

2023

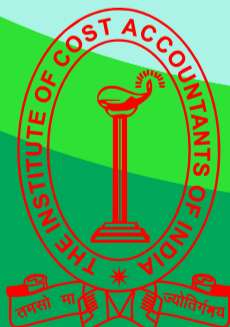
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Syllabus 2022

CMA Student E - Bulletin



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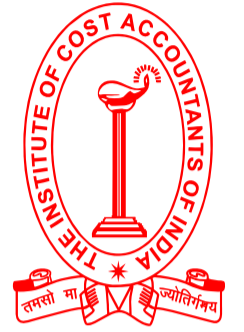
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Behind every successful business decision, there is always a CMA



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Message from the **CHAIRMAN**

Dear Students,

Greetings!!!

“The future depends on what you do today.” -Mahatma Gandhi

A spectacular achievement! Your determination, hard work, and skill have paid off with a new career as a profession! Heartfelt thoughts are sent your way. I want to congratulate those students who have cleared their Foundation examinations of the Institute. Congratulations on your well-deserved success! Hope, you have already registered yourselves for the Intermediate course. Those could not clear it; I suggest to pay more attention towards their studies because I believe that hard work never becomes unrewarded.

I want to draw your attention that you may please contribute write up on the topics or subject of your choice in the Students Monthly E-bulletin from November 2023 issue. Part informational, part query should summarize your manuscript which may offer an important opportunity to make an impact among the readers. Please forward your contributions in: studies@icmai.in

The Directorate of Studies is providing you all the meaningful tips for your success, try to accomplish by utilizing those and march forward for giving shape to a meaningful career ahead! We are so proud of you! May God continue to bless you and guide you on your life journey.

Best wishes for you all and as the country is passing through celebrations, I wish you too celebrate in your own ways,

CMA Vinayranjan P.
Chairman, Training & Education 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.

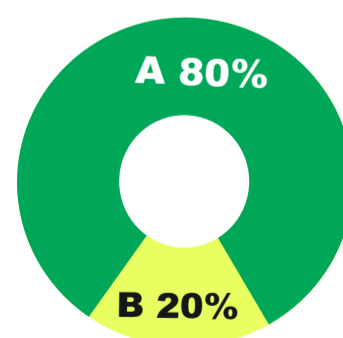
PAPER: 1

FUNDAMENTALS

OF BUSINESS LAWS AND
BUSINESS COMMUNICATION
(FBLC)

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Your Preparation Quick Takes



Syllabus Structure

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

Section B: Business Communication **20%**

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

**Indian Contracts Act,1872
Void and Voidable Agreements**

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.

Under essential elements of Contract, we read that there must be a Lawful Consideration. So, **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.

No Consideration No Contract - 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.

Sale of Goods Act,1930

Transfer of Ownership

We can raise a question that – there is a contract of sale between a buyer and a seller , but **when does the property, pass on from the seller to the buyer in a contract for the sale of such goods ?-**

You will find the answer in Sec.18 to 25 of the Sale of Goods Act. You have to reply keeping in mind each type of goods.

1. **In case of Specific Goods**, where there is an unconditional contract for sale of specific goods in a deliverable state, the property passes as soon as the contract is made. The time of payment or the time of delivery is not material.
2. **In case of Unspecified/Unascertained Goods**, the property is not transferred until the goods are ascertained. For example, there are bags of cement in a godown. The property gets transferred to the buyer only when the requisite number of bags are separated ,taken out and kept aside for delivery to that buyer.
3. **The Intention of the Parties** is very important in case of sale of Specific goods. The property passes when the parties to the contract intend it to pass as stated in the terms of the contract.
4. In case of sale of Specific Goods, **if there is something which the seller has to do** , before making the goods ready in a deliverable condition, the property passes only after the seller has done that thing. For example, M agrees to sell 1000 tins of milk powder to N and promises to pack them in Card Board Boxes before delivery, the property passes only after those tins are properly packed and made ready for delivery.
5. In case of Specific goods, **where the seller has to measure, weigh or test the goods** , for the purpose of ascertaining the price, the property does not pass to the buyer as long as that thing has been done and the buyer is intimated.
6. Property in the goods is transferred to the buyer when the **goods is delivered to the carrier.** However, in case of conditional delivery, the property is transferred only if that condition is fulfilled. For example if M –the seller ,sends goods by courier to N -the buyer, the property is transferred as soon as the goods are

handed over to the courier, but if there is a condition of Cash on Delivery (COD), the property passes only after N -the buyer pays the requisite Cash before collecting delivery of the goods.

7. Where **goods are sent on Approval or on Sale or Return Basis**, the property in the goods is transferred only – I) when the buyer informs his approval or acceptance of the goods ; II) In another case, if the buyer does not intimate his approval or acceptance of the goods, or his rejection of the same, but still retains those goods, the property passes after expiry of a reasonable time.

As long as the property in the goods is not transferred to the buyer, the goods remain at the risk of the seller. After the ownership passes to the buyer, the goods are at the Buyer's Risk, since Risk follows ownership.

Negotiable Instruments Act,1881

Definitions of Promissory Note, Bill of Exchange and ZCheque What is a Promissory Note ? ;

A Promissory Note is not a currency note. It is an instrument (document) in writing which contains unconditional undertaking , duly signed by the maker, **who agrees to pay** a certain sum of money , only to the order of a certain person or to the bearer holding the instrument.

The person signing the instrument is called the **Maker** and the person who will get the money is called the **Payee**.

Next question is - What is a Bill of Exchange ?

A Bill of Exchange is also an instrument in writing containing an unconditional order , duly signed by the Maker , **directing a certain person to pay** a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument.

The Maker of the Bill of Exchange is called the **Drawer** and the person who is directed to pay is called the **Drawee**. Here, the Payee must present the bill to the Drawee for his acceptance by signing on the bill and thereby signifying his acceptance. After Acceptance, the Drawee becomes the **Acceptor**.

The remaining question is - what is a Cheque ?

A Cheque is a Bill of Exchange drawn upon a *specified banker* and payable on demand. A cheque can be either a Bearer Cheque or an Order cheque but in both cases, it is **payable on demand**. The Specified banker , named has to pay the cheque, when it is presented to him during official banking/office hours at his office . However, the cheque must be validly drawn and the Drawee must have sufficient funds to his credit in his bank account in ordered to be duly honoured for payment.

Business Communication

Types of Business Communication

Broadly speaking, the two types of Business Communication are :
Internal Communication and External Communication.

Internal Communication can move upwards from a subordinate level to the managerial level or otherwise it can move downwards from the Manager to the subordinate step by step. Internal communication can also be internal across departments or between co-workers/ employees.

External Communication can be a message originating from the office or any internal staff and may be meant for Customers or Vendors concerning business.

Now, let us understand the purpose of business communication which can be –
Issuing instructions from Managers to subordinates or assigning jobs and responsibilities or

delegation of work from one person to another . Unclear communication can lead to lot of confusion.
clear communications in this area.

Sharing information about business decisions taken at meetings at different levels.Lack of transparency can lead to lot of misunderstandings.

Sharing feedback to subordinates and all concerned employees/ workers so that they can perform and follow instructions and guidelines .

To convene meetings where necessary problems can be discussed and jointly solved and the ultimate decisions can be conveyed within the organization and people concerned. This helps in employee participation and collective decision making.

Convening General Meetings where outsiders concerned with the organization can be invited and the pulse of the concerned interested public can be felt and analysed.

Formal and Informal Communication

Communication is the inter-exchange of ideas, feelings, thoughts, opinions and all sorts of information all across people. It can be Formal or informal.

Formal communication passes through a specific channel in the hierarchy within an organization .

Informal Communication can simply flow in any direction freely inside or outside the organization.

Written, Verbal and Non-Verbal Communication

Written Communication is a skill which needs to be cultivated. It can be written in the conventional way through letters, notes, memos or digital medium viz. Emails, etc.

Business Communication may be intended for customers, vendors or employees or giving directives and guidance to new employees so they can know how to work and deal with matters effectively. It helps in clarifying may points and clearing misunderstandings. Written communication must be conveyed in a proper tone and content or else the reader may misunderstand and create an unpleasant situation.

The following points must be kept in mind while writing :

Presentation – knowing what to write , how much to write and in what manner.

Clarity – the matter written must clearly explain the intention behind the writing

Content – the content must be well written, politely, without use of indecent words, with correct spellings and punctuations and approach must be professional and specific.

Effective communication by writing is a massively important skill, especially as more people are working remotely and keep in touch throughout the workday through Skype, Slack, or other digital mediums.

From a Slack message to an email to a customer to a new employee's training guide, we write every day and it is crucial that we understand how to do so effectively.

In fact, as we increasingly rely on written communication, we are all faced with just how easy it is to create misunderstandings when using this medium.

Unclear messages, the information gone missing, or an incorrect understanding of tone or content are all problems that happen with written communication every day.

Sometimes the reader will misread the tone of a message because they are having a bad day, or just had a run-in with an unpleasant person.

No matter what, one important skill to have when relying on written communication is knowing when you need to stop using it. A simple call, in almost all cases, can solve these communication problems.

If you sense that there is a miscommunication happening, or just starting, nip it in the bud with a quick verbal chat and you'll save a lot of time and frustration for all parties.

Verbal communication is communication through use of languages and intended for conveying something across. Oral communication can be through speaking to another person. It can be over telephone or through face-to-face interaction, through discussion, debates, presentations, interviews, during discussion at meetings etc.

The advantages of Verbal Communication are many –

It helps to improve participation and working with others

It promotes relationships and feeling of togetherness and trust

It help in productivity

Non-Verbal Communication as the name suggests is **the transmission of messages or signals through a non-verbal platform, where one first observes and then infers a meaning viz.**

1. Eye contact

2. Facial Expressions

3. Gestures and Posture and be more meaningful than spoken words

4. through display or projection of objects; and

5. Body language. Where a person's tone of voice can indicate the person's mood or emotional state.

Suggestions:

To make the most of mock tests, it is important to approach them with the same level of seriousness and preparation as the real ones. Here are some tips for maximizing the benefits of mock tests. Mock tests give people immediate feedback on how they did, so they can see where they stand and figure out where they need to improve. Figure out what you're good at and what needs improvement. This will help you study and prepare for the areas where you need to improve.

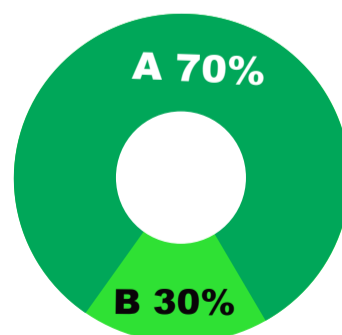
PAPER: 2

FUNDAMENTALS

OF FINANCIAL AND
COST ACCOUNTING (FFCA)

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Your Preparation Quick Takes



Syllabus Structure

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

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

A. Fill in the blanks:

1. Results of an accounting period can be measured only when incomes are compared with under 'matching principle'.
2. Cartage paid to bring a new machine from Vendor Premises to Plant is to be
3. Special Diwali campaign for new product launch is expenditure.
4. Cash Book is both a
5. Sales Day Book is used to record sales transactions.
6. Petty Cash Book should always be with a balance.
7. Rectification entry need not be passed, if the entry is correctly captured.
8. For additional responsibilities of dues collection Commission is paid.
9. Balance of Consignment Account indicates on consignment business.
10. Receipt and Payment Account is a summarized
11. Non-financial transactions are not recorded in Books of Accounts, since they are not falling under concept.
12. Bad Debts can arise only when sales made on
13. Change of accounting procedures and practices for preparing financial statement in every accounting period relates to non-adherence to Principle.
14. Wages paid for installation of new Machinery is to be
15. Over valuation of Closing Inventory impacts

B. Fill in the blanks:

1. The term is closely associated with Standard Costing.
2. Marginal cost is the incremental cost for output.
3. Costs not involving any cash outlay but computed for decision making purposes termed as cost.
4. Transportation rate/cost for a Truck load of Cement from Satna Plant to Durgapur , for which appropriate cost Unit will be
5. Administrative overhead added to works cost gives
6. Variable cost varies with
7. Wages paid to Delivery Van Driver is a cost.
8. Direct Expenses are expenses except direct labour and Cost.
9. Seepage from a oil delivery Tanker is aloss.
10. Warehousing cost is part of expenses.
11. Cost of Goods Sold = Opening Finished Goods – Closing Finished Goods +
12. Completely Knocked Down (CKD) Units are assembled in Plant to produce Buses are reported in vehicles produced.
13. Both Financial Account and Cost Account is maintained under
14. Primary packing materials like wrapper for Soap forms part of
15. Director's remuneration iscost.

Qs. No.	Part A	Part B
1	Expenditure	Variance Analysis
2	Capitalized	Incremental
3	Revenue (AS 26)	Imputed
4	Journal and Ledger	Mt. per Kilometre
5	Credit	Cost of Production
6	Debit	Volume
7	Original	Sales and Distribution
8	Del Cradre	Direct Material
9	Profit/Loss	Normal
10	Cash Book	Distribution
11	Money Measurement	Cost of Production
12	Credit	Number of
13	Consistency	Double Entry System
14	Capitalized	Prime Cost
15	Profit	Administrative Overhead

Suggestions:

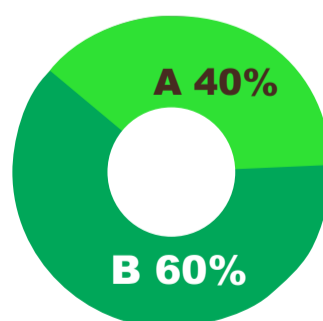
Mock tests can be taken at any time, allowing individuals to fit them into their schedules whenever it is convenient for them rather than having to adhere to a set schedule. Understand why you got certain questions wrong and how to avoid making the same mistakes in the future by learning from your mistakes. Reviewing the questions and answers can help you learn more about the subject and understand it better. It's important to approach the review process objectively and with an open

PAPER: 3

FUNDAMENTALS OF BUSINESS MATHEMATICS AND STATISTICS (FBMS)

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Your Preparation Quick Takes



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 Time Value of Money and Annuity –Simple and Compound Interest

Q1. If a sum of money amount to R2600 in 3 years and to R2900 in 4- 1/2 years at simple interest, then rate of interest is

- (a) 10%
- (b) 8.5%
- (c) 7%
- (d) 12%

Q2. The present value of R1000 receivable after 20 years at the rate of interest is 8% p.a.

- (a) R 345
- (b) R 301
- (c) R 214
- (d) R 275

Q3. If you deposit R5000 today at 12% p.a. interest then this amount grow to R160000 in

- (a) 35 years
- (b) 37 years
- (c) 32 years
- (d) 31 years

Q4. A deposit of R5000 grows, at the end of 6 years at 12% p.a. rate of interest compounded quarterly, to

- (a) R 10354 approx
- (b) R 10289 approx
- (c) R 10468 approx
- (d) R 10164 approx

Q5. The present value of R10000 receivable after 8 years at the rate of interest of 15% p.a is

- (a) R 2345 approx
- (b) R 3269 approx
- (c) R 1578 approx
- (d) R 4023 approx

Q6. A man secures an interest free loan of R14500 from a friend and agrees to repay it in 10 instalments. He pays R1000 as first instalment and then increases each instalment by equal amount over the preceding instalment. His last instalment will be

- (a) R 2000 approx
- (b) R 1900 approx
- (c) R 1850 approx
- (d) R 2050 approx

Q7. In how many years a sum becomes 8.50 times itself at 12% p.a. simple interest?

- (a) 62 years 2 months
- (b) 62 years 4 months
- (c) 62 years 6 months
- (d) 62 years 8 months

Q8. If the present value of perpetuity of a Ry at 2.25 % per quarter, compound interest is R18000 then the value of Ry

- (a) 1,580
- (b) 1,520
- (c) 1,480
- (d) 1,620

Q9. Annuity is -

- (a) Increasing stream of cash flows.
- (b) Decreasing stream of perpetual cash flows.
- (c) Level stream of perpetual cash flows.
- (d) Level stream of cash flows occurring for a fixed period of time.

Q10. If the present value of an annuity received at the beginning of each year for 4 years at a discount factor of 5% is R12390 then the amount of annuity is

- (a) R 3298
- (b) R3248
- (c) R 3428
- (d) R3328

Q11. A wants to create an endowment fund to provide for a prize of R485 every year. If the fund can be invested at 13% p.a. compound interest, then the amount of endowment will be

- (a) R7331
- (b) R3731
- (c) R3331
- (d) R7371

Q12. A & M Co. is expecting to receive R50000 five years from now. The present value of this sum, if the current market interest rate is 7% and the interest is compounded half-yearly, is

- (a) R35446
- (b) R34556
- (c) R35651
- (d) R36551

Q13. If an amount doubles in 8 years, then the rate of compound interest is

- (a) 9% p.a.
- (b) 9% per month
- (c) 12% p.a.
- (d) 12% per month

Q14. Assuming the rate of interest is 4% p.a., Mr. Singh invests a certain amount of money at the beginning of each year for 4 years, which accumulates to R8840 at the end of 4th year. At the beginning of each year the amount invested by Mr. Singh is

- (a) R1750
- (b) R2150
- (c) R2000
- (d) R1500

Q15. The effective rate of interest to the nominal rate of 8% payable monthly is

- (a) 8.30%
- (b) 8.20%
- (c) 8.10%
- (d) 8.00%

Q16. At interest rate being 12.5% per annum compounded continuously for 8 years, the compound value of R28950 is

- (a) R76895
- (b) R74695
- (c) R78695
- (d) R77995

Answers:

Q 1	a
Q 2	c
Q 3	d
Q 4	d
Q 5	b
Q 6	b
Q 7	c
Q 8	d
Q 9	d
Q 1	d
Q 1	b
Q 1	a
Q 1	a
Q 1	c
Q 1	a
Q 1	c

**Answer 1:**

Amount in 4-1/2 years = 2900

Amount in 3 years = 2600

S.I for 1-1/2 yrs. = 2900 - 2600 = 300

S.I for 1 year = 300 / 1-1/2 = 200

And S.I for 3 years = 3 x 200 = 600

Principal = 2600 - 600 = ₹2000

P = 2000, A = 2600, t = 3, r = ?

$$2600 = 2000 \left(1 + \frac{rt}{100}\right) = 2000 \left(1 + \frac{r \cdot 3}{100}\right) = 2000 + 60r$$

Or, 60r = 600 or r = 10%

Alternatively:

$$2600 = P \left(1 + \frac{3r}{100}\right) \dots\dots (i),$$

$$2900 = P \left(1 + \frac{4.5r}{100}\right) \dots\dots (ii)$$

Dividing (ii) by (i)

$$\text{We get } \frac{2900}{2600} = \frac{\left(1 + \frac{4.5r}{100}\right)}{\left(1 + \frac{3r}{100}\right)}$$

$$\frac{29}{26} - 1 = \frac{1 + \frac{4.5r}{100}}{1 + \frac{3r}{100}} - 1$$

$$\text{Or, } \frac{3}{26} = \frac{\frac{1.5r}{100}}{1 + \frac{3r}{100}}$$

$$\text{Or, } 3 \left(1 + \frac{3r}{100}\right) = 26 * \frac{1.5r}{100}$$

$$\text{Or, } 3 + \frac{9r}{100} = \frac{39r}{100}$$

$$\text{Or, } 3 = \frac{30r}{100}$$

$$\text{Or, } r = \frac{300}{30} = 10\%$$

Answer2:

Let the present value today is= P

So by question we could write $1000 = P * (1 + 0.08)^{20} = P * (1.08)^{10} * (1.08)^{10}$

$$(1.08)^{10} = 2.16$$

$$\text{So } P = \frac{1000}{2.16 * 2.16} \cong 214$$

Answer3:

By question we could write $160000 = 5000 (1 + 0.12)^t$

We have to find out the value of t

From above we can write $\frac{160000}{5000} = (1.12)^t$

$$\text{Or, } 32 = (1.12)^t$$

$$\text{Log}32 = t\text{Log}(1.12)$$

$$\text{Or, } 1.505 = t * 0.049$$

$$\text{Or, } t \cong 31 \text{ years}$$

Answer4:

By question we could write $A = 5000 \left(1 + \frac{r}{4}\right)^{4*6}$

Since interest is given quarterly so in a year it is given 4times and for 6 years 24 times

We can write

$$A = 5000 * \left(1 + \frac{0.12}{4}\right)^{24}$$

$$\text{Or, } A = 5000 * (1 + 0.03)^{24}$$

$$\text{Or, } A = 10163.97$$

Answer5:

By question we could write

$$10000 = P * (1 + 0.15)^8$$

$$\text{Or, } 10000 = P * (1.15)^8$$

$$\text{Or, } P = 3269.018$$

Answer6:

Let the first instalment is A and equal increased amount is d

So payment of instalments will form a series like $A + (A + d) + (A + 2d) +$

... .. 10 terms = 14500

Now by question $A = 1000$

$$\text{We can write } S_{10} = 14500 = \frac{10}{2} [2 * 1000 + (10 - 1)d]$$

$$\text{Or, } 2900 = [2000 + 9d]$$

$$\text{Or, } 2900 - 2000 = 9d$$

$$\text{So, } d = 100$$

We have to find out the last instalment. That is we have to find the last term of the series.

$$\text{So we can write } t_{10} = A + 9d = 1000 + 9 * 100 = 1900$$

Answer7:

$$= 8.50P, \quad I = A - P = 8.50P - P = 7.50P,$$

$$r = 12\% \text{ p. a. or } 0.12$$

$$I = P * n * r$$

$$7.50P = P * n * 0.12$$

$$7.50 = n * 0.12$$

$$n = \frac{7.50}{0.12} = 62.50 \text{ or } 62 \text{ years } 6 \text{ months.}$$

Answer8:

$$V = 18000, r = 2.25\% \text{ per quarter} = 0.0225 * 4 = 0.09 = 9\% \text{ p. a.}$$

$$18000 = \frac{P}{0.09}$$

$$P = 18000 * .09 = 1620$$

Answer10:

$$V = 12390, r = \frac{5}{100} = 0.05, n = 4$$

$$V = \frac{P * (1 + r)}{r} * \left[1 - \frac{1}{(1 + r)^n}\right]$$

$$12390 = \frac{P * (1 + 0.05)}{0.05} * \left[1 - \frac{1}{(1 + 0.05)^4}\right]$$

$$12390 = P * 21 * \left[1 - \frac{1}{1.2155}\right]$$

$$590 = P * [1 - 0.8227]$$

$$590 = P * 0.1773$$

$$P = \frac{590}{0.1773} = 3,327.69 \text{ or } 3,328 \text{ (Approx.)}$$

Answer11:

$$P = 485, r = \frac{13}{100} \text{ or } 0.13$$

$$V = \frac{P}{r}$$

$$V = \frac{485}{0.13} = 3730.77 \text{ or } 3,731 \text{ (Approx.)}$$

Answer12:

$$A = 50,000, r = \frac{7}{100} = 0.07, n = 5$$

$$P = \frac{A}{\left(1 + \frac{r}{2}\right)^{2*n}}$$

$$P = \frac{50,000}{\left(1 + \frac{0.07}{2}\right)^{2*5}}$$

$$P = \frac{50,000}{(1 + 0.035)^{10}}$$

$$P = \frac{50,000}{1.4106}$$

$$P = 35,445.91 \text{ or } 35,446 \text{ (Approx.)}$$

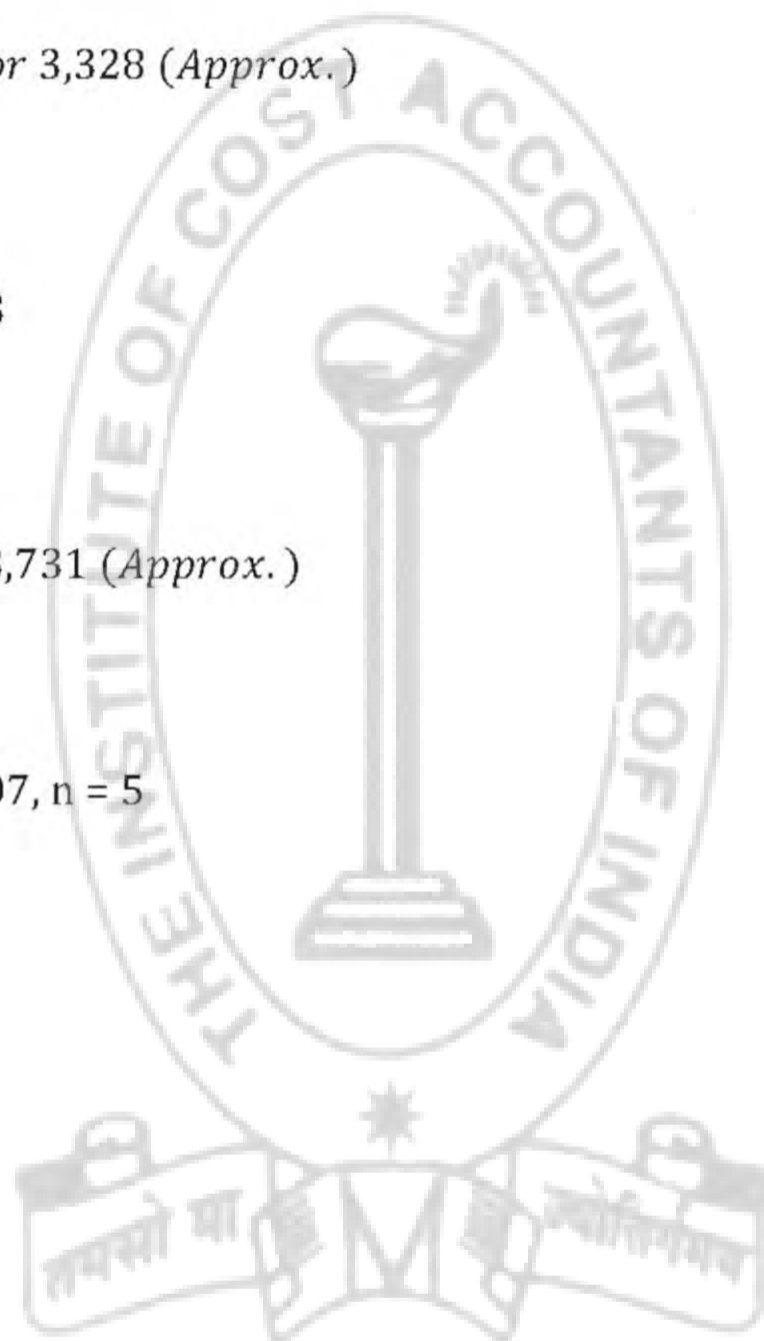
Answer13:

$$2P = P (1 + r)^n$$

$$2 = (1.0r)^8$$

$$\log 2 = \log(r)^8$$

$$0.3010 = 8 * \log r$$



$$\log r = \frac{0.3010}{8} = 0.037625$$

$$\log r = 0.037625$$

$$r = 1.090 - 1 = 0.090 \text{ or } 9\% \text{ p.a.}$$

Answer14:

$$A = 8840, r = \frac{4}{100} \text{ or } 0.04, n = 4$$

$$A = \frac{P*(1+r)^n}{r} [(1+r)^n - 1]$$

$$8840 = \frac{P*(1+0.04)^4}{0.04} [(1+0.04)^4 - 1]$$

$$8840 = P * 26 * [1.1698 - 1]$$

$$340 = P * 0.1698$$

$$P = \frac{340}{0.1698} = 2002.35 \text{ or } 2000 \text{ (Approx.)}$$

Answer15:

$$= \left(1 + \frac{0.08}{12}\right)^{1*12} - 1$$

$$r = (1 + .00667)^{12} - 1$$

$$r = 1.00667^{12} - 1$$

$$r = 1.08299 - 1$$

$$r = 0.08299 \text{ or } 8.299\% = 8.30\% \text{ (Approx.)}$$

Answer16:

$$P = 28950, r = 12.50\% \text{ p.a. or } 0.125, n = 8$$

$$A = P * e^{r*n}$$

$$A = 28950 * e^{0.125*8}$$

$$A = 28950 * e^1$$

$$A = 28950 * e \text{ (} e = 2.7183 \text{)}$$

$$A = 28950 * 2.7183 = 78,694.79 \text{ or } 78,695 \text{ (Approx.)}$$

Suggestions:

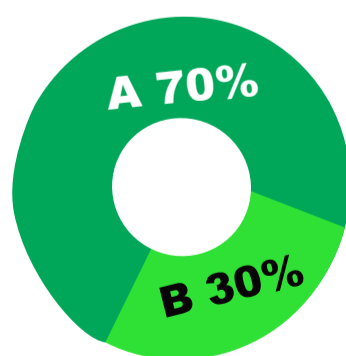
The study guide needs to be read thoroughly. Supplementary readings could be made from other resources. In this issue MCQs are based on basic concepts of Time Value of Money and Annuity as discussed in the study guide. Students should try to understand the correct answer of each question. For development 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
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Your Preparation Quick Takes



Syllabus Structure

Section A: Fundamentals of Business Economics 70%

Section B: Fundamentals of Management 30%

Hallow friends!! Hope you are gearing up for the up-coming DURGA PUJA festival. You must be busy in making last minute purchases and adopting the latest trendy fashion. Still then we will make a quick look at our state of preparation of the subject matter of Economics and Management through a very easy mock test which will go a long way to help you in preparing for your exam.

I. Choose the correct answer:

- 1. The market demand curve for a commodity can be derived from the**
 - A. Horizontal summation of individual demand curves
 - B. Vertical summation of individual demand curves
 - C. Cumulative summation of individual demand curves
 - D. None of the above
- 2. The midpoint of a linear demand shows a price elasticity of demand which is**
 - A. Relatively elastic
 - B. Relatively inelastic
 - C. Unit elastic
 - D. Perfectly inelastic
- 3. For an inferior good, the value of income elasticity of demand is**
 - A. Positive
 - B. Negative
 - C. Unity
 - D. Zero
- 4. When both AR and MR are downward sloping straight lines, then the absolute slope of the AR curve will be**
 - A. Twice that of the MR curve
 - B. Half of that of the MR curve
 - C. Equal to that of the MR curve
 - D. None of the above
- 5. When $e > 1$, then with the fall in price, TR will**
 - A. Rise
 - B. Fall
 - C. Remains unchanged
 - D. None of the above
- 6. Demand curve for durable goods will have**
 - A. $E=1$
 - B. $E>1$
 - C. $E<1$
 - D. $E= \text{infinity}$
- 7. The law of variable proportions explains the shape of**
 - A. AFC curve
 - B. LAC curve
 - C. SAC curve
 - D. None of the above
- 8. SMC is equal to**
 - A. Change in LMC
 - B. Change in TFC
 - C. Change in TVC
 - D. None of the above

9. If the firm is operating under constant returns to scale, what will be the shape of the LAC curve?
- V-shaped
 - Upward rising
 - Downward falling
 - Horizontal
10. If inflation occurs due to increase in wages, such inflation is called
- Demand pull inflation
 - Cost push inflation
 - Mark-up inflation
 - None of the above
11. Which is inherent in managerial job and embodied in all the functions of management?
- Planning
 - Control
 - Organizing
 - Co-ordination
12. The process of co-ordination must begin in the early stages of
- Control
 - Organizing
 - Planning
 - Staffing
13. Who emphasized the principle of self-coordination?
- Brown
 - George Terry
 - Henry Fayol
 - Peter Drucker
14. Who emphasized harmony of objectives is crucial to the success of direction?
- Henry Fayol
 - Peter Drucker
 - F.W. Taylor
 - George Terry
15. Goal incongruence may lead to
- Inefficiency
 - Ineffectiveness
 - Both (A) and (B)
 - None of the above

KEY: 1. A, 2. C, 3. B, 4. B, 5. A, 6. C, 7. C, 8. C, 9. D, 10. B, 11. D, 12. C, 13. A, 14. C, 15. C

II. Fill in the blanks:

- Kinked demand curve is related to the Market
- In market, firm is identical to industry
- Credit money is created by banks
- The regulator of the Indian money market is

5. In order to control inflation, bank rate is
6. The process of communication starts with
7. involves the selection of language in which the message is to be given

KEY: 1. oligopoly 2. Monopoly 3. Commercial 4. RBI 5. Raised 6. Sender 7. encoding

III. True or False:

1. $GDP - NDP = Depreciation$
2. Long run average cost curve is the envelop of all the short run average cost curves
3. $MC = P [1 - 1/e]$
4. $E < 1$ means elastic demand & $E > 1$ means inelastic demand
5. If the two goods x and y are substitutes, their cross price elasticity of demand will be negative
6. Autocratic leadership is also known as Democratic leadership
7. Carrot and stick approach to motivation is adopted under Benevolent Autocratic system

KEY: 1. True, 2. True, 3. False, 4. False, 5. False, 6. False, 7. True

IV. Matching:

1. Product differentiation	A. IMF
2. Multiplier theory	B. Monopolistic competition
3. SDR	C. Innovation
4. Fixed cost	D. Keynes
5. schumpeter	E. short run
6. free rein	F. urge to do something
7. motive	G. Laissez Faire leadership

KEY: 1. B, 2. D, 3. A, 4. E, 5. C, 6. G, 7. F

1. Management deals with _____
 - A. internal environment
 - B. external environment
 - C. both internal and external environment
 - D. None of the above

Answer: C

2. Management is _____ in order to create a surplus.
 - A. An art
 - B. A science
 - C. Both A & B
 - D. None of these

Answer: C

3. _____ is about grouping of jobs.
 - A. Organising
 - B. Directing
 - C. Planning
 - D. Controlling

Answer: A

4. _____ basically formulate the MOST.
 - A. Government

- B. Managers
- C. Workers
- D. Trademark registrar

Answer: B

5. The problem-solving process begins with

- A. clarification of the situation
- B. establishment of alternatives
- C. identification of the difficulty
- D. isolation of the cause

Answer: C

6. ____ is the important interpersonal role of manager.

- A. Leader role
- B. Liaison role
- C. Figurehead role
- D. All of the above

Answer: D

7. Which is NOT an informational role of manager?

- A. Monitor's role
- B. Disturbance's handler role
- C. Disseminator's role
- D. spokesman's role

Answer: B

8. Management satisfies ____ characteristics of a profession.

- A. Few
- B. Many
- C. All
- D. Zero

Answer: C

9. What kind of process is management?

- A. Hierarchical
- B. Organizational.
- C. Mental.
- D. Universal.

Answer: D.

10. What effect does management have on society?

- A. It gives society money.
- B. It unites the society.
- C. It develops society.
- D. It divides society.

Answer: C.

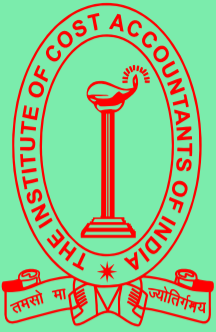
Suggestions:

So, how was the mock test? A bit difficult ... no? If you find it really difficult, then it indicates that the alarm bell is ringing for you. In fact the mock test was very easy. As easy like a cake walk. Of course if you have prepared for the exam. Please read between the lines your study material. All the above questions are from the study material only. Best of luck for your exam!!



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

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START

01

**Read Study Notes,
MTPs, MQPs, E-Bulletin
Attend Online sessions**

**Solve Exercises
given in Study Note**

02

03

Assess Yourself

Appear For Examination

04

FINISHED



Message from **Directorate of Studies**

Dear Students,

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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

Disclaimer:

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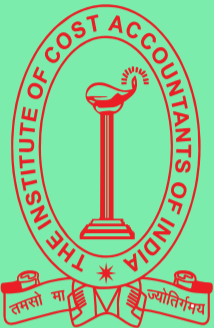
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Few Snapshots



CMA Manoj Kumar Anand, Council Member, ICMAI along with CMA Rajendra Singh Bhati, Council Member, ICMAI extending greetings to Shri Arjun Ram Meghwal, Hon'ble Union Minister of Law and Justice & MoS for Culture and Parliamentary Affairs on 22nd September, 2023.



CMA Baldev Kaur Sokhey, Director (Finance) at NBCC, and CMA Shri Hrishikesh Kumar, Executive Director (Finance) at NBCC, visited the Institute of Cost Accountants of India (ICMAI) and had a meeting with President CMA Ashwin Dalwadi and other Central Council Members, CMA TCA Srinivas, CMA M K Anand & CMA Navneet Kumar Jain. They had discussions related to the overall development of the profession.



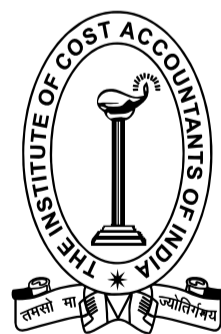
CMA Dr. V. Murali, Council Member, ICMAI, CMA Rajendra Singh Bhati, Council Member, ICMAI and CMA Dr. Kaushik Banerjee, Secretary, ICMAI along with the representatives of ICSB and ICSI during the International Training Programme jointly conducted by ICSB and ICSI on 15-16 September, 2023 in Dhaka, Bangladesh.



Meeting with Mr. Rajesh Jadhavar, Joint Registrar of the Co-Operative Department by CMA Harshad Deshpande: CCM & CMA Mahendra Bhombe, RCM- WIRC for discussions on the upcoming empanelment of CMA firms for the fiscal years 2023-26



CMA Navneet Kumar Jain CCM met with IMA's Board Chairs Mr Richard T Brady, Sunil Deshmukh ji & President Delhi Chapter of IMA-Sanjay Garg ji during Convocation Ceremony of IMA-Delhi Chapter and had discussions on reciprocal exemptions.



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