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CMA Student E - Bulletin

FINAL

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Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016
Ph: 091-33-2252 1031/34/35/1602/1492
Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003
Ph: 091-11-24666100

Behind every successful business decision, there is always a CMA

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YEARS OF CELEBRATING THE MAHATMA

KNOWLEDGE Update

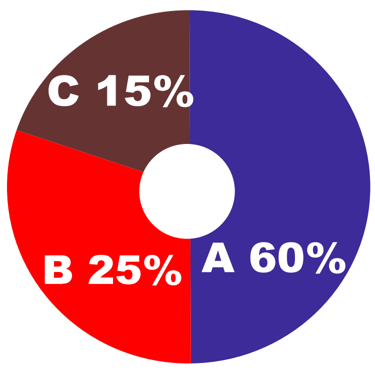
In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.

GROUP: iii, PAPER: 13

CORPORATE
LAWS & COMPLIANCE (CLC)

Shri Subrata Kr. Roy
Company Secretary & Consultant
He can be reached at:
subrataoffice@rediffmail.com

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.

Few important compliances of SEBI (LODR) Regulations

applicability

Listed entity, whose any of the following designated securities are listed on recognized stock exchange(s):

- *Specified securities listed on main board or SME Exchange or institutional trading platform;*
- *non-convertible debt securities*
- *non-convertible redeemable preference shares*
- *perpetual debt instrument*
- *Perpetual non-cumulative preference shares*
- *Indian depository receipts*
- *securitized debt instruments*
- *units issued by mutual funds*
- *any other securities as may be specified by the Board.*

Compliance Officer and his Obligations

- Qualified Company Secretary as the compliance officer
- Responsible for –
  - Ensuring conformity with the regulatory provisions
  - Co-ordination with and reporting to the Board, recognised stock exchange(s) and depositories the compliance with rules, regulations and other directives of these authorities
  - Ensuring that the correct procedures have been followed in filing monitoring email address of grievance redressal division

Registrar and Transfer Agents (RTA)

Mandatory if total number of security holders exceeds one lakh

- Other wise the listed entity shall have to be registered with the Board
- Ensuring all activities in relation share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent
- Half yearly Compliance Certificate with regard to compliance of the above with stock exchange
- Within 1 month of end of half year

Policy on Preservation of documents - reg 9

- To be approved by BoD
- Documents to be classified under 2 categories – documents to be preserved permanently and documents to be preserved for minimum 8 years
- Board to specify categories

Grievance Redressal Mechanism – Reg 13

- Mandatory registration with SCORES platform or other electronic platform or system of the Board
- Filing of quarterly statement with respect to-

- number of pending investors' complaints at the beginning and ending of the quarter
- Complaints received and disposed and remained unresolved
- within 21 days of the end of the quarter

material subsidiary

Whose income / net worth exceeds 20% of consolidated income / net worth

Obligations pertaining to material subsidiaries

-At least 1 ID to be director of unlisted Indian material subsidiary
-Audit committee to review the Financial Statement
-minutes of Board meetings to be placed before Board of the holding company
-statement of all significant transactions and arrangements entered into by the unlisted subsidiary to be placed before board of the holding company
-SR will be required in case of-

- disposal of shares resulting in reduction of its shareholding to less than 50% or cessation of control over the subsidiary
- Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

Composition of Board

- Optimum combination of executive and non-executive directors
  - At least one woman director
  - Not less than 50% non-executive directors
  - 1/3rd Independent directors. Where chairperson is related to promoter then ½ independent Director
  - Shall meet at least four times a year. Board meetings to have maximum time gap of 120 days between any two meetings.

Vigil Mechanism

- For directors and employees
- adequate safeguards against victimization of director(s) or employee(s) or any other person
- direct access to the chairperson of the audit committee

related party transaction

- Formulation of policy on "materiality" and on dealing with RPT
- Material RPT

Previous +proposed transaction during FY exceeds 10% of annual consolidated turnover

- All RPT shall require prior approval of the audit committee

Audit committee may grant omnibus approval (reviewed quarterly)
Quarterly review of RPTs pursuant to omnibus approval
Resolution valid for 1 year

- Material RPT shall require approval of shareholders(ordinary Resolution)

All related party to abstain from voting

Obligations pertaining to Independent directors

-Not to serve as ID in more than 7 listed entities
-At least 1 meeting in a year without the presence of non-independent director
-Duties

- Review performance of non-independent directors
- Review performance of chairperson
- Assess quality and timeliness of information flowing to the Board

-In case of resignation/ removal of ID - Replacement at the next Board meeting or 3 months
-There should be familiarization programmes for IDs

-Quarterly Compliance Certificate- Listed entity shall submit a quarterly compliance report on corporate governance within fifteen days from close of the quarter
-Details of all material related party transaction during the quarter to be disclosed
-Prior intimations to Stock Exchanges – Reg 29
-Meeting of Board held for following matters

- financial results viz. quarterly, half yearly, or annual
- proposal for buyback of securities;

- proposal for voluntary delisting
- proposal for fund raising
- declaration/recommendation of dividend,
- proposal for issue of convertible securities

Filing of shareholding pattern – Reg 31

Statement showing holding of securities and shareholding pattern separately for each class of securities to the Stock exchange on a quarterly basis, within 21 days from the end of each quarter

Financial Statements- Reg 33

To be furnished within 45 days of the end of the quarter. Year end audited financial results - within 60 days of the end of the year
-power to approve financial results is only with the Board of directors
-Limited review report to be place before Board
-option for submission of quarterly consolidated results
-Audit report with modified opinion and the accompanying annual audit report shall be reviewed

- by the stock exchange(s) and
- Qualified Audit Report Review Committee

Other compliances

-Annual report to be submitted within 21 days of adoption at AGM
-Business Responsibility Report is applicable to top 500 listed companies as on March 31 every financial year.
-Annual Information Memorandum to be submitted as specified by SEBI.

-Disclosures on appointment & re-appointment of directors- Reg 36
-Disclosures to the shareholders

- brief resume of the director
- nature of his expertise in specific functional areas
- disclosure of relationships between directors inter-se
- names of listed entities in which the person also holds the directorship and the membership of Committees of the board
- shareholding of non-executive directors

Transfers:

Detailed procedures with timelines has been prescribed for transfer/ transmission/ transposition of securities

Board may delegate the power to transfer

- to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent
- Delegated authority to place report on transfer of securities to the board of directors in each meeting

Registration of transfer

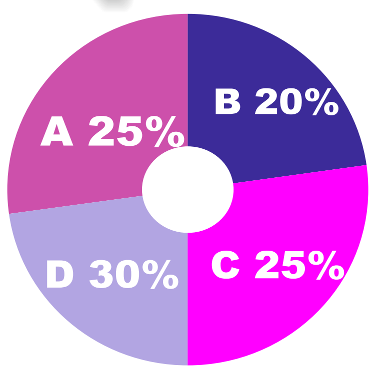
- Transfer within 15 days
    - Otherwise to compensate the aggrieved party
- Transmission for securities held in dematerialized mode within 7 days
- Transmission for physical securities- within 21 days

GROUP: iii, PAPER: 14

STRATEGIC FINANCIAL MANAGEMENT (SFM)

Dr. Swapan Sarkar,
Assistant Professor
Department of Commerce,
University of Calcutta
He can be reached at:
swapansarkar22@gmail.com

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

LEASING DECISIONS

- **Concept of Break-even Lease Rental**

While evaluating a lease-or-buy option, a lessee often looks for a lease rental for which both the lease and the buy option will yield equal amount of cash outflow. Such a lease rental is known as break even lease rental. In other words, the break-even lease rental is the rental at which the lessee remains indifferent to a choice between leasing and buying. Thus, it is the maximum amount of lease rental that the lessee is willing to pay. Therefore, if the actual amount of lease rental is less than or equal to the break-even lease rental, the lessee will accept the lease. Otherwise, the same will be rejected.
To put it symbolically, it is the lease rental (L) for which,
PV of after-tax lease rental (L)
= PV of cash outflow under buy (through loan) option
= PV of Instalments – PV of Interest tax shield – PV of depreciation tax shield – PV of salvage value.
From the view point of a lessor, however, the concept of break-even lease rental is different. Here, break-even lease rental is the minimum lease rental that lessor can accept. In other words, it is the lease rental for which the NPV is zero.
To put it symbolically, it is the lease rental (L) for which,
PV of after-tax lease rental (L) = Cost of the asset - PV of depreciation tax shield - PV of salvage value.
Consider the following illustrations.

Illustration 2: BELR from the point of view of a lessee

Excel Transport needs a truck for which it is considering the following two options:

(i) Buy the asset for Rs.3,00,000 by borrowing the amount @12% interest and repaying the same together with interest in 4 equal annual instalments.
(ii) Acquiring the asset on lease with a payment of annual lease rentals for 4 years.
The firm follows straight line method of depreciation and is under the income tax bracket of 30%. Life of the asset is 4 years.

What is the maximum amount the lessee will be willing to pay for accepting the lease?

Solution:
For calculation, please refer to Illustration 1 in the previous issue of Students' Bulletin.
Present value of cash flow under buy option

Particulars	Rs.
Present value of instalments (98782 x 3.28)	324005
Less. Interest tax shield	22598
Less. Depreciation tax shield	73864
Total	227543

Let the break-even lease rental is Rs. X.
Applicable discount rate = 12(1-0.3) = 8.4% p.a.
So, Present value of after-tax lease rental
= Rs. X × (1- tax rate) × PVIFA (8.4%, 4 years)
= Rs. X × (1- 0.30) × 3.28
= Rs. 2.296X
Conditionally, 2.296X = 227543
So, X = 99104
So, the maximum amount the lessee will be willing to pay for accepting the lease (i.e., BELR) is Rs.99,104.

Illustration 3: BELR from the point of view of a lessor

ABC finance, a leasing company, has been approached by a prospective customer intending to acquire a machine whose Cash Down price is Rs. 6 crores. The customer, in order to leverage his tax position, has requested a quote for a four-year lease with rentals payable at the end of each year but in a diminishing manner such that they are in the ratio of 4: 3: 2: 1. Depreciation can be assumed to be on straight line basis and ABC Finance's marginal tax rate is 30%. The target rate of return for ABC Finance on the transaction is 10% p.a. The asset has no salvage value.

Solution:

Applicable discount rate = 10 (1-0.3) = 7.0% p.a.
Cost of the asset = Rs. 6 crores.
Depreciation under SLM = Rs. 6 crores ÷ 4 years = Rs. 1.5 crores.
PV of depreciation tax shield
= Rs. 1.5 crores x 0.30 x PVIFA (7%, 4 years)
= Rs. 1.5 crores x 0.30 x 3.387
= Rs. 1.52415 crores

Let the amount to be quoted by ABC Finance (i.e., break-even lease rental) is Rs. X for fourth year.
So, Present value of after lease rental revenue will be:

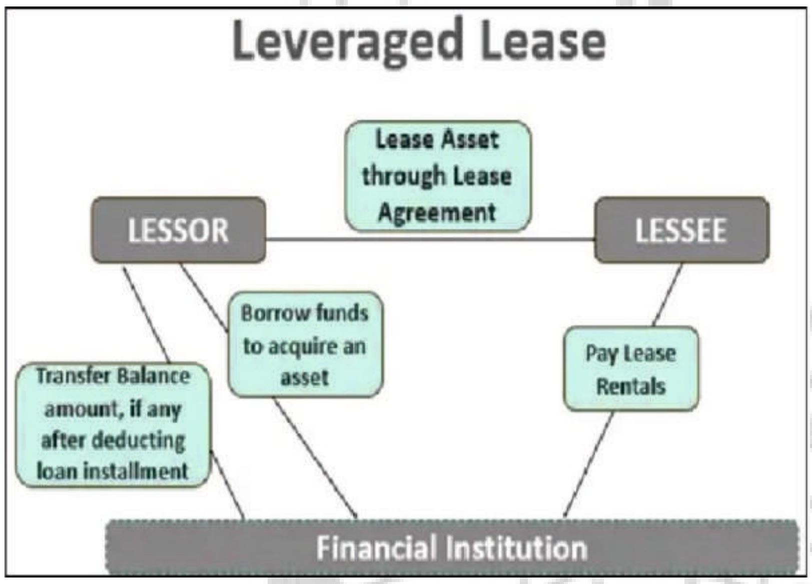
Year	Post tax Rental	PVIF @7%	PV of post-tax rental
1	4X × (1-0.3)	0.935	2.618X
2	3X × (1-0.3)	0.873	1.8333X
3	2X × (1-0.3)	0.816	1.1424X
4	X × (1-0.3)	0.763	0.5341X
Total			6.1278X

Conditionally, 6.1278X = 6,00,00,000 – 15241500
or, X = 73,04,171

So, the lease rentals to be quoted are Rs.2,92,16,684, Rs.2,19,12,513, Rs.1,46,08,342 and Rs.73,04,171

- **Leveraged Lease**

Leveraged lease refers to a lease agreement wherein the lessor acquires an asset partially financed by the financial institutions and lease out the same to the lessee for the agreed lease payments. The lessee transfers the lease rentals directly to an escrow account maintained with the financial institution by the lessor. The financial institution charges the loan instalments (principal as well as interest) from the proceeds available in the escrow account and balance amount if any gets transferred to the account of the lessor.



In case of Leveraged Lease, the lessor must determine the minimum lease rental (or BELR) to recover the equity portion (financed by own fund) of the cost of asset by the net cash flow (i.e., lease rental less loan instalment).
Consider the following illustration.

Illustration 4: BELR in case of Leveraged Lease

P Ltd has taken a plant on lease, valued at ` 20 crore. The lease arrangement is in the form of a leveraged lease. K Ltd. is the equity participant and the H Ltd. is the loan participant. They invested fund in the ratio of 1:4. The loan from H Ltd. carries a fixed rate of interest of 15 percent, payable in 6 equated annual instalments. The lease term is 6 years, with lease rental payable annually in arrear.

(a) Compute the equated annual instalment from the point or view of H Ltd.
(b) If the lease rate is unknown, and H Ltd.'s pre-tax yield is 20 percent, what is the minimum lease rent that must be quoted?

Solution:
Cost of asset = Rs. 40 crores
Debt-equity ratio = 1:4
Loan raised = Rs. 40 x 4/5 = Rs. 32 crores
Rate of interest = 15% p.a.

(a) Let the equated annual instalment = Rs. X
Conditionally, X ×PVIFA (15%, 6 years) = 32
or, 3.7845X = 32
or, X = 32/3.7845
or, X = 8.4555423 Crore = Rs.8,45,55,423

So, the equated annual instalment is Rs.8,45,55,423.
(b) Let the lease rental be Rs. Y
Equity component of the cost of asset = Rs. 40 x 1/5 = Rs.8 crores
So, Net cash flow = Lease rental - Loan instalment = Rs. (Y - 8,45,55,423)
Conditionally, (Y - 8,45,55,423) x PVIFA (20%, 6 years) = 8,00,00,000
or, (Y - 8,45,55,423) x 3.3255 = 8,00,00,000
or, Y - 8,45,55,423 = 2,40,56,533
or, Y = 10,86,11,956
So, the minimum lease rent that must be quoted by H Ltd. is Rs. 10,86,11,956.

YEARS OF CELEBRATING THE MAHATMA

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STRATEGIC COST MANAGEMENT-DECISION MAKING (SCMD)

CMA (Dr.) Sreehari Chava
Cost & Management Consultant,
Nagpur, Maharastra,
He can be reached at:
sreeharichava@yahoo.co.in

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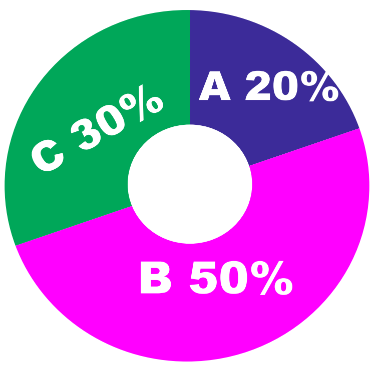

Syllabus Structure

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?

Supply Chain Cost Reduction

01.00 Supply Chain

Supply Chain refers to the entire gambit of linkages in manufacturing a product or rendering a service. For example, in relation to a manufacturing entity, it encompasses all the activities that commence from the extraction of raw materials till the delivery of the finished product to the ultimate consumer.

Listed below are the generic links of a supply chain:

(i) Extraction of Raw Materials

(ii) Vender

(iii) Manufacturer

(iv) Distributer

(v) Retailer

(vi) Consumer

Mapping out an appropriate supply chain is one of the fundamental steps in strategic planning as also cost control processes. Researchers estimate that supply chain costs could range anything between fifteen to twenty percent of the sales revenues.

In order to succeed today and to pave the way for a better future, enterprises need to create strong linkages with their logistics and supply chain partners. More and more of them today are realizing the importance of developing and implementing a comprehensive logistics and supply chain strategy – and then linking this strategy to the overall business goals.

Adopting these initiatives first and foremost requires taking a long-term view and having an extensive focus on all the channels in the total transformation process to create a productive and reliable supply chain.

Technology, which was earlier taken to be a driver for doing business in a particular fashion, has become a "necessary enabler" for aligning business to consumer demand. It can change the way we capture and analyze information, differentiate products and services, configure and sell existing products, crash order cycle times, introduce new products and so on. Information and Communication Technology (ICT) can thus achieve breakthroughs in the area of supply chain design, configuration and planning, which otherwise can never be thought about. There's a concerted move to use ICT for data collection and forecasting.

Here are follow two mini case studies that explore how high-profile companies have managed to sustain their supply chain cost-reduction efforts.

02.00 Case Study 1: Deere & Company

The company undertook a supply chain network-redesign program, resulting in the commissioning of intermediate "merge centers" and optimization of cross-dock terminal locations. Deere & Company (brand name John Deere) is famed for the manufacture and supply of machinery used in agriculture, construction, and forestry, as well as diesel engines and lawn care equipment. Despite the ongoing challenges associated with the pandemic, John Deere delivered a year of solid performance in 2020. The company's Net sales and revenues for the year were $35.54 billion, and net income was $2.75 billion. Deere also delivered solid returns to investors.

The company undertook a supply chain network-redesign program, resulting in the commissioning of intermediate "merge centers" and optimization of cross-dock terminal locations.

Supply Chain Cost Reduction Challenges: Deere and Company has a diverse product range, which includes a mix of heavy machinery for the consumer market, and industrial equipment, which is made to order. Retail activity is extremely seasonal, with the majority of sales occurring between March and July.

The company was replenishing dealers' inventory weekly, using direct shipment and cross-docking operations from source warehouses located near Deere & Company's manufacturing facilities. This operation was proving too costly and too slow. So the company launched an initiative to achieve a 10% supply chain cost reduction within four years.

The Path to Cost Reduction: The company undertook a supply chain network-redesign program, resulting in the commissioning of intermediate "merge centers" and optimization of cross-dock terminal locations. Deere & Company also began consolidating shipments and using break-bulk terminals during the seasonal peak. The company also increased its use of third-party logistics providers and effectively created a network that could be optimized tactically at any given point in time.

Supply Chain Cost Management Results: Deere & Company's supply chain cost-management achievements included an inventory decrease of $1 billion, a significant reduction in customer delivery lead times (from ten days to five or less) and annual transportation cost savings of around 5%.

03.00 Case Study 2: Intel*Through its incremental approach to cycle time improvement, Intel eventually drove the order cycle time for the Atom chip down from nine weeks to just two.* One of the world's largest manufacturers of computer chips, Intel needs little introduction. However, the company needed to reduce supply chain expenditure significantly after bringing its low-cost "Atom" chip to market. Supply chain costs of around $5.50 per chip were affordable for units selling for $100; but the price of the new chip was a fraction of that, at about $20.

Through its incremental approach to cycle time improvement, Intel eventually drove the order cycle time for the Atom chip down from nine weeks to just two.

The Supply Chain Cost Reduction Challenge: Somehow, Intel had to reduce the supply chain costs for the Atom chip, but had only one area of leverage—inventory. The chip had to work, so Intel could make no service trade-offs. With each Atom product being a single component, there was also no way to reduce duty payments. Intel had already whittled packaging down to a minimum, and with a high value-to-weight ratio, the chips' distribution costs could not be pared down any further.

The only option was to try to reduce levels of inventory, which, up to that point, had been kept very high to support a nine-week order cycle. The only way Intel could find to make supply chain cost reductions was to bring this cycle time down and therefore to reduce inventory.

The Path to Cost Reduction: Intel decided to try what was considered an unlikely supply chain strategy for the semiconductor industry: *make to order*. The company began with a pilot operation using a manufacturer in Malaysia. Through a process of iteration, they gradually sought out and eliminated supply chain inefficiencies to reduce order cycle time incrementally. Further improvement initiatives included:

- Cutting the chip assembly test window from a five-day schedule, to a bi-weekly, 2-day-long process
- Introducing a formal S&OP planning process
- Moving to a vendor-managed inventory model wherever it was possible to do so

Supply Chain Cost Management Results: Through its incremental approach to cycle time improvement, Intel eventually drove the order cycle time for the Atom chip down from nine weeks to just two. As a result, the company achieved a supply chain cost reduction of more than $4 per unit for the $20 Atom chip—a far more palatable rate than the original figure of $5.50.

04.00 Learnings

Evidently, Supply Chain Management is an important avenue of cost reduction. What can be seen from these brief accounts is that for an enterprise to make significant and sustainable cost improvements, substantial change must take place. It is worth noting that:

(i) Deere & Company had to overhaul its network completely.

(ii) Intel had to shift an entire supply chain to a new and previously unheard of strategy in its sector.

At the same time, none of the changes took place overnight. Each of the companies tackled issues in phases, effectively learning more as they went along.

05.00 Quick Take

If one wants to see sustainable cost reductions, one will need to view the big picture from a new perspective and be prepared to step out of the comfort zone and seek long term distinct solutions.

Resources:

(i)Logistics and Supply Chain Management Practices in India, Samir K. Srivastava, Management Development Institute, Gurgaon
(ii) www.logisticsbureau.com/23.04.2021

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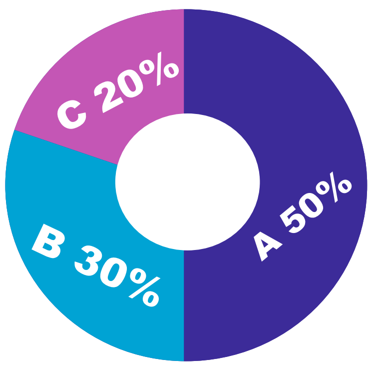
DIRECT TAX

LAWS AND INTERNATIONAL TAXATION (DTI)

CA Vikash Mundhra
He can be reached at:
vikash@taxpointindia.com

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.

MULTIPLE CHOICE QUESTIONS

Choose the correct alternative

1. As per section ______ when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price.

a. 90
b. 91
c. 92
d. 90A

Reason:
As per section 92, when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price. In other words, income arising or allowance of any expenses to an entity resulting from specified domestic transactions with associated enterprise should be computed by having regard to arm's length price of such transaction.

2. If during any proceeding, it is found that in the books of account maintained by any person there is a false entry or an omission of any entry which is relevant for computation of total income of such person, to evade tax liability, penalty u/s 271AD or ₹ ……………. is levied

a. A sum equal to the aggregate amount of such false or omitted entry.
b. ₹ 5,000 (subject to maximum of ₹ 1,00,000)
c. 2% of the amount of such entry
d. None of the above

Reason:
As per sec. 271AD, a penalty equal to the aggregate amount of such false or omitted entry shall be levied.

3. As per section 115JB, every taxpayer being a company is liable to pay MAT, if the Income tax payable on the total income, computed as per the provisions of the Income-tax Act in respect of any year is less than _____________

a. 15.50%
b. 18.00%
c. 15.00%
d. 20.00%

Reason:
As per sec. 115JB, every taxpayer being a company is liable to pay MAT, if the Income-tax payable on the total income, computed as per the provisions of the Income-tax Act in respect of any year is less than 15% of its book profit.

4. Dividend received from foreign company will be included in the total income of the tax payer and will be charged to tax at_____________.

a. 25%
b. 20%
c. 30%
d. Normal rate of tax applicable to the assessee

Reason:
Dividend received from foreign company will be included in the total income of the tax payer and will be charged to tax at the rates applicable to the taxpayer. However, dividend from specified foreign company being defined u/s 115BBD is taxable @ 15%

5. As per section 178(3), the _____________ of a company has to intimate the tax authority before he parts with any of the assets of the company or the properties in his hands and has to set aside the amount if any intimated to him by the tax authorities.

a. Managing Director
b. Manager
c. Chartered Accountant
d. Liquidator

Reason:
As per section 178(3), the liquidator of a company has to intimate the tax authority before he parts with any of the assets of the company or the properties in his hands and has to set aside the amount if any intimated to him by the tax authorities

6. Prosecution can be launched and the taxpayer can be punished if he commits wilful failure to produce before the tax authorities the accounts and documents as demanded under section ___________.

a. 154
b. 147
c. 143(1)
d. 142(1)

Reason:
Section 142(1) deals with the general provisions relating to an inquiry before assessment. U/s 142(1), the Assessing Officer can issue notice asking the taxpayer to file the return of income, if he has not filed the return of income or to produce or cause to be produced such accounts or documents as he may require and to furnish in writing and verified in the prescribed manner information in such form and on such points or matters (including a statement of all assets and liabilities of the taxpayer, whether included in the accounts or not) as he may require. Sec. 276D provides for prosecution in the case of wilful failure by the taxpayer to produce accounts and documents under section 142(1)

7. In case of an application made by the assessee u/s 154, the income-tax authority shall rectify the order/refuse the rectification within ___________ from the end of the month in which the application is received by the authority.

a. 4 years
b. 2 years
c. 1 year
d. 6 months

Reason:
In case of an application made by the assessee u/s 154, the income-tax authority shall rectify the order / refuse to do so within 6 months from the end of the month in which the application is received by the authority.

8. While computing adjusted total income u/s 115JC, total income is required to be increased, among others, by one of the following:

a. Deduction under chapter VIA
b. Deduction claimed u/s 80P
c. Deduction claimed u/s 80H to sec. 80RRB
d. Deduction claimed u/s 80H to sec. 80RRB (other than sec. 80P)

Reason:
For the purpose of computing adjusted total income u/s 115JC, total income shall be increased by the amount claimed as deduction u/s 80H to sec. 80RRB (other than sec. 80P), u/s 35AD (*less* depreciation u/s 32) and u/s 10AA.

9. Book profit for the purposes of section 115JB means net profit as shown in the Statement of the Profit and Loss prepared in accordance with ________of the Companies Act as increased and decreased by certain items prescribed in this regard.

a. Schedule V
b. Schedule IV
c. Schedule III
d. Schedule II

Reason:
As per Explanation 1 to sec. 115JB(2), "book profit" for the purposes of section 115JB means net profit as shown in the Statement of the Profit and Loss prepared in accordance with Schedule III of the Companies Act as increased and decreased by certain items prescribed in this regard.

10. First appeal by an income tax authority lies with ________________

a. ITAT
b. Commissioner (Appeals)
c. High Court
d. Government of India

Reason:
First appeal by an income tax authority lies with ITAT whereas, the first appeal by an assessee lies with the Commissioner of Income-tax (Appeals)

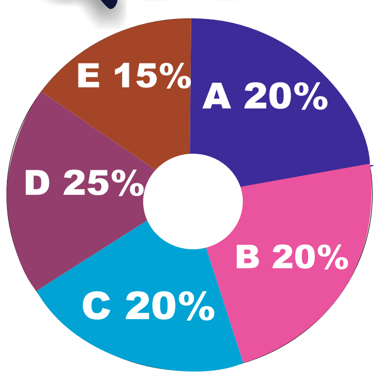
YEARS OF CELEBRATING THE MAHATMA

GROUP: iv, PAPER: 17

CORPORATE FINANCIAL REPORTING (CFR)

Dr. Ananda Mohan Pal
Professor,
Department of Business Management,
The University of Calcutta,
He can be reached at:
apal59@gmail.com

Your Preparation Quick Takes



Syllabus Structure

A GAAP and Accounting Standards **20%**
B Accounting if Business Comminations & 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.

Corporate Financial Reporting

When a parent does not require to present consolidated financial statements

In this issue we shall discuss when a parent does not require to present consolidated financial statements.

1. A parent not attracting application of Ind AS need not present consolidated financial statements as per Ind AS 110.
   As per Companies (Indian Accounting Standards) Rules, 2015, Ind ASs are mandatorily applicable to—---

1. All Companies which are listed/or in process of listing inside or outside India on Stock Exchanges (other than companies listed on SME Exchanges).
2. Unlisted companies having net worth over INR 2.5 Billion.
3. Parent, Subsidiary, Associate, and Joint Venture of above

Thus, when

(i) a parent is neither listed/or in process of listing inside or outside India on Stock Exchanges (other than on SME Exchanges), nor having net worth over INR 2.5 Billion, and

(ii) its subsidiary is also neither listed/or in process of listing inside or outside India on Stock Exchanges (other than on SME Exchanges), nor having net worth over INR 2.5 Billion,

it does not attract application of Ind AS to present consolidated financial statements as per Ind AS 110.

Illustration 1 .
X Ltd. holds 60% shares of T Ltd. They are positioned A, B, C or D based on listing in stock exchange and net worth.

	Listed	Not listed
net worth over INR 2.5 Billion	A	B
net worth below INR 2.5 Billion	C	D

We see that parent does not require presenting consolidated financial statements (CFS) as per Ind AS 110 only when both the parent and subsidiary are in position D. If any of them is in other than D position, parent attracts application of Ind AS and it needs to present consolidated financial statements as per Ind AS 110.

	X Ltd.	T Ltd.	X Ltd. requires to present CFS as per Ind AS 110
1.	A	A	Yes
2.		B	Yes
3.		C	Yes
4.		D	Yes
5.	B	A	Yes
6.		B	Yes
7.		C	Yes
8.		D	Yes
9.	C	A	Yes
10.		B	Yes
11.		C	Yes
12.		D	Yes

13.	D	A	Yes
14.		B	Yes
15.		C	Yes
16.		D	No

2. An investment entity need not present consolidated financial statements and measure all of its subsidiaries at fair value through profit or loss. However, this exemption does not apply, if an investment entity has a subsidiary that provides services that relate to the investment entity's investment activities.

Investment entity is an entity that:
(a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

3. A parent need not present consolidated financial statements if it meets **all** the following conditions:
(i) it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
(ii) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
(iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
(iv) its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with Ind ASs.

Illustration 2. Suppose, X Ltd. holds 80% shares of Y Ltd. The remaining 20% shares of Y Ltd. is held by Z Ltd. Again, Y Ltd. has a wholly owned subsidiary B Ltd. (i.e., Y Ltd. is an intermediary subsidiary in the group).

Examine whether Y Ltd. is allowed exemption from presenting consolidated financial statements when:

I. (a) X Ltd. is listed in Indian Stock Exchange.
(b) Y Ltd. is listed in Indian Stock Exchange.
(c) Z Ltd. has no objection to exemption.

II. (a) X Ltd. is listed in Indian Stock Exchange.
(b) Y Ltd. is unlisted.
(c) Z Ltd. has no objection to exemption.

III. (a) X Ltd. is listed in Indian Stock Exchange.
(b) Y Ltd. is unlisted.
(c) Z Ltd. has objection to exemption.

IV. (a) X Ltd. is a foreign company.
(b) Y Ltd. is listed in Indian Stock Exchange.
(c) Z Ltd. has no objection to exemption.

V. (a) X Ltd. is a foreign company.
(b) Y Ltd. is listed in Indian Stock Exchange.
(c) Z Ltd. has objection to exemption.

Ans. X Ltd. is the ultimate parent of the group and Y Ltd. is the intermediary subsidiary and as parent of B Ltd. it is considering exemption from presenting consolidated financial statements.

I. No exemption is allowed since Y Ltd.'s securities, being a listed company are traded in public market and thus condition (ii) is not satisfied.

II. Yes, exemption may be allowed as all conditions (i) to (iv) are satisfied.
III. No exemption is allowed as Z Ltd. being other owners of Y Ltd. object to exemption and thus, condition (i) is not fulfilled.
IV. No exemption is allowed as condition (iv) is not satisfied. Being a foreign company, Y Ltd.'s parent does not comply Ind AS.
V. No exemption is allowed as condition (i) and (iv) are not satisfied.

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May 2021, Issue

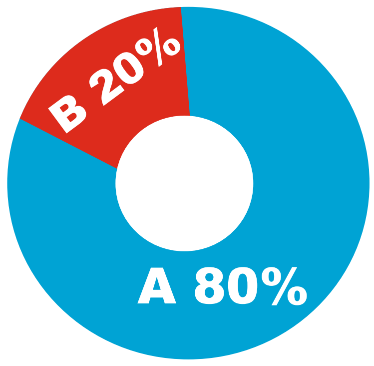
150 YEARS OF CELEBRATING THE MAHATMA

CMA Rana Ghosh
Chief Executive Officer,
Institution of Estate Managers & Appraisers
He can be reached at:
ranaham@rediffmail.com

GROUP: iv, PAPER: 18

INDIRECT TAX LAWS & PRACTICE (ITP)

Your Preparation Quick Takes



Syllabus Structure

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

B Tax Practice and Procedures **20%**

Learning Objectives –

Through the following MCQ, students can refresh themselves about

- Interest on late payment of Customs Duty
- Bill of Entry – payment of duty
- Warehouse – security bond
- Transporter – one time lock
- IGST Act – interstate supply, export
- Duty drawback – negative list
- Import General Manifest
- Advance License

INDIRECT TAX

Choose the correct option from the followings –

1. As per the Section 47(2) of the Customs Act, 1962 interest for late payment of duty is

(a) 10%
(b) 12%
(c) 15%
(d) 18%

2. The Customs duty should be paid after the 'Bill of Entry' is returned to the importer for payment of duty within

(a) One working day
(b) Two working days
(c) Three working days
(d) Five working days

3. In case of self assessed Bill of Entry importer shall have to make payment of Customs duty after the return of Bill of entry

(a) On the same day
(b) On the second day
(c) On the third day
(d) On the fourth day

4. A per Section 2(43) of the Customs Act, 1962 "Warehouse" means

(a) A public warehouse licensed under Section 57
(b) A private warehouse licensed under section 58
(c) Special warehouse license under section 58A
(d) All the above

5. As per the Section 59 of the Customs Act, 1962 presently along with the security Bond amount has to be paid

(a) Equal of the duty amount
(b) Twice of the duty amount
(c) Thrice of the duty amount
(d) As decided by the Customs Authority

6. If the assessment is delayed for imported goods, then those goods can be stored in public warehouse without executing bond is called as

(a) Deemed warehousing
(b) Warehousing without warehousing
(c) Special warehousing
(d) Public warehousing

7. In which of the case the transport of the goods shall not be under one time lock

(a) From the customs station of import to a warehouse
(b) From one warehouse to another warehouse
(c) From the warehouse to a customs station for export
(d) Regard to the nature of goods or manner of transport

8. Which is not applicable after the goods are removed and loaded on means of transport for private or public warehouse, licensee would

(a)Affix a one time lock to the means of transport
(b)Endorse the number of one time lock on prescribed form for transfer of goods and on transportation documents,
(c)Cause on copy of these documents to be delivered to warehouse keeper
(d)Record the removal of goods

9. Incharge of warehouse or licensee shall file with Bond Officer a monthly return in prescribed form, on the receipt of the storage, operation and removal of the goods in the warehouse within
(a) 10 days
(b) 12 days
(c) 14 days
(d) 15 days

10. Under section 7(5) of IGST Act when supply will not be treated as inter state supply
(a) Place of supply is SEZ unit
(b) Place of supply EOU unit
(c) The supplier is located in India
(d) The place of supply is outside India

11. Under section 16 of the IGST Act exports would be considered as
(a) Exempted supply
(b) Deemed supply
(c) Zero rated supply
(d) Ordinary supply

12. In which of the following case Drawback of import duty paid will be allowed if these goods are exported
(a) Wearing apparel (after being used), tea chests
(b) Exposed cinematograph film passed by the Board of film Censors in India
(c) Unexposed photograph films, paper and plates and X-ray films
(d) Motor car, computer system used in India re-exported/returned

13. Which of the following will not be considered in Negative list of duty Drawbacks (DDB)
(a) DDB amount is less than Rs 50/-
(b) DDB amount is less than 1/3rd of Market Value of exports
(c) DDB as % on FOB less than 1% unless amount of DDB is more than or equal to Rs 500/-
(d) Duty drawback amount exceeds the market value of exported goods

14. In context of the Bill of Entry copies as per Customs Act, which one is not correct
(a) Original meant for the customs authorities and collection of duty
(b) Duplicate intended as an authority to the custodian of the cargo to release cargo
(c)Triplicate as a copy for record for the importer
(d)Quadruplicate as a copy to be presented to the warehouse incharge

15. As per section 30(1) of the Customs act,1962, penalty for non submission of import general manifest or import report by person in charge of conveyance is
(a) Rs 30000/-
(b) Rs 50000/-
(c) Rs 60000/-
(d) Rs 75000/-

16. As per section 62 of the Customs Act,1962 normal warehousing period of Importer of Capital Goods of EOU units is
(a) One year
(b) Two year
(c) Four year
(d) Five year

17. Which of the following is not the responsibility of Port Trust Authorities as Custodian
(a) Keep proper record of goods received from the carriers
(b) Sending a copy of the same to the customs authorities
(c) Liable for payment of duty in respect of pilfered goods
(d) Removal of goods from the customs area with specific permission of the Customs Authorities

18. Regarding duty drawback rates notified by Central Government u/s 74(2) of the Customs Act,1962 which of the following rate is not applicable
(a) More than 18 months – 50%

(b) More than 15 months but not more than 18 months – 60%
(c) More than 12 months but not more than 15 months – 65%
(d) More than 9 months but not more than 12 months – 70%

19. As per Rule 2 of the Customs and Central Excise Duty drawback Rules,2017 "Tax Invoice" means the tax invoice referred to in
(a) The Customs act,1962
(b) The central Excise Act,1944
(c) The Central Goods and Service Tax Act,2017
(d) The Integrated Goods and Service Tax Act,2017

20. Which one of the following is correct in relation to issue of Advance License under DEEC (Advance License) scheme
(a) Physical exports
(b) Intermediate supplies
(c) Deemed export
(d) All the above

ANSWERS

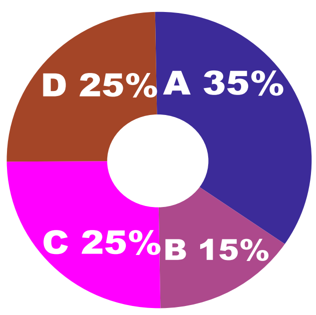
1	c	6	b	11	c	16	d
2	b	7	d	12	d	17	c
3	a	8	c	13	b	18	a
4	d	9	a	14	d	19	c
5	c	10	b	15	b	20	d

CMA S S Sonthalia
Practicing Cost Accountant
He can be reached at:
sonthalia_ss@yahoo.co.in

GROUP: iv, 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

Cost & Management Audit

Introduction

The Companies (Cost Records and Audit) Rules, 2014 define **"Cost record"** means books of accounts relating to utilisation of materials, labour and other items of cost as applicable to the production of goods or provision of services as provided in section 148 of the Companies Act 2013.

Consequences of COVID on Business affairs

One of the hardest-hit segments from COVID-19 is the manufacturing sector. In India, with the nationwide lockdown from March 25, 2020, there was major loss of production as majority of businesses were closed; and movement of goods & workers was restricted. The impact of COVID-19 on the manufacturing industry can be classified into discrete manufacturing, i.e. automobile, machinery, electrical and electronics, metal, aviation, etc., and process manufacturing, i.e., food & beverage, chemicals, pharmaceutical and medical equipments, paint and coatings, and personal care & cosmetics, among others. On the ground level these manufacturing industries are facing numerous challenges to make their business alive. The industries is facing non-availability of human resources, obstruction in the inward supply of raw materials, utilities, consumables stores & spares and the list goes on including movement of finished goods.

In discrete manufacturing where the losses mainly on account of capital nature and finance cost but under processing manufacturing, the losses mainly due to the perishable nature of their input and well as resultant output.

Unanticipated expenses and their treatment in Cost record as per Cost Accounting Standards

All the above circumstance will lead to incurring of abnormal losses/cost. So first understand the concept of Abnormal Cost as defined in the Cost Accounting Standards:

"An unusual or atypical cost whose occurrence is usually irregular and unexpected and / or due to some abnormal situation of the production or operation. The concept of Abnormal Cost is very well defined through the Cost Accounting Standards.

The current situation of COVID19 Pandemic and its impact on the production and operations of the businesses is both irregular and unexpected and the situation is certainly Abnormal. Thus the impact of COVID19 Pandemic fits the premise of Abnormal Cost as defined in the Cost Accounting Standards. Hence the Costs relating to or arising out of the COVID19 Pandemic shall be treated as Abnormal Costs. However due to the supply chain disruption, if the input cost is increased, the same shall not be treated as Abnormal Cost and be accordingly included in the Cost of Production.

Fixed costs are costs which do not vary with the change in the volume of activity. Fixed indirect costs are termed fixed overheads. Fixed cost includes expenses that remain constant for a period of time irrespective of the level of outputs.

Variable costs are the cost which tends to directly vary with the volume of activity. Variable Costs will move in direct proportion to the volume of production / activity.

This Shutdown and lockdown has bring so many unusual expense for manufacturing industry, let's understand them one by one:

I) Shutdown Cost
Cost incurred for the sudden shutdown and lockdown shall be calculate by considering the fixed and variable nature of the cost relating to that period. As the nature of the expenses is abnormal so it shall be treated as Non-Cost Item and shall be reported in the Reconciliation Statement between Costing & Financial Profit / (Loss).

II) COVID precautionary Expenses
Any expenses in connection with precautionary to COVID will be an abnormal in nature and will be treated as Non-cost expenses.

III) Finance Cost relating to Non-production period
Whether there is operation or not but the organisation has to bear the finance cost, so the amount of Finance cost / Interest specifically relating to the non-operational period of COVID 19 needs to be ascertained and shall be treated as Abnormal Cost.

IV) Additional financial charges due to availment of moratorium period

During the non-operational period, to avoid cash crunch the business may opted the moratorium period. The business will have to incur additional interest cost for the availment of moratorium. So this additional Interest/Finance Cost whenever incurred shall be treated as Abnormal Cost.

V) Depreciation associated to non-operational period
Depreciation on an asset which if remains idle or temporarily retired from production of goods and services or remains idle shall be considered as abnormal cost for the period when the asset is not in use.

VI) Employee Cost during the shutdown period
Employee cost bear for the shutdown/ non-operational period must be calculated conclusively to find the abnormal variable cost and treated as non-cost.

VII) Repair and maintenance due to shutdown of plant
This unplanned closedown of operation may lead to an unusual increase in consumables, repair & maintenance of machinery. This excess consumption need to be calculated precisely and will be considered as non-cost expenses.

VIII) Loss of perishable material
Due to shutdown, there are so many organisations mainly the food processing units have faced a huge loss of input as their raw materials is of perishable in nature. Thus loss is totally in abnormal/ irregular in nature. The loss for this specific period need to be find out and treated as non-cost expenses.

The above are some instances of situation which are being faced by the organisations in the current scenario. The Cost Accounting Standards treat the Abnormal Cost as a Non-Cost Item and thus the same should not form part of Cost while compiling Cost Statements. Thus, the costs associated with COVID 19 or the costs associated with the non-operational period due to the COVID 19, which are Abnormal in nature, shall be treated as Non-Cost Item and shall be reported in the Reconciliation Statement between Costing & Financial Profit / (Loss).

Conclusion

All the major sectors of the manufacturing industry are suffering in the time of COVID-19. The post shutdown period is very crucial for the business as demand is going reduced, and disrupted supply chain have been their major headaches. The availability of inputs is going to be limited which leads to rise the input cost. Here role of cost record comes to identify the areas where we need to control the cost. A good conclusive Cost record can help the business organisation to achieve its objectives at its fullest. The sooner the organisation prioritise for the maintenance of cost record considering the above circumstances that can be of great help for them in the post-COVID world.

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May 2021, Issue

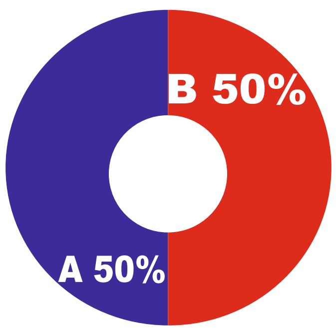
YEARS OF CELEBRATING THE MAHATMA

Dr. Ashish Kumar Sana
Professor, Department of Commerce
University of Calcutta
He can be reached at:
cu.ashis@gmail.com

GROUP: iv, 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 H Model and Three Stage Growth Model of equity share
- solve the problems on H Model and Three Stage Growth Model of equity share

Strategic Performance Management and Business Valuation

Valuation Models for Mergers & Acquisitions (M&A)

The deal makers employ a variety of methods and tools when assessing a target company. However, three important methods are used commonly which are highlighted below:

1. Comparative Ratios: Two most comparative metrics on which acquiring companies may base their offers:

(a) Price-Earnings Ratio (P/E Ratio): With the use of this ratio, an acquiring company makes an offer that is a multiple of the earnings of the target company. Looking at the P/E for all the stocks within the same industry group will give the acquiring company good guidance for what the target's P/E multiple should be.

(b) Enterprise-Value-to-Sales Ratio (EV/Sales): With this ratio, the acquiring company makes an offer as a multiple of the revenues, again, while being aware of the price-to-sales ratio of other companies in the industry.

2. Replacement Cost: Sometimes, acquisitions are based on the cost of replacing the target company and the value of a company is simply the sum of all its equipment and staffing costs. The acquiring company can literally order the target to sell at that price, or it will create a competitor for the same cost. Naturally, it takes a long time to assemble good management, acquire property and get the right equipment. This method of establishing a price certainly wouldn't make much sense in a service industry where the key assets - people and ideas - are hard to value and develop.

3. Discounted Cash Flow (DCF): Discounted cash flow analysis determines a company's current value according to its estimated future cash flows. Forecasted free cash flows (net income+ depreciation/amortization - capital expenditures - change in working capital) are discounted to a present value using the company's weighted average costs of capital (WACC).

MCQs
(Group –A)
Choose the correct option from amongst the four alternatives given:
(Each question carries 2 marks)

1. **It is assumed that X. Ltd., would realize Rs.40 million from the liquidation of its assets. It pays Rs 20 million to its creditors and Preference Shareholders in full and final settlement of their claims. If the number of Equity Shares of X. Ltd. is Rs. 2 million, the Liquidation per Share would be:**

   (A) Rs.9 per Share

   (B) Rs.10 per Share

   (C) Rs.12 per Share

   (D) Rs.15 per Share

2. **The value of Alpha Ltd. and Beta Ltd. are Rs. 50 Lakh and Rs. 25 Lakh respectively. On merger their combined value Rs. 94 Lakh. If Beta Ltd. receives premium on merger Rs. 15 Lakh, what will be the synergy gain for merger?**
   (A) Rs. 19 Lakh
   (B) Rs. 22 Lakh
   (C) Rs. 28 Lakh
   (D) Rs. 30 Lakh

3. **If the divestiture value is greater than the present value of the expected cash flows, the value of the divesting firm will be -**
   (A) Decrease on the divestiture
   (B) Remains same on the divestiture
   (C) Increase on the divestiture
   (D) None of the above

4. **Shareholders of target companies are typically paid in**

(A) Government bonds held by the target company

(B) Government bonds held by the acquiring company

(C) Cash and / or shares of the acquiring company

(D) None of the above

Answer:

Question	(1)	(2)	(3)	(4)
Answer	(B)	(A)	(C)	(C)

MCQs
(Group -B)

1. The following information is provided in relation to the acquiring firm X Ltd. and the target Y Ltd.

Particulars	X Limited	Y Ltd.
Earnings after tax (Rs.)	200 Lakh	40 Lakh
Number of shares outstanding	20 Lakh	10 Lakh
P/E ratio	10	5

On the basis of the above information you are required to answer the following questions:

(i) The swap ratio in terms of current market prices is -

(A) 0.10
(B) 0.12
(C) 0.15
(D) 0.20

[4 marks]

(ii) The EPS of X Ltd. after acquisition would be-

(A) Rs. 9.10
(B) Rs. 10.12
(C) Rs. 10.91
(D) Rs. 11.00

[4 marks]

(iii) The expected market price per share of X Ltd. after acquisition assuming that P/E ratio of X Ltd. remains unchanged -

(A) Rs.101.10
(B) Rs.105.32
(C) Rs.106.91
(D) Rs.109.10

[4 marks]

(iv) The market value of the merged firm would be-

(A) Rs. 2400.2 Lakh
(B) Rs. 2405.3 Lakh
(C) Rs. 2410.6 Lakh
(D) Rs. 2450.2 Lakh

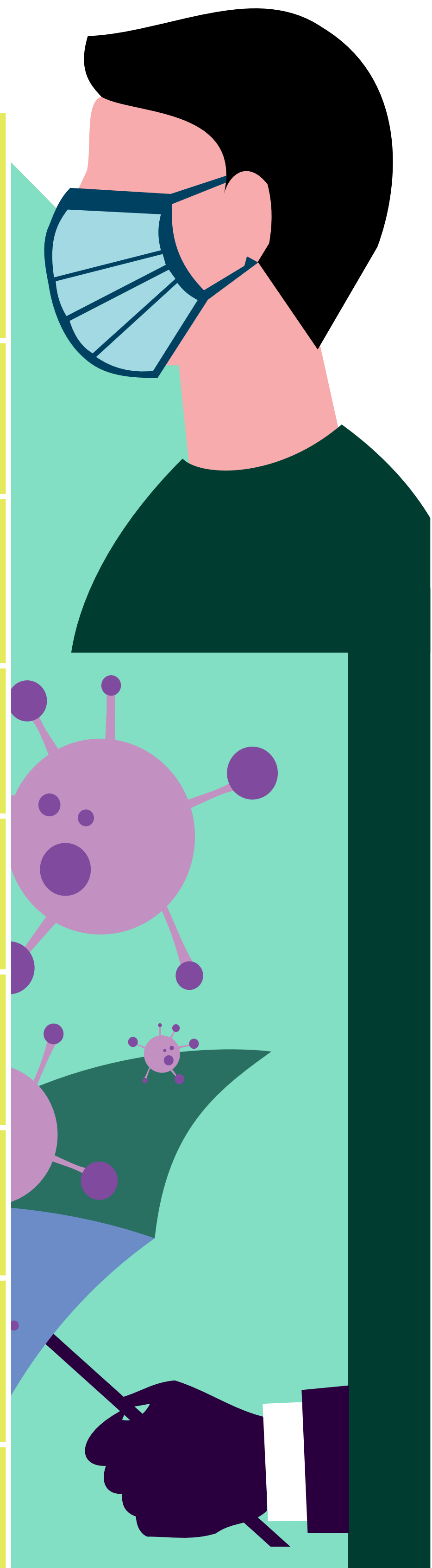
[4 marks]

Answer:

Question	(i)	(ii)	(iii)	(iv)
Answer	(D)	(C)	(D)	(A)

Examination TIME TABLE

Day & Date	Final Examination Syllabus-2016 Time 2.00 p.m. to 5.00 p.m.
26 th July, 2021 (Monday)	Corporate Laws & Compliance (Paper 13) (Group - III)
27 th July, 2021 (Tuesday)	Corporate Financial Reporting (Paper 17) (Group - IV)
28 th July, 2021 (Wednesday)	Strategic Financial Management (Paper 14) (Group - III)
29 th July, 2021 (Thursday)	Indirect Tax Laws & Practice (Paper 18) (Group - IV)
30 th July, 2021 (Friday)	Strategic Cost Management - Decision Making (Paper 15) (Group - III)
31 st July, 2021 (Saturday)	Cost & Management Audit (Paper 19) (Group -IV)
1 st August, 2021 (Sunday)	Direct Tax Laws and International Taxation (Paper 16) (Group - III)
2 nd August, 2021 (Monday)	Strategic Performance Management and Business Valuation (Paper 20) (Group - IV)



STAY HOME STAY SAFE

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 sessions

02 Solve Excercises given in Study Note

03 Assess Yourself

04 Appear For Examination

FINISHED

SUBMISSIONS

Updation of E-Mail Address/Mobile:

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

Dear Students,

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

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

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

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

Message from
Directorate of Studies

Dear Students,

Passing the exam is a happy event. Congratulations on all that you have accomplished! There is no secret of success. It is the result of preparation, hard work and learning from failure. Well done! It is clear that the future holds great opportunities for you.

Those who could not pass, failing in an exam does not mean failing in life. All of us face failure at one time or another. Try to focus your attention on the importance of perseverance and mind it that dedication and determination plays the lead role in shaping a person's life.

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, Mock Test Papers (MTPs), Work Books, MCQs 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:

"You must be the Change you wish to see in the World",

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 link mentioned below :

https://icmai.in/studentswebsite

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

You can win!

The Institute is pleased to inform that the University Grants Commission (UGC) Ministry of Education, Govt. of India has announced that CMA qualification be Considered equivalent to PG Degree.

GOOD LUCK

Be Prepared and Get Success;

ज्ञान-विज्ञान विमुक्तये
डॉ. सुरेन्द्र सिंह
संयुक्त सचिव
Dr. Surender Singh
Joint Secretary

सत्यमेव जयते

विश्वविद्यालय अनुदान आयोग
University Grants Commission
(शिक्षा मंत्रालय, भारत सरकार)
(Ministry of Education, Govt. of India)
बहादुरशाह जफ़र मार्ग, नई दिल्ली-110002
Bahadur Shah Zafar Marg, New Delhi-110002
दूरभाष Phone : कार्यालय Off : 011-23238865
ई-मेल E-mail : ssingh.ugc@nic.in

D.O.No.9-35/2016 (CPP-II) **March, 2021**

15 MAR 2021

Sub: To consider CA/CS/ICWA qualification equivalent to PG Degree for appearing in UGC-Net

Sir/ Madam,

UGC had received requests from the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost Accountants of India to consider the qualification being awarded by them, i.e., Chartered Accountant (CA), Company Secretary (CS) and Cost and Works Accountants (ICWA) respectively, equivalent to Post Graduation Degree.

To consider this, a Committee was constituted by the UGC. The Commission, in its 550th meeting held on 18th February, 2021 considered the recommendation of the Expert Committee and resolved as under:

"CA/CS/ICWA qualification be considered equivalent to PG Degree."

This is for your kind information.

With kind regards,

Yours sincerely,

Surender Singh

(Dr. Surender Singh)
Joint Secretary

The President
The Institute of Cost Accountants of India
3, Institutional Area
Lodhi Road
New Delhi- 110 003

Few Snapshots

Dignitaries sharing the screen with Shri Arjun Ram Meghwal Hon'ble Union Minister of State for Parliamentary Affairs and Heavy Industries & Public Enterprises during National Corporate Laws Summit. Left to Right CMA Neeraj D. Joshi, CCM; CMA Mahesh Shah, Past President; Shri Debarshi Duttagupta, MD, East India Pharmaceuticals Works Limited; Shri Arjun Ram Meghwal, Hon'ble Union Minister, CMA Dr. Ashish P. Thatte, Chairman, Corporate Laws Committee; CMA Biswarup Basu, President; CMA Chittaranjan Chattopadhyay, CCM; CMA Amal Kumar Das, Past President; CMA Vijender Sharma, CCM

Shri Arjun Ram Meghwal Hon'ble Union Minister of State for Parliamentary Affairs and Heavy Industries & Public Enterprises is giving his live online speech on occasion of inauguration of National Corporate Laws Summit.

CMA Biswarup Basu, President facilitating Shri Debarshi Duttagupta, MD, East India Pharmaceuticals Works Limited on the occasion of National Corporate Laws Summit organised at Kolkata on 26th February 2021. Sharing the dias is CMA Dr. Ashish P. Thatte, Chairman Corporate Laws Committee and CMA Neeraj D. Joshi, Central Council Member.

From Left to Right CMA Balwinder Singh, Immediate Past President and Council Member, Shri S.K. Kaushik, CAO (AR), Indian Railways, Shri Naresh Salecha, Member (Finance) Railway Board, CMA Biswarup Basu, President, CMA P. Raju Iyer, Vice-President, CMA Chandra Wadhwa, Past President, CMA B.B. Goyal, Advisor ICWAI MARF, CMA J.K. Budhiraja, CEO ICWAI MARF, Ms. Tripti Guraha, Executive Director, (S & E), Indian Railways, Sh. Abhishek Kumar, CPM (AR), Indian Railways

Presentation of Final Report on Performance Costing System in Indian Railways at Rail Bhawan, New Delhi on 19th February, 2021 by CMA Biswarup Basu, President, ICAI to Shri Naresh Salecha, Member (Finance), Railway Board.

From Left to Right CMA Balwinder Singh, Immediate Past President and Council Member, Shri S.K. Kaushik, CAO (AR), Indian Railways, Shri Naresh Salecha, Member (Finance) Railway Board, CMA Biswarup Basu, President, CMA P. Raju Iyer, Vice-President, CMA Chandra Wadhwa, Past President, CMA B.B. Goyal, Advisor ICWAI MARF, CMA J.K. Budhiraja, CEO ICWAI MARF.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)
Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700 016
Phone: +91-33-2252-1031/34/35/1602/1492/1619/7373/7143
Delhi office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110 003
Phone: +91-11-2462-2156/2157/2158

Behind every successful business decision, there is always a CMA