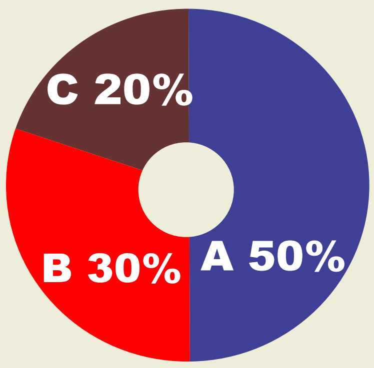
GROUP: 3, PAPER: 13

CORPORATE

LAWS & COMPLIANCE (CLC)

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.

Laws & Compliance

Company capital

Any business will have only two sources of capital. Own capital or loan capital, which is called equity capital and credit capital. The equity capital shall be permanently invested in the company whereas the loan has to be repaid after a certain period as per the terms of laon. However, there may conversion of loan into equity or equity into loan, if the company and the investor so decides.

The various types of instruments for raising capital is discussed below.

Shares and Debentures

Shares and debentures are the main source of long term source of capital. Companies Act does not consider working capital as capital and therefore the restrictions relating to treatment of capital do not apply to working capital.

Types of Share Capital:

There are various terms used in connection with the share capital of the company. They are as follows:

Authorized / Registered / Nominal Capital-

This is the Maximum Capital which the company can raise. This is mentioned in the Memorandum of the Association of the Company. It is also called Registered Capital or Nominal Capital.Authorised capital may be increased by altering the Memorandum of Association.

Issued Capital-

This is the part of the Authorised Capital which is issued to the public for subscription i.e. any person to whom the invitation is made may subscribe for shares. Private limited companies can issue shares to its existing shareholders by way of rights issue or by way of giving them bonus shares or it can issue securities through private placements. The act of creating new issued shares is called issuance, allocation or allotment. After allotment, a subscriber becomes a shareholder. The number of issued shares is a subset of the total authorized shares.

Subscribed Capital-

The issued Capital may not be fully subscribed (applied for) by the investor/public. Subscribed Capital is that part of issued Capital for which applications are received from the public. In case applications are for more than the issued capital,we call it oversubscription. If it is less, it is called under subscription.

Paid-up Capital-

The part of subscribed capital whichhave been paid to the company by the investors i.e. the Company may require 50% of the value of shares while making subscriptions. In such case 50% of the value received by the company shall be the paid up capital.

For any company, paid-up capital is important as many provisions of the Act and Rules require various types f compliances based on paid-up capital.

Debentures

A debenture is a type of long term debt instrument which acknowledges debt. Debentures are backed only by the general creditworthiness and reputation of the issuer. Both corporations and governments frequently issue this type of bond to secure capital. Debentures may be secured or unsecured.

Types of Debenture:

The major types of debentures are redeemable, irredeemable, convertible, non-convertible, fully, partly, secured, unsecured, fixed, floating rate, zero coupon, deep discount. Following are the various types of debentures vis-a-vis their basis of classification:

Redeemable and Irredeemable (Perpetual) Debentures

Redeemable debentures carry a specific date of redemption on the certificate. The company is legally bound to repay the principal amount to the debenture holders on that date. On the other hand, irredeemable debentures, also known as perpetual debentures, do not carry any date of redemption. This means that there is no specific time of redemption of these debentures. They are redeemed either on the liquidation of the company or when the company chooses to pay them off to reduce its liability by issues a due notice to the debenture holders beforehand.

Convertible and Non-Convertible Debentures

Convertible debenture holders have to convert their holdings into equity shares. The rate of conversion and the period after which the conversion will take effect are declared in the terms and conditions of the agreement of debentures at the time of issue. On the contrary, non-convertible debentures are simple debentures which will continue to be debentures till redemption. However, if option is given to the investor to convert or not to convert the debenture into shares, this kind of debenture is called optionally convertible debentures.

Fully and Partly Convertible Debentures

Convertible Debentures are further classified into two – Fully and Partly Convertible. Fully convertible debentures are completely converted into equity whereas the partly convertible debentures have two parts. Convertible part is converted into equity share as per agreed rate of exchange based on terms of issue. Non-convertible part remains as redeemable debenture which is repaid after the expiry of the agreed period.

Secured and Unsecured Debentures

When the debenture is secured by the charge on some asset or set of assets it is known as secured or mortgage debenture and when it is issued solely on the credibility of the issuer is known as the naked or unsecured debenture. In case of unsecured debenture, the Debentureholder is like any other unsecured creditor. In case of secured debenture, there is a security created by the company on its assets. In case of issue of debenture on private placement basis, the security can be decided by the issuer company and the investor. Public issue of debentures have to be secured, if the maturity period is more than 18 months. In such case, a debenture trustee is appointed, to whom the security is mortgaged with a condition that if the company fails to repay interest or principal, the debenture trustee shall have right to sale off the property and satisfy the claims of debenture holders both interest and principal.

Fixed and Floating Rate Debentures

Fixed rate debentures have fixed interest rate over the life of the debentures. The floating rate debentures have the floating rate of interest which is dependent on some benchmark rate and goes on fluctuating depending on market conditions.

Zero Coupon Debentures

Zero coupon debentures do not carry any coupon rate (interest) or we can say that there is zero coupon rate. The debenture holder will not get any interest on these types of debentures. In such case a warranty is issued with a debenture which may have entitlement to get a share at discount. This compensates the interest foregone. However, zero coupon rate debentures may be issued at discount and are normally called "discounted bonds". If the maturity period is long it is called "deep discount bond".

Raising of Capital

A company may raise funds for different purposes depending on the time periods ranging from very short to fairly long duration. The total amount of financial needs of a company depends on the nature and size of the business. The scope of raising funds depends on the sources from which funds may be available. The business forms of sole proprietor and partnership have limited opportunities for raising funds. They can finance their business by the following means :-

- Investment of own savings
- Raising loans from friends and relatives
- Arranging advances from commercial banks
- Borrowing from finance companies

Companies can Raise Finance by a Number of Methods. To Raise Long-Term and Medium-Term Capital, they have the following options:-

Issue of Shares

It is the most important method. The liability of shareholders is limited to the face value of shares, and they are also easily transferable. A private company cannot invite the general public to subscribe for its share capital and its shares are also not freely transferable. But for public limited companies there are no such restrictions. There are two types of shares :-

- **Equity shares**- The rate of dividend on these shares depends on the profits available and the discretion of directors. Hence, there is no fixed burden on the company. Each share carries one vote.
- **Preference shares**- dividend is payable on these shares at a fixed rate and is payable only if there are profits. Hence, there is no compulsory burden on the company's finances. Such shares do not give voting rights.

Issue of Debentures

Debentures amount to loan and therefore should be within the borrowing powers of the directors. It is mostly issued to finance the long-term requirements of business and do not carry any voting rights.

Loans from Financial Institutions

Long-term and medium-term loans can be secured by companies from financial institutions like the Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India (ICICI) , State level Industrial Development Corporations, etc. These financial institutions grant loans for a maximum period of 25 years against approved schemes or projects. Loans agreed to be sanctioned must be covered by securities by way of mortgage of the company's property or assignment of stocks, shares, gold, etc.

Loans from Commercial Banks

Medium-term loans can be raised by companies from commercial banks against the security of properties and assets. Funds required for modernisation and renovation of assets can be borrowed from banks. This method of financing does not require any legal formality except that of creating a mortgage on the assets.

Public Deposits

Companies often raise funds by inviting their shareholders, employees and the general public to deposit their savings with the company. The Companies Act permits such deposits to be received for a period up to 3 years at a time. Public deposits can be raised by companies to meet their medium-term as well as short-term financial needs.

Sweat Equity Shares

"Sweat equity shares" means such equity shares, which are issued by a Company to its directors or employees at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.

Stock Option

A stock option is a privilege, sold by one party to another that gives the buyer the right, but not the obligation, to buy or sell a stock at an agreed-upon price within a certain period of time

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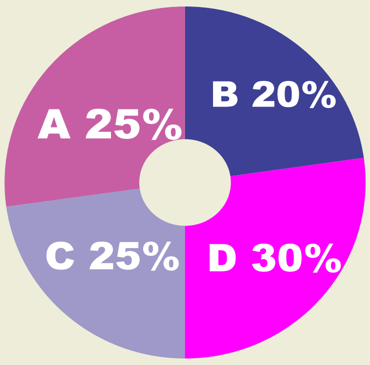
GROUP: 3, PAPER: 14

STRATEGIC FINANCIAL MANAGEMENT (SFM)

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, you will be able to:

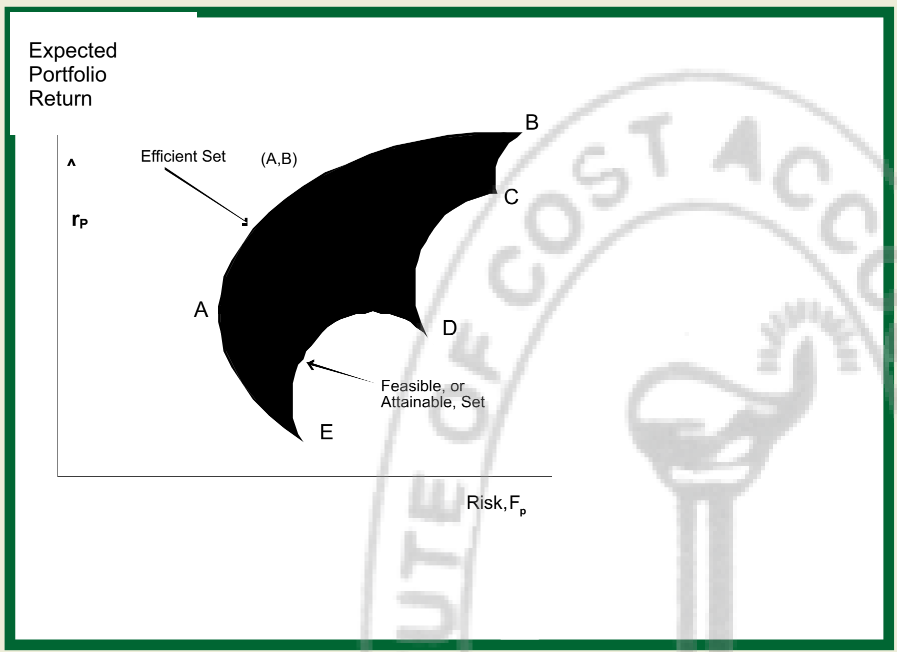
cognize the concept of efficient frontier
understand the concept of optimal portfolio
compute covariance in single index model

Strategic Financial Management

Illustration 1

Construct a reasonable, but hypothetical, graph which shows risk, as measured by portfolio standard deviation, on the x axis and expected rate of return on the y axis. Then add an illustrative feasible (or attainable) set of portfolios, and show what portion of the feasible set is efficient. What makes a particular portfolio efficient? Don't worry about specific values when constructing the graph—merely illustrate how things look with "reasonable" data. (Brigham et al, Fundamentals of Financial Management, 10th Ed.)

Solution

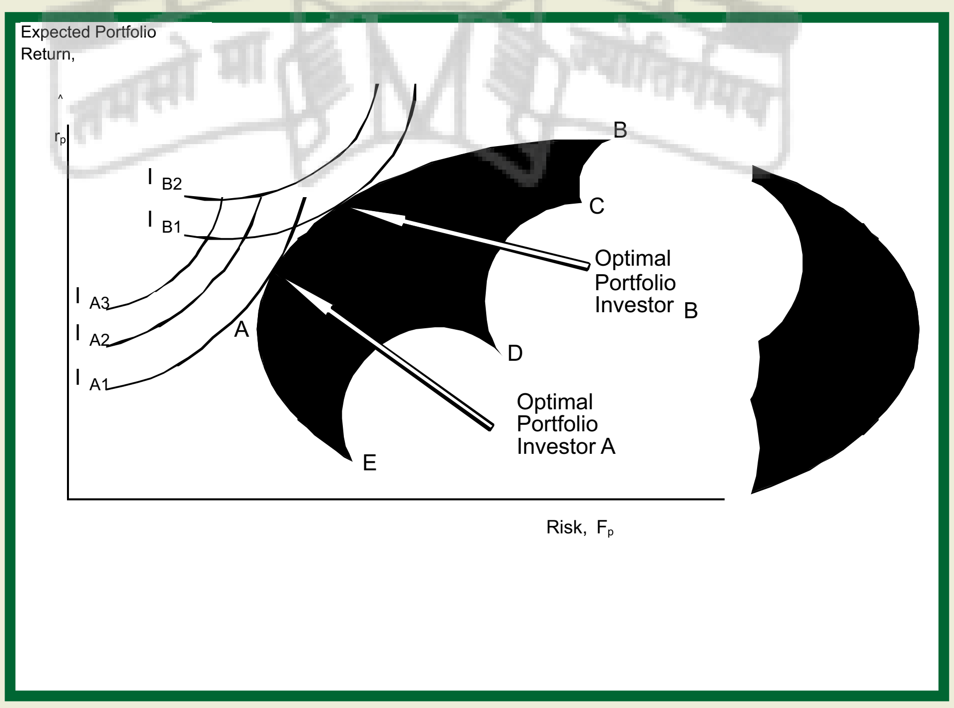


The figure above shows the feasible set of portfolios. The shaded area is called the feasible, or attainable, set. The north – west boundary AB defines the efficient set of portfolios, which is also called the efficient frontier. Portfolios to the left of the efficient set are not possible because they lie outside the attainable set. Portfolios to the right of the boundary line (interior portfolios) are inefficient because some other portfolio would provide either a higher return with the same degree of risk or a lower level of risk for the same rate of return. (Brigham et al, Fundamentals of Financial Management, Solution Manual,10th Ed.)

Illustration 2

Now add a set of indifference curves to the graph created in example 4. What do these curves represent? What is the optimal portfolio for this investor? Finally, add a second set of indifference curves which leads to the selection of a different optimal portfolio. Why do the two investors choose different portfolios? (Brigham et al, Fundamentals of Financial Management, 10th Ed.)

Solution



"The figure above shows the indifference curves for two hypothetical investors, A and B. To determine the optimal portfolio for a particular investor, we must know the investor's attitude towards risk as reflected in his or her risk/return tradeoff function, or indifference curve. Curves I_{a1}, I_{a2}, and I_{a3} represent the indifference curves for individual A, with the higher curve (I_{a3}) denoting a greater level of satisfaction (or utility). Thus, I_{a3} is better than I_{a2} for any level of risk.

The optimal portfolio is found at the tangency point between the efficient set of portfolios and one of the investor's indifference curves. This tangency point marks the highest level of satisfaction the investor can attain. The arrows point toward the optimal portfolios for both investors A and B.

The investors choose different optimal portfolios because their risk aversion is different. Investor A chooses the portfolio with the lower expected return, but the riskiness of that portfolio is also lower than investor's B optimal portfolio, because investor A is more risk averse." (Brigham et al, Fundamentals of Financial Management, Solution Manual,10th Ed.)

Illustration 3

On the basis of the following information, compute covariance between the returns on a pair of securities according to the Sharpe single-index model:

Beta for stock A = 1.183

Beta for stock B = 1.021

Beta for stock C = 2.322

The variance of the market portfolio = 20.91

Solution According to the Sharpe single-index model, the covariance between the returns on a pair of stocks is:

$$SIM_{ij} \quad {}_{i} \; {}_{j} \; {}^{o}_{m}$$

Using the betas for stocks A and B along with the variance of the market portfolio we have:

$$SIM_{AB} \quad /.183 \quad 1.021 \quad 20.91 \quad 25.254$$

Similarly:

$$SIM_{AC} \quad 37.433; SIM_{BC} \quad 49.568$$

150 YEARS OF CELEBRATING THE MAHATMA

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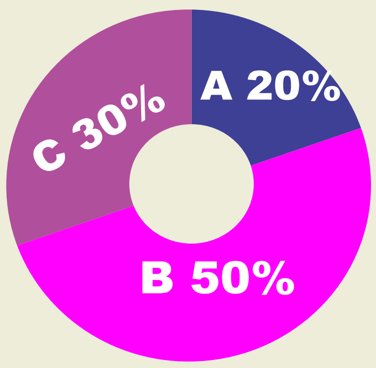
GROUP: 3, PAPER: 15

STRATEGIC COST MANAGEMENT-DECISIONMAKING (SCMD)

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?

Variance Analysis

Variance, by definition, denotes the deviation between the standard proposition and the actual incidence. Cost Variance is the difference between a planned, budgeted or standard cost vis-à-vis the actual cost. Revenue Variance is the difference between planned, budgeted or standard revenue vis-à-vis the actual revenue generated

> Variance, by definition, denotes the deviation between the standard proposition and the actual incidence.

Variance analysis involves breaking down and analyzing the total variance to explain: (a) How much of the variance is caused by the using the resources that are different from the standards, i.e. the quantity variance; and (b)How much of the variance is caused by the cost of the resources being different from the standards, i.e. the rate variance.

When actual results are better than expected, the resultant variance is described as favourable variance and is denoted by the letter F. A favourable variance might mean that the costs are lower than the standards or revenue/profits are higher than the expectations. When actual results are worse than the expected results, the resultant variance is described as adverse variance, or unfavourable variance. In common use adverse variance is denoted by the letter U or the letter A. An adverse variance might arise because the costs are higher than the standards or revenue/profits are lower than the expectations.

The main objective of variance analysis is to provide insights into the off-standard performance. It helps the management to improve the operations and correct the errors on a concurrent basis; and deploy the resources more effectively and, thus, control and reduce costs and as also enhancing the revenues.

An important feature of variance analysis is that it drives the enterprise towards quantitative analysis of the inputs as also the outputs whereby optimum productivity is achieved. In an era of global competition, Variance Analysis, certainly, continues to be an efficient tool for cost control.

Appended hereto is a chart that depicts model formulae that may be adopted for computing important cost and profit variances. The formula are expected to be handy for crosschecking the answers while writing the examination.

Variances Analysis: Formulae at a Glance

Variances

- Material Cost Variance
- Labour Cost Variance
- Variable Overhead Cost Variance
- Fixed Overhead Cost Variance
- Sales Value Variance
- Total Profit Variance

Material Cost Variance
(SC-AC) = (SQ x SP – AQ x AP)

- Usage Variance
  (SQ – AQ) SP
  - Material Mix Variance
    (RSQ – AQ) SP
  - Material Yield/Sub-usage Variance
    (AY – SY) SP
- Price Variance
  (SP – AP) AQ

- Labour Cost Variance (SC-AC) = (SH x SR – AH x AR)
  - Efficiency Variance (SH – AH) SR
    - Sub Efficiency/Yield Variance (SH – RSH) SR
    - Idle Time Variance Idle Time x SR
    - Mix/Gang Variance (RSH – AH) SR
  - Rate Variance (SR – AR) AH

- Variable Cost Overhead Variance (Recovered Overheads – Actual Overheads Incurred)
  - Efficiency Variance (SU for actual Production – AU) SR
  - Expenditure Variance (SR – AR) AU

- Fixed Overhead Cost Variance (Recovered Overheads – Actual Overheads Incurred)
  - Volume Variance (SH – BH) SR
    - Efficiency (SH – AH) SR
    - Capacity (AH – RBH) SR
    - Calendar (RBH – BH) SR
  - Expenditure Variance (SR x BQ) – (AR x AQ)

- Labour Cost Variance (SC-AC) = (SH x SR – AH x AR)
  - Efficiency Variance (SH – AH) SR
    - Sub Efficiency/Yield Variance (SH – RSH) SR
    - Idle Time Variance Idle Time x SR
    - Mix/Gang Variance (RSH – AH) SR
  - Rate Variance (SR – AR) AH

- Variable Cost Overhead Variance (Recovered Overheads – Actual Overheads Incurred)
  - Efficiency Variance (SU for actual Production – AU) SR
  - Expenditure Variance (SR – AR) AU

- Fixed Overhead Cost Variance (Recovered Overheads – Actual Overheads Incurred)
  - Volume Variance (SH – BH) SR
    - Efficiency (SH – AH) SR
    - Capacity (AH – RBH) SR
    - Calendar (RBH – BH) SR
  - Expenditure Variance (SR x BQ) – (AR x AQ)

- Sales Variance (Budgeted Sales – Actual Sales)
  - Selling Price Variance (SP – AP) AQ
  - Sales Volume Variance (BQ – AQ) SP
    - Sub Volume Variance (BQ – RSQ) SP
    - Mix Variance (RSQ – AQ) SP

- Profit Variance (Budgeted Profit – Actual Profit)
  - Variance due to Selling Price (AP – SP) AQ
  - Variance due to Sales Volume (AQ – SQ) SP
    - Sub Volume Variance (RSQ – SQ) SP
    - Mix Variance (AQ – RSQ) SP

Abbreviations

SC = Standard Cost
AC = Actual Cost
SQ = Standard Quantity
AQ = Actual Quantity
SP = Standard Price
AP = Actual Price
RSQ = Revised Standard Quantity
SY = Standard Yield
AY = Actual Yield
SH = Standard Hours
AH = Actual Hours
RSH = Revised Standard Hours
SR = Standard Rate
AR = Actual Rate
SU = Standard Units
AU = Actual Units
BH = Budgeted Hours
RBH = Revised Budgeted Hours
BQ = Budgeted Quantity

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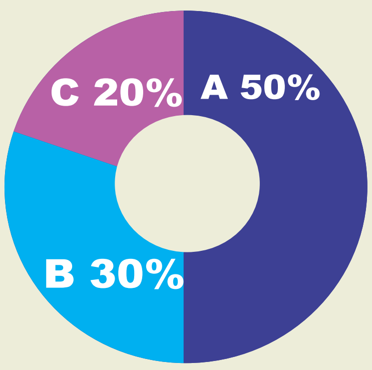
GROUP: 3, PAPER: 16

DIRECT TAX

LAWS AND INTERNATIONAL TAXATION (DTI)

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.

Tax Planning, Tax Evasion and Tax Avoidance

"How can I reduce my tax liability?" is the question that goes through every tax payer's mind. Tax liability can be reduced through proper tax planning. The obvious benefit of tax planning is to reduced tax liabilities, which by extension means the individual or the company retaining more money for their own needs. Businesses reducing their tax liability through tax planning can provide better returns to their investors and better wages to their employees. It can also spend the money otherwise payable as tax to increase working capital and thereby improve performance efficiency, or spend more on capital expansion and thereby expand market share. Individuals applying tax planning will have more disposable income in their hands. Very often, tax planning provides individuals with money to spend for their personal benefit or enjoyment, and failure to apply tax planning may lead to such money paid as tax. Tax planning also provides an indirect benefit of allowing a sound control over finances. It provides a valuable road map to plan finances in the most optimal manner. It allows streamlining cash outflows, making planned expenditure, and committing to an informed investment decision.

Tax law reflects the complexity of modern life and the multitude of choices and options available to all taxpayers when legitimately seeking to structure their affairs. This necessary offer of options within tax legislation creates the opportunity for choice on the part of the tax payer and means that determining the right amount of tax (but no more) that they seek to pay does necessarily requires the exercise of judgement on occasion. So long as the exercise of that judgement seeks to ensure that the taxpayer makes choices that exercise options clearly allowed by law and that they do not exploit unintended loopholes created between laws then that process of a taxpayer choosing how to structure their affairs is the process of tax planning, which is a legitimate, proper and socially acceptable act. Thus, tax planning is a systematic evaluation of finances and investments, to reduce the tax burden in a legitimate way. It involves understanding the tax implications of various cash inflows and outflows such as salary composition, property income, home loan, investments, sale or purchase of assets, gifts and interest-bearing deposits, to draw up an appropriate investment strategy that allows realization of financial goals while at the same time reducing tax liability to minimum. It is a way to reduce tax liability by taking full advantages provided by the Act through various exemptions, deductions, rebates & relief. In other words, it is a way to reduce tax liability by applying script & moral of law. The two basic approaches of tax planning are:

1. Reducing taxable income: As a rule, higher the income or profit, higher the tax liability on such income or profit. Gross income is total profits or income from all sources, and taxable income is such gross income less adjustments allowable under various tax laws and other provisions. Such adjustment bases itself on the nature of income and expenditure. Opting for the income or expenditure heads that allows maximum set-offs from the gross income reduces taxable income, and by extension tax liability.

2. Deferring payment of taxes to the extent possible: An underestimated dimension of tax planning is timing investments and financial transactions so that the tax liability for such transactions arises at the farthest possible time. While this does not reduce the amount of tax payable, it delays tax outgo, thereby effectively providing interest-free cash on hand. Individuals may not need to resort to such a strategy, but delayed pay-out is valuable for small businesses that very often face cash flow difficulties.

The goal of tax planning is to arrange your financial affairs so as to minimize your taxes. It is the planning so as to attract minimum tax liability or postponement of tax liability for the subsequent period by availing various incentives, concessions, allowance, rebates and relief provided in the Act

Objectives of Tax Planning

Tax planning is an exercise undertaken to minimize tax liability through the best use of all available allowances, deductions, exclusions, exemptions, etc. The objectives of tax planning cannot be regarded as offending any concept of the taxation laws and subjected to reprehension of reducing the inflow of revenue to the Government's coffer, so long as the measures are in conformity with the statue laws and the judicial expositions thereof. The basic objectives of tax planning are:

a. **Reduction of Tax liability**
Tax law provides multiple choices and options to taxpayers. This necessary offer of options within tax legislation creates the opportunity for choice on the part of the tax payer. However, due to lack of awareness of legal requirements, in many a cases, a taxpayer may suffer heavy taxation. Through proper tax planning and awareness, a tax payer may reduce such heavy tax burden.

b. **Minimisation of litigation**
In the matter of taxation, the tax payers will try to pay the least tax and on the other hand, the tax administrator will attempt to extract the maximum. This conflict behaviour may results into litigations. However, where proper tax planning is adopted by the tax payer in conformity with the provisions of the taxation laws, the incidence of litigation can be minimised. This saves him from the hardships and inconveniences caused by the unnecessary litigations.

c. **Productive investment**
A tax payer may reduce heavy tax burden through proper tax planning. Such reduction results into reduction in cash-outflow. In the days of credit squeeze and dear money conditions, even a rupee of tax decently saved may be taken as an interest-free loan from the Government, which perhaps, an assessee need not repay. Such retained cash can be utilised in other productive venture which also provide additional earning to the taxpayer. That means, proper tax planning is a measure of proper utilisation of available resources which in turn maximise the cash-inflow and minimise the tax burden.

d. **Healthy growth of economy**
The growth of a nation's economy is synonymous with the growth and prosperity of its citizens. In this context, a saving of earnings by legally sanctioned devices fosters the growth of both, because savings by dubious means lead to generation of

black money, the evils of which are obvious. Conversely, tax-planning measures are aimed at generating white money having a free flow and generation without reservations for the overall progress of the nation. Tax planning assumes a great significance in this context.

e. <u>Economic stability</u>

Tax planning results in economic stability by way of:

(i) productive investments by the tax payers; and

(ii) harnessing of resources for national projects aimed at general prosperity of the national economy and reaping of benefits even by those not liable to pay tax on their incomes.

Essentials of Tax Planning

Following are the essentials of tax planning:

Uptodate Knowledge of tax laws alongwith circulars, notifications, clarifications and Administrative instructions issued by the CBDT.

Disclosure of full and true material information

Avoid sham transactions or make-believe transactions or colourable devices

Foresight of future development or changes and enterprise's goal.

Types of Tax Planning

The tax planning exercise ranges from devising a model for specific transaction as well as for systematic corporate planning. These are:

(a) <u>**Short-range and long-range tax planning:**</u> Short-range planning refers to planning to achieve some specific or limited objective of particular fiscal year. E.g., an individual assessee whose income is likely to register unusual growth in particular year as compared to the preceding year, may plan to subscribe to the PPF/NSC's within the prescribed limits in order to enjoy substantive tax relief. By investing in such a way, he is not making permanent commitment but is substantially saving in the tax. Long-range planning on the other hand, involves entering into activities, which may not pay-off immediately. E.g., when an assessee transfers his equity shares to his minor son he knows that the Income from the shares will be clubbed with his own income. But clubbing would also cease after his son attains majority.

(b) <u>Permissive tax planning</u>: Permissive tax planning is tax planning under the express provisions of tax laws. Tax laws of our country offer many exemptions and incentives.

(c) <u>Purposive tax planning</u>: Purposive tax planning is based on the basis of circumvention of the law. The permissive tax planning has the express sanction of the Statute while the purposive tax planning does not carry such sanction. E.g., If an assessee manages his affairs in such a way that his income is taxable in hands of other person without attracting clubbing provision, such a plan would work in favour of the tax payer because it would increase his disposable resources.

Ethical way of reducing tax

Tax planning is an art of logically planning one's financial affairs, in such a manner that benefit of all eligible provisions of the taxation law can be availed effectively so as to reduce or defer tax liability. As tax planning follows an honest approach, by conforming to those provisions which fall within the framework of the taxation law. However, many time in the name of planning, assessee misleads the law, with / without making an offence. And to do so, the tax payer uses any scheme or arrangement, which reduces, defers and even completely prevents the payment of tax. This may also be done by shifting of tax liability to another person, so as to minimise the incidence of tax.

<u>**Tax evasion**</u> is the illegal way to reduce tax liability by deliberately suppressing income or sale or by increasing expenses, etc., which results in reduction of total income of the assessee. Dishonest taxpayers try to reduce their taxes by concealing income, inflation of expenses, submitting misleading information, falsification of accounts and willful violation of the provisions of the Income-tax Act. Such unethical practices often create problems for the tax evaders. Tax department not only imposes huge penalties but also initiate prosecution in such cases. It is illegal, both in script & moral. It is the cancer of modern society and work as a clog in the development of the nation. It is a grave problem in a developing country like ours as it leads to a creation of a 'resource crunch' for developmental activities of the State.

<u>**Tax avoidance**</u> is an exercise by which the assessee legally takes advantages, with malafide motive, of loopholes in the Act. Tax avoidance is minimizing the incidence of tax by adjusting the affairs in such a manner that although it is within the four corners of the laws, it is done with a purpose to defraud the revenue. It is a practice of dodging or bending the law without breaking it. It is a way to reduce tax liability by applying script of law only. E.g. if A gives gift to his wife, the income from the asset gifted will be clubbed in the hand of A. But to avoid this clubbing provision "A" decides to give gift to B's wife and B reciprocates it by giving gift to A's wife. This is not tax planning but tax avoidance. Most of the amendments are aimed to curb such loopholes.

The Direct Taxes Enquiry Committee (Wanchoo Committee) has tried to draw a distinction between the two items in the following words.

> "The distinction between 'evasion' and 'avoidance', therefore, is largely dependent on the difference in methods of escape resorted to. Some are instances of merely availing, strictly in accordance with law, the tax exemptions or tax privileges offered by the government. Others are maneuvers involving an element of deceit, misrepresentation of facts, falsification of accounting calculations or downright fraud. The first represents what is truly tax planning, the latter tax evasion. However, between these two extremes, there lies a vast domain for selecting a variety of methods which, though technically satisfying the requirements of law, in fact circumvent it with a view to eliminate or reduce tax burden. It is these methods which constitute "tax avoidance".

The Royal Commission on Taxation for Canada has explained the concept of tax avoidance as under:

> "Tax Avoidance" will be used to describe every attempt by legal means to prevent or reduce tax liability which would otherwise be incurred, by taking advantage of some provisions or lack of provisions of law. It excludes fraud, concealment or other illegal measures.

Line of demarcation

The line of demarcation between tax avoidance and tax planning is very thin and blurred. There are two thoughts about tax avoidance –

a) As per first thought it is legal. Such thought is also supported by various judgments of the Supreme Court, some of them are as follows -

Helvering vs. Greggory (1934)
"Anyone may so arrange his affairs that his taxes shall be as low as possible. He is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes."

IRC vs. Duke of Westminster (1936)
"Taxpayer is entitled to so arrange his affairs that the tax under the appropriate Act is less than what otherwise it could be."

Inland Revenue Commissioners vs. Fishers Executors (1958)
"The highest in authority, have always recognized that the subject is entitled so to arrange his affairs as not to attract taxes imposed by the Crown, so far he can do so within the law, and that he may legitimately claim the advantage of any express terms or any omissions that he can find in his favour in taxing Act. In doing so, he neither comes under liability, nor incurs blame."

CIT vs. Raman & Co. (1968)
"Avoidance of tax liability by so arranging commercial affairs that the charge of tax is distributed, is not prohibited. A taxpayer may resort to a device to divert the income before it accrues or arises to him. Effectiveness of the device depends not upon considerations of morality, but on the operation of the Income-tax Act."

Smt. C. Kamala vs. CIT (1978)
"It is quite possible that when a transaction is entered into in one form known to law, the amount received under that transaction may attract liability under the Act and if it is entered into in another form which is equally lawful, it may not attract such tax liability. But when the assessee has adopted the latter one, it would not be open to the court to hold him liable for tax."

CWT vs. Arvind Narotham (1988)
"It is true that tax avoidance in an underdeveloped or developing economy should not be encouraged on practical as well as ideological grounds. One would wish..... that one could get the enthusiasm ..... that taxes are the price of civilization and one would like to pay that price to buy civilization. But the question which many ordinary taxpayers very often, in a country of shortages with ostentatious consumption and deprivation for the large masses, ask is, does he with taxes buy civilization or does he facilitate the waste and ostentation of the few. Unless ostentation and waste in Government spending are avoided or eschewed, no amount of moral sermons would change people's attitude to tax avoidance."

b) As per second thought it is not a legal way to reduce tax burden and it should be prohibited.

McDowell & Co. Ltd. vs Commercial Tax Officer (1985)
Supreme Court observed - "we think time has come for us to depart from Westminster principle....tax planning may be legitimate provided it is within the framework of law. Colourable devices cannot be part of tax planning and it is wrong to encourage or entertain the belief that it is honourable to avoid the payment of tax by resorting to dubious methods. It is the obligation of every citizen to pay the honestly without resorting to subterfuges."

CIT vs B.M. Kharwar (1969)
Supreme Court held – "the taxing authority is entitled and is indeed bound to determine the true legal relation resulting from a transaction. If the parties have chosen to conceal by a device the legal relation, it is open to the taxing authorities to unravel the device and to determine the true character of relationship. But the legal effect of a transaction cannot be displaced by probing into substance of the transaction."

Justice O. Chinnappa Reddy of Supreme Court has, while briefing the evil consequences of tax avoidance in Mc.Dowell & Co. Ltd. -vs.- CTO, observed that one such evil consequence is the ethics (or the lack of it) of transferring the burden of tax liability to the shoulders of the guideless, good citizens from those of artful dodgers. As regards the ethics of taxation, he observed:
"We now live in a welfare State whose financial needs, if backed by law, have to be respected and met. We must recognize that there is behind taxation laws as much moral sanction as behind any other welfare legislation and it is a pretence to say that avoidance of taxation is not unethical and that it stands on no less moral plane than honest payment of taxation".

A similar observation was made by Lord Chancellor in Latilla vs. Inland Revenue Commissioner (1943) 011 ITR (E.C) 0078:
"There is, of course no doubt that they are within their legal rights but that is no reason why their efforts, or those of the professional gentlemen who assist them in the matter, should be regarded as a commendable exercise of ingenuity or as a discharge of the duties of the good citizenship. On the contrary, one result of such methods, if they succeed, is of course to increase pro tanto the load of tax on the shoulder of the body of good citizens who do not desire or do not know how to adopt these maneuvers."

Distinguish between Tax Planning, Tax Evasion, Tax Avoidance and Tax Management
Difference between tax planning, tax avoidance, tax evasion & tax management

Points of distinction	Tax planning	Tax Avoidance	Tax Evasion	Tax Management
Definition	It is a way to reduce tax liability by taking full advantages provided by the Act through various exemptions, deductions, rebates & relief.	It is an exercise by which the assessee legally takes advantage of the loopholes in the Act.	It is the illegal way to reduce tax liability by deliberately suppressing income or sale or by increasing expenses, etc., which results in reduction of total income of the assessee.	It is a procedure to comply with the provisions of the law.
Feature	Tax planning is a practice to follow the provisions of law within the moral framework.	Tax avoidance is a practice of bending the law without breaking it.	Tax evasion is illegal, both in script & moral.	It is implementation or execution part of taxation department of an organisation.
Object	To reduce tax liability by applying script & moral of law.	To reduce the tax liability to the minimum by applying script of law only	To reduce tax liability by applying unfair means.	To comply with the provisions of laws.

Approach	It is futuristic and positive in nature. The planning is made today to avail benefits in future.	It is futuristic but short term in nature, as loophole of the law will be corrected in future by amendments of the law.	It is concerned with past and applied after the liability of tax has arisen. It is done with negative approach to avail benefits by killing the moral of law.	It is a continuous approach, which is concerned with past (rectification, revisions etc.), present (filing of return, etc.) & future (corrective action).
Benefit	Generally, arises in long run.	Generally, arises in short run.	Generally, benefits do not arise but it causes penalty and prosecution.	Penalty, interest & prosecution can be avoided.
Treatment of Law	It uses benefits of the law.	It uses loopholes in the law.	It overrules the law.	It implements the law.
Practice	It is tax saving.	It is tax hedging.	It is tax concealment.	It is tax administration.
Need	It is desirable	It is avoidable	It is objectionable	It is essential.
Morality	It is moral in nature.	It is immoral in nature	It is illegal.	It is duty.

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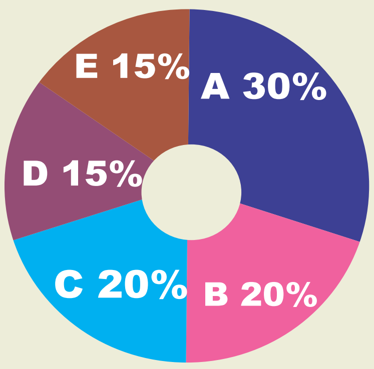
CORPORATE FINANCIAL REPORTING (CFR)

Your Preparation Quick Takes



Syllabus Structure

A GAAP and Accounting Standards **30%**
B Accounting if Business Cominations
& 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.

Business Combination

A business combination is a transaction or other event in which an acquirer obtains **control** of one or more **businesses**. If after business combination the acquiree ceases to exist, it is comparable to ordinary merger where recording of acquisition is made in the books of acquirer and the accounts in the books of acquiree are closed as usual. But when after business combination acquiree continues to exist as a subsidiary, it is to be recorded in the books of the acquirer in two sets, one for consolidated accounts and the other for it's separate financial statements ie, for it's stand alone accounts. Thus it is a business combination even when acquirer purchases, say, 70% shares in acqüree and recording in the books of acquirer in two sets are made as stated below:

For stand alone accounts-
Investment in shares Dr. and cash/ equity share capital Cr.
And for consolidated accounts -
Assets of Acquiree Dr.
Goodwill (if any) Dr.
To, Cash/ Equity Share Capital (Consideration)
To, Non-controlling Interest

Under Ind AS 103 on Business Combination recording in the books of acquirer has been prescribed under acquisition method. The accounting to be made in the books of acquirer are shown below in stand alone accounts where the Acquiree ceases to exist and in consolidated accounts where Acquiree continues to exist as subsidiary.

Under Acquisition Method the acquirer

(a) recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumedat at their acquisition-date **fair values** and any non-controlling interest in the acquiree at its **fair value** at the acquisition date or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(b) recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase;

Acquirer shall recognise

- Goodwill on the acquisition date as excess of (A) over (B) and
- Gain from bargain purchase as excess of (B) over (A) as stated below :

(A) The aggregate of

- Fair value of consideration transferred.

- Recognised amount of any NCI in acquiree.

- Fair value of any previously held equity interest in the acquiree (for a business combination achieved in stages).

(B) Net of acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

For practice let us have some illustrations to see how the principles and requirements are applied.

Illustration 1 .

A Ltd. acquires 100% of B Ltd. for Rs 9,60,000. Fair Value (FV) of B's net assets at time of acquisition amounts Rs. 8,00,000.
Required:

1. Calculate Goodwill.
2. Journal Entries in the books of A.

Solution:

Purchase consideration Rs. 9,60,000
FV of Net Assets Rs.8,00,000
Goodwill = Consideration– Net Assets = Rs. (9,60,000– 8,00,000) = 1,60,000

Journal entry
Net assets Dr 8,00,000
Goodwill Dr 1,60,000
Consideration Cr 9,60,000

Illustration 2.
On March 31, 201X, K Ltd acquired L Ltd. K issued 60,000 equity shares (Rs10 par value) that were trading at Rs 240 on March 31. The book value of L's net assets was Rs.72,00,000 on March 31. The fair value of net assets was assessed at Rs.1,35,00,000.
Show acquisition journal entry under Ind AS 103.

Solution
Journal Entry :

Net assets Dr.	Rs.1,35,00,000
Goodwill Dr.	Rs.9,00,000
Consideration	14400000
Consideration	14400000
Equity Share Capital Cr. Rs.	6,00,000
Additional paid-in capital Cr. Rs.	1,38,00,000

Illustration3.
A Ltd. acquires 80% of B Ltd. for Rs 9,60,000 paid by equity at par. Fair Value (FV) of B's net assets at time of acquisition amounts Rs. 8,00,000.
Required:
1. Calculate Non-Controlling-Interest (NCI) and Goodwill.
2. Journal Entries in the books of A.

Solution:
Purchase consideration Rs. 9,60,000
FV of NCI (9,60,000*20%/80%) Rs. 2,40,000
FV of Net Assets Rs.8,00,000
Goodwill = Consideration + NCI – Net Assets = Rs. (9,60,000 + 2,40,000 – 8,00,000) = 4,00,000

Journal entry (in Rs.)

Net assets Dr	8,00,000
Goodwill Dr	4,00,000
Consideration Cr	9,60,000
NCI	Cr 2,40,000

Consideration Dr. 960000
Equity Share Capital Cr. 960000

Illustration 4.
Z Ltd. acquired a 60% interest in P Ltd. on January 1, 2017. Z paid Rs.700 Lakhs in cash for their interest in P. The fair value of P's assets is Rs1,800 Lakhs, and the fair value of its liabilities is Rs.900 Lakhs. Provide the journal entry for the acquisition using Ind AS, assuming that P does not wish to report the NCI at fair value.

Solution
Journal Entry for consolidation: Rs. Lakhs

Acquired assets	1,800
Goodwill	160(2)
Consideration	700
Acquired liabilities	900
Non-controlling interests	360(1)
Consideration	700

Cash 700

Workings
(1) NCI = 40% x (1,800 – 900)

(2) Goodwill = (700 + 360) – (1,800 – 900)

Now we may consider a case of bargain purchase.

Illustration 5.
On 1 January 20X5 M Ltd. acquires 80 per cent of the equity interests of P Ltd in exchange for cash of Rs 250. The identifiable assets are measured at Rs 350 and the liabilities assumed are measured at Rs 50. The fair value of the 20 per cent non controlling interest in P is Rs 43.

Solution:

Amount of the identifiable net assets acquired (Rs 350 – Rs 50)	300
Less: consideration	250
Less: Fair value of non-controlling interest	43
	293
Gain on bargain purchase of 80 per cent interest	7

M would record its acquisition of **P** in its **consolidated financial statements** as follows:
Dr Identifiable assets acquired 350
Cr Cash 250
Cr Liabilities assumed 50
Cr Gain on the bargain purchase 7
Cr Non-controlling interest in P 43

The gain on bargain purchase will be recognised in other comprehensive income and accumulated in equity as capital reserve.

Thus we find that Control of business can be obtained by
a) acquiring assets and assuming liabilities (such assets and liabilities must constitute a business, otherwise it is not a business combination)[1] if no NCI and[2] if NCI exists.
b) by acquisition of shares.[2] or
c) by other legal process.[2]

[1] Recording be done in the financial statements of the Acuirer.
[2] Recording be done in the consolidated financial statements of the Acquirer.
[It may be pointed out that AS 14 deals with accounting of (a)[1] cases, Ind AS 103 takes up the cases (a)[2], (b) and (c) also.]

An entity shall account for each business combination by applying the acquisition method, similar to 'Purchase method'. (We do not consider 'business combination under common control', which is accounted under 'Pooling of Interest' method.) Any items that are not part of the business combination be accounted separately from business combination (example: acquisition related costs). Contingent consideration (Obligation by the acquirer to transfer additional assets or equity interest, if specified future events occur or conditions are met), if any, should also be measured at fair value at acquisition date.

Illustration 6.
C Ltd acquires 60% share in D Ltd. for cash payment of Rs.200,000. The fair value of non-controlling interest is Rs.1,00,000. This amount was determined with reference of market price of D's ordinary shares before the acquisition date.
Calculate NCI and goodwill following:
(i)Fair Value approach
(ii)Proportionate shares of identified net asset in acquire approach
when on the acquisition date, the aggregate value of D's identifiable net assets is:
(a)Rs.2,40,000; (b) Rs. 3,30,000.

Solution:	(ia)Rs.	(ib)Rs.	(iia)	(iib)
Consideration (1)	200000	200000	200000	200000
NCI (2)	100000	100000	96000^{x}	132000^{y}
Net assets (3)	240000	330000	240000	330000
Goodwill (1+2-3)	60000		56000	2000

Gain on Bargain Purchase (3-1-2) 30000

x 40%* 240000 = 96000
y 40%* 330000 = 132000

[Under Ind AS 103, Goodwill is not amortised but tested for annual impairment in accordance with Ind AS 36.]
Contingent liability: The acquirer shall recognise as of the acquisition date a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. (Ind AS 37 do not apply)

Illustration 7:
Z Company acquired C Company on April 1, 201X. For a lawsuit contingency C has a present obligation as on April 1, 201X and the fair value of the obligation can be reliably measured as Rs. 50,000. As of the acquisition date it is not believed that an out flow of cash or other assets will be required to settle this matter. What amount should be recorded by Z under Ind AS for this contingent liability of C?

Solution
Contingent liabilities of the Acquiree are recognized as of the acquisition date if there is a present obligation (even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, contrary to Ind AS 37) and the fair value of the obligation can be measured reliably. Hence, a liability of Rs.50,000 would be recorded by Z.

A business combination achieved in stages:
An acquirer sometimes obtains control of an acquiree in which it already held an equity interest. For example, on 31 March 20X1, Entity A holds a 35 per cent non-controlling equity interest in Entity B. On that date, Entity A purchases an additional 40 per cent interest in Entity B, which gives it control of Entity B. This is a business combination achieved in stages or a step acquisition.
In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Illustration 8.
Entity A acquired 35 % of Entity B in 2015 for Rs 35,000. In 2016, fair value of shares of entity B is Rs 42,000, thus Rs 7,000 reported under OCI
In 2016, A further acquired 40% stake in B. Consideration paid Rs 60,000.
Entity A identifies the net assets of B as Rs. 120,000, value 35% shares at Rs 45,000. NCI is valued at proportionate net assets. Show workings and Journal entries.

Solution:
A will make transfer to P&L:

Gain on disposal of 35% investment Rs. (45000-42000) =		3000
Gain previously reported in OCI Rs. (42000-35000) =		7000
Total transfer to P & L	Rs.	10000

A will measure goodwill as follows:

Fair Value of consideration given for controlling interest	60,000
Non-controlling interest (25% * Rs 120,000)	30,000
Fair Value of previously-held interest	45000
	135000
Less : Fair value of net assets of acquiree	120,000
Goodwill	15000

Investment Dr	3000
OCI Dr	7000
P&L Cr	10000

Net Assets Dr	120000
Goodwill Dr	15000
Consideration Cr	60000
Investment Cr	45000
NCI Cr	30000

Note: If we already have control of the acquiree (e.g. already own 70% of the equity and purchase the remaining 30%) then this is NOT a step acquisition.

At the end we briefly discuss the differences between Ind AS 103 and AS 14:

Scope : Ind AS 103 has a wider scope than AS 14 [See para 6].

Method of accounting : Ind AS 103 prescribe only acquisition method for every

business combination whereas AS 14 states two method of accounting: Pooling of interest method and Purchase method.

Recognition and measurement: Ind AS 103 recognises acquired identifiable assets liabilities and non-controlling interest at fair value. AS 14 allows choice of Book value or FV.

Goodwill: Under Ind AS 103, Goodwill is not amortised but tested for annual impairment where as AS 14 require goodwill to be amortised over a period not exceeding 5 years.

Non Controlling Interest: Ind AS 103 provide for accounting of NCI, AS 14 do not.

Recording for consolidated financial statements: It is provided in Ind AS 103, not in AS 14.

Common control transactions : Appendix C deals with accounting for common control transactions, which prescribes Pooling of interest method of accounting. AS 14 do not prescribe any different accounting for such transactions.

Contingent Consideration: Ind AS 103 recognise contingent consideration, AS 14 do not.

Reverse acquisitions: Ind AS 103 deal with reverse acquisitions, AS 14 do not.

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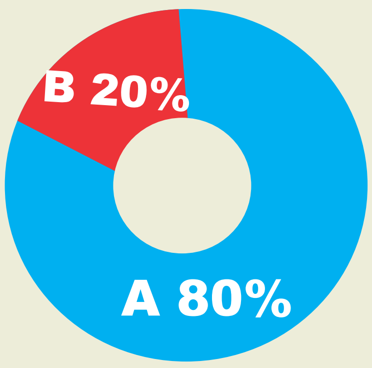
INDIRECT TAX

LAWS & PRACTICE (ITP)

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:

- Concept of invoice;
- Types if invoices under GST law;
- Who shall issue taxable invoice;
- Contents of taxable invoice under GST;
- Number of copies of taxable invoices under GST law;
- Time limit for issuance of invoice;
- Signing of taxable invoice;
- Revising the value of a taxable invoice.

'TAX INVOICE' UNDER GST LAW

Introduction

- Goods and Services Tax is an indirect tax that was introduced in India on July 1, 2017. It brought many changes in the concepts and tightened the procedural formalities.
- Transparency has been one of the key ingredients of this law and as such, it requires recording of relevant details in different documents. One of the key documents associated with the GST procedures happens to be the 'invoice'.

Concept of Invoice

- An term 'invoice' simply refers to a bill that provides a list of goods sent/ shipped or services rendered, along with the price and description of the goods/ services, rate of tax, amount of tax etc.
- It is a commercial instrument that is issued by a selling dealer to a buying dealer.
- The provisions regarding invoices are covered under Sec. 31 of the CGST Act, 2017. All invoices must adhere to the rules framed under GST India to avoid penalties for non-compliance. Proper invoicing should enable the administration of the successful digital compliance under GST regime.

Types of Invoices under GST law

- **Taxable Invoice**: An invoice that is issued by a registered supplier at the time of supplying taxable goods or services is referred to as Taxable Invoice.
  NB: The expression 'taxable invoice' shall include any revised invoice issued by the supplier in respect of a supply made earlier.
- **Bill of Supply**: An invoice that is issued by a registered supplier when:
  - the goods or services supplied are exempt; or
  - the supplier opts to pay taxes under Composition Scheme is referred to as Bill of Supply.

  NB: When the value of the goods or services supplied is less than Rs 200, there is no need to issue a bill of supply.

Who shall issue taxable invoice

The following persons are required to issue invoices and in the following cases:

- A registered person supplying taxable goods;
- A registered person supplying taxable services.

Contents of taxable invoice under GST law

As per Rule 1 of Revised Invoice Rules, 2017, the contents of a tax invoice are the following:

- Name, Address and GSTIN of the supplier;
- A Consecutive Serial Number, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolized as "-" and "/" respectively, and any combination thereof, unique for a financial year;
- Date of issue of the invoice;
- Name, Address and GSTIN or UIN of the recipient, if such recipient is registered,;
- Name and Address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more;
- HSN code of goods or Accounting Code of services;
- Description of goods or services;
- Quantity in case of goods and unit or Unique Quantity Code thereof;
- Total value of supply of goods or services or both;
- Taxable value of the supply of goods or services or both taking into account discount or abatement, if any;
- Rate of tax (i.e. Central tax, or State tax, or Integrated taxor Union territory tax or Cess);
- Amount of tax charged in respect of taxable goods or services (i.e. Central tax, State tax, Integrated tax, Union territory tax or Cess);
- Place of supply along with the name of the State, in the case of a supply in the course of inter-State trade or commerce;
- Address of delivery where the same is different from the place of supply;
- Whether the tax is payable on reverse charge basis; and
- Signature or Digital Signature of the supplier or his authorised representative.

Number of copies of the taxable invoice under GST law

The number of copies of the invoice that is required to be prepared depends on the fact whether it is a supply of goods or supply of services.

- **In case of supply of goods**: The invoice shall be prepared in triplicate in the following manner:
  - the Original Copy being marked as 'ORIGINAL FOR RECIPIENT';
  - the Duplicate Copy being marked as 'DUPLICATE FOR

TRANSPORTER'; and
- the Triplicate Copy being marked as 'TRIPLICATE FOR SUPPLIER'.

- **In case of supply of services**: The invoice shall be prepared in duplicate, in the case of the supply of services in the following manner:

  - he Original Copy being marked as 'ORIGINAL FOR RECIPIENT'; and
  - the Duplicate Copy being marked as 'DUPLICATE FOR SUPPLIER'.

Time limit for issuance of taxable invoice under GST law
The time for issuance of invoice in different circumstances are discussed hereunder:

- **In case of supply of goods**: It further depends on the fact whether the goods involve movement or not.

  - Where supply involves the movement of goods, the registered person must issue an invoice at the time of removal of goods for supply to the recipient.
- In other cases, the invoice should be at the time the goods are delivered or made available to the recipient (As per Rule 1 of Revised Invoice Rules 2017).
- **In case of supply of services**: The tax invoice should be issued within 30 days from the date of completion of services unless the transaction involves banks or financial institutions, in which case the invoice should be issued within 45 days (As per Rule 2 of Revised Invoice Rules 2017).
- **In case of receipt voucher**: A receipt voucher or other prescribed documents should be issued as an advance receipt on the supply of goods or services.
- **In case of Reverse charge mechanism**: If an unregistered person supplies goods and services, the registered receiver must issue an invoice on the date of receipt of goods or services. The recipient, not the supplier, is liable for the payment of tax.
- **In case of Continuous supply of goods**: When goods and services are supplied and payment is made periodically, the registered supplier must issue an invoice along with each such statement is issued or, as the case may be, each such payment is received.

Signing of taxable invoice under GST law

- The invoice is required to be signed by the registered person or an authorised representative of such registered person.
- Moreover, such an invoice can be signed either physically or digitally (via Digital Signature Certificate).

Revising the value of a taxable invoice under GST law

When an invoice that has already been issued requires a revision of the taxable value or GST charged on an invoice, the supplier has to issue a debit note or credit note, as the case may be.

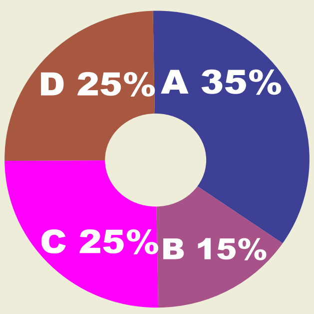
- When the taxable value and/or GST charged on the invoice must be increased: A Debit note should be issued; and
- When the taxable value and/or GST charged on the invoice must be reduced: A Credit note should be issued.

150 YEARS OF CELEBRATING THE MAHATMA

GROUP: 4, PAPER: 19

COST & MANAGEMENT AUDIT (CMAD)

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

Topic: Performance Analysis

The existence of a company is for eternity. The companies,for recording of transactions,adopt the concept of Going Concern. The company has to plan for its future and seek profitability to maintain itself perpetually.That's the reason why the companies set a budget and measure its variations. But just measuring the variations is not enough. The company has to seek out the reasons for the variations and take measures not to repeat such conditions to avoid negative variations. This monitoring is a continuous process.

To help monitor the variations, the clues are to be looked for in the process. Those clues are the indicators for performance management. So, a Performance Analysis Report is made up to appraise the management about its current performance. There is no set number or formula to determine how many performance measures an organization should have. Tracking too many performance measures at once may cause managers to lose sight of which ones contribute directly to strategic objectives. The basic objective to prepare a report on performance analysis is that it would help the organization to improve profits and profitability, to optimize resource allocation, to optimize the product and service portfolio.

Basic objective to prepare a report on performance analysis is to provide an actionable insight into costs and profitability for the management in the strategic and operational context.

Suggested mechanism for performance analysis

Mechanism for performance management may include machine hour rate and return on investment (ROI). Lower the machine hour rate, better the performance similarly, higher the return on investment rate better the performance.

Performance measures tell manager something important about the company's products, services and the process. Effective performance measures can let us:

- Monitor performance to judge how well the company is doing.
- Know if company is meeting its own set goals and if the customers are satisfied.
- Take action to affect performance or improve efficiency if improvements are necessary.

Steps approach suggested for report on performance analysis

- Identify and understand the key strategies of the company, both prescriptive and emergent strategies included.
- Choose strategies that have more visible expressions in cost data maintained by the company.
- Identify the activities that that were impacted by the strategies selected and also implemented during the year.
- Analyse the cost implications of those activities and link it with the expected results of the strategies.
- Present the evaluation, in a table or any other easily comprehensible format like histogram, chart, graph etc.
- Give explanatory notes for the termed used, calculations made, and assumption behind the evaluations.
- Finalize the finding after a discussion with the concerned operating executives and then with the management of the company.

Followings are the indicators for performance analysis –

1. ***Capacity Utilization Analysis***

The basic information about capacity utilization is covered in Annexture-1 of Part B 1 & 2 of CRA-3 as Quantitative Information. However, there should be information about theoretical capacity, practical capacity, normal capacity and budgeted capacity. This information about the capacity can be found from technical documents, production planning report, time remaining after accounting and normal wastage & down time and any benchmarking exercise done. Cost Accounting Standard-2 that provides for capacity determination can be referred for such analysis.

When comparing the actual production with capacity, any variation from the normal capacity should be distinguished between controllable and uncontrollable causes. Those causes are to be analysed further appropriately.

Capacity is usually expressed in terms of the numbers of finished goods production and where it is not so possible, then in terms of machine hours, people hours etc. Capacity does have considerable impact on the profitability.Although the information may be available for all machinery & equipment, the auditor should identify the constraint that would limit the capacity of the entire organization or product or a certain geographical area.

2. **Productivity and Efficiency Analysis**

Productivity means input versus output. Since there are different inputs analysis of each of their contribution to finished goods is necessary. Out of this analysis, the efficiency of production mechanism can be derived. So productivity is a measure of efficiency per unit of output. Part B-2A&2B of CRA-3 provides some basic information about input cost.

Productivity is a measure of efficiency per unitof output, whereas efficiency is measured in totality. It is necessary to understand the input ingredients for each finished product. The inputs can be found out from the following documents -

- The bill of material for each product

- The standard cost card, if any
- Internal reports on consumption, wastage per unit of input to capture actual data

3. **Product/ service profitability analysis**

The analysis of product and service profitability is based on two major components which is cost & selling price. The fluctuation of these components should be monitored to facilitate the assessment of impact of their changes. For service, it is essential to exercise care for calculation of its cost of service as the services provided are not standard.

If an organization is providing multiple products or services, the cost and profit of newly introduced products or services should be isolated. The analysis should highlight the products or services that provide for highest and lowest contribution. Each and every product and services should be ranked accordingly on the basis of their contribution. This will help the organization to understand and appraise itself about the performing and non-performing products and services. For such an analysis the sales and production records, operational budgets, price and discount policy etc. can be referred.

4. **Key cost and contribution analysis**

Some of the techniques used for such an analysis are breakeven analysis, profit volume ratio, marginal safety at current volumes of production and contribution earned by each product. Contribution is sales minus variable cost. In Annexture-4 of Part D of CRA-3, the financial performance and ratios are disclosed. This analysis involves assessment of major items of cost, their relationship with volume of production and some other indicative ratios. This information is available for current year and previous year both. Any significant variation within them should be analysed and is to be established that such variations are due to any recurring & non-recurring events.

5. **Utilities and Energy Efficiency Analysis**

Utilities can be categorised as electricity, steam, compressed air, treated water etc. The parameters of analysing the performance of generation of utilities may include factors like consumption of fuel for generating the energy and then the use of the energy produced per unit of final product. Similarly the performance of generation of energy can be calculated by denoting the reduction in KVA charges.

In manufacturing industries, utilities and energy form a substantial part of the conversion cost. The utilities are resources that are used in the process of conversion of materials and other components into a finished product, but these resources do not form part of the physical unit of the product. The impact from cost angle as well as from the view point of conservation of energy should be evaluated. It is essential to check if there are any statutory norms prescribed for the company.

6. **Market /Customer Profitability**

Certain industries have broad markets, whereas some have limited markets having specific customer base. Generally these aspects of customers and markets can be reflected in a market segment. This helps the organization in identifying the scope of the products. The segmentation can be on the basis of geological locations. Different geological locations also denote different costs. These costs should be accounted for to arrive at the profitability of each segment.

Another approach for profitability analysis of a product can be life cycle approach. This approach provides for the cost of a product since its inception to its obsolescence. The corresponding sales estimate during such period of life cycle can provide for the overall profitability of a product indicating the economic feasibility of the product.

The division of market segments should highlight the market having highest profitability and lowest profitability. The same can be done for customer categories.

Customer profitability analysis is a technique which assesses the profit yield from market segments, primarily to provide management with information that will enhance long-term yield decisions. The trend of the sales as of a predetermined period could provide for the performance of the products or product groups.

7. **Working Capital and Inventory Management Analysis**

Working capital being an indispensable part of operation of business should be evaluated to point out the inefficiency of either procurement or the application of the working capital. The analysis of working capital can be done by using traditional measures like current ratio, quick ratio, turnover ratio, number of days in operating cycle. This analysis could be critical for operational inefficiencies and liquidity of the company. Furthermore, the cash management in the working capital should be included in such analysis to establish whether excessive amount is blocked in the working capital.

The cost of working capital funding should be highlighted especially in their multiple source of working capital funding. Those costs would include interest paid on cash credits, loans, cost of collection efforts, cost of inventory carrying etc. The total cost of managing working capital as a percentage of total working capital invested would be a very useful performance indicator.

To avoid misuse of working capital, the policies regarding inventory management which would include procurement policy, stocking policy, inventory valuation method, physical verification of inventory policy, has to be commensurate to the scale of business.

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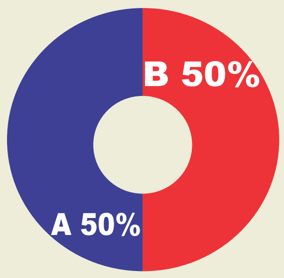
GROUP: 4, PAPER: 20

STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION (SPBV)

Your Preparation Quick Takes



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

Learning objectives:

After studying this section on Strategic Performance Management and Business Valuation, you will be able to:

- understand the asset-based approach to equity valuation
- get an idea regarding earnings-multiplier approach to equity valuation
- realize free cash flow approach to equity valuation
- EVA approach to equity valuation

Strategic Performance Management and Business Valuation

Though the dividend discount models are the most widely used methods for valuing equity shares, they are not the only approaches. In this section you will come to know a number of different approaches to value equity shares.

Asset-based Approach

In this approach, the equity share capital is valued in terms of the company's net asset values rather than its expected future dividend on earnings. The equity valuation under this approach is based on the following:

Book value: The book value per share is computed as:

Book value per share = (Total book value of assets – Total book value of liabilities)/number of equity shares outstanding.

This approach may not always provide a realistic valuation as: (i) historical view of the assets and the liabilities of the firm disclosed in balance sheet may not give the true and fair value of equity; (ii) it ignores the future earning potential of the assets, (iii) the intangible assets can not be valued etc.

Market value: The market value per share is calculated as:

Market value per share = (Market value of assets - Total market value of liabilities) / Number of equity shares outstanding

This model is an improvement over the book value method as it considers the assets at their current market values. Still it is not free from limitations – such as, it does not consider the future earnings potential of the assets, it may not be very easy to compute the market values of the companies assets etc.

Liquidation value: Liquidation value per share is estimated if the company is liquidated. It is computed as:

Liquidation value per share = {(Market value of assets – Liquidation costs) –Total liabilities}/ Number of equity shares outstanding

Earnings-multiplier Approach

The most commonly used multiple to compute the value of equity shares is the price-earnings (P/E) ratio multiple. A firm's P/E ratio is equal to the share price divided by its earnings per shares. The value of equity share is calculated by multiplying the firm's current earnings per share by the average P/E ratio for the industry.

You can calculate a firm's P/E ratio by using either trailing earnings (earnings over the prior 12 months) or forward earnings (expected earnings over the coming 12 months). For valuation purposes, the forward P/E is generally preferred, as we are most concerned about future earnings.

We can interpret the forward P/E in terms of the dividend discount model. For example, in the case of constant dividend growth,

$P_0 = D_1 / (k - g)$

Dividing both sides of the above equation by forward earnings

$$\frac{P_0}{E_1} = \frac{D_1/E_1}{k-g}$$

(where P_0 is the current stock price and E_1 is the expected earnings per share during the next 12 months)

⇨ P/E ratio = $(D_1/E_1) / (k-g)$

The above equation shows that the determinants of P/E ratio are the expected dividend payout ratio (D_1/E_1), the estimated required rate of return on the share (k), and the expected growth rate of dividends (g). Thus, P/E ratio is simply a restatement of the constant growth dividend discount model.

Free-Cash-Flow-Based approach

The free cash flow valuation is based on the same basic premise as dividend valuation model. In this model, instead of valuing the firm's expected dividends, we value the firm's expected free cash flows (FCF) which is defined as follows:

FCF = OCF – NFAI – NCAI

Where,
OCF = Operating cash flow
= EBIT – Taxes + Depreciation + Other non cash items;
NFAI = Net Fixed Asset Investment
= change in net fixed assets + Depreciation;
NCAI = Net Current Asset Investment
= Change in current asset – change in current liabilities; (i.e., Accounts Payable + Accruals)

The free cash flow valuation model determines the value of the entire company as the present value of its expected free cash flows discounted at the firm's weighted average cost of capital as expressed in the following equation:

$$V_c = \frac{FCF_1}{(1+k)^1} + \frac{FCF_2}{(1+k)^2} + \ldots\ldots + \frac{FCF_\infty}{(1+k)_\infty} = \sum_{t=1}^{\infty} \frac{FCF_t}{(1+k)^t}$$

Where, V_c = Value of the entire company

FCF_t = Free cash flow expected at the end of years t.

k = The firm's weighted average cost of capital

To find the value of equity share (V_E), the market value of the firm's debt (V_D) and the market value of preference share capital (Vp) are subtracted from the value of the entire company (i.e., market value of all assets). Thus,

$V_E = V_c - V_D - V_p$

The major difference between dividend discount model and free cash flow to equity model lies in the measure of cash flows. The assumptions about growth and other inputs are similar. Accordingly, we do not want to repeat equations for FCF valuation model.

EVA Approach

A more recent approach to value the equity share is the Economic Value Added (EVA). The basic formula for EVA is as follows
EVA = NOPAT – CE x WACC

Where, NOPAT is the net operating profit after tax but before interest, CE is the capital employed and WACC is the weighted average cost of capital.

The EVA can also be expressed as follows:
EVA = Net income – Equity capital x Cost of equity capital,
= Equity capital [(Net income / Equity capital) – Cost of equity capital]
= Equity capital [ROI – cost of equity capital]
The above equation suggests that companies can increase their EVA by investing in projects that provide shareholders with returns that are above their cost of capital. Accordingly, when you buy equity shares in a company, you not only receive just the book value of equity, but you also receive a claim on all future value that is created by the firm's managers (the present value of all future EVAs). It follows that a company's market value of equity can be written as:
Market value of equity = Book value + PV of all future EVAs.
We can find the 'fundamental' value of the equity shares (P_0) by simply dividing the market value of equity by the number of equity shares outstanding.

Etiquette: Dos & Don'ts

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01.00 An inspirational Story

Here is an inspirational story that I have come across about Jonathan Swift, often called Dean Swift, who was famous as a writer on many subjects. Among other books he wrote "Gulliver's Travels," which you, perhaps, might have read some time.

> The lesson in manners was not forgotten; .... the Dean also took the hint; for he always remembered to give the man a "tip" for his trouble

One morning there was a loud knock at Dean Swift's door. The servant opened it. A man who was outside handed her a fine duck that had lately been killed, and said,—"Here's a present for the Dean. It's from Mr. Boyle." Then, without another word, he turned and walked away.

A few days afterward the man came again. This time he brought a partridge. "Here's another bird from Mr. Boyle." Now, Mr. Boyle was a sporting neighbor who spent a good deal of time in shooting. He was a great admirer of Dean Swift, and took pleasure in sending him presents of game.
The third time, the man brought a quail. "Here's something else for the Dean," he said roughly, and tossed it into the servant's arms. The servant complained to her master. "That fellow has no manners," she said. "The next time he comes," said the Dean, "let me know, and I will go to the door."
It was not long until the man came with another present. The Dean went to the door. "Here's a rabbit from Mr. Boyle," said the man. "See here," said the Dean in a stern voice, "that is not the way to deliver a message here. Just step inside and make believe that you are Dean Swift. I will go out and make believe that I am bringing him a present. I will show you how a messenger ought to behave."
"I'll agree to that," said the man; and he stepped inside. The Dean took the rabbit and went out of the house. He walked up the street to the next block. Then he came back and knocked gently at the door. The door was opened by the man from Mr. Boyle's. The Dean bowed gracefully and said, "If you please, sir, Mr. Boyle's compliments, and he wishes you to accept of this fine rabbit."

"Oh, thank you," said the man very politely. Then, taking out his purse, he offered the Dean a shilling. "And here is something for your trouble."
The lesson in manners was not forgotten; for, always after that, the man was very polite when he brought his presents. And the Dean also took the hint; for he always remembered to give the man a "tip" for his trouble.

02.00 Courtesy

As I was browsing for good etiquette for managers, I landed upon a lot. I learnt that there is always a tension between how much we should follow our instincts and how much we should yield to social conventions. But at times like ours, the tendency is to tilt too far toward our instincts, since the conventions are changing fast and there is no consensus about them anyway. There does exist an obvious risk in that. You don't know whom you might be offending or how you might be sabotaging your own success.

The original etiquette manuals of every civilization were, in fact success manuals. For instance, as author Steven Pinker notes, western manuals taught knights and nobles how to conduct themselves in the court of the king—which is where we get the concepts of "courtly" and "courtesy."

03.00 Dos and Don'ts

Listed below are a dozen of the Dos and Don'ts that would make a difference for any corporate executive. These rules are bound to help you, whether at an office lunch, the company gym or the birthday party of your child's schoolmate.

(i) Be on Time: Texting "Hey, I'm running 20 minutes late" is not as acceptable as making the effort to be on time.

(ii) RSVP: If you can't attend an event that you're formally invited to, don't think that not RSVPing is the same as declining. And don't RSVP at the last minute for an event that involves real planning by the host. Don't RSVP for an event, then not show. Now you're not just being rude, but you're costing the host money, and you've probably kept a lonely soul from being invited as a backup.

(iii) Cell Phone: Don't be the first or second person to talk on your cell phone in a public space (like a bus or train). If everyone's doing it, you're allowed some slack here. Don't bellow on your cell phone. Just because you can't hear the other person well doesn't mean the other person can't hear you well. Turn off the phone at a dinner party, and be in the moment. You're annoying at least one person who thinks you have no social skills. At bare minimum, turn off the ringer so you can text and conspire in relative stealth. Remember that if you feel a need to respond immediately to every incoming text, you'll lose more in the eyes of the person who's in front of you than you'll gain from the unseen people who are benefiting from your efficiency.

(iv) Cameras: Moderate your use of cameras and video at events. Enjoy your time with colleagues, friends and family in the present and preserve only a memento for the future, rather than recording the entire thing to "relive" later in some "free" time that you'll never actually have.

(v) Headphones: Double-check that your headphones are plugged-in before streaming your favorite Spotify station Just because you're wearing headphones doesn't mean you can tune out from social courtesies. For example, if you accidentally cross someone's personal space, apologize graciously.

(vi) Social Networking: Keep personal conversations and arguments off social networking sites. The dramatic airing of grievances is best done through SMS. Remember how easily e-gossip can be forwarded along to the wrong person. Don't discuss sensitive personal issues on Facebook, especially if you've friends and coworkers.

(vii) Lending a Book: Don't lend someone a book or item unless they specifically ask for it. They're probably too busy to ever get around to it. They'll feel guilty about that, and you'll be annoyed that they didn't appreciate it or even get around to returning it.

(viii) Empty-handed: Don't show up at a party empty-handed, unless you've been instructed to -- and sometimes not even then.

(ix) Your Diet: Don't make your dietary requirements everyone else's dilemma. It is said, "People who can eat dairy don't just keep coconut oil-based butter around." Your dog is cute, but he or she doesn't have a pass to go anywhere. Chew with your mouth closed; don't talk with food in your mouth; keep your elbows off of the table while eating; wash your hands after going to the restroom.

(x) Turn Signal: Use your turn signal at least 50% more than you use your middle finger.

(xi) At Work: Never adopt a casual attitude at work. You are paid for your hard work and not for loitering around.

(xii) Classics: And finally, all the classics still apply. Saying please, thank you and sorry are part of basic etiquette. 'Excuse me' is another phrase comes in handy when you want to interrupt a conversation. When someone visits you, stand up and welcome them. When they leave, do stand up and say goodbye and, even better, see them off at the door.

4.00 Quick Take

That may seem like a lot, and to some it may seem like an uptight way to live. But just remember the basic success principle underlying all manners: Think about other people's feelings first because it is still not all about you.

PRACTICAL Advice

ABOUT YOUR STUDIES - FINAL COURSE

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

START

01 Read Study Notes
MTPs
E-Bulletin
Live Webinar

02 Solve Excercises given in Study Note

03 Assess Yourself

04 Appear For Examination

FINISHED

Vol: 4, No.: 2.
February 2019, Issue

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,

Greetings from the D.O.S.,

We from the Directorate of Studies know your expectations from us and accordingly we are trying to deliver some meaningful tips through the **publications of monthly E-bulletins**. Other than this we are trying to help you through **Revisionary Test Papers (RTPs)**, **Mock Test Papers (MTPs)**, **Work book**, and we are conducting **Webinar sessions (live)** and where your active participation is amazing. 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 Dont's 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:

" Continue to grow and evolve",

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) : **http://icmai.in/studentswebsite/mtp2016_j18_fnd.php**

For Revision Test Papers (RTP) : **https://icmai.in/studentswebsite/rtp2016_d18.php**

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

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

Live Webinar Link : **http://icmai.in/icmai/news/889.php**

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. Many of our students' were placed in reputed companies, which may encourage you to accomplish the course quickly and to be placed in good companies.

GOOD LUCK & Best wishes as always.

Be Prepared and Get Success;

FOLLOW US ON

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