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# CMA Student E - Bulletin

## FINAL

150 YEARS OF CELEBRATING THE MAHATMA

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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**Behind every successful business decision, there is always a CMA**

# Message from The Chairman

CMA Biswarup Basu
Vice President & Chairman,
Training & Education Facilities
and Placement Committee

## MESSAGE FROM THE CHAIRMAN

Dear Students,

Greetings!!

**"An eye for eye only ends up making the whole world blind"**-M.K. Gandhi

The need of the hour is to impart value based education. The stress should be on the values such as patience, honesty, tolerance, sympathy, and love for fellow citizens. The aim is for students not only to understand the values, but also to reflect them in their attitudes and behavior, and contribute to society through good citizenship and ethics. Once values become everyone's priority in life, all the negative aspects of life will automatically dwindle. The world direly needs people with high values to make it a better place to live in. A good set of values will enable a person to raise his or her self-esteem, make others hold him or her in high respect and give him or her the confidence he or she requires to lead a life based on principles and self-confidence.

The result for December, 2019 term is out and those who cleared it I would like to thank all those students. I would like to request you to continue your spirit in future as well to make yourself a successful professional. Students works with determination and sincerity becomes successful in every sphere of life. Those who could not clear it please remind that failure is a necessary part of life. Failure is never the end it is instead, a necessary part of the journey.

The Directorate of Studies is continuously trying to update your knowledge through various publications in soft versions like Mock Test Papers (MTPs), Work Books, monthly students E-bulletins etc. where eminent academicians and industrial personnel are contributing through their write up for your knowledge development. Being the Chairman of Training & Education Facilities and Placement Committee, I am really thankful to all of them.

My appeal to all of you is try to shake the world in your own way so the future in line of the thinking of Mahatma Gandhi---"You must be the change you wish to see in the world".

Best wishes as always,

CMA Biswarup Basu
Chairman, Training & Education Facilities and Placement Committee

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Be a CMA, be a Proud Indian

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# KNOWLEDGE Update

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

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# CORPORATE
## LAWS & COMPLIANCE (CLC)

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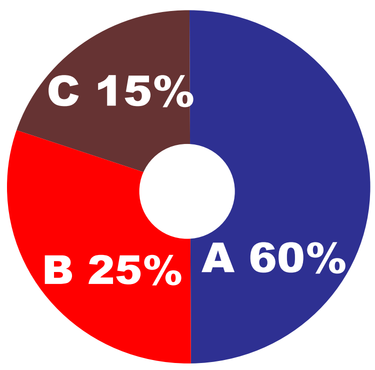
# Your Preparation Quick Takes




**Syllabus Structure**
**A** Companies Act **60%**
**B** Other Corporate Laws **25%**
**C** Corporate Governance **15%**

**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.

# Business Ethics

## 1.0. Introduction

Managers are being called conscience keepers.The concepts and practice of corporate governance, business ethics, sustainability, social responsibility are some of the issues which has already emerged in the corporate sector.

Morality is related to norms, values and beliefs embedded in social process. Ethics is the study of morality and application of reasons for taking any decision or choosing nay course of action. Ethical Behavior is accepted as "right" or "good" in the context of a governing moral code. Ethics can be viewed as a way of behaving that can be prescribed and imposed by the work environment.

It is universally accepted standards of right and wrong usually in terms of rights, obligations, benefits to society, fairness, or specific virtues.

## 1.2. Business Ethics

Business Ethics, as a subject is the study of business situations, activities and decisions where the issues of right and wrong is addressed.

Business ethics constitute the ethical/moral principles and challenges that arise in a business environment. Some of the areas related with – and not limited to- business ethics include the following:

1. **Finance and Accounting:** Creative accounting, Earnings management, Financial analysis, Insider trading, Securities Fraud, Facilitation payment.

2. **Human Resource Management:** Executive compensation, Affirmative action, Workplace surveillance, Whistle blowing, Occupational safety and health, Indentures servitude, Union busting, Sexual Harassment, Employee raiding.

3. **Sales and Marketing:** fair price, fair terms, quality, deceptive advertisements , dealer discriminations etc are some of the practices being adopted companies.

While corporate failures are being attributed to management failures like wrong or sub optimal decisions, business recession, luck, low quality of inputs, the ignorance and negligence of ethical practices cannot be ruled out for such failures.

The question is what sort of changes will be needed in business management principles and practices to build companies that are truly fit for the future.

## 1.3. Concept of value

(i) values are person's belief about what is good about life.
(ii) values are positive attributes of a ma
(iii) values are long term guide on objectives of life.
(iv) values are emerges in course of life

human values are :
permanent: though values change over the years, certain values: a person dies, his values remain.
Unique :value to each person should have same perspective.
Omnipresent :It is present everywhere, where human being inhabits.

### 1.3.1 Emergence of values in man

(a) value creation: sometimes due to various reasons , people create values within himself, may be due to self realisation, some incident in life etc. Suddenly a person becomes honest or starts respecting others etc.

(b) value inheritance: an individual or organisation continues with values created by predecessors, may be parental line, founders or former managers.

(c) value importation: if you a see a value with someone or some organisation, you may decide to adopt the same.

(d) value transmission: a person changes and adds value to his beliefs and perception

(e) value transformation: human mind transforms within himself with or without external intervention. Surprise, shock, important event in life, create values.

(f) value sustainability: value: if a see a value with someone or some organisation, you may decide to adopt the same. Continuous practices and therefore, needs to be sustained. A person honest today, needs to be honest throughout.

### 1.3.2. value chain

Value chain in the mix and flow of values in day to day life of a person/ organisation. It depends on perception. Perception is an firm opinion on any intangible issue.
Individual beliefs determine perception

Human values percolate to social values and social values percolate to corporate values. It is believed that since corporates are satisfying the needs of the society, they are extension of society and cannot sustain in the long run if they ignore social values. If you take examples of few value based companies they are human oriented companies. Even Philp Kotler said " we sell product and services in the society , not in the market."

Therefore, it is important to know people behind the companies as it the people who create values, wealth and business.

**1.4. Factors on which value depends are as follows.**

(i) inheritance: may be natural or corporate. In case of corporate, the culture created by the top people are continued by the next generation.

(ii) environment: the surrounding of people and their values do effect a person in his life and perception

(iii) parentage: parents are initial value creators and children look for the attitude and behavior of parents. Initially a child feels whatever do they do is right.

(iv) sibling effect:

(v) caste, community, religion:

(vi) self created, generated: sometimes you find value created by a person is different from the above factors and reasons for the good or bad value created by the man is not understandable

(vii) education.

(viii) self realisation:

(ix) profession

(x) critical incident in life

**1.4.1.Few direct value creators**

Friends, teachers, parents, enemies, critics, advisors, mentors, boss, associates, spouse. mentor

**1.4.2. Forceful values based practices**

Sometimes a person is required to follow or practice a value as its forced to him or not following would lead to untoward situations. Few situations are discussed below.

(i) fear of being embarrassed/insulted in office:
People avoid to be embarrassed in work place and tend to things which are value based. In workplace there are some customs or code of conduct which has to be followed.

(ii) job loss/professional reputation loss: doing a wrong thing would adversely effect his credibility

(iii) embarrassment to family/friends doing a wrong thing would adversely effect the sentiments of family members /friends.

**1.4.3. culture**

Culture is systematic and repetitive value manifestation of an individual, group, community or organisation. Majority/ influential group determines culture.

**types:**

Exhibited: one can make out the values of the person by his behaviour or practices which are accepted as value by most of the people of the society

Dormant: a person may be values based but it does not show up from his behaviour.

Ignorant: may have value bit is not aware how to show that
deliberative ignorance: may have value but does not want to show that deliberately.

**1.5. Change in values**

In the normal course, individual values should be permanent for substantial time. The way values are created or adopted by an individual over the years under different situations, it can opposite, which also called value depletion. The reasons for value appreciation and depletion can any or more of the following.

Shock, Surprise, financial loss, reputation loss, loss of faith, Betrayal, Realization, event in life or within the circle/ associates.,Mentoring,change in living/job environment. Forceful, new custom, counselling, regulatory

**1.6. Group values**

Values considered by a group of persons engaged in particular profession, or with common ideology, common targets, community, common profession.

**Value standards**

Though not easy to measure or analyse, human mind has concept of what is totally bad, partially bad, and not bad. Value standards( also called value benchmarking) differ from entities, may be individual or corporate. One individual may have one concept of honesty but the other may have different concept.

In case of corporate, one business category may be doing wrong and still accepted as business strategy. value standards will vary even within the same type of entities as mentioned below. Entities may be individual, group, community, society, corporate etc.

With evaluation of time and in course of life of a person, values change, the value standards also change.

**1.7. moral rules in human being**

reparation: compensate others for wrong done by you gratitude:
justice:
beneficence: do whatever u can do good to others.

**1.7.1. Seven social sins**

politics without principles.

wealth without work.

commerce without morality.

knowledge without character.

pleasure without consequence.

science without humanity.

worship without sacrifice.

**1.7.1. Ethical choices**

(a) normative science is the science of judging the situations, analyze facts, weigh the consequences in terms of an idea and make judgment.

(b) judgment, most the time is related to end result

( c) any decision in situational ethics depends on goals, motives, methods and consequences

**1.8. Ethical dilemma**

In the normal course, it is easy to choose the right when given the option of right and wrong and both options are not effecting the decision maker. But in reality, managers face situations where wrong choice may accrue other benefit or out of pressure. Choosing between two rights and choosing between two wrongs is gain , a very common situation.

The confusion of deciding between right and wrong is called ethical dilemma. Ethical dilemma is a common syndrome in business. However, dilemma can be at any point of time in life, even for your personal decision making, family and social issues.

Many business issues may seem straight forward and easy to resolve by choosing the one option which appears to be the clear choice, but in reality one is faced with having to make a choice from various alternatives resulting in an ethical dilemma.

It has been seen that due to ethical dilemma, managers take suboptimal decisions, may due hesitation, fear etc. suboptimal decisions are decisions which may not be fully optimal or the best decision.

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GROUP: iii, PAPER: 14

# STRATEGIC FINANCIAL MANAGEMENT (SFM)

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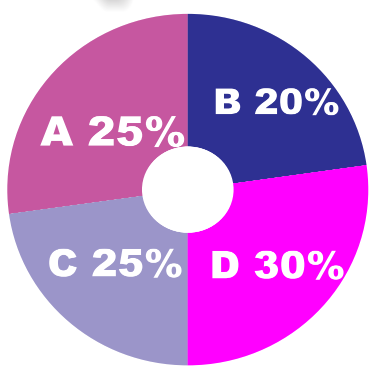
## Your Preparation Quick Takes




### Syllabus Structure

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

**Learning objectives:**

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

- understand the direct and indirect quotations
- know the European terms and American terms

## Strategic Financial Management

### Study Note 1: Investment decision, Project Planning and Control

**Reasons for conflict in Ranking under NPV and IRR Method in case of Mutually Exclusive Projects:**

As mentioned in the previous issue, conflict in ranking under NPV and IRR method in case of mutually exclusive projects may arise for three reasons:

1. Time disparity in cash flows of the competing projects.
2. Life disparity of competing projects
3. Size disparity of competing projects

These are disused below with the help of numerical example in case.

**Time Disparity in Cash Flows:**
Time disparity in cash flows essentially implies that the cash flow patterns of the competing projects are significantly different. In other words, though the total cash flow is more or less similar, they accrue differently. In case of one project early cashflows are higher while for the other cash flow during the later period of the project are higher. In such a situation there may be difference in the ranking based on NPV and that based on IRR.

**Illustration 1:**

PQR Ltd is considering two projects X and Y. The cash flows associated with the project are as follows:

| Year | Project X (Rs.) | Project Y (Rs.) |
|---|---|---|
| 1 | 4000 | 0 |
| 2 | 4000 | 0 |
| 3 | 4000 | 0 |
| 4 | 4000 | 0 |
| 5 | 4000 | 30000 |

Initial investment for X as well as Y is Rs. 10000. Cost of capital is 10% p.a. Evaluate the projects under NPV and under IRR method.

**Solution:**

Calculation for NPV of the projects

| Year | CIAT | | PVIF @ 10% | PV of CIAT | |
|---|---|---|---|---|---|
| | P | Q | | P | Q |
| 1 | 4000 | 0 | 0.909 | 3636 | 0 |
| 2 | 4000 | 0 | 0.826 | 3304 | 0 |
| 3 | 4000 | 0 | 0.751 | 3004 | 0 |
| 4 | 4000 | 0 | 0.683 | 2732 | 0 |
| 5 | 4000 | 15000 | 0.621 | 2484 | 18630 |
| Total PV | | | | 15160 | 18630 |
| Less. Initial Investment | | | | 10000 | 10000 |
| NPV | | | | 5160 | 8630 |

Using the normal trial and error approach, we get,

IRR (P) = 28.65%
IRR (Q) = 24.57%

So, the results can be summarized as follows –

| Particulars | Project X | Project Y |
|---|---|---|
| NPV (Rs.) | 5160 | 8630 |
| Ranking based on NPV | II | I |
| IRR | 28.65% | 24.57% |
| Ranking based on IRR | I | II |

From the above table it is clear that the results of NPV and IRR are contradictory. Here, both the projects have similar lifespan and also similar investment size. So, the source of conflict is the timing of cash flow or the pattern of cash flow.

**Life Disparity:**

Another source of conflict may be the life disparity i.e. different project lifespan. That is to say, while one is a long duration project, the other is a relatively short duration project.

**Illustration 2:**

XYZ Ltd is considering two investment projects A and B. Project A has a life of only one year whereas project B has a lifespan of 3 years. The cash flows associated with the project is as follows.

| Year | Project A (Rs.) | Project B (Rs.) |
|---|---|---|
| 1 | 750000 | 200000 |
| 2 | — | 200000 |
| 3 | — | 700000 |

Both the projects require initial investment of Rs. 500000 and cost of capital is 12% p.a. Evaluate the projects under NPV and IRR.

**Solution:**

Calculation for NPV

| Year | CIAT | CIAT | PVIF @ 12% | PV of CIAT | |
|---|---|---|---|---|---|
| | A | B | | A | B |
| 1 | 750000 | 200000 | 0.893 | 669750 | 178600 |
| 2 | 0 | 200000 | 0.797 | 0 | 159400 |
| 3 | 0 | 700000 | 0.712 | 0 | 498400 |
| Total PV | | | | 669750 | 836400 |
| Less. Initial Investment | | | | 500000 | 500000 |
| NPV | | | | 169750 | 336400 |

Using the normal trial and error approach, we get,
IRR (A) = 50%
IRR (B) = 40%
So, the results can be summarized as follows –

| Particulars | Project A | Project B |
|---|---|---|
| NPV (Rs.) | 169750 | 336400 |
| Ranking based on NPV | II | I |
| IRR | 50% | 40% |
| Ranking based on IRR | I | II |

From the above table it is clear that the results of NPV and IRR are contradictory. Since investment size of the projects is same, the source of conflict is the life of the projects.

- **Scale or Size Disparity:**
  Since IRR is a relative measure and NPV is an absolute measure, conflict in ranking may also arise in case the projects differ significantly in their investment size.

- **Illustration 3:**
  ABC Ltd is considering two investment projects X and Y. The cash flows associated with the project is as follows.

| Year | Project X (Rs.) | Project Y (Rs.) |
|---|---|---|
| 1 | 4000 | 14000 |
| 2 | 4000 | 14000 |
| 3 | 4000 | 14000 |
| 4 | 4000 | 14000 |
| 5 | 4000 | 14000 |

Initial investment for project X is Rs. 10000 whereas that for project B is Rs. 40000. If cost of capital is 10%, evaluate the two projects based on NPV and IRR.

**Solution:**
Calculation for NPV of the projects

| Particulars | Project X | Project Y |
|---|---|---|
| 1. Annual CIAT (Rs.) | 4000 | 14000 |
| 2. PVIFA (10%, 5 Years) | 3.79 | 3.79 |
| 3. Total PV (1  2) | 15160 | 53060 |
| 4. Initial Investment | 10000 | 40000 |
| 5. NPV (3 – 4) | 5160 | 13060 |

Using the normal trial and error approach, we get,
IRR (A) = 50%
IRR (B) = 40%
So the results can be summarized as follows –

| Particulars | Project X | Project Y |
|---|---|---|
| NPV (Rs.) | 5160 | 13060 |
| Ranking based on NPV | II | I |
| IRR | 29% | 22% |
| Ranking based on IRR | I | II |

From the above table it is clear that the results of NPV and IRR are contradictory. Since lifespan of the projects is same but the projects differ in terms of size or scale, the source of conflict is the scale or size of the project.

YEARS OF CELEBRATING THE MAHATMA

GROUP: iii, PAPER: 15

# STRATEGIC COST MANAGEMENT- DECISION MAKING (SCMD)

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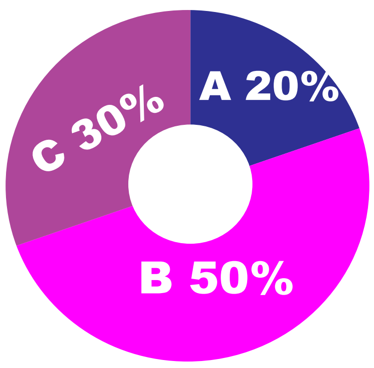
## Your Preparation Quick Takes




**Syllabus Structure**

**A** Cost Management **20%**
**B** Strategic Cost Management Tools and Techniques **50%**
**C** Strategic Cost Management - Application of Statistical Techniques in Business Decisions **30%**

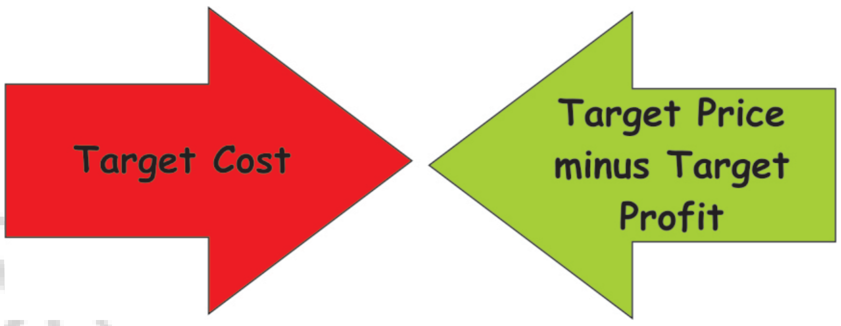
**Learning Objectives:**

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

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

# Target Costing: An enabler of Competitive Advantage

## 01.00 The Target Philosophy




Effective cost management systems are developed in response to changing competitive conditions. Target costing is an example of such a system that has a special relevance to companies in the process and assembly industries. In these industries, firms are no longer able to achieve a sustainable competitive advantage by pursuing either a low-cost or differentiation strategy. Rather, firms realize that any competitive advantage they achieve is likely to be short-lived as their competitors move quickly to match new product offerings at competitive prices. Moreover, competitors will often supply their new products with more advanced features, providing further challenges that require a firm to respond. Rather than attempting to create a sustainable competitive advantage based on either low cost or commanding price premiums through product differentiation, firms become involved in continual head-on competition. And there arises the need for Target Costing.

Target costing focuses on

(i) Searching for opportunities for cost reduction at the product planning stage, and
(ii) As well as providing continuous cost reductions during the course of manufacturing the product.

**In a competitive economy, product markets influence the determination of the price of the product and the financial markets influence the determination of the cost of capital. Cost of the capital infused by the enterprise sets the benchmark for the quantum of the profit to be achieved. Thus, price of the product as also the quantum of the profit are market driven. The end result is that the product cost boundaries are set by the difference between the price and the profit.**

Target Costing is considered as a philosophy in which product development is based on what the customer wants and is willing to pay for and not what it costs to produce. Hence, it starts with the market determined price; then deducts the desired profit margin; and works back the target cost. Peter Drucker calls this "price-led costing." And that is how the formulation:

"Target Cost = Target Price – Target Profit"
in place of the traditional approach of
"Cost + Profit = Selling Price".

## 002.00 Illustration

An illustrative example assumes the following situations. ABC Limited finds a market niche to an innovative kitchen grinder at a market driven price of Rs.3,000/- per piece. The estimated sales volume at that price would work out to 40,000 pieces per annum aggregating to Rs.12 crores. The projected investment towards designing, developing, producing, marketing and servicing these grinders is estimated to be Rs.8 crores; and the desired return on investment is 15% per annum.

Given the afore said data, the target cost to design, develop, produce, market and service the kitchen grinder of ABC Limited may be formulated as shown in the table that follows.

Target Cost of Kitchen Grinder

| Serial | Item | Workings | Amount in Rs. |
|---|---|---|---|
| 1 | Projected Sales | 40,000 pieces @ Rs.3,000/- per piece | 12,00,00,000 |
| 2 | Desired Profit | 15% ROI on Rs.8,00,00,00 of Investment | 1,20,00,000 |
| 3 | Target Cost | Projected Sales – Desired Profit | 10,80,00,000 |
| 4 | Target Cost per grinder | Target cost / 40,000 pieces | 2,700 |

The target cost of Rs.1080 lakhs per annum which computes to Rs.2,700/- per grinder would further be broken down function-wise for the designing, developing, producing, marketing, servicing, and so on. Each of the functional areas would be made responsible to achieve the actual costs in line with the targets.

**03.00 Advantages**

Target costing offers a range of advantages as follows:

(i) It reinforces top-to-bottom commitment to process and product innovation, and is aimed at identifying issues to be resolved, in order to achieve some competitive advantage.

(ii) It helps to create a company's competitive future with market-driven management for designing and manufacturing products that meet the price required for market success.

(iii) It uses management control systems to support and reinforce manufacturing strategies; and to identify market opportunities that can be converted into real savings to achieve the best value rather than simply the lowest cost.

**04.00 Problems for Practice**

**Problem 1**

CELO Company has the capacity of production of 80,000 units and presently sells 20,000 units at Rs.100 each. The demand is sensitive to selling price and it has been observed that for every reduction of Rs.10 in Selling Price, the demand is doubled.

Required:

a. What should be the Target Cost at full capacity, if Profit Margin on Sale is 25%?
b. What should be the Cost Reduction Scheme at full capacity if at the present level 40% of the cost is variable and Total Fixed Cost is Rs.36 lakhs?
c. **If Rate of Return desired is 16%, what will be the maximum investment at full capacity?**

**Solution**

**a. Target Cost at Full Capacity**
**Projected Demand**

| Selling Price (Rs. Per Unit) | Demand (Units) | Capacity Utilisation |
|---|---|---|
| 100 | 20,000 | 25% |
| 90 | (20,000 × 2) = 40,000 | 50% |
| 80 | (40,000 × 2) = 80,000 | 100% |

Selling Price at Full Capacity = Rs.80.00
Target Profit = 25% on Sales = Rs.20.00
Target Cost at Full Capacity = (80 – 20) = Rs. 60.00 per unit

**a. Cost Reduction Scheme**

(i) Computation of Variable Cost per unit
At the Present Capacity of 20,000 units
Selling Price = Rs.100.00 per unit
Profit Margin = 25% on Sales = Rs.25.00
Total Cost = (100 – 25) = Rs. 75.00
Variable Cost = 40% of total cost = 40% of 75 = Rs.30.00

(ii) Existing Projections of Total Cost at full capacity
Total Variable Cost = (30 × 80000) = Rs.24.00 lakhs

Total Fixed Cost = Rs.36.00 Lakhs
Total Cost = (24.00 + 36.00) = 60.00 lakhs

(iii) Target Cost = (60 × 80000) = 48.00 lakhs

(iv) Cost Reduction Scheme

| | | |
|---|---|---|
| Cost Reduction Needed | = | (Existing Cost – Target Cost) = (60.00 – 48.00) = Rs. 12.00 lakhs |

**c. Maximum Investment at full capacity**

(i) Target Profit at full Capacity
Sales = 80.00 × 80,000 units = Rs.64.00 lakhs
Target Cost = Rs.48.00 lakhs
Target Profit = (64.00 – 48.00) = Rs.16.00 lakhs

(ii) Rate of Return on Investment = 16%

(iii) Minimum Investment

| | | |
|---|---|---|
| Investment Needed | = | (Target Profit ÷ Target Return on Investment) = (16.00 ÷ 16%) = Rs. 100.00 lakhs |

**Problem 2**

You, the manager of a paper mill (XYZ Ltd.), have recently come across a particular type of paper, which is being sold at a substantially lower rate (by another company ABC Ltd.) than the price being charged by your own mill. The value chain for one of MT of such paper for ABC Ltd is follows:

"ABC Ltd. ----- Merchant ------ Printer ------ Customer".

ABC Ltd sells this particular paper to the merchant at the rate of Rs.30,400 per MT. ABC Ltd pays for the freight which amounts to Rs.600 per MT. Average sales returns and allowances amount to 4% of sales and approximately equal to Rs.1200 per MT.

The value chain of your company, through which the paper reaches the ultimate customer, is similar to that of ABC Ltd. However, your mill does not sell directly to the merchant. The latter receives the paper from a huge distribution center maintained by your company at Haryana. Shipment costs from the mill to the Distribution Center amount to Rs.200 per MT while the operating costs in the Distribution Center have been estimated to be Rs.125 per MT. The return on investments required by the Distribution Center for the investments made amount to an estimated Rs. 120 per MT.

You are required to compute the "Mill Manufacturing Target Cost" for this particular paper for your company. You may assume that the return on the investment expected by your company equals Rs. 120 per MT of such paper.

**Solution**

| Serial | Particulars | Workings | Rs. per MT |
|---|---|---|---|
| 1 | ABC Ltd's selling price to the merchant | Given | 30400 |
| 2 | Post Sales Expenses<br>(i) Freight paid by ABC Ltd<br>(ii) Normal sales returns and allowances<br>(iii) Sub Total | Given | <br>600<br>1200<br>1800 |
| 3 | Net Selling Price of ABC Ltd | (1 – 2) | 28600 |
| 4 | XYZ Ltd's Expected Return on Investment | Given | 120 |
| 5 | Target cost for XYZ Ltd | (3 – 4) | 28480 |
| 6 | Post Manufacturing Expenses<br>(i) Shipment costs to the Distribution Center<br>(ii) Operating cost in the Distribution Center<br>(iii)Expected Return on Investment of the Distribution Center<br>(iv) Sub Total | | <br>200<br>125<br>120<br>445 |
| 7 | Target manufacturing cost of the Mill | (3 – 4) | 28035 |

**05.00 Quick Take**
Target Cost Management enables Competitive Advantage

GROUP: iii, PAPER: 16

# DIRECT TAX LAWS AND INTERNATIONAL TAXATION (DTI)

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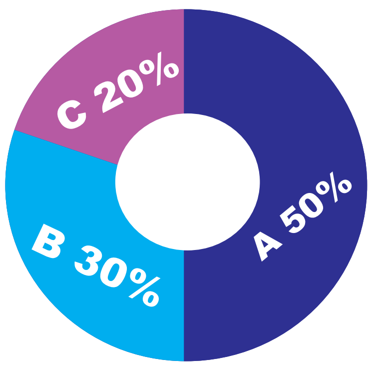
## Your Preparation Quick Takes




**Syllabus Structure**

**A** Advanced Direct Tax Laws **50%**
**B** International Taxation **30%**
**C** Case StudyAnalysis **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.

## Basics of Transfer Pricing

"Transfer Pricing is not an exact science but does require the exercise of judgement on the part of both the tax administration and taxpayer"

Commercial transactions between the different parts of the multinational groups may not be subject to the same market forces shaping relations between the two independent firms. One party transfers goods or services to another for a price. That price is known as "transfer price". This may be arbitrary and dictated, with no relation to cost and added value, diverge from the market forces. Transfer price is, thus, a price which represents the value of goods or services between independently operating units of an organisation. But, the expression "transfer pricing" generally refers to prices of transactions between associated enterprises which may take place under conditions differing from those taking place between independent enterprises. It refers to the value attached to transfers of goods, services and technology between related entities. It also refers to the value attached to transfers between unrelated parties which are controlled by a common entity.

Suppose a company A purchases goods for ₹ 100 and sells it to its associated company B in another country for ₹ 200, who in turn sells in the open market for ₹ 400. Had A sold it direct, it would have made a profit of ₹ 300. But by routing it through B, it restricted it to ₹ 100, permitting B to appropriate the balance. The transaction between A and B is arranged and not governed by market forces. The profit of ₹ 200 is, thereby, shifted to the country of B. The goods is transferred on a price (transfer price) which is arbitrary or dictated (₹ 200), but not on the market price (₹ 400).

Thus, the effect of transfer pricing is that the parent company or a specific subsidiary tends to produce insufficient taxable income or excessive loss on a transaction. For instance, profits accruing to the parent can be increased by setting high transfer prices to siphon profits from subsidiaries domiciled in high tax countries, and low transfer prices to move profits to subsidiaries located in low tax jurisdiction. As an example of this, a group which manufacture products in a high tax countries may decide to sell them at a low profit to its affiliate sales company based in a tax haven country. That company would in turn sell the product at an arm's length price and the resulting (inflated) profit would be subject to little or no tax in that country. The result is revenue loss and also a drain on foreign exchange reserves.

**Computation of income from international transaction or specified domestic transaction having regard to arm's length price [Sec. 92]**

The provisions are as under:

| Provisions | Example | Treatment | Impact on income |
|---|---|---|---|
| Any income arising from an international transaction shall be computed having regard to the arm's length price. | X Ltd., resident, sold goods or services to its associated enterprises, XY Plc. (a foreign company), for ₹ 5 lacs whereas the arm's length price of such goods or services is ₹ 9 lacs | While computing income of X Ltd., ₹ 9 lacs shall be considered as sale value | Income of X Ltd. will be increased by ₹ 4 lacs. |
| The allowance for any expense or interest arising from an international transaction or specified domestic transaction shall also be determined having regard to the arm's length price. | R Ltd. takes a loan of ₹ 20 lacs from an associated enterprise in Ireland @ 20% p.a. whereas the arm's length rate of interest is 12% p.a. | Interest @ 12% p.a. shall be allowed as deduction to R Ltd. | Income of R Ltd. will be increased by ₹ 1,60,000/- |
| Where in an international transaction or specified domestic transaction,<br>• two or more associated enterprises<br>• enter into a mutual agreement or arrangement for the apportionment of, or any contribution to, any cost incurred<br>• in connection with a benefit, service or facility provided to any such enterprises, | An enterprise in Germany makes research on a new product and incurred ₹ 50 lacs. Out of this, ₹ 40 lacs has been allocated to its Indian associated enterprises dealing in the same product. | While computing income of Indian enterprise, it will be required to be examined whether the Indian enterprise is deriving proportionate benefit to the research expenditure allocated | If no such benefit is available to the Indian enterprise, total income of such enterprises is suitably increased by disallowing proportionate allocated cost. |

| | | | |
|---|---|---|---|
| the cost apportioned to (contributed by), any such enterprise shall be determined having regard to the arm's length price of such benefit, service or facility. | | | |
| The provisions (in any of aforesaid situation) shall not apply in a case where the computation of income or the determination of the allowance for any expense or interest or the determination of any cost or expense allocated or contributed has the effect of reducing the income chargeable to tax or increasing the loss, as the case may be, computed on the basis of entries made in the books of account in respect of the previous year in which the international transaction or specified domestic transaction was entered into. | X Ltd., resident, sold goods or services to its associated enterprises, XY Plc. (a foreign company), for ₹ 5 lacs whereas the arm's length price of such goods or services is ₹ 3 lacs | The provision of transfer pricing is not applicable | No Impact |

Meaning of associated enterprise [Sec. 92A]

Associated enterprise, in relation to another enterprise, means an enterprise:

(a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or

(b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.

Deemed associated enterprise [Sec. 92A(2)]

For the above purpose, two enterprises shall be deemed to be associated enterprises if, at any time during the previous year fulfill any of the following conditions (if one of following conditions are not satisfied, then mere participation in management or control or capital of the other enterprise, etc. shall not make them associate):

(a) one enterprise holds (directly or indirectly) shares carrying not less than 26% of the voting power (i.e., equity shares in case of company) in the other enterprise; or

(b) any person or enterprise holds (directly or indirectly) shares carrying not less than 26% of the voting power in each of such enterprises; or

(c) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly (not partially) dependent on the use of know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or

(d) 90% or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise, are supplied by the other enterprise **or** by persons specified by the other enterprise, **and** the prices and other conditions relating to the supply are influenced by such other enterprise; or

(e) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or

(f) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual; or

(g) where one enterprise is controlled by a Hindu undivided family, the other enterprise is controlled by a member of such Hindu undivided family, or by a relative of a member of such Hindu undivided family, or jointly by such member and his relative; or

(h) where one enterprise is a firm, association of persons or body of individuals, the other enterprise holds not less than 10% interest in such firm, association of persons or body of individuals; or

(i) a loan advanced by one enterprise to the other enterprise constitutes not less than 51% of the **book value** of the total assets of the other enterprise; or

Taxpoint: Revaluation of asset shall not be ignored.

(j) one enterprise guarantees not less than 10% of the total borrowings of the other enterprise; or

(k) more than $\frac{1}{2}$ of the board of directors or members of the governing board, **or** one (not $\frac{1}{2}$ of total number of executive director) or more executive directors or executive members of the governing board of one enterprise, are **appointed** by the other enterprise; or

Taxpoint: Mere power to appoint director is not sufficient, such power must be exercised.

(l) more than $\frac{1}{2}$ of the directors or members of the governing board, **or** one or more of the executive directors or members of the governing board, of each of the two enterprises are **appointed** by the same person or persons; or

(m) there exists between the two enterprises, any relationship of mutual interest, as may be prescribed.

| Equity Holding | Management | Activities | Control |
|---|---|---|---|
| 1. >= 26% direct / indirect holding by enterprise<br>OR | 6. Appointment > 50% of Directors / one or more Executive Director by an enterprise<br>OR | 8. 100% dependence on use of intangibles for manufacture / processing / business | 11. One enterprise controlled by an individual and the other by himself or his relative or jointly |
| 2. By same person in each enterprise | 7. Appointment by same person in each enterprise | 9. Direct / indirect supply of > = 90% Raw Materials under influenced prices and conditions | 12. One enterprise controlled by HUF and the other by<br>- a member of HUF<br>- his relative or<br>- Jointly by member and relative |
| 3. Loan >= 51% of Total Assets | | 10. Sale under influenced prices and conditions | |
| 4. Guarantees > = 10% of debt | | | |
| 5. > 10% interest in Firm / AOP / BOI | | | |

**Computation of arm's length price [Sec. 92C]**

- The arm's length price in relation to an international transaction or specified domestic transaction shall be determined by any of the following methods, being the most appropriate method, having regard to the nature of transaction or class of transaction or class of associated persons or functions performed by such persons or such other relevant factors as the Board may prescribe, namely:

**Transaction Based Methods**

(a) comparable uncontrolled price method

(b) resale price method

(c) cost plus method

**Profit Based Methods**

(d) profit split method

(e) transactional net margin method

(f) such other method as may be prescribed by the Board.

Vol: 5, No.: 3.
March 2020, Issue

GROUP: iv, PAPER: 17

# CORPORATE

## FINANCIAL REPORTING (CFR)

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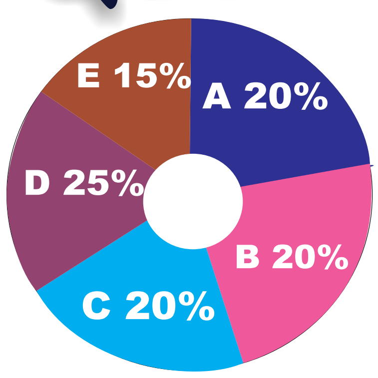
# Your Preparation Quick Takes




**Syllabus Structure**

**A** GAAP and Accounting Standards **20%**
**B** Accounting if Business Cominations
& Restructuring **20%**
**C** Consolidated Financial Statements **20%**
**D** Developments in Financial Reporting **25%**
**E** Government Accounting in India **15%**

**Learning Objectives:**

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

- Learn how to highlight the achievements of a company to its investors, creditors, bankers, public, employees, regulatory bodies and Government on a periodic basis
- To convey future based strategic roadmap for the company.

## Consolidated and separate accounting

In this issue we shall take up some illustrative examples for better understanding consolidated and separate accounting.

Problem 1: X Ltd. acquires 20% shares of B Ltd. on 01-04-20X1. X Ltd. further acquires on 01-04-20x2 60% shares of B Ltd. at a consideration of Rs. 360000 in cash and by issue of 10000 shares of Rs. 10 (market price Rs.15). Debentures of B Ltd. are exchanged for 12% Debenture of X Ltd. A contingent consideration is also payable, fair value of which at the date of acquisition is estimated at Rs. 60000. A pays transaction cost Rs. 20000. Non-Controlling Interest is recognized at Rs. 120000. The fair value of shares previously held in B Ltd. amounts to Rs. 110000. The fair values of assets and liabilities of B Ltd. are stated below:

| | Fair Value Rs. |
|---|---|
| PPE | 3,00,000 |
| Current Assets | 4,20,000 |
| Creditors | 36,000 |

The abstracts of consolidated balance sheet of A and individual balance sheet of B on 31-03-20X2 are given below: [Amount in Rupees]

| | X Ltd. | B Ltd. | | X Ltd. | B Ltd. |
|---|---|---|---|---|---|
| Equity Share Capital | 460000 | 250000 | PPE | 180000 | 160000 |
| Other Equity | 370000 | 300000 | Investment in 20% shares in B Ltd. ### | 100000 | |
| 12% Debenture | 60000 | 10000 | Current Assets | 660000 | 440000 |
| Creditors | 50000 | 40000 | | | |
| Total | 940000 | 600000 | Total | 940000 | 600000 |

Pass journal entries in the books of X Ltd. for business combination and show the Separate and Consolidated balance sheet as at 1-04-20X2.

Solution:

Working note 1: Net Identified Assets at fair value:

| | Fair Value Rs. |
|---|---|
| PPE | 300000 |
| Current Assets | 420000 |
| Less Creditors | 36000 |
| Less Debenture | 10000 |
| Net Identified Assets at fair value | 674000 |

Working note 2: Consideration: (Payable to shareholders of the Acquiree) [Debentures exchanged are separately considered and Transaction cost is expensed through P&L of Acquirer.]

| | Rs. |
|---|---|
| Cash payment | 360000 |
| Issue of shares | 150000 |
| Contingent consideration | 60000 |
| Consideration | 570000 |

| Working note 3: Fair value of previously held interest: | Rs. |
|---|---|
| Carried value | 100000 |
| Fair Value for 20% interest (based on fair value of NCI) | 110000 |
| Profit on Revaluation through P&L | 10000[a] |

Working note 4: NCI: Non-Controlling Interest is recognized at Fair value of Rs. 110000
Working note 5: Goodwill:

| | Rs. |
|---|---|
| Consideration | 570000 |
| Fair value of previously held shares | 110000 |
| NCI | 110000 |
| Total | 790000 |
| Net Identified Assets at fair value | 674000 |
| Goodwill | 116000 |

**Solution:**

- (i) Journal Entries for consolidated accounting:

| | | |
|---|---|---|
| Investment A/C Dr. | 10000 | |
| To, Profit and Loss A/C | | 10000 |
| PPE Dr. | 300000 | |
| Current Assets Dr. | 420000 | |
| Goodwill Dr. | 116000 | |
| To, Consideration | | 570000 |
| To, Creditors | | 36000 |
| To, 12% Debentures | | 10000 |
| To, NCI | | 110000 |
| To, Investment | | 110000 |
| Consideration A/C Dr. | 570000 | |
| To, Equity Share Capital<br>To, Security Premium | | 100000<br>50000 |
| To, Cash | | 360000 |
| To, Liability for Contingent Consideration | | 60000 |
| Transaction Cost Dr. | 20000 | |
| To, Cash | | 20000 |
| Profit and Loss A/C Dr. | 20000 | |
| To, Transaction Cost | | 20000 |

- (ii) Journal Entries for separate accounting:

| | | |
|---|---|---|
| Investment A/C Dr. | 580000 | |
| To, Equity Share Capital<br>To, Security Premium | | 100000<br>50000 |
| To, Cash | | 360000 |
| To, Liability for Contingent Consideration<br>To, 12% Debenture | | 60000<br>10000 |
| Transaction Cost Dr. | 20000 | |

| | | |
|---|---|---|
| To, Cash | | 2000 |
| Profit and Loss A/c Dr. | 20000[b] | |
| To, Transaction Cost | | 20000 |

- iii) Separate balance sheet of X Ltd. and Consolidated Balance Sheet of the group as at 01-04-20X2 (after business combination)

| | Working for consolidation | Working for Separate | Separate | Consolidated |
|---|---|---|---|---|
| PPE | 180000+300000 | 180000 | 180000 | 480000 |
| Investment | | 100000+580000 | 680000 | |
| Goodwill | Note 5 | | | 116000 |
| Current Assets | 660000+420000-360000-20000 | 660000-30000-20000 | 280000 | 700000 |
| **Total** | | | **1140000** | **1296000** |
| Equity Share Capital | 460000+100000 | | 560000 | 560000 |
| Other Equity | 370000 + 50000 + 10000[a] – 20000[b] (transaction cost) | 370000+50000-20000 | 400000 | 410000 |
| NCI | Note 4 | | | 110000 |
| 12% Debenture | 60000+10000 | | 70000 | 70000 |
| Liability for contingent consideration | | | 60000 | 60000 |
| Trade Payables | 50000+36000 | 50000 | 50000 | 86000 |
| **Total** | | | **1140000** | **1286000** |

**Note 1:**

**###** In the above problem regarding the carried amount of the old investment of 20 % interest in B Ltd. the question was silent whether it is at cost or at equity method value. In the solution to avoid complication it is assumed that both cost and equity method value are same. On the contrary if we change Investment in B Ltd. on the Balance sheet of X Ltd on 31-03-20X2 as below, the solution will be different.

**Problem 2:** In problem 1 Investment in B Ltd. carried at amount of Rs.100000 is valued under equity method with share of post acquisition profits in Associate Rs. 15000. Show separate balance sheet on 31-03-20X2 and on 01-04-20X2.

**Solution:**

| | | |
|---|---|---|
| Working note 1: Fair value of previously held interest: | | Rs. |
| Carried value (Equity Method) | 100000 | |
| Fair Value for 20% interest (based on fair value of NCI) | | 110000 |
| Profit on Revaluation through P&L | 10000[a] | |
| Post acquisition share of profit and loss in Associate | | 15000[c] |
| Cost of Investment = 100000 – 10000 = | | 85000 |

Working note 2: For Separate financial statements Other Equity of X Ltd. is consolidated Other equity less the post-acquisition profits of Rs. 15000[c].

| | X Ltd. | | X Ltd. |
|---|---|---|---|
| Equity Share Capital | 460000 | PPE | 180000 |
| Other Equity 370000-15000[c] | 355000 | Investment in 20% shares in B Ltd. | 85000 |

Separate balance sheet of X Ltd. as at 31-03-20X2 is as below.

| | | | |
|---|---|---|---|
| | | 100000-15000[c] | |
| 12% Debenture | 60000 | Current Assets | 660000 |
| Creditors | 50000 | | |
| Total | 925000 | Total | 925000 |

Separate balance sheet of X Ltd. as at 01-04-20X2:

| | Working for Separate | Separate |
|---|---|---|
| PPE | 180000 | 180000 |
| Investment | 85000+580000 | 665000 |
| Goodwill | | |
| Current Assets | 660000-30000-20000 | 280000 |
| **Total** | | **1125000** |
| Equity Share Capital | | 560000 |
| Other Equity | 355000+50000-20000 | 385000 |
| NCI | | |
| 12% Debenture | | 70000 |
| Liability for contingent consideration | | 60000 |
| Trade Payables | 50000 | 50000 |
| **Total** | | **1125000** |

**Problem 3:** In problem 1 Investment in B Ltd. carried at amount of Rs.100000 is valued under equity method with share of post acquisition profits in B Ltd. (Associate) Rs. 16000 and share of post acquisition OCI in B Ltd. (Associate) Rs. 8000. Show separate balance sheet on 31-03-20X2 and on 01-04-20X2.

**Solution:**

| | |
|---|---|
| Working note 1: Fair value of previously held interest: | <u>Rs.</u> |
| Carried value (Equity Method) | 100000 |
| Fair Value for 20% interest (based on fair value of NCI) | <u>110000</u> |
| Profit on Revaluation through P&L | 10000 [a] |
| Post acquisition share of profit and loss in Associate | 16000[d] |
| Post acquisition share of OCI in Associate | 8000[d] |
| Cost of Investment = 100000 – 16000 - 8000 = | 76000 |

Working note 2: For Separate financial statements Other Equity of X Ltd. is consolidated other equity less the post-acquisition profits of Rs. 24000 [d] (16000+8000)

Separate balance sheet of X Ltd. as at 31-03-20X2 is as below.

| | Rs. | | Rs. |
|---|---|---|---|
| Equity Share Capital | 460000 | PPE | 180000 |
| Other Equity 370000-24000 [d] | 346000 | Investment in 20% shares in B Ltd. 100000-24000 [d] | 76000 |
| 12% Debenture | 60000 | Current Assets | 660000 |
| Creditors | 50000 | | |
| Total | 916000 | Total | 916000 |

Separate balance sheet of X Ltd. as at 01-04-20X2:

| | Working for Separate | Separate (Rs.) |
|---|---|---|
| PPE | 180000 | 180000 |
| Investment | 76000+580000 | 656000 |
| Goodwill | | |
| Current Assets | 660000-30000-20000 | 280000 |
| **Total** | | **1116000** |
| Equity Share Capital | | 560000 |
| Other Equity | 346000+50000-20000 | 376000 |

| | | |
|---|---|---|
| NCI | | |
| 12% Debenture | | 70000 |
| Liability for contingent consideration | | 60000 |
| Trade Payables | 50000 | 50000 |
| **Total** | | **1116000** |

Consolidated accounting is changed as follows:

Additional entry in (I)

| | | |
|---|---|---|
| OCI A/C Dr. | 8000 | |
| To, Profit and Loss A/C | | 8000 |

(Transfer)

Corresponding changes in statement of Change in equity should be made but other equity total will not be affected. The will be no other change in consolidated accounts.

**Problem 4:**

In continuation of the original problem 1 above, on 01-04-20X3, X Ltd. sold 5% interest in B Ltd. at a price of Rs. 54000 in cash (the NCI share of profit during 20X2-X3 was Rs.10000). On 01-04-20X4 X Ltd. purchased 25% interest in B Ltd. at a price of Rs. 150000 in cash (the NCI share of profit during 20X3-X4 was Rs.12000). Show the journal entries in separate set of accounting and in consolidated set of accounting.

**In Separate set:**

| | | |
|---|---|---|
| <u>On 01-04-20X3</u> | | |
| Cash a/c Dr. Rs. | | 54000 |
| To, Investment a/c [(5/80)*680000][1] | | 42500 |
| To, P&L a/c | | 11500 |
| <u>On 01-04-20X4</u> | | |
| Investment a/c | Dr. | 150000 |
| To, Cash a/c | | 150000 |

[1] On 01-04-20X2 Investments(80%) were valued at Rs. 680000. For sale of 5% interest Investment is credited by (5/80)*680000

**In consolidated set:**

| | |
|---|---|
| <u>On 01-04-20X3</u> | |
| Cash a/c Dr. Rs. | 54000 |
| To, NCI [(5/20)*(110000+10000)][2] | 30000 |
| To, Other Equity | 24000 |
| <u>On 01-04-20X4</u> | |
| NCI a/c Dr. (150000+12000)[3] | 162000 |
| To, Other Equity | 12000 |
| To, Cash a/c | 150000 |

[2] On 01-04-20X2 NCI value was Rs. 110000. Share of NCI for profits during 20X2-20X3 was Rs. 10000. On 01-04-20X3 NCI (20%) is valued at 110000+10000 = Rs. 120000. For sale of 5% shares in B Ltd. NCI is increased (credited) by (5/20)*120000 = Rs. 30000.
[3] On 01-04-20X3 NCI value was Rs. 120000+30000 = 150000. Share of NCI for profits during 20X3-20X4 was Rs. 12000. On 01-04-20X4 NCI (25%) is valued at 150000+12000 = Rs. 162000. For purchase of 25% interest in B Ltd. NCI is decreased (debited) by (25/25)*162000 = Rs. 162000.

[2] On 01-04-20X2 NCI value was Rs. 110000. Share of NCI for profits during 20X2-20X3 was Rs. 50000*20% = Rs. 10000. On 01-04-20X3 NCI (20%) is valued at 110000+10000 = Rs. 120000. For sale of 5% shares in B Ltd. NCI is increased (credited) by (5/20)*120000 = Rs. 30000.

[3] On 01-04-20X3 NCI value was Rs. 120000+30000 = 150000. Share of NCI for profits during 20X3-20X4 was 48000*25% = Rs. 12000. On 01-04-20X4 NCI (25%) is valued at 150000+12000 = Rs. 162000. For purchase of 25% interest in B Ltd. NCI is decreased (debited) by (25/25)*162000 = Rs. 162000.

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YEARS OF CELEBRATING THE MAHATMA

GROUP: iv, PAPER: 18

# INDIRECT TAX LAWS & PRACTICE (ITP)

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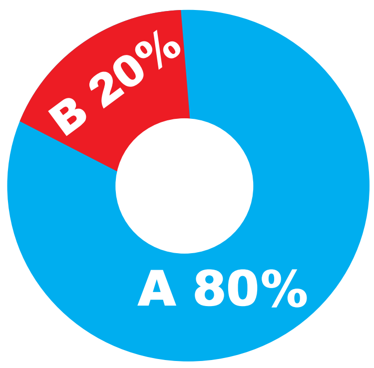
## Your Preparation Quick Takes




**Syllabus Structure**

**A** Advanced Indirect Tax and Practice **80%**

**B** Tax Practice and Procedures **20%**

Learning Objectives –

- Basic Import and Export Procedure
- Exim Policy
- Special permission / licence for import
- General procedure for importing goods
- Bill of Entry
- Import Remittance
- Impact of GST on Imports and Exports
- Anti Dumping and safeguard Duty
- Notification for amendment of certain trade policies

# IMPORT AND EXPORT PROCEDURES

Initially the person like to import a certain product will gather the relevant information about the particular country and details of exporting firm as per requirements. Generally the information can be obtained through trade directories, trade organization, association and other e mode. Exporter usually a send a proforma invoice to the importer before the actual import take place.

The Foreign Trade (Development & Regulation) Act, and India's Export Import (EXIM) Policy governed the import and export in India. All the matters related to EXIM Policy are controlled by Directorate General of Foreign Trade (DGFT) and considered to be principal governing body.

Importers are needed to register with the DGFT to get an Importer Exporter Code Number (IEC) issued against their Permanent Account Number (PAN), before engaging in EXIM activities. After obtaining the IEC, the source of items for import must be identified and declared.

Harmonized System (ITC-HS) allows for the free import of most goods without a special import license as per the Indian Trade Classification

Special permission or licensing is required for some goods such as follows -

a) Licensed (Restricted) Items – Certain consumer goods like precious and semi-precious stones, products related to safety and security, seeds, plants, animals, insecticides, pharmaceuticals and chemicals, and some electronic items an be imported after obtaining an import license from the DGFT.

b) Canalized Items – These items include petroleum products, bulk agricultural products such as grains and vegetable oils, and some pharmaceutical products and it can only be imported via specified transportation channels and methods, or through government agencies such as the State Trading Corporation (STC).

c) Prohibited Items – These goods like tallow fat, animal rennet, wild animals, and unprocessed ivory are strictly prohibited from import.

**The general procedure for importing goods are as below -**

1. Trade Inquiry. The import begins the procedure of importing goods with the trade inquiry that what percentage of countries and companies export the required merchandise.
2. Getting **import** license and quota
3. Procurement of Foreign Exchange
4. Placement of an order.
5. Despatch of letter of credit
6. Appointing clearing and forwarding agents
7. Make arrangement for payment
8. Advice of Shipment.
9. Receipts of **documents**
10. Bill of entry

## BILL OF ENTRY

**Every importer has to submit to customs officer in regard to imported goods other than goods intended for transit or transshipment through a Bill of entry which is considered to be as a very vital and important document in prescribed form and manner.**

**The Importer who is submitting the a bill of entry should ensure that**

a) **The accuracy and completeness of the information providing**

b) **The authentic and validity of any supporting documents, and**

c) **Compliance with the restriction or prohibition, if any relating to the goods under Customs Act or under any other law for the time being in force.**

**The Bill of entry is document, certifies the description and value of goods entering the country to be submitted as –**

i) The original and duplicate for customs

ii) A copy for the importer

iii) A copy for the bank

iv) A copy for making remittances

**Presently no formal bill of entry is required as the required data already been recorded through Electronic Data Interchange (EDI) system.** for processing of the entry for customs clearance importer is required to file a cargo declaration after prescribing particulars required.

**The Bill of Entry is mainly three types –**

**a**) Bill of Entry for Home Consumption – When the imported goods are to be used for consumption within India considered as Home Consumption is in white colour. This form is used when the imported goods are to be cleared on payment of full duty

b) Bill of Entry for Housing – If the imported goods are not needed immediately, importers may store the goods in a warehouse without the payment of duty under a bond and then clear them from the warehouse as per the requirement by paying the required duty. This will enable the deferment of payment of the customs duty until goods are actually required. This Bill of Entry is printed on yellow paper and is thus often called the 'yellow bill of entry'. It is also known as the 'into bond bill of entry' as the bond is executed for the transfer of goods in a warehouse without paying duty.

c) Bill of Entry for Ex-Bond Clearance – At the time of clearance from the warehouse on payment of duty paper this is used which is of green colour.

**Import Remittance**

When both the parties (importer and exporter) has already gained some faith and mutual understanding the **Import** and Export Documentary **Remittances** are a means of payment/receipt that can be used instead of the Documentary Credit, Payment Order or Foreign Cheque in transactions. This is cost effective method of payment.

Generally when **imported** goods first enter the country import duty is levied i.e duty is payable as soon as specific consignment reaches the custom border, then the owner, purchaser or a **Customs** broker (the importer of record) must file entry documents at the port of entry and pay the estimated **duties** to **Customs**.

<u>Impact of GST on Imports and Exports in India</u>

There are certain items like aerated water products, tobacco products, and motor vehicles, among others, will attract an additional levy of the GST Compensation Cess, over and above IGST. The Cess is calculated on the transaction value or the price at which the goods are sold.

The Goods and Services Tax (Compensation to States) Act, 2017 was enacted to levy Compensation Cess for providing compensation to Indian states for the loss of revenue arising on account of implementation of the Goods and Services Tax from July 1, 2017.

The Compensation Cess on goods imported within India shall be levied and collected as per the provisions of Section 3 of the Customs Tariff Act, 1975, at the point when duties of customs are levied on the said goods under Section 12 of the Customs Act, 1962, on a value determined under the Customs Tariff Act, 1975.

**Anti-Dumping Duty**

If the central government find that a good is being imported at below fair market price may impose an anti-dumping duty and the importer will be notified..

The duty cannot exceed the difference between the export and normal price (margin of dumping).

If the goods are imported by 100 percent Export Oriented Units (EOU) and units in Free Trade Zones (FTZs) and Special Economic Zones (SEZs) the Anti Dumping Duty will not apply.

**Safeguard Duty**

If the central government thinks that a sudden rise in exports is causing, or threatens to cause, serious damage to a domestic industry Safeguard Duty is imposed

A notification regarding the imposition of Safeguard Duty is valid for four years with the possibility of being extended to 10 years.

**Notification regarding the amendment of certain trade policies is appended as below**

Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhavan
*******
Notification No. 42/2015-20

New Delhi, dated the 10th January, 2020

Subject: Amendment in Para 6.01(k) of Foreign Trade Policy 2015-20

S.O(E): In exercise of powers conferred by Section 5 of FT(D&R) Act, 1992, read with Paragraph 2.01 of the Foreign Trade Policy, 2015-20, as amended from time to time, the Central Government hereby makes the following amendments in para 6.01(k) of Chapter 6 of Foreign Trade Policy 2015-20:

| Existing policy provision | Amended policy provision |
|---|---|
| BOA may allow, on a case to case basis, requests of EOU / EHTP / STP/ BTP units in sectors other than Gems & Jewellery, for consolidation of goods related to manufactured articles and export thereof along with manufactured article. Such goods may be allowed to be imported / procured from DTA by EOU with or with out payment of duty and/or taxes as provided at Para 6.01(d) (ii)and(iii) above, as the case may be to the extent of 5% FOB value of such manufactured articles exported by the unit in preceding financial year. Details of procured /imported goods and articles manufactured by the EOU will be listed separately in the export documents. In such cases, value of procured / imported goods will not be taken into account for calculation of NFE and DTA sale entitlement. Such procured /imported goods shall not be allowed to be sold in DTA. BOA may also specify any other conditions. | Development Commissioner / Designated Officer may allow, on a case to case basis, requests of EOU / EHTP / STP/ BTP units in sectors other than Gems & Jewellery, for consolidation of goods related to manufactured articles and export thereof along with. manufactured article. Such goods may be allowed to be imported / procured from DTA by EOU with or without payment of duty and/or taxes as provided at Para 6.01(d) (ii)and(iii) above, as the case may be to the extent of 5% FOB value of such manufactured articles exported by the unit in preceding financial year. Details of procured / imported goods and articles manufactured by the EOU will be listed separately in the export documents. In such cases, value of procured/imported goods will not be taken into account for calculation of NFE and DTA sale entitlement. Such procured /imported goods shall not be allowed to be sold in DTA. Development Commissioner /Designated Officer may also specify any other conditions. |

Effect of Notification: Authority of approving proposals for consolidation of goods related to manufactured articles has been delegated to Development Commissioner/Designated Officer concerned.

[Amit Yadav]
Director General of Foreign Trade
Officer Additional Secretary, Government of India
Email: dgft@nic.in

GROUP: iv, PAPER: 19

# COST & MANAGEMENT AUDIT (CMAD)

CMA S S Sonthalia
Practicing Cost Accountant
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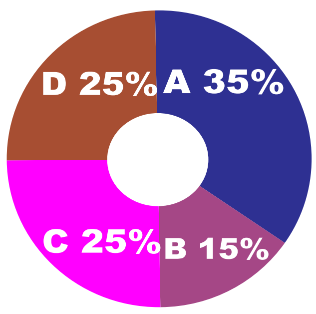
## Your Preparation Quick Takes




**Syllabus Structure**

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

**Learning Objectives:**

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

## Topic: Cost Audit and Related Party Transactions.

In today's economic context understanding, examining and reporting related party transactions assumes larger responsibility on the part of cost accountants doing the cost audit and reporting the same in his/her report. The issues carry more significance with regard to reporting of Transfer price and its comparison with Normal price as the related party transactions have the tendency to influence the decision of the management on transfer pricing.

Form CRA – 1, Para 24 of the Companies (Cost records and Audit) Rules, 2014, contain the provisions with regard to maintenance of cost records with respect to Related party transactions. Therefore it is imperative for the cost auditor to first identify the related parties and the transactions with them covering the period of audit.

As per the Para the Related Party means the related party as defined under clause (76) of section 2 of the Companies Act, 2013 (18 of 2013).

As per section 2 (76) of the Companies Act, 2013, the term "related party" to mean:

- A director or his relative
- KMP or his relative
- A firm, in which a director, manager or his relative is a partner
- A private company in which a director or manager is a member or director
- A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
- A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except if advice/ directions/ instructions are given in the professional capacity
- Any person on whose advice, directions or instructions a director or manager is accustomed to act, except if advice/ directions/ instructions are given in the professional capacity
- Any company which is:
  - A holding, subsidiary or an associate company of such company, or
  - A subsidiary of a holding company to which it is also a subsidiary
- Such other persons as may be prescribed.

As per the paratransactions or supplies made or services rendered by a company to a company or a person termed as "related party"or vice-a-versa, shall records and maintainthe contracts entered into, or the agreements orunderstanding reached with such partiesin respect of the following type of transactions.

Purchase and sale of raw materials, finished goods, rendering of services, process materials and rejected goods including scraps and other related materials;

Utilisation of plant facilities and technical know-how;

Supply of utilities and any other services;

Administrative, technical, managerial or any other consultancy services;

Purchase and sale of capital goods including plant and machinery; and

Any other payment related to the production of goods or rendering of services under reference.

The records shall also indicate the basis followed for arriving at the rates charged or paid for such goods or services so as to enable determination of the reasonableness of such rates with normal price. Further the auditor should also examine that necessary approval of BOD / Members as applicable has been taken by reviewing the minutes of meeting.

"Normal" price means price charged for comparable and similar products in the ordinary course of trade and commerce where the price charged is the sole consideration of sale and such sale is not made to a related party. Normal price can be construed to be a price at which two unrelated and non-desperate parties would agree to a transaction and where such transaction is not clouded due to the proximity of the parties to the transaction and free from influence, though the partiesmay have shared interest.

Further the basis adopted to determine the Normal price shall be classified amongst one of the following methods.

(i) Comparable uncontrolled price method;
(ii) Resale price method;
(iii) Cost plus method;
(iv) Profit split method;
(v) Transactional net margin method; or
(vi) Any other method, to be specified.

Reporting as per CRA 3 of Companies (Cost records and Audit) Rules, 2014,
Part – D, Para 5 - **RELATED PARTY TRANSACTIONS (for the company as a whole)**

1. Sl. No
2. Name and address of Related party
3. Name of the Product / Service group
4. Nature of Transactions (Sale / Purchase etc.)
5. Quantity
6. Transfer price
7. Amount
8. Normal price
9. Basis adopted to determine the normal price.

There may be a single transaction or multiple of transactions during the year under audit with one or more related parties. Each transaction needs to be reviewed as per the above provisions. Further details can be cross checked with annual accounts of the company as the transactions with related parties needs to be disclosed in the notes to the annual accounts. While the responsibility with statutory financial auditor primarily rests with regard to disclosure in annual accounts. The responsibility with statutory cost auditor primarily rests with regard to reasonableness of transactions.

YEARS OF CELEBRATING THE MAHATMA

GROUP: iv, PAPER: 20

# STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION (SPBV)

Dr. Ashish Kumar Sana
Professor, Department of Commerce
University of Calcutta
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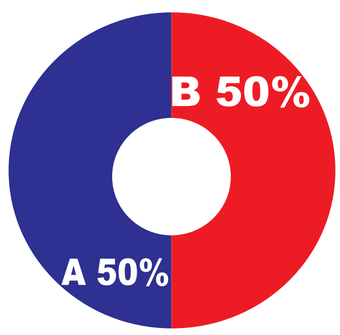
## Your Preparation Quick Takes




**Syllabus Structure**

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

**Learning objectives:**

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

- understand H Model and Three Stage Growth Model of equity share
- solve the problems on H Model and Three Stage Growth Model of equity share

## Corporate Distress: Causes and Tools of Analysis

Corporate failures are common in competitive business environment where market discipline ensures the survival of fittest. Moreover, mismanagement also leads to corporate failure. Predicting corporate failure is based on the premise that there are identifiable patterns or symptoms consistent for all failed firms.

According to Altman (1993), there is no unique definition of corporate failure. Corporate failure refers to companies ceasing operations following its inability to make profit or bring in enough revenue to cover its expenses. This can occur as a result of poor management skills, inability to compete or even insufficient marketing.

**Symptoms of Corporate Failure**

1. Low profitability
2. High gearing
3. Low liquidity

Each of these three symptoms may be indicated by trends in the company's accounts. Symptoms are interrelated. The classic path to corporate failure starts with the company experiencing low profitability. This may be indicated by trends in the ratios for:

- Profit margin
- Return on Capital Expenditure
- Return on Net Assets

### Causes of Corporate Distress

**1. Technological causes**

By using new technology, cost of production can be reduced and if an organization continues to use the old technology and its competitors start using the new technology; this can be detrimental to that organization. Due to high cost of production, it will have to sell its products at higher prices than its competitors and this will consequently reduced its sales and the organization can serious problems.

This situation was seen in the case of Mittal Steel Company taking over Arcelor Steel Company. Arcelor Steel Company was using its old technology to make steel while Mittal Steel Company was using the new technology and as a result, Mittal Steel Company was able to sell steel at lower price than Arcelor Steel Company due to its low cost of production. Arcelor Steel Company was approaching corporate failure and luckily, Mittal Steel Company merged with Arcelor Steel Company and became Arcelor Mittal Steel Company, thus preventing Arcelor from failure.

**2. Working Capital Problems**

Organizations also face liquidity problems when they are in financial distress. Poor liquidity becomes apparent through the changes in the working capital of the organization as they have insufficient funds to manage their daily expenses.

**3. Economic Distress**

A turndown in an economy can lead to corporate failures across a number of businesses. The level of activity will be reduced, thus affecting negatively the performance of firms in several industries. This cannot be avoided by businesses.

**4. Mismanagement**

Inadequate internal management control or lack of managerial skills and experience is the cause of the majority of company failures. Some managers may lack strategic capability that is to recognize strengths, weaknesses, opportunities and threats of a given business environment. These managers tend to take poor decisions, which may have bad consequences afterwards.

**5. Over-expansion and Diversification**

The situation of over expansion may arise to the point that little focus is given to the core business and this can be harmful as the business may become fragment and unfocused. In addition, the companies may not understand the new business field. Enron and WorldCom can be an example for this situation where the managers did not understand how growing overcapacity would influence its investment and therefore did not comprehend the risks associated with it.

**6. Fraud by Management**

Management fraud is another factor responsible for corporate collapse. Ambitious managers may be influenced by personal greed. They manipulate financial statements and accounting reports. Managers are only interested in their pay checks and would make large increase in executive pay despite the fact that the company is facing poor financial situation.

**7. Poorly Structured board**

Board of Directors is handpicked by CEO to be docile and they are encouraged by executive pay and generous benefits. These directors often lack the necessary competence and may not control business matters properly. These directors are often intimated by dominant CEO and do not have any say in decision making.

### Corporate Failure prediction Model

Several techniques have been developed to help predict why companies fail. However, these are not accurate and do not guarantee that the prediction will turn out to be true. These models are The Z-Score, Argenti Model, and the VK model amongst others. Here, Altman's Z Score model has been discussed:

Beaver was one of the first researchers to study the prediction of bankruptcy using financial statement data. The established practice for failure prediction is therefore a model based on financial ratio analysis. Published financial reports contain a great deal of information about the company performance and prospects. Therefore, ratio analysis is not preferred for financial accounts interpretation however; it has also played a central role in the development of bankruptcy prediction models.

## The Altman Model: Z-Score

Edward I. Altman developed a Multivariate Model of Corporate Distress Prediction on the basis of Multiple Discriminant Analysis (MDA). In his study, Altman selected 33 failed and 33 non-failed firms, of which 22 Accounting and Non-accounting Ratios, which had been deemed to be the predictors of Corporate Distress, were taken into consideration. Of the 22 Accounting Ratios, he selected 5 ratios which had been deemed as the best predictors of Corporate Distress Prediction.

The purposes of these five selected ratios are as follows:

- To measure liquidity position of the firms.
- To measure reinvestment of earnings of the firms.
- To measure profitability of the firms.
- To measure financial leverage condition of the firms.
- To measure sales-generating ability of firm's Assets.

In 1968, the following Discriminant Function was developed by Altman:

$$Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1.0X_5$$

Where,

Z = Overall Index of Multiple Index Function

$X_1$ = working capital / total assets. It measures liquid assets in relation to the size of the company.

$X_2$ = retained earnings / total assets. It measures profitability that reflects the company's age and earning power.

$X_3$ = earnings before interest and taxes / total assets. It measures operating efficiency apart from tax and leveraging factors. It recognizes operating earnings as being important to long-term viability.

$X_4$ = market value of equity / book value of total liabilities. It adds market dimension that can show up security price fluctuation as a possible red flag.

$X_5$ = sales / total assets. Standard measure for total asset turnover (varies greatly from industry to industry).

**Analysis of Value of Z-score**

(i) If the calculated value of Z-score is greater than 2.99, it is predicted that the firm belongs to non-bankrupt class (i.e., non-failed firm).

(ii) If the calculated value of Z-score is smaller than 1.81, it is predicted that the firm belongs to bankrupt class (i.e., failed firm).

(iii) If the calculated value of Z-score of a firm falls between 1.81 and 2.99 (referred to as Grey Area), it is predicted that the firm consists of both bankrupt and non-bankrupt class (i.e., mixture of failed and non-failed elements) and, therefore, requires further investigation to determine its solvency status.

As per Altman's Multivariate Model of Distress Prediction

(a) If $Z > 2.99$: Non-failed or non-distressed firm
(b) If $Z < 1.81$: Failed or distressed firm
(c) If $Z \geqslant 1.81$ but $\leqslant 2.99$: Mixture of failed and non-failed elements which requires further investigation to determine its solvency status.

In 1983, Altman developed a revised Z-score model for privately held firms. "Credit analysis, private placement dealers, accounting auditors, and firms themselves are concerned that the original model is only applicable to publicly traded entities (since X requires stock price data)". The revised Z-scores substitute the book value of equity for the market value in X . The new Z-score model ratios are listed below:

$X_1$ = Working capital / total assets
$X_2$ = Retained earnings / total assets
$X_3$ = Earnings before interest and taxes / total assets
$X_4$ = Market value of equity / total liabilities
$X_5$ = Sales / total assets

A change in the weight factor is also calculated. The revised Z-Score formula follows:

$$Z = 0.717(X_1) + 0.847(X_2) + 3.107(X_3) + 0.420(X_4) + 0.998(X_5)$$

**Zones of discrimination:**

$Z > 2.99$ – "Safe" Zone
$1.81 < Z < 2.99$ – "Grey" Zone
$Z < 1.81$ – "Distress" Zone

Z- score estimated for manufacturers, industrials, non-manufacturers & emerging markets

**Z-Score bankruptcy model:** $Z = 6.56X_1 + 3.26X_2 + 6.72X_3 + 1.05X_4$

$X_1$= = (Current Assets – Current Liabilities) / Total Assets
$X_2$== Retained Earnings / Total Assets
$X_3$= Earnings before Interest and Taxes / Total Assets
$X_4$= Book Value of Equity/Total Liabilities

Zones of discriminations:

$Z > 2.60$ – "Safe" Zone

$1.1 < Z < 2.60$ – "Grey" Zone
$Z < 1.1$ – "Distress" Zone

150 YEARS OF CELEBRATING THE MAHATMA

# PRACTICAL Advice

## ABOUT YOUR STUDIES - FINAL COURSE

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

START

01 Read Study Notes
MTPs, E-Bulletin
Work Books
Attend Webinar Sesssions

02 Solve Excercises given in Study Notes

03 Assess Yourself

04 Appear For Examination

FINISHED

# SUBMISSIONS

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.

Respected Mam,

Myself **Shreekant Prasad,** CMA Final Student, bearing Registration No—**13081000017 and I have attended** CMA FINAL EXAM, DEC 2019,,

I am really thankful to you and our CMA INSTITUTE for the kind support and help to provide additional materials for exam preparation, like-Supplementary, Work book, MTP, and Supplementary in accounts Paper-17 and also addition materials for new patterns and also- monthly Students final E bulletin, it was really helpful so much for final revision.

To mention, in this term November 2019 issue of E- bulletin was really useful. I, personally attempted 15 to 20 marks questions for December 2019 exam, from July to November 2019 editions of E- bulletin.(6 months prior to the exams, I followed)
For examples, some I am mentioning below:
**In Paper-15**, (SCM)..--time cost, project creasing-network diagram-(from Nov 2019 issue) and - marginal costing problem, of full marks, (from July 2019 issue) of E- bulletin.
**In Paper 13.(**CLC**)** questions covering from-corporate law--Companies Act short question, debentures , equity, etc.
In **Paper 14**,(SFM)--investment decision making and currency problem.., direct and indirect quotation ,(September 2019 issue of E- bulletin).
**In Paper 19,** (CAMA)- hospital audit, common question ,(from July 2019 issue of E- bulletin) and cost auditor's responsibility, professions ethics, auditor documents etc.
**In Paper 17**, problems on Amalgamation, hopefully helped to score.
**In Paper 18**,(ITP)- time of supply question in GST section (from-July 2019 issue of E- bulletin).

Please accept my humble acceptance, I am really thankful to all of them who work for our better future of our institute and also thanks to you mam....

**HARE KRISHNA.**

I attend CMA Final Exam, Dec 2019,
I really thankful to you and our CMA Institute. For kind support and help to provide additional material for exam preparation, Like - Supplementary, Work Book, MTP, and Accounts addition material for new patters and special - Monthly Final E-Bulletin. Its really help full so much for final revision. In this term November 2019 E-Bulletin, really use full. I personnel getting 15 to 20 marks common question for December 2019 exam form.

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



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

150 YEARS OF CELEBRATING THE MAHATMA

# *Message from* Directorate of Studies

Dear Students,

Greetings !!!

We from the Directorate of studies know your expectations from us and accordingly we are trying to delivery some meaningful tips through the publications of monthly E-bulletins. Other than this we are trying to help you through, Mock Test Papers (MTPs), Work Book, and we have conducted Webinar sessions.

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

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

Let us observe his memory by following his message.

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

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

**Please refer the links mentioned below :**

For Mock Test Papers (MTP) : **https://icmai.in/studentswebsite/mtp2016_j19_Final.php**

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

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

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

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

- Don't give up
- Don't give in
- Don't give out

You can win!

**GOOD LUCK**

**Be Prepared and Get Success;**

# Few Snapshots

CMA Balwinder Singh, President along with CMA Ashwin G Dalwadi, Council Member of the Institute during Pre-Placement Orientation Training Programme held on 14th March 2020 at Ahmedabad.

Glimpses of CMA Womennovator Conclave 2020 organised by the Institute in association with Womennovatoron 7th March, 2020 at New Delhi


Glimpses of CMA Womennovator Conclave 2020 organised by the Institute in association with Womennovatoron 7th March, 2020 at New Delhi

Glimpses of CMA Womennovator Conclave 2020 organised by the Institute in association with Womennovatoron 7th March, 2020 at New Delhi

Glimpses of the Golden Jubilee Conference 2020 of KalyanAmbernath Chapter of the Institute organised on the theme 'Infrastructure - A Propeller' at Kalyan on 22nd February 2020.

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