Syllabus 2022

CMA Student
E - Bulletin

FOUNDATION

FOLLOW US ON

Behind every successful business decision, there is always a CMA

Contents

Message from the
CHAIRMAN

Dear Students,

Warm greetings!

In the words of Mahatma Gandhi, "Happiness is when what you think, what you say, and what you do are in harmony."

As stewards of the future, it is our responsibility to nurture not only the young minds of our nation but also contribute to the global landscape, much like tending to the greenery and the environment for the prospective well-being of human civilizations. Our commitment is still evolving and we aspire to cultivate individuals equipped not only with knowledge but also with compassion and humanity, qualities that are increasingly rare in today's world.

We are dedicated to fostering an environment where our students actively contribute to the development of a vibrant and positive ecosystem coupled with the attainment of essential knowledge. The Directorate of Studies takes pleasure in extending comprehensive support and guidance to our students. Live webinars are regularly organized for your benefit, and recorded sessions are archived in our e-library. Model Question Papers (MQPs) and monthly E-bulletins containing valuable insights are consistently updated on our website. Esteemed academicians and industry experts continually contribute to enriching the learning experience of our students.

As the Chairman of the Training & Educational Facilities Committee, I express sincere gratitude to all those who contribute to this noble cause. To those gearing up for the December 2023 term examinations, I encourage you to continue your revisions and make the most of the academic resources provided by the Directorate of Studies.

Always bear in mind, "Education is the most powerful weapon which you can use to change your future."

Best wishes,

Chairman, Training & Educational Facilities Committee
The Institute of Cost Accountants of India

KNOWLEDGE
Update

In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.
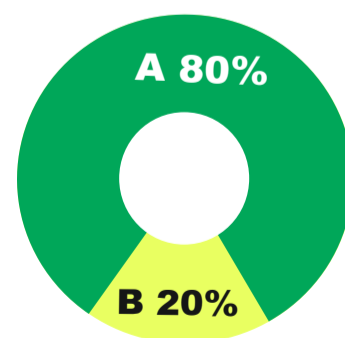
PAPER: 1

FUNDAMENTALS
OF BUSINESS LAWS AND BUSINESS COMMUNICATION
(FBLC)

CA Partha Ray
He can be reached at:
prapray@rediffmail.com

Your Preparation Quick Takes

A 80%

B 20%

Syllabus Structure

Section A: Fundamentals of Business Laws **80%**

Section B: Business Communication **20%**

2

SECTION –A   FUNDAMENTALS OF BUSINESS LAWS

It is hoped that you keep on reading and recapitulating all that you have read for which you must prepare a time-table with time allotted for each subject – to read, write and revise .

The first TIP is that you start studying the subject and raise questions to yourself first and then find your own answers. Even as a student now, you must start thinking like A Teacher. Now, we will deal with the full New Syllabus 2022 –Paper 1

Module 2 Indian Contracts Act, 1872
2.3 Consideration, Legality of Object and Consideration

What is consideration ?

Section 2(d) of the Contracts Act 1872 defines consideration. All past, present and future promise, desire to do or abstain from doing something is a consideration for the promise . For example : A agrees to sell his Motorcycle to B for Rs.15,000. For A the consideration is Rs.15,000 for the promise and for B the consideration is the Motorcycle.

The question arises – **What is past consideration ?**

This can be explained with an example : X is asked by Z to do certain special extra work which X performs in the month of December,2017. In January,2018 X is paid Rs.5000 by Z to compensate for the work done in December,2017. In this case, the consideration of X is past consideration.

Almost all contracts require consideration, so the question is - what agreements are valid without consideration ? Please read Sec.25(1), Sec.25(3) and Sec 25(explanation 2)

 Section 25(1) specifies those cases where agreement without consideration is valid and those are :
  1. The agreement is freely made in writing
  2. The written document is registered with the Appropriate Authority
  3. The agreement is made on account of natural love and affection ;
  4. The parties to the agreement stand in near relation to one another.

At this point ,an interesting question comes to mind – **Can a stranger to a contract sue on a contract ?**
A stranger to a contract is a person who is not a party to the contract and so he cannot go to court to enforce it. However, **if a stranger is a party to the contract, he can sue to enforce it**. For example : There is an agreement between Anil, Billu and Chand , where Anil pays money to Billu to deliver to Chand. In this case, Chand can enforce the agreement even though he did not pay any part of the consideration.

Therefore, the next question is - What are the exceptions to the rule that a stranger to the contract cannot sue upon it ?
 The exceptions are as follows :
1.   An agreement to create a trust can be enforced by the beneficiary;
2.   A party to a contract can transfer his rights under the contract to third parties. For example : A bearer cheque drawn on an individual can be transferred to any person he wishes.
3.   In case of family disputes settled by mutual agreement , where the terms of settlement are written down in a document, such Family Settlements can be enforced by those persons who were not original parties to the settlement.

It may be noted that except for the three exceptions mentioned above, a contract does not give any right upon a person who is not a party to the contract.

Legality of object and consideration

Section 2 (h) of The Indian Contract Act, 1872 defines Contract as "**An agreement enforceable by law**". So, we can say that a contract is anything that is an agreement which is legal and enforceable by the law of the land . Any agreement against the provisions of the law in force in *India shall be considered an illegal agreement.*

Section 23 of The Indian Contract Act states that **for a contract to be valid, there must be the legality of object and**

consideration. Let us understand that **The object** is the purpose for which the parties enter into a contract. It is the fulfillment of the object which leads to the transfer of the consideration agreed from one party to the other. So, one must make sure that **the object of the contract and the consideration for the contract MUST NOT be fraudulent, otherwise the contract will then become null and void**. An object prohibited by law and/or consideration which is fraudulent will not be considered lawful and will constitute an invalid contract.

Module 3 Sale of Goods Act,1930
3.3 Essential Conditions of a Contract of Sale
What are the Essentials of a Contract ?   Just remember the following:

OAL3 – where O is Offer, A is Acceptance , first **L is Legal Relationship** and second **L is Lawful Consideration** and the third **L is Legally Capable** . Next remember

CFL –where **C is Capacity, F is Free Consent , L is Legality**   Next remember

WNP – where **W is Written and Registered** , **N is Not Vague** and **P is Possibility of Performance**.

Offer and Acceptance : In every contract, there has to be two or more persons. One party will offer/propose to do something and the other party will agree/accept the **offer /proposal**. However, a party may even offer not to do something and the other party may **agree/accept** that.

The question arises – Will all agreements be contracts ? **The answer is –** No, only those agreements that can be enforced in the court of law are contracts. For example , an agreement to play chess or sing a song just for fun.

Read Sec.2(g) and you will know that an agreement not enforceable by law is said to be void. Here, the question arises – **What are void agreements ?** The answer is – a) An agreement made by a minor (b) an agreement made without consideration (with certain exceptions);(c) certain agreements with unlawful object ; (d) agreement in restraint of marriage (except marriage of a minor); (e)agreement in restraint of trade (with exceptions); (f)agreement in restraint of legal proceedings ; (g)agreements where the meaning contained therein is not certain or cannot be made certain (h) agreement where the money payable depends on the happening or non-happening of a future or uncertain event (example –gambling etc.) ;(i) agreement that cannot be enforced due to change of law ;and (j) agreement to do an impossible act. Please remember that a void agreement is not necessarily illegal but an illegal agreement is always void.

There is something which is called **Voidable Contracts**, let us understand that with a simple example. Suppose Mr.A enters into an agreement at Gunpoint with Mr.Z to sell his Stationery Shop. Mr. Z can avoid the agreement and Mr.A cannot enforce it. However, if Mr.Z desires , he can enforce it against Mr. A . Avoidable Contracts can be due to Coercion, Undue Influence, etc. The example above is a case of coercive threat to cause injury.
.
So, now ask yourself – *What is an Offer ?*

The Answer is simple. An offer is just an act of making a Proposal. Read Sec.2(a) and understand that. The person making the Offer is the Offeror /Proposer/Promisee and the person to whom you propose is the Offeree. The offer has to be for a Consideration and when that is accepted by the other party, the other party becomes the Acceptor and there is a contract. Well, ask yourself –

How do I make an offer ?

The answer is that that are certain **Rules regarding Offer** which are : **1.(i)** . **An offer can be in words spoken or written** and (ii). **An offer can be implied by conduct.** For example : X tells Y by word of mouth or in writing that he wants to sell his Mobile Phone for Rs.5000 that is an offer when Y accepts it , there is a contract.

The State Transport Corporation runs a Bus from Location A to location B along a fixed route. Here it is implied by conduct that the bus is offering to carry passengers against a specific fare structure. When a passenger boards the bus it is implied that he accepts to offer and wants to become a passenger. Here too, there is a implied contract**.   2. The terms of offer must be certain**. Example :When the passenger boards the bus, he accepts to pay the specific fare and follow certain terms offered. **3. A simple intention to sell is not an offer or an advertisement is an invitation to make an offer but is not an offer**. For example : A told C that his old mobile phone was fetching him Rs.5000 but he did not say that he was willing to sell at that price. Here there is no contract between A

and C . **4. An offer must be communicated and the offeree must be aware of such offer. 5. If an offer is conditional, such conditions must be clearly communicated to the offeree.**

So, we arrive at the obvious question -

How should I communicate the offer to other person/s ?

As said above, a**n offer can be in words spoken or written** and (ii). **An offer can be implied by conduct.** The offer by the bus to move along a specified route and carry passengers is a clear example of an offer by conduct.

A this point let us know that is a **Quasi-contract** is also an implied contract. A Quasi-contract can be best understood with the help of an example. Mr.X placed an order for home delivery of certain foods on a local Restaurant for dinner at fixed rates, terms and condition, payable on delivery. The delivery person arrives with the dinner packets along with 2 Cups of Ice cream. You accept everything and sign the Proof of Delivery (POD) Slip and pay to the delivery person. In this case you did not ask for the ice creams, you accepted those and did not pay for those. So here, your acceptance is implied and you make a Quasi-contract. The restaurant could have asked for payment but it did not.

Section 2(b) states that a proposal when **accepted** becomes a promise. So, the question arises – **What are the Rules regarding Acceptance?**

The answer is that

1. Sec.7(1) lays that **an acceptance must be absolute and unqualified.** Even, if a insignificant point of variation between the terms of offer and the terms of acceptance is found, there is no contract. For example : You offer to sell your Office Premises to Y for Rs.5,00,000 and no payment term was laid.Y sends you a bank draft for Rs.1,00,000 and promises to pay the balance Rs,4,00,000 after 2 months. So, here the acceptance is conditional and so there is no contract.
2. **An acceptance must be expressed in a usual or reasonable manner**. (Refer Sec,7(2). Such acceptance can be by word of mouth, in writing or by post or even by conduct, but the offeree must do what the offeror wants him to do. (Refer Sec.8) .
3. **A mental acceptance is not a contract. Moreover, an acceptance which is not communicated is not a contract**. For example: You write to your friend X that you want to sell your Motorcycle for Rs. 10,000. Your friend mentally decides to buy the motorcycle and even writes a letter addressed to you, but forgets to post the letter to you or verbally inform you. This does not result in a contract.
4. **If the Offeror prescribes a specific mode of acceptance, the Offeree must follow that particular** mode unless the offeror waives it. (Read Sec.7(2), **5.** Both the Communication of the Offer and he communication of the Acceptance must be complete. Another point is that the acceptance must be made till the offer is in force. For example : A desires to sell his Motor Car for Rs.50,000 before 31st January,2018 ,such an offer is not valid after 31st January,2018.

So, now you have a fair idea about – Offer, Acceptance and a Contract.
Module 4 Negotiable Instruments Act,1881
4.3   Difference between Promissory Note, Bill of Exchange and Cheque
Let us first understand the Difference between a Promissory Note and a Bill of Exchange .

1. In a Promissory Note, there are 2 parties – the **Maker** and the **Payee**
2. In a Bill of Exchange, there are 3 parties – The **Drawer**, the **Drawee** and the **Payee**.
3. In a Promissory Note, there is a **Promise to pay**
4. In a Bill of Exchange, there is an **Order to pay**
5. In a Promissory Note, no acceptance is required but **it has to be signed by the person liable to pay.**
6. A Bill of Exchange (barring exceptions) has to be accepted by the Drawee before it becomes binding on him .
7. **The maker** of a Promissory Note **is Primarily liable** on the instrument ;
8. **The Drawer** of the Bill of Exchange **is liable only when** the Drawee does not accept the instrument or pay the money amount due.
9. In case of a Promissory Note, the **Notice of Dishonour to the Maker is not required but** a **Notice of dishonor is required in case of a Bill of Exchange**, when there is a non-payment or non-acceptance.

So, the next question is **What is a Notice of Dishonour ?**
Please note that when there is a non-payment or non-acceptance of a Bill of Exchange, a notice has to be given to all the persons

liable to pay, except the Drawee. Such a notice is called Notice of Dishonour.

Now, let us understand the **difference between Bill of Exchange and Cheque :**

1.   A *Cheque* is a bill of exchange but it can be *drawn only upon a bank.*
2.   A *Bill of Exchange* can be *drawn upon any person including a bank.* Every Bill of Exchange is not a cheque.
3.   A Bill of Exchange required acceptance, except under certain circumstances. (The exceptions are – 1. The Bill of Exchange have already been protested because of non-acceptance; and 2. The presentation of the bill is barred by obstacles caused by superior force without human intervention such as earthquake, tornadoes, hurricane and acts of God.
4.   A cheque is always payable on demand
5.   A Bill of Exchange may be either payable on demand or after a period of time.
6.   The acceptor of a bill of exchange is allowed 3 days of grace to make the payment, after the maturity of the bill
7.   The Banker is not allowed any days of grace after being presented for payment
8.   The Drawer of the bill is discharged from liability if the bill is not presented to the acceptor for payment at the due time.
9.   The drawer of a cheque is discharged from liability only if he suffers damage due to delay in presenting the cheque for payment
10.   A banker does not have to give a Notice of Dishonour to the drawer to make him liable to compensate the Payee, if the banker fails to pay a cheque.
11.   In case of Bills of Exchange, it is necessary to give Notice of Dishonour to the drawer**, except is special cases**.
12.   A cheque may be crossed but there is no provision to cross a Bill.
13.   The payment of cheque may be countermanded by the Drawer. (**Countermand means – to reverse, revoke, repeal, retract, rescind, withdraw, quash, scrap, over-rule, cancel, negate an order**.)
14.   The payment of a bill of Exchange cannot be countermanded.
15.   A Cheque does not require any stamp
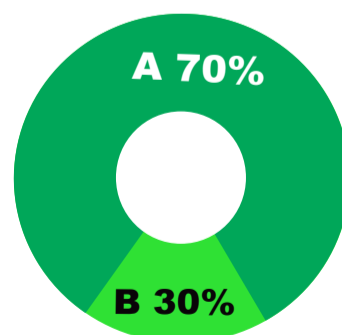16.   A Bill of Exchange must be stamped.
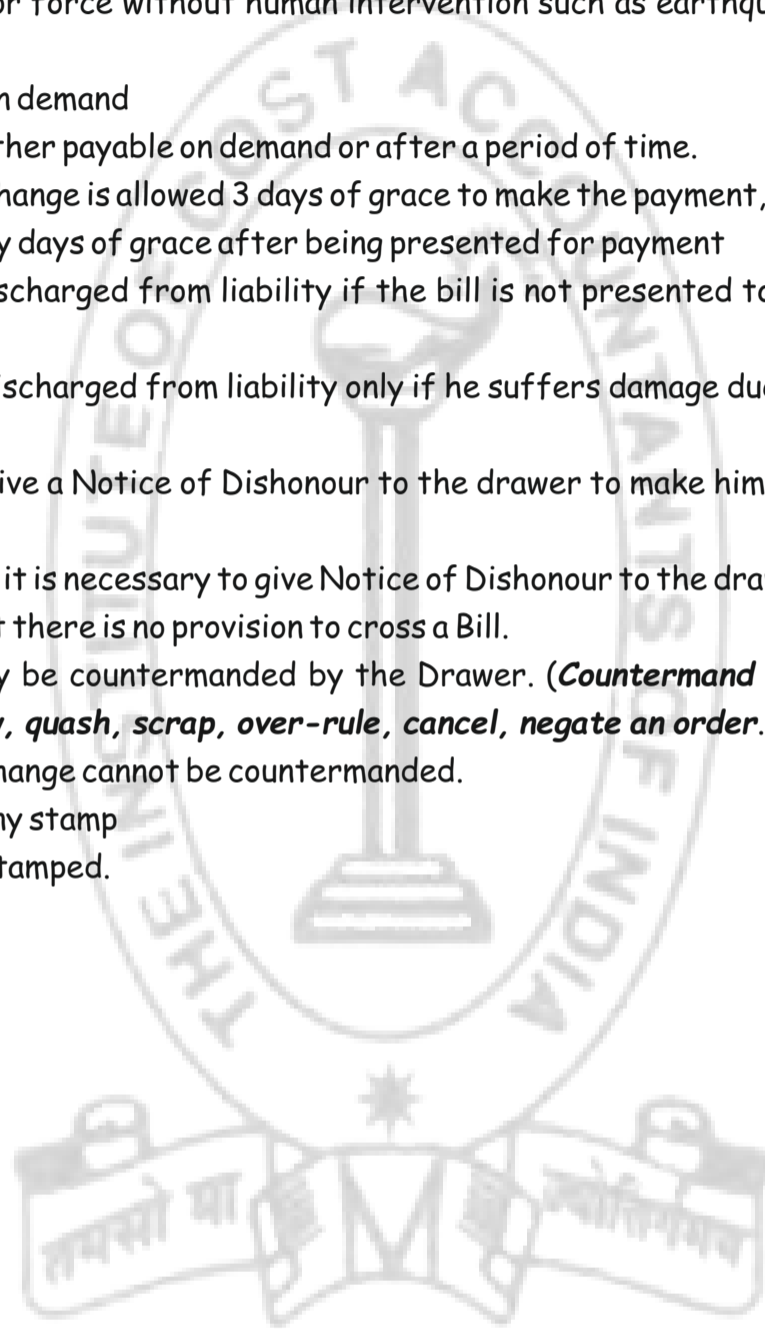
PAPER: 2

FUNDAMENTALS

OF FINANCIAL AND COST ACCOUNTING (FFCA)

CMA Malay Kr. Paul
He can be reached at:
mkpcalcutta@yahoo.co.in

Your Preparation Quick Takes

A 70%

B 30%

Syllabus Structure

Section A: Fundamentals of Financial Accounting **70%**

Section B: Fundamentals of Cost Accounting **30%**

1. **Answer the following questions with brief reasoning against each.**

a. Mona purchased 50 Mobile Phones from Imagine and made cash payment instantly. The Stores allowed discount worth Rs.10000/- . Is it Trade Discount or Cash Discount?

b. Why transactions are first recorded in Journal. Transactions are recorded in chronological order i.e in seriatim of happening.

c. A second-hand Machine was purchased for Rs.25 Lacs and Repairing charges amounting to Rs.8 Lacs spent to make the machine ready to use. Is it Capital expenditure or Revenue expenditure?

d. Why Contra entries in Cash Book not posted in the Ledger Account.

e. Why Trial Balance can't disclose 'Compensating errors' ?

f. A Debit balance always signifies a balance in Asset Account?

g. Is 'Land' a depreciable asset?

h. Is depreciation chargeable, in case of loss in the financial year?

i. When an error between two Nominal Accounts being identified after the preparation of Final Accounts, is it necessary to pass a 'rectification entry'?

j. Why 'Del Credre Commission 'is paid?

k. What is the effect on accounting equation, when Machinery purchased for cash?

l. What is the nature of Receipt and Payment Account?

m. What is the nature of 'Income and Expenditure Account'?

n. Whether Transportation expenses amounting to Rs.2.5 Lacs incurred for bringing the new Generator from Dealer's Sales point to Office is Capital Expenditure?

o. For Bad Debt Recovery, why the following entries are passed?
   Bank Account ..... Dr. ; Old Debtor Account Cr.
   Old Debtor Account .... Dr. ; Bad Debt Recovery Account Cr.

p. For making agreement of Debit and Credit side of Trial Balance, Suspense Account was created with differential value. What will happen to Suspense Account balance, once the accounting mistakes are found.

Answer:

a. This is Cash Discount, because the discount was allowed for immediate payment.

b. Journal is called as the Book of Original entry.

c. Repairs made the machine fit for use, since it is a second-hand one. Accordingly, the repairing expenditure to be capitalized.

d. In 'Double Column Cash Book' both Cash and Bank columns are maintained. Transaction effecting Cash and Bank are pointed as 'Contra Entry'. Since Cash Book is both Journal and Ledger, the Contra entries are not recorded in Journal again.

e. Since one error nullifies the impact of another error.

f. No, a Debit balance may signify a balance in Asset Account or an expense.

g. No. 'Land' is not depreciable asset, because its useful life is unlimited.

h. Depreciation being a charge against profit, the same to be provided for even in case of a loss. I depreciation is not charged, business will report a lower loss and higher asset value.

i. Since all Nominal Accounts are transferred to Profit and Loss Account, error identified impacting two Nominal Accounts will not change the Profit/Loss. Hence, no entry needs to passed in such situation.

j. This additional commission is paid to the consignee for bearing additional responsibility of collecting money from Customers. In case on non-recovery from Customers, resultant Bad Debts to be borne by consignee. Such commission is paid on total sales not only on credit sales.

k. The accounting equation will indicate reduction of Cash and increase in Machinery Account value by equivalent amount.

l. Receipt and Payment is a Real Account. It is having similarity with Cash Account.

m. Income and Expenditure is a Nominal Account. Since, all revenue income and expenses pertaining to the accounting period is accounted through this account.

n. Transportation expenses to be capitalized and added with the value of Generator for capitalization purposes.

o. To establish any future Business relationship.

p. Rectification entries to be passed for the mistakes identified and then the Suspense Account balance will automatically disappear.

2. **State True or False**

a. Steel off-cuts generated while making Steel Almirah are scrap without realizable value.

b. Medicine manufacturers (Pharmaceuticals) generally follow Contract Costing.

c. Semi Finished Goods (SFG) and Work In Progress (WIP) are not same.

d. Cost of Primary packing is part of Prime Cost.

e. Same Material can't be 'Direct Material' and 'Indirect Material' in different industries.

f. Idle Time 'wages can be more than total wages.

g. Cost can not be classified as per time span.

h. Chief Operating Officer's Salary is Direct cost.

i. Product display at a shopping mall forms part of Product cost.

j. Equivalent amount of increase in Direct Wages and decrease in Raw Material cost will change Prime cost.

k. Loss of production due to Machine breakdown is a normal cost.

Answers –

a. **False**

b. **False**

c. **False**

d. **False**

e. **False**

f. **False**

g. **False**

h. **False**

i. **False**

j. **False**

k. **False**

PAPER: 3

FUNDAMENTALS

OF BUSINESS MATHEMATICS AND STATISTICS (FBMS)

CMA Ankan K Bandyopadhyaya
He can be reached at:
abanerjee8533@gmail.com

Your Preparation Quick Takes

A 40%

B 60%
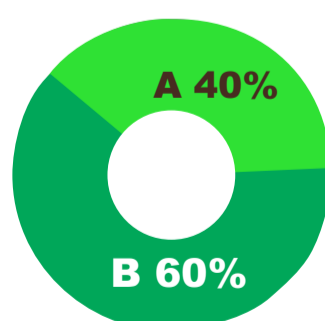
Syllabus Structure

Section A: Fundamentals of Business Mathematics **40%**

Section B: Fundamentals of Business Statistics **60%**

In this issue we will carry out MCQs on Set Theory

Q1. If Set A = {8, 11, 13, 15, 17} and Set B = {9, 10, 12, 15, 17}, Then (A-B) is

(a) Set (A-B) = {9, 10, 12}

(b) Set (A-B) = {8, 11, 13}

(c) Set (A-B) = {15, 17}

(d) None of the above

Q2. If Set B= {B, G, R, E, O, K} is a subset of Set A= {Q, E, R, T, Y, U, I, O, P, K, G, B}, the number of elements of A and B are

(a) Set A = 12, Set B = 6

(b) Set A = 6, Set B = 12

(c) Set A = Set B = 6

(d). Set B = Set A = 12

Q3. If A= {25, 24, 23, 22}; B= {15, 20, 25, 30}; C= {25, 27, 29, 30}, then (A ∪ B) ∩ (B ∪ C) is

(a) (A ∪ B) ∩ (B ∪ C) = {22, 23, 24, 25}

(b) (A ∪ B) ∩ (B ∪ C) = {22, 23, 27, 29}

(c) (A ∪ B) ∩ (B ∪ C) = {25, 27, 29, 30}

(d) (A ∪ B) ∩ (B ∪ C) = {15, 20, 25, 30}

Q4. If Set B= {A, V, N, B, Q, I, P, R, E, O, K} is a superset of Set A= {Q, E, R, I, O, P, K}, then the value of A' is

(a) Set A' = {A, V, N, B}

(b) Set A' = {Q, E, R, I}

(c) Set A' = { K, P, O, I, R, E, Q}

(d) Set A' = { C, W, U, T }

Q5. In Venn diagram, different sets (other than Universal Set) are represented by _____.

(a) Rectangle

(b) Circles

(c) Squares

(d) Stars

Q6. Set A = { 1,2,3,4,5,6,7,8,9,10} and Set B is a sub-set of A comprising of even numbers. s Set B is expressed with elements.

(a) Set B = { 1,2,3,4,5 }

(b) Set B = { 6,7,8,9,10 }

(c) Set B = { 2,4,6,8,10}

(d) Set B = { x : x ∈ A' }

Q7. Who invested Venn diagram?

(a) George Cantor

(b) John Venn

(c) Richard Dedekind

(d) De Morgan

Q8. Set A={Q, W, E, R, T, Y} and Set B={ B, G, R, E, O, K}, The union of B and A is

(a) Set (B∪A) = { Q, W, E, R, T, Y, B, G, R, E, O, K }

(b) Set (B∩A) = { B, E, R, K }
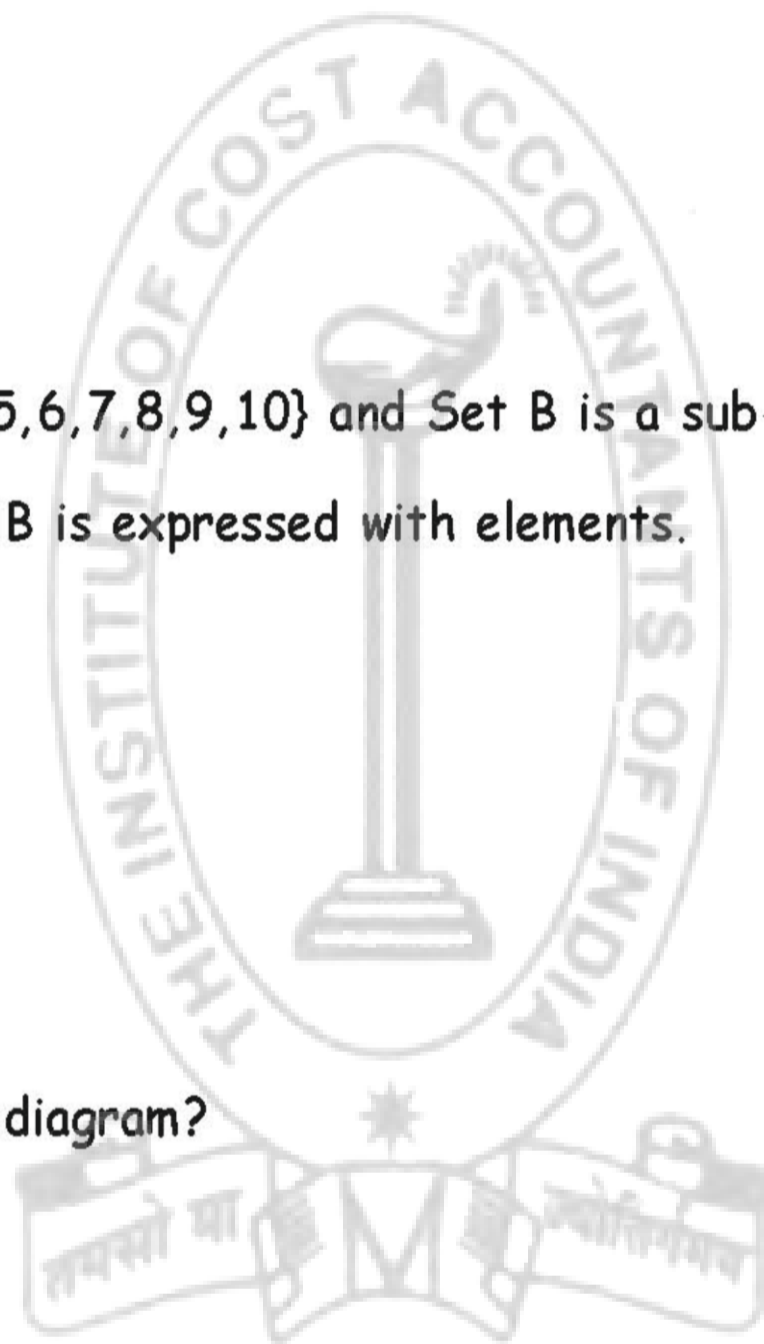
(c) Set (B∪A) = { Q, W, E, R, T, Y, B, G, O, K }

(d) None of the Above

Q9. If Set P1 = {88, 81, 85, 87, 83, 84} and Set P2 = {80, 84, 83, 86, 89, 82}, then the intersection of P2 and P1.

(a) Set (P2∩P1) = {83, 84}

(b) Set (P2∩P1) = {81, 82, 85, 86, 87, 88, 89, 80}

(c) Set (P2∪P1) = {83, 84}

(d) Set (P2∪P1) = {81, 82, 85, 86, 87, 88, 89, 80}

Q10. According to De Morgan's Law: (P ∩ Y) ' = _____.

(a) P ∪ Y'

(b) Y' ∩ P'

(c) P' ∩ Y

(d) Y' ∪ P'

Q11. If A= {V, F, T, S}; B= {O, P, H, Z}; C= {Z, D, T, I}. (A ∩ B) ∪ (B ∩ C) is

(a) (A ∩ B) ∪ (B ∩ C) = { }

(b) (A ∩ B) ∪ (B ∩ C) = { ∅ }

(c) Both 'a' and 'b'

(d) None of the Above

Q12. If A= {-2, 2, 4, -4}; B= {3, -6, 8, 10}; C= {-6, 2, 3, -2}. Find A ∩ (B ∪ C).

(a) A ∩ (B ∪ C) = {3, -6}

(b) A ∩ (B ∪ C) = {2, -2}

(c) A ∩ (B ∪ C) = {4, -4}

(d) A ∩ (B ∪ C) = {8, 10}

Q13. If A= {V, F, T, S}; B= {O, P, H, Z}; C= {Z, D, T, I}. Find (A ∪ B) ∩ (B ∪ C).

(a) (A ∪ B) ∩ (B ∪ C) = {Z, D, F, P, I}

(b) (A ∪ B) ∩ (B ∪ C) = {Z, T, P, H, I}

(c) (A ∪ B) ∩ (B ∪ C) = {V, F, Z, T, I}

(d) (A ∪ B) ∩ (B ∪ C) = {O, P, H, Z, T}

Q14. If Set A = {-1, 0, 1, 2, 3, 4} and Set B = {8, 7, 2, 3, 6, 9}, find (B-A).

(a) Set (B-A) = {8, 7, 6, 9}

(b) Set (B-A) = {-1, 0, 1, 4}

(c) Set (B-A) = {2, 3}

(d) None of the Above

Q15. Following De Morgan's Law, (R ∪ S) ' = _____.

(a) R' ∩ S

(b) S' ∩ R

(c) S ∩ R

(d) S' ∩ R'

Q16. If Set B= {3, 5, 7, 9, 11, 13, 15, 17, 19, 21} is a superset of Set A= {13, 15, 17, 19}, then A'.

(a) Set A' = {13, 15, 17, 19}

(b) Set A' = {3, 5, 7, 9}

(c) Set A' = {3, 5, 7, 9, 11, 21}

(d) Set A' = {21, 19, 5, 3}

Q17. If Set B= {14, 16, 18, 20, 22} is a subset of Set A= {2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12}, the number of elements of A and B.

(a) Set A = 5 , Set B = 11

(b) Set A = 11 , Set B = 5

(c) Set A = Set B = 5

(d) Set B = Set A = 11

Q18. If Set A = { Q, W, E, R, T, Y } and Set B = { B, G, R, E, O, K }, the intersection of B and A.

(a) Set (B∩A) = { Q, K }

(b) Set (B∩A) = { E, R }

(c) Set (B∪A) = { Q, E, R, K }

(d) None of the Above

Q19. If Set B= {11, 13, 15, 17, 19} is a subset of Set A= {1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21}, find B'.

(a) Set B' = {1, 3, 5, 7, 9, 21}

(b) Set B' = {19, 17, 15, 13, 11}

(c) Set B' = {21, 19, 17, 15, 13}

(d) Set B' = {1, 3, 5, 7, 9}

Q20. Following De Morgan's Law, (V ∪ M) ' = _____.

(a) V' ∩ M

(b) M' ∩ V

(c) M′ ∩ V′

(d) V ∩ M

Answer Key:

1	b	Set A = {8, 11, 13, 15, 17} and Set B = {9, 10, 12, 15, 17} Set (A-B) = {8, 11, 13} Since, 8, 11, 13 are present in Set A but not present in Set B.
2	a	Set B={ B, G, R, E, O, K} = having 6 elements and Set A={Q, E, R, T, Y, U, I, O, P, K, G, B} = having 12 elements Hence, Set A – 12 elements and Set B – 6 elements
3	d	A= {25, 24, 23, 22}; B= {15, 20, 25, 30} ; C={25, 27, 29, 30}. (A ∪ B) ∩ (B ∪ C) = B ∪ (A∩C) = A ∩ C = { 25 } B ∪ (A ∩ C) = { 15, 20, 25, 30 }
4	a	Set B={ A, V, N, B, Q, I, P, R, E, O, K} is a superset of Set A={Q, E, R, I, O, P, K } A′ = Set (B-A) = Set A′ = { A, V, N, B }
5	b	In Venn Diagram, different sets (other than Universal Set) are represented by <u>Circles</u>.
6	c	Set B is a sub-set of A comprising of even numbers Set B = {2,4,6,8,10}
7	b	Who invested Venn Diagram - John Venn

8	c	Set A= {Q, W, E, R, T, Y} and Set B= { B, G, R, E, O, K}, Union of B and A= Set (B∪A) = {Q, W, E, R, T, Y, B, G, O, K} No elements can repeat in Union of two sets.
9	a	Set P1 = { 88, 81, 85, 87, 83, 84 } and Set P2 = { 80, 84, 83, 86, 89, 82 } Intersection of P2 and P1= Set (P2∩P1) = { 83, 84 }
10	d	According to De Morgan's Law : (P ∩ Y)′ = Y′ ∪ P′
11	c	A={V, F, T, S} ; B={O, P, H, Z} ; C={Z, D, T, I} (A ∩ B) ∪ (B ∩ C) = B ∩ (A ∪ C) A ∪ C = { V, F, T, S, Z, D, I} (A ∩ B) ∪ (B ∩ C) = { } = { ∅ }
12	b	A={-2, 2, 4, -4} ; B={3, -6, 8, 10} ; C={-6, 2, 3, -2} B ∪ C = {3, -6, 8, 10, 2, -2} A ∩ (B ∪ C) = {2, -2 }
13	d	A={V, F, T, S} ; B={O, P, H, Z} ; C={Z, D, T, I} (A ∪ B) ∩ (B ∪ C) = B ∪ (A∩C) = A ∩ C = { T } B ∪ (A ∩ C) = { O, P, H, Z, T }
14	a	Set A = {-1, 0, 1, 2, 3, 4} and Set B = {8, 7, 2, 3, 6, 9} Set (B-A) = { 8, 7, 6, 9} Since, 8, 7, 6, 9 are present in Set B but not present in Set A.
15	d	Following De Morgan's Law, (R ∪ S)′ = S′ ∩ R′

17

16	c	Set B={ 3, 5, 7, 9, 11, 13, 15, 17, 19, 21 } is a superset of Set A={13, 15, 17, 19 } A' = Set (B-A) = Set A' = { 3, 5, 7, 9, 11, 21 }
17	b	Set B={14, 16, 18, 20, 22}= having 5 elements and Set A={2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12} = having 11 elements. Hence, Set A – 11 elements and Set B – 5 elements.
18	b	Set A = { Q, W, E, R, T, Y } and Set B = { B, G, R, E, O, K }, Intersection of B and A = Set (B∩A) = { E, R }
19	a	Set B={11, 13, 15, 17, 19} is a subset of Set A={1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21} B' = Set (A- B) = Set B' = { 1, 3, 5, 7, 9, 21 }
20	c	Following De Morgan's Law, (V ∪ M)' = M' ∩ V'

Suggestions:

The study guide needs to be read thoroughly. Supplementary readings could be made from other resources. In this issue MCQs are based on basic concepts of Set theory as discussed in the study guide. Students should try to understand the correct answer of each question. For development of clear concept detail discussions on answers are not made. All are covered in study guide.

PAPER: 4

FUNDAMENTALS
OF BUSINESS ECONOMICS AND MANAGEMENT (FBEM)

Dr. Bibekananda Raychaudhuri
He can be reached at:
brchaudhuri@gmail.com

Your Preparation Quick Takes

A 70%

B 30%
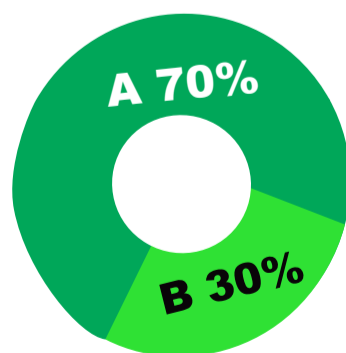
Syllabus Structure

Section A: Fundamentals of Business Economics **70%**

Section B: Fundamentals of Management **30%**

Hi friends!! Hope you have enjoyed the Puja days. You must have freaked out with your friends and enjoyed the long holiday. You must have also enjoyed with your friends and relatives the colourful Dewali by bursting Green crackers. Last but not the least is the Brother's day which you must have enjoyed through exchange of gifts. But now its time to tighten your belts and pull up your socks and get ready for the preparation of the exams which is round the corner. Go through the study material supplied by the Institute thoroughly, because that is your Bible for your exam. Now its time for **a** mock test.

I. **Choose the correct answer:**

1. **In the long run**
   A. All costs are variable
   B. All costs are fixed
   C. Some costs are variable
   D. None of the above

2. **The short run total cost**
   A. Can be zero
   B. Cannot be zero
   C. A and B both are correct
   D. None of the above

3. **As output rises, AFC**
   A. Also rises
   B. Initially falls then rises
   C. Falls but it cannot be zero
   D. None of the above

4. **The law of variable proportion explains the shape of**
   A. AFC curve
   B. LAC curve
   C. SAC curve
   D. All of them

5. **In equilibrium, the SMC curve cuts the minimum point of the SAC curve**
   A. From below
   B. From above
   C. Both A and B are valid
   D. None of them

6. **SMC is equal to**
   A. Change in LMC
   B. Change in TFC
   C. Change in TVC
   D. None of the above

7. **When AVC is rising, then simultaneously we have**
   A. SMC < AVC
   B. SMC > AVC
   C. SMC = AVC
   D. None of the above

8. **When AC curve is falling, MC curve will be**
   A. Falling
   B. Rising
   C. Horizontal
   D. None of the above

9. **When LAC is minimum, then**
   A. LMC > LAC
   B. LMC < LAC
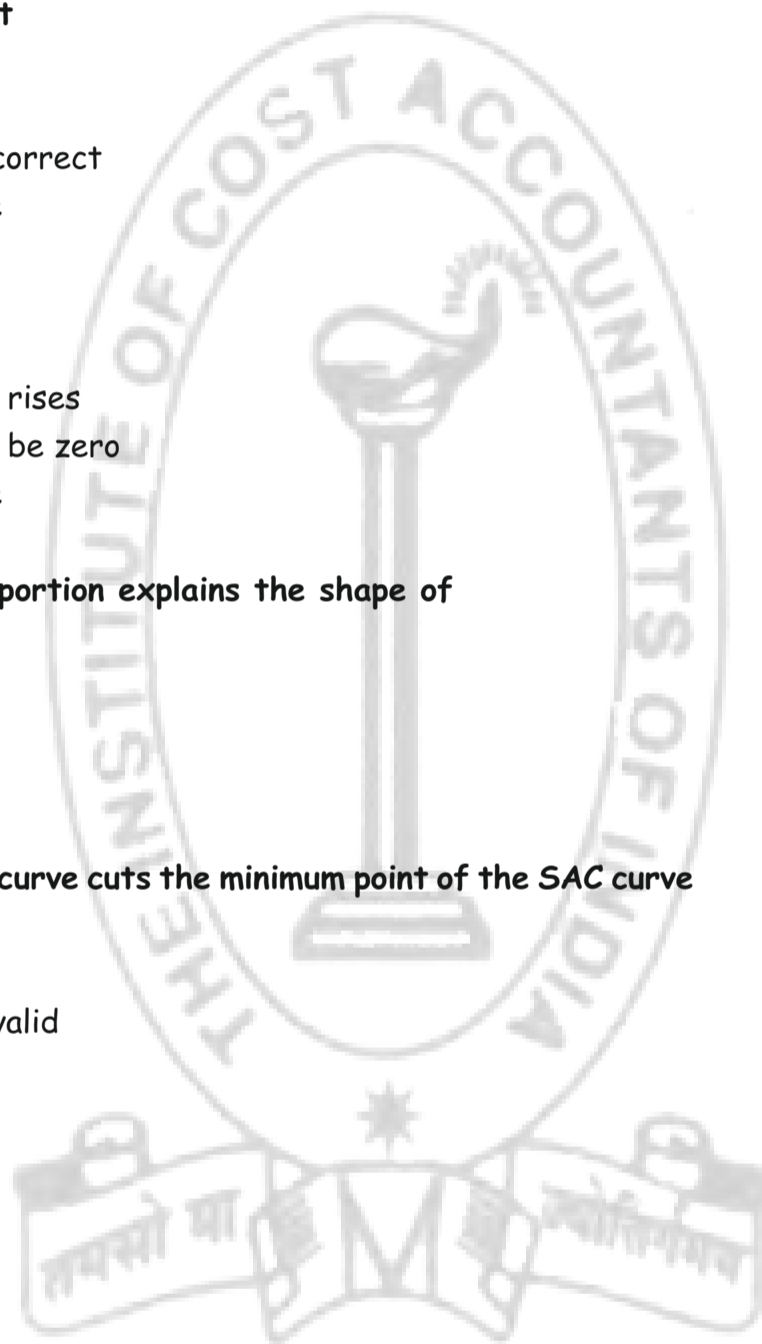
C.   LMC = LAC
D.   None of the above

10.   **When the plant size is optimal for any particular level of output, then**
A.   SMC < LMC
B.   SMC > LMC
C.   SMC = LMC
D.   None of the above

11.   **The term S in PESTEL stands for**
A.   Strength
B.   Sustainability
C.   Social
D.   None of the above

12.   **The term T in SWOT analysis is**
A.   Threat
B.   Transaction
C.   Transparency
D.   None of the above

KEY: 1. A, 2. B, 3. C, 4. C, 5. A, 6. C, 7. B, 8. D, 9. C, 10. C, 11. C, 12. A

II. **Fill in the blanks:**

1.   Money market refers to institutional arrangements which deal with ……………… term funds
2.   Treasury bills are short term promissory notes issued by GOI at discount generally for a period of …………. Days
3.   The policy which is prepared and implemented by the government to control the purchasing power of money is called ……………… policy
4.   When SDRs are in coupons, they replace gold. Hence it is called ……………. Gold
5.   The other name of Monopolistic competition is ……………   …………….
6.   The main purpose of globalization is to form ………. blocks

KEY: 1. Short, 2. 91, 3. Fiscal, 4. Paper, 5. Product differentiation 6. Trading

III.   **True or False:**

1.   Wealth of nations was written by Alfred Marshall
2.   Monopolist will maximize his profit when MR = MC
3.   Kinky demand is a feature of Monopolistic competition
4.   Firm under perfect competition earns normal profit in the long run
5.   During inflationary period borrowers will gain
6.   Health and education are the components of socio- economic factors

KEY: 1. False, 2. True, 3. False, 4. True, 5. True, 6. True

IV.   **Matching:**

| 1. Production possibility frontier	A. Adam Smith
2. Invisible hand	B. Unit elastic demand
3. Rectangular hyperbola	C. Samuelson
4. Liquidity preference	D. Giffen good
5. Inferior good	E. Keynes

KEY: 1. C, 2. A, 3. B, 4. E, 5. D

So friends, I hope you had a nice journey till the end of the mock test. Don't worry. All the questions will come from your study material only. So study hard and read thoroughly the whole of your study material. Mock test will gear you up should there be any misconception anywhere in your whole syllabus. We are always there to help you out and smooth out all your difficulties. Wish you all the best!!!
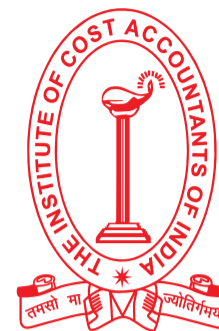
Examination
TIME TABLE

Day & Date	Foundation Examination Syllabus-2016	
	Time 10.00 A.M. to 12.00 NOON. **Paper – 1 & 2 (200 Marks)**	**Time 2.00 P.M. to 4.00 P.M.** **Paper – 3 & 4 (200 Marks)**
Sunday, **17th December, 2023**	**Paper – 1 :** Fundamentals of Economics & Management (100 Marks 50 Multiple Choice Questions) **Paper – 2 :** Fundamentals of Accounting (100 Marks 50 Multiple Choice Questions)	**Paper – 3 :** Fundamentals of Laws & Ethics (100 Marks 50 Multiple Choice Questions) **Paper – 4 :** Fundamentals of Business Mathematics & Statistics (100 Marks 50 Multiple Choice Questions)
	Foundation Course Examination Syllabus-2022	
	Time 10.00 A.M. to 12.00 NOON. **Paper – 1 & 2 (200 Marks)**	**Time 2.00 P.M. to 4.00 P.M.** **Paper – 3 & 4 (200 Marks)**
	Paper – 1 : Fundamentals of Business Laws and Business Communication (100 Marks 50 Multiple Choice Questions) **Paper – 2 :** Fundamentals of Financial and Cost Accounting (100 Marks 50 Multiple Choice Questions)	**Paper – 3 :** Fundamentals of Business Mathematics and Statistics (100 Marks 50 Multiple Choice Questions) **Paper – 4 :** Fundamentals of Business Economics and Management (100 Marks 50 Multiple Choice Questions)
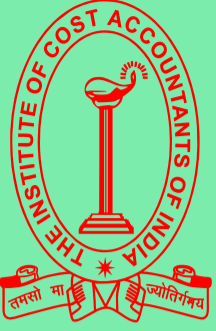
PRACTICAL
Advice

ABOUT YOUR STUDIES - FOUNDATION COURSE

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

START

01 Read Study Notes, MQPs, E-Bulletin Attend Online sessions

02 Solve Excercises given in Study Note

03 Assess Yourself

04 Appear For Examination

FINISHED

24
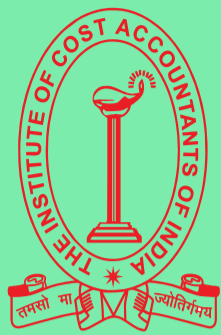
Message from
Directorate of Studies

Dear Students,

Greetings from the D.O.S.!!!

We from the Directorate of Studies understand your expectations from us and accordingly we are trying to deliver some meaningful tips through various publications in soft versions like-E-bulletins, Mock Test Papers (MTPs), Model Question Papers (MQPs). Supplementary and Amendments are also uploaded from time to time to keep the students updated about the recent changes made in the papers; wherever applicable.

· Certain general guidelines are listed below and which will help you in preparing for the examinations:

· Conceptual understanding and overall understanding of the subjects should be clear,

· Students are advised to go through the study material provided by the Institute meticulously,

· Students should know and learn the basic understandings of the subjects with focus on core concepts,

· Students are expected to give to the point answer which is a pre-requisite for any professional examination,

· To strengthen the answers, students are advised to answer precisely and in the structured manner,

· Proper time management is also important while answering.

GOOD LUCK

Be prepared and be successful

Few Snapshots

CMA Navneet Kumar Jain CCM and NIRC RCMs CMA Manish Kandpal and CMA Jeewan Chandra, held a fruitful discussion with CBIC Board Member Ms. V. Rama Mathew to delve into the potential utility of cost records data

Signing of the Agreement with National Council for Vocational Education and Training (NCVET), Ministry of Skill Development & Entrepreneurship, Government of India. Institute has been recognised as an Awarding Body (Dual Category) by the NCVET.


CMA Manoj Kumar Anand, Council Member, ICMAI had a meeting Ms. Helen Brand OBE, Chief Executive, ACCA UK along with Md. Sajid Khan, Director - India, ACCA, and Mr. Sundeep Jakhar, Head of Public Affairs - India, ACCA at CMA Bhawan, New Delhi on 30th October 2023.

CMA Navneet Jain CCM, CMA Jeewan Chandra, RCM-NIRC & CMA Varun Sukhija, Chairman Faridabad Chapter alongwith other members visited PCIT Faridabad and Gurgaon, Mr. Anand Kedia Ji and discussed about empanelment of CMAs for Inventory Valuation u/s 142 (2A) of Income Tax Act,1961.

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, ICMAI felicitating Smt. Rajeshwari Singh Muni, CMD of National Insurance Company Limited.

Behind every successful business decision, there is always a CMA
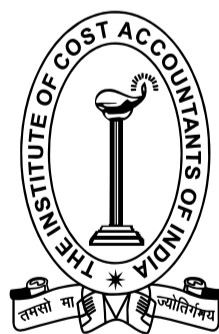
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(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