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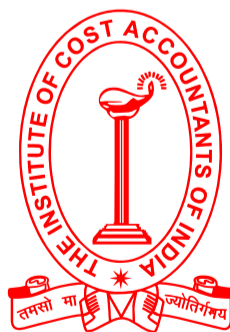
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CMA Student E - Bulletin

INTERMEDIATE

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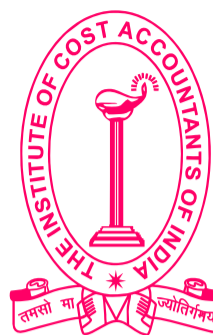
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Behind every successful business decision, there is always a **CMA**

Message from The Chairman

CMA Biswarup Basu

Vice President & Chairman,
Training & Education Facilities
and Placement Committee



MESSAGE FROM THE CHAIRMAN

Dear Students,
Greetings!!

"It is easy to stand in the crowd but it takes courage to stand alone" - M.K. Gandhi.

The world after the wave of COVID-19 must be more inclusive, resilient, and sustainable. Today, we live in a world in which inequality between and within countries has grown as a result of businesses' race to the bottom and working poverty among a vast portion of the global workforce. Too many countries suffered the external shocks of COVID-19 without universal social protection, robust public health systems, a plan to reach net-zero carbon emissions by 2050, or a sustainable real economy with quality jobs. Towards this end, our Institute is also taking initiatives to make our students more Globally acceptable.

The Directorate of Studies is working diligently to provide the students with all possible supports and guidance. Live Webinars are being conducted, recorded webinars are also there in the e-library. Answers to the Mock Test Papers (MTPs), updated Work Books, and monthly E-bulletins are uploaded on our website as per the pre-scheduled manner. Eminent academicians and professionals are contributing in their own way to the development of our students despite the odd situation faced by everybody.

Being the Chairman of the Training & Educational Facilities and Placement Committee, I am really thankful to all of them. So, don't give up hope, carry on with your exercises, and try to utilize the facilities and opportunities being offered by the Directorate of Studies.

Foundation Examination of the students will be conducted on 6th September 2020 in online mode only and I wish all the examinees will appear with much confidence, as the unique and exclusive Online Mock Test Platform for CMA Students has been developed and made live by the Directorate of Studies to provide required practice sessions to the students through this portal: https://eicmai.in/MCQ_Portal/login.aspx; as per our records more than 40,000 online mock test examinations have already been conducted through this online platform so far.

Our 'Students' Connect' section is there for the convenience of all our students [<https://icmai.in/studentswebsite/Students-E-Services.php>].

Recently we have thoroughly revamped our 'Students' Portal' to make it robust, up-to-date and students friendly. Your valuable feedback is always solicited.

We have also introduced World Class Training facilities for the Intermediate Students with SAP Certification, Microsoft Certification, Cambridge University Certification and E-Filing to groom and train them as future-ready professionals.

Self-reliance and confidence is the need of the hour; keep faith for a bright and sparkling future to come.

Always keep in mind that, **"Strength is Life, Weakness is Death. Expansion is Life, Contraction is Death. Love is Life, Hatred is Death."** - Swami Vivekananda

Best wishes as always,

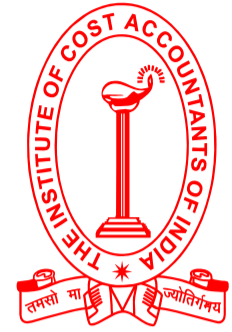
CMA Biswarup Basu
Chairman, Training & Education Facilities and Placement Committee

Be a CMA, be a Proud Indian

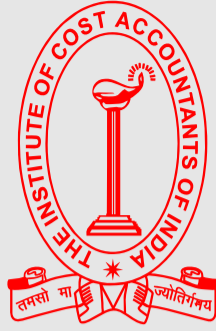
Stay Home
Stay Safe



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KNOWLEDGE Update



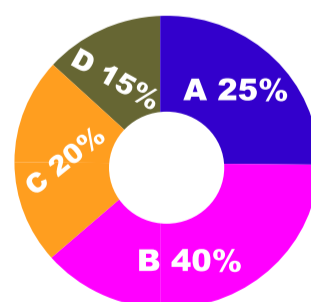
In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.



GROUP: I, PAPER: 5
FINANCIAL
ACCOUNTING (FAC)

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Your Preparation Quick Takes



Syllabus Structure

- A Accounting Basics 25%
- B Preparation of Financial Statements 40%
- C Self Balancing Ledger, Royalties, Hire Purchase & Installment System, Branch & Departmental Accounts 20%
- D Accounting in Computerised Environment and Accounting Standards 15%

Learning Objective:

- Students will demonstrate their knowledge of the fundamental and technical concepts of accounting.
- Students will reveal critical-thinking and problem-solving skills.
- Students will exhibit the ability to recognize when change is appropriate, to adapt to change as it occurs, and to take the lead in creating change.
- Students will display a sense of responsibility and a capacity for the subject after learning.

FINANCIAL ACCOUNTING

We are all passing through a stage of uncertainty- health ,education and economy as a whole. However, we human being the most superior creature in the world have not learnt to lose. Regarding examination also there is an uncertainty. In last issue I shared a story. Here also I would like to share one :

One day I was coming from my office when I used to stay in a suburban area and my place was bit away from the railway station. I used to take a rikshaw from the station to reach my place. That day it was around 8 pm. Suddenly there was a power cut and the area covered under a complete darkness. Instantly I expressed my annoyance by saying"uffs... again the same thing... its too hot." The rikshaw puller was very well known to me as I was a regular customer of him. He said " why are you getting angry ? its not permamnet. Rather enjoy the darkness thinking that the light will come soon".

I have learnt the best lesson from him in my life. So let us hope for the best and enjoy your studies .. examination will be soon. Keeping this in mind in this issue I put some MCQ questions from different chapters of accounting.

- 1. Stock is:**
 - a. Included in fixed assets
 - b. Part of current assets
 - c. Intangible
 - d. Tangible
- 2. Closing stock is valued at**
 - a. Cost
 - b. Market value
 - c. Cost or market price whichever is lower
 - d. None of the above
- 3. WHICH OF THE FOLLOWING IS NOT INCLUDED IN THE CATEGORY OF INTANGIBLE ASSETS**
 - a. Patent right
 - b. Copy right
 - c. Competitive benefit and privileges
 - d. Machinery
- 4. Which of the following statements is true in relation to liabilities?**
 - a. Claims against resources
 - b. Currently existing obligation which the firm intends to meet at some time in the future
 - c. It must be capable of being expressed in money terms
 - d. All of the above
- 5. Function of accounting include**
 - i. Keeping systematic records
 - ii. Protecting properties from business
 - iii. Communicating the results
 - iv. Meeting legal requirements
 - a. I and ii
 - b. I and iii
 - c. I, iii and iv
 - d. I, ii, iii, and iv
- 6. Accounting is also defined as information system because**
 - a. The function of accounting is to provide quantitative information primarily financial in nature about economic entities
 - b. Every system is information system
 - c. Anyone can get required information from accounting
 - d. All of the above

7. What are the limitations of Money Measurement Concept?
- Any transaction or event in spite of being very important cannot be recorded in the books of accounts if it cannot be expressed in money value
 - As per this concept the transaction is recorded at its money value on the date of occurrence and the subsequent changes in the money value are conveniently ignored
 - Both a and b
 - None of the above
8. According to which of the following concept fixed assets are depreciated over their useful life rather than over a shorter. On the expectation of early liquidation?
- Cost concept
 - Matching concept
 - Going concern concept
 - Business entity concept
9. Which of the following accounting equations is not correct?
- Assets= liabilities+ capital
 - Capital= assets- liabilities
 - Liabilities= assets- capital
 - Liabilities= assets+ capital
10. Contingent liability is shown due to
- Convention of full disclosure
 - convention of conservatism
 - Convention of materiality
 - Dual aspect concept
11. Owners equity stands for
- Total asset minus total liability
 - Fixed assets minus fixed liabilities
 - Current assets- fixed liabilities
 - Fixed assets minus current liabilities
12. The fundamental accounting equation assets= liabilities+ capital is the formal expression of
- Dual Aspect concept
 - matching concept
 - Going concern concept
 - money Measurement Concept
13. Suppose P starts a business with rupees 50000 cash And f and F company on credit 2000. The accounting equation will be Assets = capital + liabilities
- 52000=50000+2000
 - 50000=50000+0
 - 50000=48000+2000
 - 48000=50000-2000
14. Which of the following can be treated as capital expenditure?
- Acquisition of land building machinery
 - Amount spent on increasing the sitting accommodation in the picture hall
 - Expenditure incurred for acquiring the right to carry on a business for example patent
 - All of the above
15. Match list I with list II and select the correct answer using the codes given below:
- | LIST I | | LIST II | |
|-----------|-----|--|--|
| a. AS - 2 | I | Accounting standards on fixed assets | |
| b. AS- 6 | II | Standards on revenue recognition | |
| c. AS- 9 | III | Accounting standards on accounting | |
| d. AS-10 | IV | Accounting standards on valuation of inventory | |

Codes:

	a	b	c	d
A	IV	III	II	I
B	I	II	III	IV
C	II	I	IV	III
D	III	II	I	IV

The answers:

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

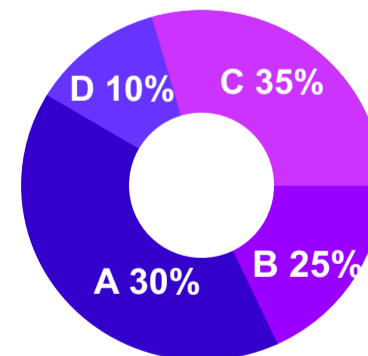




GROUP: I, PAPER: 6
LAWS & ETHICS
(LNE)

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Your Preparation Quick Takes



Syllabus Structure
A Commercial Laws 30%
B Industrial Laws 25%
C Corporate Laws 35%
D Ethics 10%

Learning Objectives:

Prior to start discussing on the Paper, we need to understand few basic points about the paper. Unlike other papers, this particular may turn to be very interesting and scoring as well, provided you pay attention to the points discussed below:

- Read the Act carefully and try to know the meaning of the contents in it,
 - All the Acts are having practical implications in the real life world and it will help you to solve the problems in your real life situations once you join in the industry and / or practicing field,
 - Answers should be specific and to the point,
 - Please don't try to elaborate your answers adding irrelevant terms and items ; it may penalise you
- With the Tips given here, please follow the Suggested Answers and Mock Test Papers of the Institute to have a fair idea about writing the paper in the examination.

LAW & ETHICS

This is a Special message for students intending to take the examination within a few weeks .Here are some tips for all of you :-

How to wind up your studies and get ready to confidently face the examinations -

1. Prepare a time-table with time allotted for each subject - to read, write and revise.
2. For this Law paper, you must have noticed that I always highlight the salient points for the questions raised.
3. Please note down the question and the jot down the main points highlighted by me.
4. Keep revising those points so that you remember those.

On the day of your Law & Ethics Exam :

1. After the question paper is distributed, please take a deep breath and glance at all the questions - the Main questions, the Sub-questions and the short notes.
2. Hold a pencil and on the right margin, mark in which order you intend to attempt the questions first, second and so on.
3. Allot time to each question depending on the marks allotted and do not waste time on small questions even if you know that very well.
4. This is called Time Management. Keep aside time for revision.
5. While attempting a question always try to impress the examiner.
6. Concentrate on good handwriting.
7. Give a Heading to highlight the salient points.
8. Inside the answer, give Bullet Points to impress that you know the answer well.
9. Then if the question demands, enlarge those main points with more emphasis on what the question demands.
10. Never fill up the pages with trash matters.
11. In a long question, start with an introduction and end with a conclusion.

For those students who are not appearing in the ensuing examination, it is hoped that you all keep on reading and recapitulating all that you have read because your exams are also not far away as time just flies.

It is hoped that you - the students prepare a time-table with time allotted for each subject and read, write , revise and recapitulate all that you keep on reading. *The first TIP is that you must read the Bear Act and the Sections and start asking questions to yourself and find your own answers.*

In this issue we shall continue to deal with Corporate Laws - Companies Act,2013
Sec.61 Alteration of Share Capital by a Limited Company

(1) A limited company having a share capital may, if so authorized by its articles,alter its memorandum in its general meeting to—

- (a) increase its authorized share capital by such amount as it thinks expedient;
- (b) consolidate and divide all or any of its share capital into shares of a larger

amount than its existing shares:

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;

(c) convert all or any of its fully paid-up shares into stock, and reconvert that

stock into fully paid-up shares of any denomination;

(d) **sub-divide its shares**, or any of them, **into shares of smaller amount than is fixed by the memorandum**, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

(e) **cancel shares which**, at the date of the passing of the resolution in that behalf, **have not been taken or agreed to be taken by any person**, and diminish the amount of its share capital by the amount of the shares so cancelled.

Sec.61 (2) provides that **the cancellation of shares under sub-section (1) shall not be deemed to be a reduction of share capital.**

Sec.64(1) Notice to be given to Registrar for Alteration of Capital

Sec.64 (1) provides that **where—**

(a) **a company alters its share capital** in any manner specified in sub-section (1) of section 61;

(b) an order made by the Government under sub-section (4) read with sub-section (6) of section 62 has the effect of increasing authorised capital of a company; or

(c) a company redeems any redeemable preference shares, **the company shall file a notice in the prescribed Form No. SH-7 along with fee with the Registrar within a period of thirty days of such alteration or increase or redemption**, as the case may be, **along with an altered memorandum.**

(2) If a company and any officer of the company who is in default contravenes the provisions of sub-section (1), it or he shall be punishable with fine which may extend to Rs.1,000 (one thousand rupees) for each day during which such default continues, or Rs.5 lakhs (five lakh rupees), whichever is less.

Sec.66(1) Reduction of Share Capital

(1) Subject to **confirmation by the Tribunal** on an application by the company, a company limited by shares or limited by guarantee and having a share capital may, **by a special resolution, reduce the share capital** in any manner and in particular, may—

- a) **extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or**
- b) **either with or without extinguishing or reducing liability on any of its shares,—**

(i) **cancel any paid-up share capital which is lost or is unrepresented by available assets; or**

(ii) **pay off any paid-up share capital which is in excess of the wants of the company, alter its memorandum by reducing the amount of its share capital and of its shares accordingly;**

Provided that no such reduction shall be made if the company is in arrears in the repayment of any deposits accepted by it, either before or after the commencement of this Act, or the interest payable thereon.

Now let us know about the **Procedure to be followed before the Tribunal :**

Sec.66(2) lays that **the Tribunal shall give notice of every application made to it under sub-section (1) to:**

- ✓ the Central Government,
- ✓ the Registrar and
- ✓ to the Securities and Exchange Board of India (SEBI),
in the case of listed companies, and the creditors of the company and shall take into consideration the representations, if any, made to it by that Government, Registrar, the Securities and Exchange Board and the creditors within a period of three months from the date of receipt of the notice:

Provided that where no representation has been received from the Central Government, Registrar, the Securities and Exchange Board or the creditors within the said period, it shall be presumed that they have no objection to the reduction.

Thereafter, **the Tribunal shall act Under Sec.66(3):**

If Tribunal is satisfied that the debt or claim of every creditor of the company has been discharged or determined or has been secured or his consent is obtained, **make an order confirming the reduction of share capital on such terms and conditions as it deems fit:**

Provided that no application for reduction of share capital shall be sanctioned by the Tribunal unless the accounting treatment, proposed by the company for such reduction is in conformity with the Accounting Standards specified in section 133 or any other provision of this Act and a certificate to that effect by the company's auditor has been filed with the Tribunal.

Sec.66(4) provides that the **order of confirmation of the reduction of share capital by the Tribunal under sub-section (3) shall be**

published by the company in such manner as the Tribunal may direct.

The next step is to **File a Certified Copy of the Order and a Certified copy of the minute approved by the Tribunal with the Registrar** :

Sec.66(5) provides that the company shall deliver a certified copy of the order of the Tribunal under subsection (3) and of a minute approved by the Tribunal showing—

- (a) the amount of share capital;
- (b) the number of shares into which it is to be divided;
- (c) the amount of each share; and
- (d) the amount, if any, at the date of registration deemed to be paid-up on each share, to the Registrar within thirty days of the receipt of the copy of the order, who shall register the same and issue a certificate to that effect.

Sec.66(6) provides that nothing in this section shall apply to buy-back of its own securities by a company under section 68.

Now, comes the question of **Liability of a member of the company - past or present and Sec.66(7)** deals with it as follows :

A member of the company, past or present, shall not be liable to any call or contribution in respect of any share held by him exceeding the **amount of difference**, if any, *between the amount paid on the share, or reduced amount, if any, which is to be deemed to have been paid thereon, as the case may be, and the amount of the share as fixed by the order of reduction.*

In case of Objection of any Creditor :

Sec.66(8) provides that where the name of any creditor entitled to object to the reduction of share capital under this section is, by reason of his ignorance of the proceedings for reduction or of their nature and effect with respect to his debt or claim, not entered on the list of creditors, and after such reduction, the company is unable, within the meaning of sub-section (2) of section 271, to pay the amount of his debt or claim,—

- (a) every person, who was a member of the company on the date of the registration of the order for reduction by the Registrar, shall be liable to contribute to the payment of that debt or claim, an amount not exceeding the amount which he would have been liable to contribute if the company had commenced winding up on the day immediately before the said date; and
- (b) if the company is wound up, the Tribunal may, on the application of any such creditor and proof of his ignorance as aforesaid, if it thinks fit, settle a list of persons so liable to contribute, and make and enforce calls and orders on the contributories settled on the list, as if they were ordinary contributories in a winding up.

It may be noted that as per provision of Sec.66(9) nothing in sub-section (8) shall affect the rights of the contributories among themselves.

Penalty for concealment and / or misrepresentation :

Sec.66(10) provides that if any officer of the company—

- (a) **knowingly conceals the name of any creditor** entitled to object to the reduction;
- (b) **knowingly misrepresents the nature or amount** of the debt or claim of any creditor; or
- (c) abets (meaning **encourages or assists (someone) to do something wrong**) or is privy to (meaning **has knowledge of secret or confidential information**) any such concealment or misrepresentation as aforesaid, he shall be liable under section 447.

Punishment with fine :

Sec.66(11) provides that if a company fails to comply with the provisions of sub-section (4), it shall be **punishable with fine** which shall not be less than Rs.5,00,000 (five lakhs) but which may extend to Rs.25,00,000 (twenty five lakhs).

Sec.62 Further Issue of Share Capital

Sec.62(1) provides that where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(a) to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions,

namely:—

- (i) *the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;*
 - (ii) *unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) shall contain a statement of this right;*
 - (iii) *after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not dis-advantageous to the shareholders and the company;*
- (b) **to employees under a scheme of employees' stock option**, subject to special resolution passed by company and subject to such conditions as may be prescribed; or
- (c) **to any persons, if it is authorised by a special resolution**, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.

Mode of Dispatch of Notice

Sec.62(2) provides that the notice referred to in sub-clause (i) of clause (a) of sub-section (1) shall be despatched through :

- ❖ Registered post ; or
- ❖ Speed post ; or
- ❖ through electronic mode

to all the existing shareholders at least three days before the opening of the issue.

Securities Premium Account

Sec. 52. deals with Application of premiums received on issue of shares

Sec.52(1) provides that where **a company issues shares** at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to a "**securities premium account**" and the provisions of this Act relating to reduction of share capital of a company shall, except as provided in this section, **apply as if the securities premium account were the paid-up share capital of the company.**

Sec.52(2) provides that notwithstanding anything contained in sub-section (1), the securities premium account may be applied by the company—

- (a) towards the issue of unissued shares of the company **to the members** of the company as fully paid bonus shares;
- (b) in writing off the preliminary expenses of the company;
- (c) in writing off the expenses of, or the commission paid or discount allowed **on, any issue of shares or debentures** of the company;
- (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company; or
- (e) for the purchase of its **own shares or other securities** under section 68.

Sec.52(3) provides that the securities premium account may, notwithstanding anything contained in sub-sections (1) and (2), be applied by such class of companies, as may be prescribed and whose **financial statement comply** with **the accounting standards** prescribed for such class of companies under section 133 -

- (a) *in paying up unissued equity shares of the company to be issued to members of the company as fully paid bonus shares;* or
- (b) *in writing off the expenses of or the commission paid or discount allowed on any issue of equity shares of the company;* or
- (c) *for the purchase of its own shares or other securities under Sec. 68.*

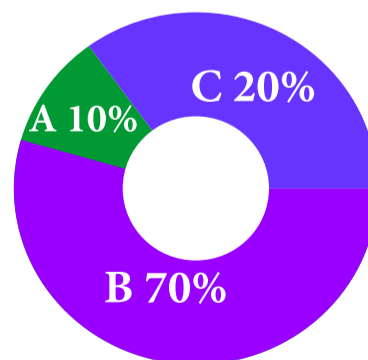


GROUP: I, PAPER: 7

DIRECT TAXATION (DTX)

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Your Preparation Quick Takes



Syllabus Structure

- A** Income Tax Act Basics **10%**
- B** Heads of Income and Computation of Total Income and Tax Liability **70%**
- C** Tax Management, Administrative Procedures and ICDS **20%**

Learning Objectives:

- Identify the key concepts and functions of direct tax.
- Know how to calculate income tax provision's.
- Describe how uncertain tax positions are accounted for under the rules.
- Gradually you will come to know how to prepare and file tax returns.

MULTIPLE CHOICE QUESTIONS

Choose the correct alternative

- Tax on agricultural income is covered under -
 - State List (i.e. List II)**
 - Union List (i.e. List I)
 - Concurrent List (i.e. List III)
 - None of the above as tax is not levied on an agricultural income
- Normal rates of income-tax are prescribed in the —
 - Income-tax Act, 1961
 - Income-tax Rules, 1962
 - Finance Act of the current year**
 - CBDT circulars
- _____ means to discharge an obligation (which is gratuitous or self-imposed) after such income reaches the assessee.
 - Application of income**
 - Diversion of income
 - Exempted Income
 - Deductible Income
- An individual, being foreign national, came to India first time during the previous year 2019-20 on 01-01-2020 for 200 days, his residential status for the previous year 2019-20 is -
 - Non-resident**
 - Resident but not ordinarily resident in India
 - Resident & ordinarily resident in India
 - Resident in India
- A foreign company means a company which is not a -
 - Domestic company**
 - Indian company
 - Public company
 - Private company
- The Residential status of an assessee is determined for the relevant -
 - Previous Year**
 - Calendar Year
 - Assessment Year
 - Base Year
- An individual is said to be resident in India if he satisfies -
 - any one condition given in sec. 6(1)**
 - all conditions given in sec. 6(1)
 - any one condition given in sec. 6(6)
 - all conditions given in sec. 6(6)
- Interest on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 is _____.
 - exempt**
 - taxable
 - exempt to the extent of ₹ 7,500

- (d) none of these
9. Any allowance or perquisite, as may be notified by the Central Government in the Official Gazette in this behalf, paid to the Chairman or a retired Chairman or any other member or retired member of the Union Public Service Commission is exempt under section _____.
- (a) **10(45)**
(b) 10(48)
(c) 10(46)
(d) 10(47)
10. Receipts from TV serial shooting in farm house is -
- (a) Agricultural income
(b) **Non agricultural income**
(c) Not an income
(d) None of the above
11. Agricultural income is exempt provided that the -
- (a) **Land is situated in India**
(b) Land is situated in any rural area of India
(c) Land is situated whether in India or outside India
(d) Land is situated outside India
12. Employer's contribution to unrecognised provident fund, in the year of contribution, -
- (a) **is exempt from tax**
(b) is exempt subject to maximum of 12% of salary
(c) is taxable if it exceeds 12% of salary of employee
(d) is fully taxable
13. Maximum deduction of Entertainment Allowance for a non-government employee is -
- (a) 10% of salary
(b) **₹ 5,000**
(c) Nil
(d) Actual expenses incurred
14. Exemption under section 10(10C) is allowed _____ in the life of an assessee.
- (a) **once**
(b) twice
(c) any number of times subject to gap of 5 years
(d) none of these
15. Where an employee is transferred from one place to another and he is provided with an accommodation at new place also, the value of perquisite shall be taken for only one such house having lower value for a period not exceeding _____.
- (a) **90 days**
(b) 120 days
(c) 15 days
(d) 30 days
16. When house property is self occupied for part of the year and let out for part of the year, deduction allowed -
- (a) cannot exceed annual value
(b) **computation shall be made as if the house is fully let out during the year**
(c) is limited to 15% of annual value
(d) none of the above
17. In the context of computation under the head 'Income from House Property', which of the following statement is incorrect.
- (a) It is not necessary that the same person who owns the building should also own the land
(b) Interest on loan taken for acquiring house property is not deductible from income from house property, if same is being paid to a person outside India without deducting TDS
(c) The arrears of rent received can be taxed in the year of its receipt
(d) **The rent for putting up hoarding/telephone tower on top of the building can be taxable under the head income from house property**

18. Benefit of Sec. 44AD can be availed by the following assessee:
- Limited Liability Partnership
 - Partnership Firm**
 - Domestic Company
 - Foreign Company
19. Additional depreciation under section 32(1)(iia) of the Income Tax Act, 1961 is available on -
- Plant & Machinery**
 - Plant & Machinery and Building
 - Plant & Machinery and intangible assets
 - All depreciable assets under the Income tax Act, 1961
20. Any cash credit found in the books of the taxpayer which is charged to tax by virtue of section 68 is taxable at a flat rate of _____ (plus surcharge and cess as applicable).
- 60%**
 - 20%
 - 15%
 - 10%
21. Corporate assessee is eligible for availing deduction from capital gain under -
- Sec. 54D**
 - Sec. 54GB
 - Sec. 54C
 - Sec. 54B
22. Area upto _____ within the aerial distance from the local limits of municipality or cantonment board having population of more than _____ but not exceeding 10,00,000 is treated as non-rural area.
- 6 kilometres; 1,00,000**
 - 2 kilometres; 10,000
 - 4 kilometres; 1,00,000
 - 4 kilometres; 10,000
23. Which of the following is treated as transfer?
- Any transfer of a capital asset in a transaction of reverse mortgage under a scheme made and notified by the Central Government
 - Any transfer of a capital asset, being share of a special purpose vehicle (referred to in sec. 10(23FC)) to a business trust in exchange of units allotted by that trust to the transferor.
 - Any transfer of a membership right of a recognized stock exchange in India for acquisition of shares and trading or clearing rights in that recognized stock exchange in accordance with a scheme for demutualisation or corporatisation which is approved by SEBI
 - None of these**
24. As per sec. _____, any income, which is not specifically exempted and not chargeable under any other heads of income specified u/s _____, shall be chargeable under the head "Income from Other Sources".
- 56(1); 14**
 - 57(1); 14
 - 56(1); 3
 - 57(1); 3
25. Where tax liability is evaded by transferring securities just before the due date of interest (interest includes dividend) to any person (like friend or relative who has low income) and reacquiring the same, after the interest is received by the transferee. With this practice, income, which should have been charged at higher rate, shall be charged at lower rate or nil rates. This is known as _____.
- bond washing transaction**
 - bond trashing transaction
 - bond rejecting transaction
 - bond transferring transaction

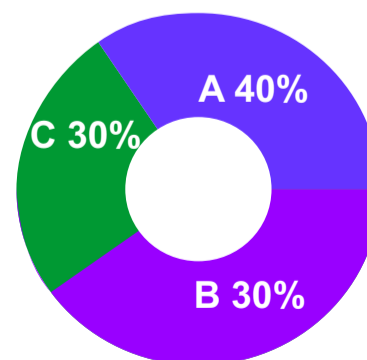


GROUP: I, PAPER: 8

COST ACCOUNTING **(CAC)**

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Your Preparation Quick Takes



Syllabus Structure

- A Introduction To Cost Accounting **40%**
- B Methods of Costing **30%**
- C Cost Accounting Techniques **30%**

Learning Objectives:

- Before taking the examination, it is necessary to read thoroughly the study material first.
- After that select the suitable text book or reference books available in the market for your further study and follow them.
- Next, follow the question papers of previous years and you will be able to get a general idea about the trend or pattern of questions generally set for this type of examination.
- So, if you want to score high marks then along with practical problems you have to answer properly the theoretical part.
- Due to lack of theoretical concepts they cannot score good marks not only in the theoretical part but also in tricky problems.
- Prepare notes on the theoretical part to improve your performance in the examination.

COST ACCOUNTING

Cost Accounting is a branch of accounting that is concerned with the recognition, measurement, interpretation and presentation of information about the Costs associated with the products, services or activities of an organisation. Cost Accounting information is meant for internal use in business. Its main purpose is to facilitate internal managerial decision making. The information generated by the cost accounting system of an organisation is used by its managers in formulating business strategy, pricing products and services and in controlling operation.

The world of Cost Accounting is vast and varied. In order to facilitate ideal managerial decision an indepth study of the Cost Accounting principles and Techniques for identification, analysis and classification of cost components is very much urgently needed. The main purpose of studying the subject are -

- To understand the conceptual frame work.
- To determine the cost of product or services.
- To understand the standards of Cost Accounting(CAS)
- To apply the concept of Marginal costing and standard Costing for internal managerial decision making.
- To formulate business strategy for controlling operation.

The students should careful on following points :-

The subject Cost Accounting (Paper- 8, group -I) is divided into six main chapter- a) Introduction to Cost Accounting, b) Cost Ascertainment, c) Cost Accounting Standards(CAS), d) Cost Book Keeping, e) Methods of Costing and finally f) Cost Accounting Technique.

Here under Cost Accounting Techniques we have to study only three chapters, viz, Marginal Costing, Standard Costing and Variance Analysis and Budget and Budgetary Control.

Students are directed to go through the theoretical parts under each chapter very carefully and then try to relate theoretical knowledge of different topics with reference to practical, commercial, and industrial environment.

It is the general practice that almost in every examination one or more theoretical / problem oriented questions have been set from each chapter. The students should remain very much carefully in solving the problems.

Make sure that you understand each term of terminology properly and your answer includes illustration of the cost term. If necessary all theoretical questions should be supported by some examples.

At the end a problem containing number of short notes are set in examinations. A student can secure high marks by answering this type of theoretical questions.

Ambiguity in the application of different formulas should be avoided.

Reader should clear about the distinction between - material control and inventory control, normal loss and abnormal loss. They should also study different elements of cost and ascertainment of costs very carefully.

Cost of Labour is important element of cost and for overall cost reduction this cost plays a vital role. Regarding group bonus scheme, sometime the students feel difficulty to find out the clue to solve the problem. In this situation lead should be given in the language of the question.

Students should be well versed with the methodology of disposal of under/over absorption of overheads. Difference between primary distribution and secondary distribution should be properly understood. Clues even should be properly noted.

Cost Accounting Standard (CAS) one to twenty-four, as issued by the Institute of Cost Accountants of India should read carefully in order to bring uniformity and consistency in classification, measurement and assignment of costs. This standard shall be applied to cost statements also. Students should aware the objectives and functions of different CAS.

Students need to have a clear idea about the integrated system and non-integrated system of accounts. Cost Ledger Control A/cs is prepared to make Cost Ledger self balancing. Question may sometimes be set for journalising the transactions.

Transactions exclusively relevant to Cost Accounts and Financial Accounts are to be identified and to be considered in the reconciliation statement.

Distinction between Job/Batch/Contract is an important factor. Adjustment of opening and closing stock of raw materials, WIP and finished goods is vital in case of Job/Batch costing. Readers should be careful in determining profit of an incomplete contract.

In Operating / Service Costing calculation of composite unit is very much relevant for solving the problems. Here the total cost is divided into two parts - running maintenance and standing charges. Here suitable cost unit to be used for cost ascertainment purpose.

The students should note that Breakeven Analysis is the most important area of Marginal Costing. Considering the effect on Profit-volume-ratio is an important part of the chapter. You should also know in details about the Margin of safety Analysis as well as Angle of incidence.

For solving any problem on standard cost different variances, like Material, Labour, Overhead, Sales and Sales Margin Variance should be worked out. Calculation of Mix-Variance is necessary only when there are more than one type of components for producing an article.

In Budget and Budgetary Control, you should learn how to prepare Functional Budget, Master Budget and Flexible Budget to various levels of output in the same period. Through the chapter you should have knowledge about Zero-base budgeting and responsibility accounting.

In modern time of competitive environment, it is essential to make efforts for controlling and reducing the labour cost. In the premium bonus plan, the gain arising out of increased productivity is shared by both the employer and employee. The following solution can clear this type of problem.

Problem

The two women Murali and Kakoli produce the same product using the same material. Their normal wages rate is also the same. Murali is paid bonus according to Rowan system, while Kakoli is paid bonus according to the Haskey System. The time allowed to make the product is 200 hours. Murali takes 120 hours while Kakoli takes 160 hours to complete the product. The factory overhead rate is Rs. 5 per woman hour actually worked. The factory cost for the product for Murali is Rs. 14560/- and for Kakoli it is Rs. 15200. You are required to

- Find the normal rate of Wages
- Find the cost of materials
- Prepare a statement comparing the factory cost of the products as made by the two work women.

Solution

Factory overhead :

$$\text{Murali} = 120 \text{ hrs} \times \text{Rs. } 5 = \text{Rs. } 600$$

$$\text{Kakoli} = 160 \text{ hrs.} \times \text{Rs. } 5 = \text{Rs. } 800$$

Assumed that :

$$\text{Cost of material} = M$$

$$\text{Cost of Labour} = W$$

$$\text{Factory Cost} = M + W + 1400 = 14560 + 15200$$

Labour Cost :

$$\text{Murali} = \text{Hours worked} \times \text{Rate per hour} + \text{Time Saved} / \text{Time Allowed} \times \text{Hours worked} \times \text{Rate per hour}$$

$$= (120 + 80/200 \times 120) \text{ Rate per hour}$$

$$= (120 + 48) \text{ Rate per hour (RH)} = 168 \text{ RH}$$

$$\text{Kakoli} = \text{Hours worked} + 50\% (\text{Time Save} \times \text{Rate per Hour})$$

$$= 160 + 50/100(40 \times \text{RH}) = 180 \text{ RH}$$

$$\text{a) So, } M + 168 \text{ RH} + 600 = 14560 \dots\dots\dots (i)$$

$$M + 180RH + 800 = 15200 \dots\dots(ii)$$

$$\text{Or, } M + 168RH = 13960$$

$$M + 180RH = 14400$$

$$\text{Or, } 12RH = 440$$

$$RH = 440/12 = \text{Rs. } 36.67$$

$$b) \text{ Material Cost} = M + 168 \times 36.67 = 13960$$

$$\text{Or, } M + 6160 = 13960$$

$$\text{Or, } M = 7800.$$

$$\text{Murali: Labour Cost} = HW \times RH + TS/TA \times HW \times RH$$

$$120 \times 36.67 + 80/200 \times 120 \times 36.67 = 6160$$

$$\text{Kakoli: Labour Cost} = HW \times RH + 50\% (TS \times RH)$$

$$= 160 \times 36.67 + 50/100 (40 \times 36.67) = 6600$$

Statement of Cost of Products

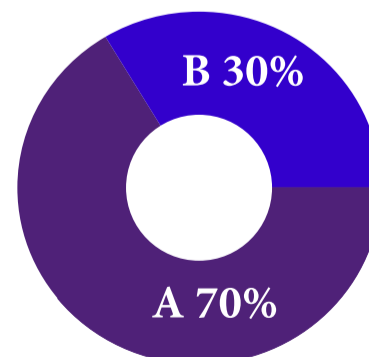
	Murali	Kakoli
Cost of Material	Rs. 7800	Rs. 7800
Labour Cost	Rs. 6160	Rs. 6600
Factory Overhead	Rs. 600	Rs. 800
	-----	-----
	Rs. 14560	Rs. 15200
	-----	-----



GROUP: II, PAPER: 9, Part- i
OPERATIONS
MANAGEMENT & STRATEGIC
MANAGEMENT (OMSM)
Operations Management

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Your Preparation Quick Takes



Syllabus Structure

A Operations Management 70%
B Strategic Management 30%

Learning Objectives:

- Operations Management develops skills in problem solving, project management, communication, and managing effectively in team-based work environments.
- Eventually, student's ability for leadership positions in the production and service industries gets increased.
- To solve business processes, it helps to apply knowledge of fundamental concepts of operations management and helps to apply knowledge of approaches to operational performance improvement.

Operations Management

In this issue we will discuss Crashing under Network analysis with some problems:

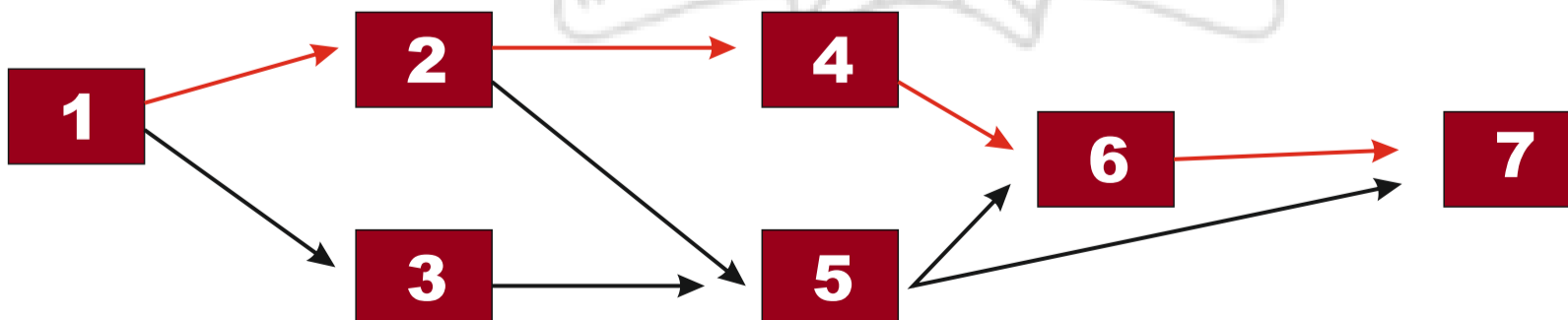
Q1. The details of activities of a project are given below. Find the minimum cost project schedule.

Activity	Duration	Crash Time	Normal Cost	Crash Cost
1-2	8	4	4000	7000
1-3	5	3	8000	12000
2-4	9	6	5500	7000
3-5	7	5	3000	4200
2-5	5	1	9000	13000
4-6	3	2.5	10000	11200
5-6	6	2	6000	8800
6-7	10	7	5000	7700
5-7	9	5	10000	14800
Total			60500	85700

Ans: Prelim computations are given below:

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EO T	LO T	Slack	ES T	EF T	LS T	LF T	Duration
1-2	8	4	4000	7000	1	0	0	0	0	8	0	8	8
1-3	5	3	8000	12000	2	8	8	0	0	5	2	7	7
2-4	9	6	5500	7000	3	5	7	2	8	17	8	17	9
3-5	7	5	3000	4200	4	17	17	0	5	12	7	14	9
2-5	5	1	9000	13000	5	13	14	1	8	13	9	14	6
4-6	3	2.5	10000	11200	6	20	20	0	17	20	17	20	3
5-6	6	2	6000	8800	7	30	30	0	13	19	14	20	7
6-7	10	7	5000	7700					20	30	20	30	10
5-7	9	5	10000	14800					13	22	21	30	17

From the above table it is clear that Critical path will be 1-2-4-6-7 and accordingly the network diagram is (Critical path is drawn in red color)



Total cost of completion of the project = 60500 + 30 × 3000 = 150500

Crash cost/Crash time for different activities are:

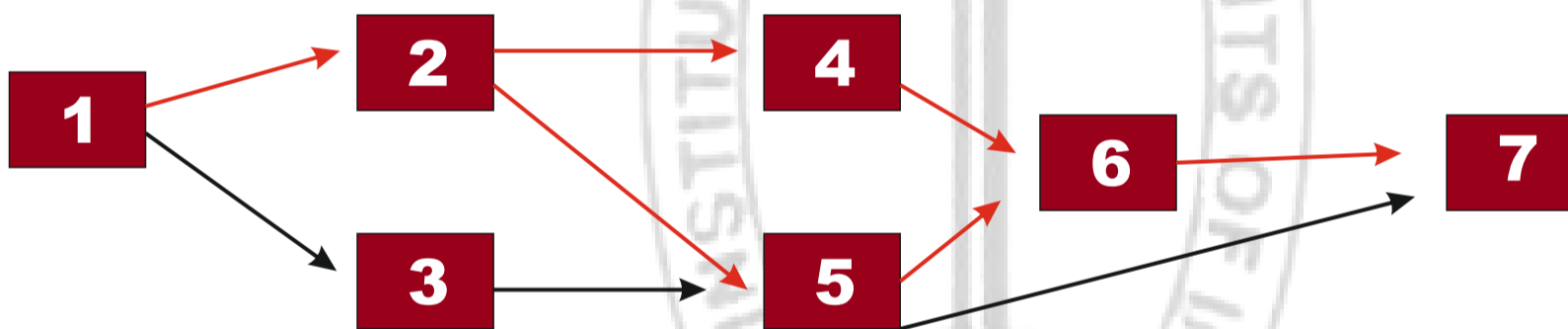
Activity	Crash Cost / Crash time
1-2	750
1-3	2000
2-4	500
3-5	600
2-5	1000
4-6	2400
5-6	700
6-7	900
5-7	1200

On the critical path activity 2-4 has the minimum crash cost/crash time. So this activity is to be crashed first by one day and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	8	4	4000	7000	1	0	0	0	0	8	0	8	8	
1-3	5	3	8000	12000	2	8	8	0	0	5	1	6	6	
2-4	8	6	5500	7000	3	5	6	1	8	16	8	16	8	
3-5	7	5	3000	4200	4	16	16	0	5	12	6	13	8	
2-5	5	1	9000	13000	5	13	13	0	8	13	8	13	5	
4-6	3	2.5	10000	11200	6	19	19	0	16	19	16	19	3	
5-6	6	2	6000	8800	7	29	29	0	13	19	13	19	6	
6-7	10	7	5000	7700					19	29	19	29	10	
5-7	9	5	10000	14800					13	22	20	29	16	
Total			60500	85700										
Plus Rs. 3000/Week													148000	

Total cost of completion = 60500 + 29 × 3000 + (9 - 8) × (500) = 148000

From the above table it is clear that after 1st crashing there will be two critical paths and those are 1-2-4-6-7 & 1-2-5-6-7

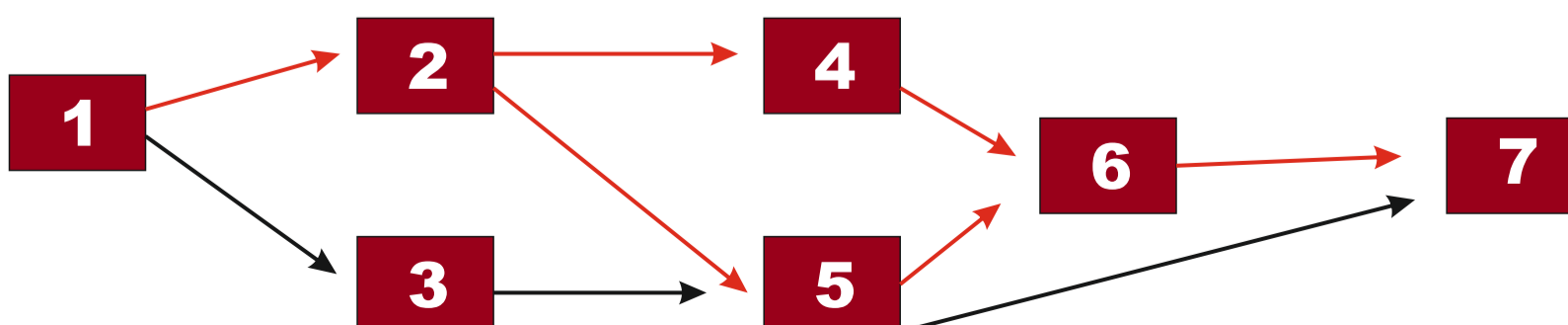


On these critical path activities 2-4 & 5-6 have the minimum crash cost/crash time respectively and so these activities are to be crashed by one day now and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	8	4	4000	7000	1	0	0	0	0	8	0	8	8	
1-3	5	3	8000	12000	2	8	8	0	0	5	1	6	6	
2-4	7	6	5500	7000	3	5	6	1	8	15	8	15	7	
3-5	7	5	3000	4200	4	15	15	0	5	12	6	13	8	
2-5	5	1	9000	13000	5	13	13	0	8	13	8	13	5	
4-6	3	2.5	10000	11200	6	18	18	0	15	18	15	18	3	
5-6	5	2	6000	8800	7	28	28	0	13	18	13	18	5	
6-7	10	7	5000	7700					18	28	18	28	10	
5-7	9	5	10000	14800					13	22	19	28	15	
Total			60500	85700										
Plus Rs. 3000/Week													146200	

Total cost of completion = 60500 + 28 × 3000 + 1 × 500 + 1 × 500 + 1 × 700 = 146200

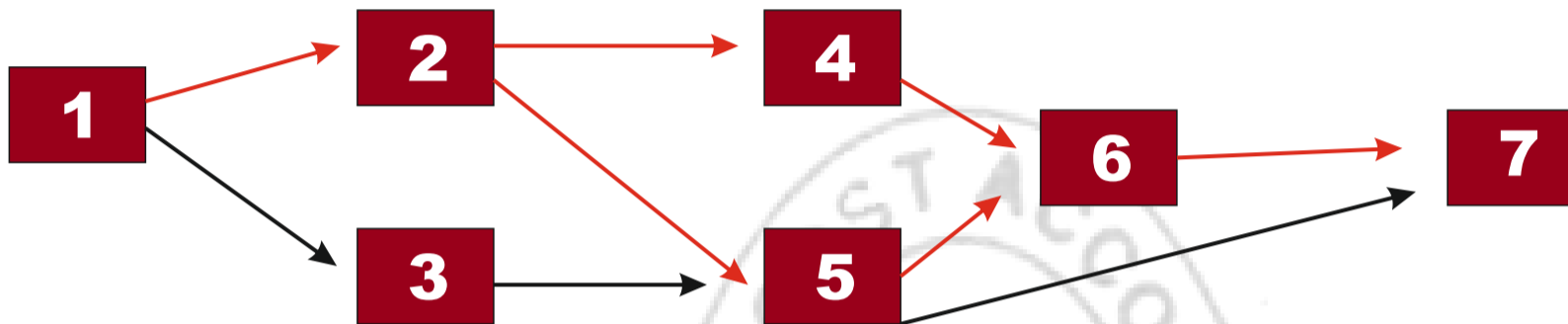
From the above table it is clear that after this crashing critical paths remained the same



So again activities 2-4 & 5-6 on respective critical paths are to be crashed by further one day and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	8	4	4000	7000	1	0	0	0	0	8	0	8	8	
1-3	5	3	8000	12000	2	8	8	0	0	5	1	6	6	
2-4	6	6	5500	7000	3	5	6	1	8	14	8	14	6	
3-5	7	5	3000	4200	4	14	14	0	5	12	6	13	8	
2-5	5	1	9000	13000	5	13	13	0	8	13	8	13	5	
4-6	3	2.5	10000	11200	6	17	17	0	14	17	13	17	3	
5-6	4	2	6000	8800	7	27	27	0	13	17	13	17	4	
6-7	10	7	5000	7700					17	27	17	27	10	
5-7	9	5	10000	14800					13	22	18	27	14	
Total			60500	85700										
Plus Rs. 3000/Week														144400

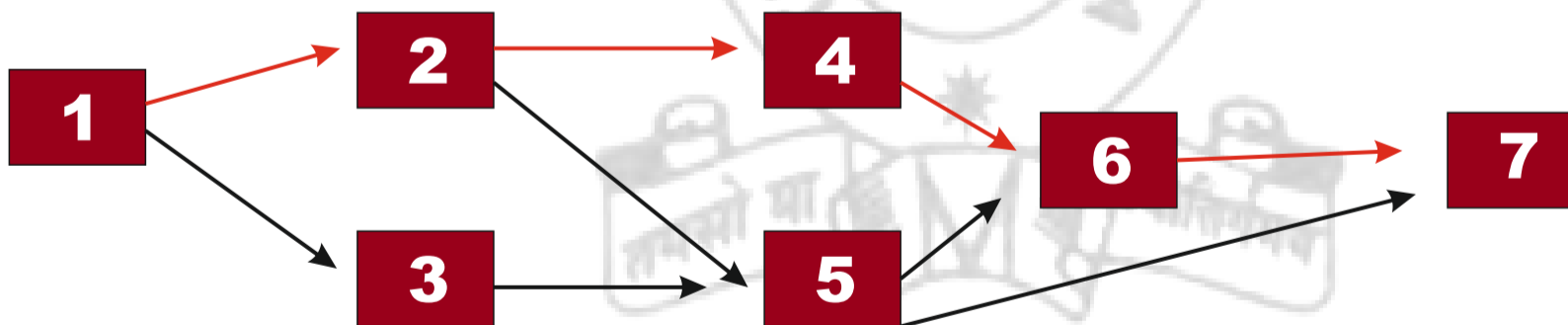
Total cost of completion = 60500 + 27 × 3000 + 1 × 500 + 1 × 500 + 1 × 700 + 1 × 500 + 1 × 700 = 144400
From the above table it is clear that after this crashing critical path remained same



So activities i.e. 1-2 & 5-6 on respective critical paths are to be crashed by one day and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	7	4	4000	7000	1	0	0	0	0	7	0	7	7	
1-3	5	3	8000	12000	2	7	7	0	0	5	1	6	6	
2-4	6	6	5500	7000	3	5	6	1	7	13	7	13	6	
3-5	7	5	3000	4200	4	13	13	0	5	12	6	13	8	
2-5	5	1	9000	13000	5	12	13	1	7	12	8	13	6	
4-6	3	2.5	10000	11200	6	16	16	0	13	16	13	16	3	
5-6	3	2	6000	8800	7	26	26	0	12	15	13	16	4	
6-7	10	7	5000	7700					16	26	16	26	10	
5-7	9	5	10000	14800					12	21	17	26	14	
Total			60500	85700										
Plus Rs. 3000/Week														142850

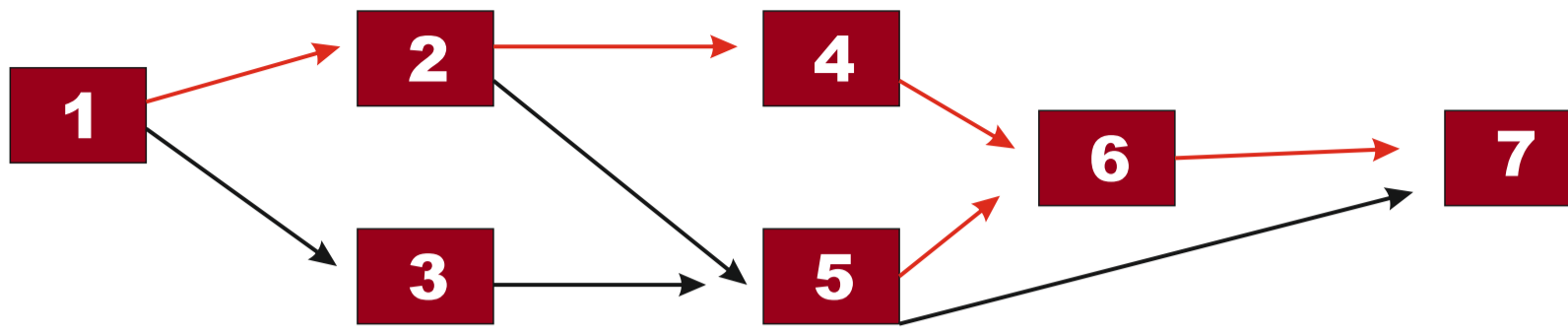
Total cost of completion = 60500 + 26 × 3000 + 1 × 500 + 1 × 500 + 1 × 700 + 1 × 500 + 1 × 700 + 1 × 750 + 1 × 700 = 142850
From the above table it is clear that after this crashing critical path changed and it is now 1-2-4-6-7



On the new critical path activity 1-2 is to be crashed by further one day and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	6	4	4000	7000	1	0	0	0	0	6	0	6	6	
1-3	5	3	8000	12000	2	6	6	0	0	5	0	5	5	
2-4	6	6	5500	7000	3	5	5	0	6	12	6	12	6	
3-5	7	5	3000	4200	4	12	12	0	5	12	5	12	7	
2-5	5	1	9000	13000	5	12	12	0	6	11	7	12	6	
4-6	3	2.5	10000	11200	6	15	15	0	12	15	12	15	3	
5-6	3	2	6000	8800	7	25	25	0	12	15	12	15	3	
6-7	10	7	5000	7700					15	25	15	25	10	
5-7	9	5	10000	14800					12	21	16	25	13	
Total			60500	85700										
Plus Rs. 3000/Week														140600

Total cost of completion = $60500 + 25 \times 3000 + 1 \times 500 + 1 \times 500 + 1 \times 700 + 1 \times 500 + 1 \times 700 + 1 \times 750 + 1 \times 700 + 1 \times 750 = 140600$
 From the above table it is clear that after this crashing critical path will be 1-2-4-6-7 & 1-3-5-6-7

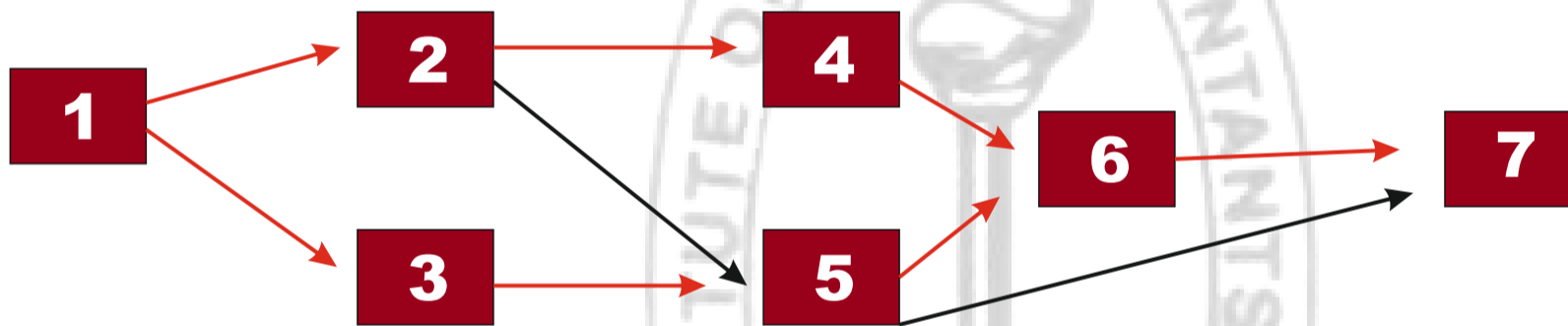


On these critical path activity 1-2 & 3-5 respectively are to be crashed and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	5	4	4000	7000	1	0	0	0	0	5	0	5	5	
1-3	5	3	8000	12000	2	5	5	0	0	5	0	5	5	
2-4	6	6	5500	7000	3	5	5	0	5	11	5	11	6	
3-5	6	5	3000	4200	4	11	11	0	5	11	5	11	6	
2-5	5	1	9000	13000	5	11	11	0	5	10	6	11	6	
4-6	3	2.5	10000	11200	6	14	14	0	11	14	11	14	3	
5-6	3	2	6000	8800	7	24	24	0	11	14	11	14	3	
6-7	10	7	5000	7700					14	24	14	24	10	
5-7	9	5	10000	14800					11	20	15	24	13	
Total			60500	85700										
Plus Rs. 3000/Week														138950

Total cost of completion = $60500 + 24 \times 3000 + 1 \times 500 + 1 \times 500 + 1 \times 700 + 1 \times 500 + 1 \times 700 + 1 \times 750 + 1 \times 700 + 1 \times 750 + 1 \times 750 + 1 \times 600 = 138950$

From the above table it is clear that after this crashing critical paths remained same

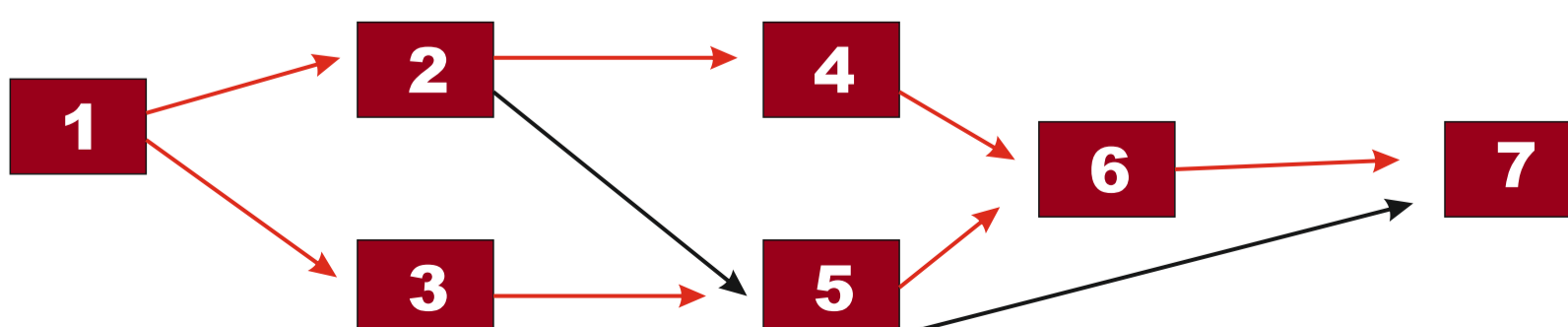


So same two activities 1-2 and 3-5 respectively are to be crashed by further one unit and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	4	4	4000	7000	1	0	0	0	0	4	0	4	4	
1-3	5	3	8000	12000	2	4	4	0	0	5	0	5	5	
2-4	6	6	5500	7000	3	5	5	0	4	10	4	10	6	
3-5	5	5	3000	4200	4	10	10	0	5	10	5	10	5	
2-5	5	1	9000	13000	5	10	10	0	4	9	5	10	6	
4-6	3	2.5	10000	11200	6	13	13	0	10	13	10	13	3	
5-6	3	2	6000	8800	7	23	23	0	10	13	10	13	3	
6-7	10	7	5000	7700					13	23	13	23	10	
5-7	9	5	10000	14800					10	19	14	23	13	
Total			60500	85700										
Plus Rs. 3000/Week														137300

Total cost of completion = $60500 + 23 \times 3000 + 1 \times 500 + 1 \times 500 + 1 \times 700 + 1 \times 500 + 1 \times 700 + 1 \times 750 + 1 \times 700 + 1 \times 750 + 1 \times 750 + 1 \times 600 + 1 \times 750 + 1 \times 600 = 137300$

After this crashing critical paths remain same

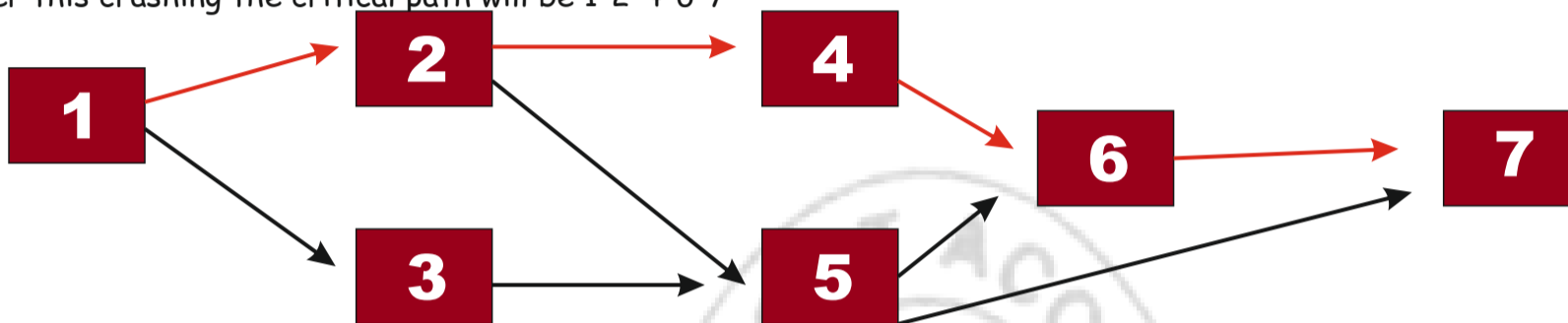


So now activities 6-7 and 5-6 respectively are to be crashed and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	4	4	4000	7000	1	0	0	0	0	4	0	4	4	
1-3	5	3	8000	12000	2	4	4	0	0	5	1	6	6	
2-4	6	6	5500	7000	3	5	6	1	4	10	4	10	6	
3-5	5	5	3000	4200	4	10	10	0	5	10	6	11	6	
2-5	5	1	9000	13000	5	10	11	1	4	9	6	11	7	
4-6	3	2.5	10000	11200	6	13	13	0	10	13	10	13	3	
5-6	2	2	6000	8800	7	22	22	0	10	12	11	13	3	
6-7	9	7	5000	7700					13	22	13	22	9	
5-7	9	5	10000	14800					10	19	13	22	12	
Total			60500	85700										
Plus Rs. 3000/Week														135900

Total cost of completion = 60500 + 22 × 3000 + 1 × 500 + 1 × 500 + 1 × 700 + 1 × 500 + 1 × 700 + 1 × 750 + 1 × 700 + 1 × 750 + 1 × 750 + 1 × 600 + 1 × 750 + 1 × 600 + 1 × 700 + 1 × 900 = 135900

After this crashing the critical path will be 1-2-4-6-7

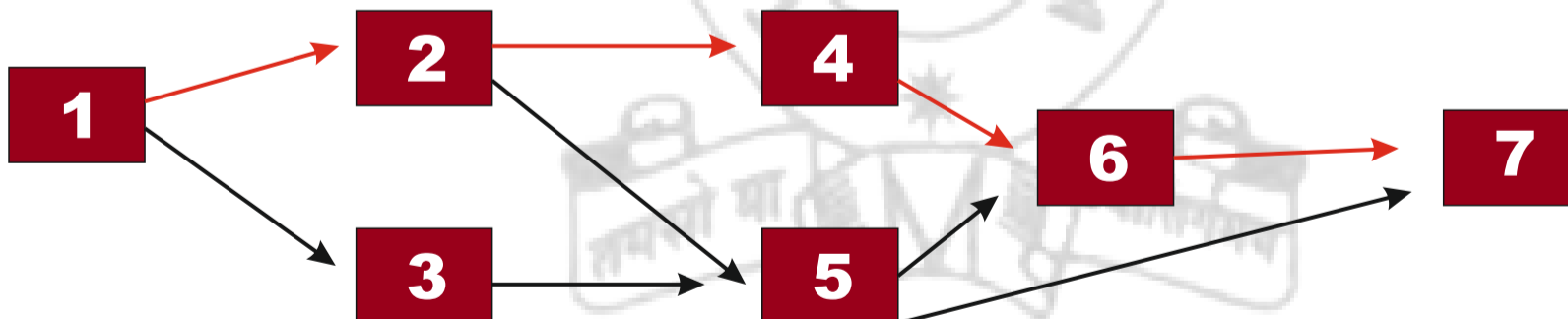


Activity 6-7 is to be crashed by further one unit and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	4	4	4000	7000	1	0	0	0	0	4	0	4	4	
1-3	5	3	8000	12000	2	4	4	0	0	5	1	6	6	
2-4	6	6	5500	7000	3	5	6	1	4	10	4	10	6	
3-5	5	5	3000	4200	4	10	10	0	5	10	6	11	6	
2-5	5	1	9000	13000	5	10	11	1	4	9	6	11	7	
4-6	3	2.5	10000	11200	6	13	13	0	10	13	10	13	3	
5-6	2	2	6000	8800	7	21	21	0	10	12	11	13	3	
6-7	8	7	5000	7700					13	21	13	21	8	
5-7	9	5	10000	14800					10	19	12	21	11	
Total			60500	85700										
Plus Rs. 3000/Week														133800

Total cost of completion = 60500 + 21 × 3000 + 1 × 500 + 1 × 500 + 1 × 700 + 1 × 500 + 1 × 700 + 1 × 750 + 1 × 700 + 1 × 750 + 1 × 750 + 1 × 600 + 1 × 750 + 1 × 600 + 1 × 700 + 1 × 900 + 1 × 900 = 133800

After this crashing the critical path remain same

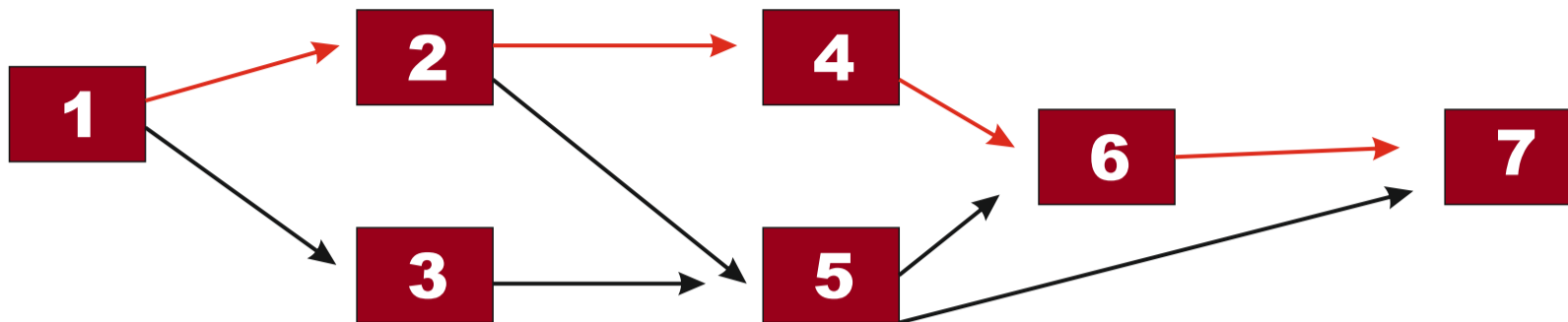


Therefore activity 6-7 is to be crashed further by one unit and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	4	4	4000	7000	1	0	0	0	0	4	0	4	4	
1-3	5	3	8000	12000	2	4	4	0	0	5	1	6	6	
2-4	6	6	5500	7000	3	5	6	1	4	10	4	10	6	
3-5	5	5	3000	4200	4	10	10	0	5	10	6	11	6	
2-5	5	1	9000	13000	5	10	11	1	4	9	6	11	7	
4-6	3	2.5	10000	11200	6	13	13	0	10	13	10	13	3	
5-6	2	2	6000	8800	7	20	20	0	10	12	11	13	3	
6-7	7	7	5000	7700					13	20	13	20	7	
5-7	9	5	10000	14800					10	19	11	20	10	
Total			60500	85700										
Plus Rs. 3000/Week														131700

Total cost of completion = $60500 + 20 \times 3000 + 1 \times 500 + 1 \times 500 + 1 \times 700 + 1 \times 500 + 1 \times 700 + 1 \times 750 + 1 \times 700 + 1 \times 750 + 1 \times 750 + 1 \times 600 + 1 \times 750 + 1 \times 600 + 1 \times 700 + 1 \times 900 + 1 \times 900 + 1 \times 900 = 131700$

After this crashing the critical path remains 1-2-4-6-7



Now in this critical path activities 1-2, 2-4, 6-7 are already crashed to fullest. So only remaining activity 4-6 is to be crashed by 0.5 day and the result is

Activity	Duration	Crash Time	Normal Cost	Crash Cost	Event	EOT	LOT	Slack	EST	EFT	LST	LFT	Duration	Total Cost
1-2	4	4	4000	7000	1	0	0	0	0	4	0	4	4	
1-3	5	3	8000	12000	2	4	4	0	0	5	0.5	5.5	5.5	
2-4	6	6	5500	7000	3	5	5.5	0.5	4	10	4	10	6	
3-5	5	5	3000	4200	4	10	10	0	5	10	5.5	10.5	5.5	
2-5	5	1	9000	13000	5	10	10.5	0.5	4	9	5.5	10.5	5.5	
4-6	2.5	2.5	10000	11200	6	12.5	12.5	0	10	12.5	10	12.5	2.5	
5-6	2	2	6000	8800	7	19.5	19.5	0	10	12	10.5	12.5	2.5	
6-7	7	7	5000	7700					12.5	19.5	12.5	19.5	7	
5-7	9	5	10000	14800					10	19	10.5	19.5	9.5	
Total			60500	85700										
Plus Rs. 3000/Week														131400

Total cost of completion = $60500 + 19.5 \times 3000 + 1 \times 500 + 1 \times 500 + 1 \times 700 + 1 \times 500 + 1 \times 700 + 1 \times 750 + 1 \times 700 + 1 \times 750 + 1 \times 750 + 1 \times 600 + 1 \times 750 + 1 \times 600 + 1 \times 700 + 1 \times 900 + 1 \times 900 + 1 \times 900 + 0.5 \times 2400 = 131400$

After this crashing the critical path remain 1-2-4-6-7 where each activities are already crashed to the maximum permissible limit and so further crashing is not possible.

So project can be completed earliest by 19.5 days with a cost of R131400

Q2. The details of activities of a project are given below.

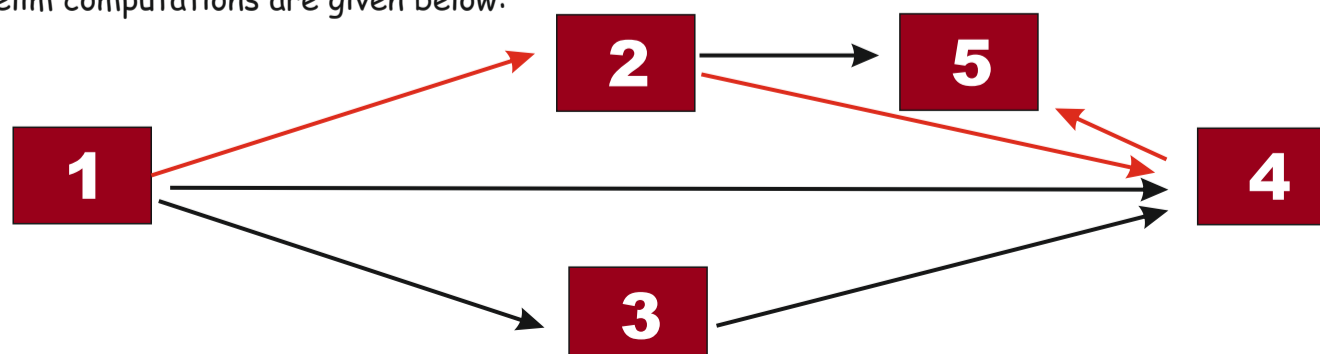
Activity	Immediate Predecessor (s)	Time (days)		Direct Cost (c)	
		Normal	Crash	Normal	Crash
A	-	4	3	60	90
B	-	6	4	150	250
C	-	2	1	38	60
D	A	5	3	150	250
E	C	2	2	100	100
F	A	7	5	115	175
G	D,B,E	4	2	100	240

Indirect cost related to project varies with the days as follows:

Indirect costs vary as follows:										
Days:	15	14	13	12	11	10	9	8	7	6
Cost (c)	600	500	400	250	175	100	75	50	35	25

(a) Draw the network diagram; (b) Determine all normal critical path; (c) Find the minimum cost project schedule.

Ans: Prelim computations are given below:



Activity	Normal	Crash	N. Cost	C. Cost	Event	EO	LO	Slack	EST	EST	LST	LFT	Duration	CC/CT	Total Duration	Cost Direct	Cost Indirect	Crash Cost	Total Cost
1-2	4	3	60	90	1	0	0	0	0	4	0	4	4	30					
1-3	2	1	38	60	2	4	4	0	0	2	5	7	7	22	13	713	400	0	1113
1-4	6	4	150	250	3	2	7	5	0	6	3	9	9	50					
2-5	7	5	115	175	4	9	9	0	4	11	6	13	9	30					
2-4	5	3	150	250	5	13	13	0	4	9	4	9	5	50					
3-4	2	2	100	100					2	4	7	9	7	NA					
4-5	4	2	100	240					9	13	9	13	4	70					
Total			713																

And the subsequent crashing results are:

Activity	Normal	Crash	N. Cost	C. Cost	Event	EO	LO	Slack	EST	EST	LST	LFT	Duration	CC/CT	Total Duration	Cost Direct	Cost Indirect	Crash Cost	Total Cost
1-2	3	3	60	90	1	0	0	0	0	3	0	3	3	NA					
1-3	2	1	38	60	2	3	3	0	0	2	4	6	6	22	12	713	250	30	993
1-4	6	4	150	250	3	2	6	4	0	6	2	8	8	50					
2-5	7	5	115	175	4	8	8	0	3	10	5	12	9	30	Crashing 1-2 by 1 day				
2-4	5	3	150	250	5	12	12	0	3	8	3	8	5	50					
3-4	2	2	100	100					2	4	6	8	6	NA					
4-5	4	2	100	240					8	12	8	12	4	70					
Total			713																

Activity	Normal	Crash	N. Cost	C. Cost	Event	EO	LO	Slack	EST	EST	LST	LFT	Duration	CC/CT	Total Duration	Cost Direct	Cost Indirect	Crash Cost	Total Cost
1-2	3	3	60	90	1	0	0	0	0	3	0	3	3	NA					
1-3	2	1	38	60	2	3	3	0	0	2	3	5	5	22	11	713	175	80	968
1-4	6	4	150	250	3	2	5	3	0	6	1	7	4	50					
2-5	7	5	115	175	4	7	7	0	3	10	4	11	8	30	Crashing 2-4 by 1 day				
2-4	4	3	150	250	5	11	11	0	3	7	3	7	4	50					
3-4	2	2	100	100					2	4	5	7	5	NA					
4-5	4	2	100	240					7	11	7	11	4	70					
Total			713																

Activity	Normal	Crash	N. Cost	C. Cost	Event	EO	LO	Slack	EST	EST	LST	LFT	Duration	CC/CT	Total Duration	Cost Direct	Cost Indirect	Crash Cost	Total Cost
1-2	3	3	60	90	1	0	0	0	0	3	0	3	3	NA					
1-3	2	1	38	60	2	3	3	0	0	2	2	4	4	22	10	713	100	130	943

1-4	6	4	150	250	3	2	4	2	0	6	0	6	6	50					
2-5	7	5	115	175	4	6	6	0	3	10	3	1	7	30					
2-4	3	3	150	250	5	10	10	0	3	6	3	6	3	NA	Crashing 2-4 by 1 day				
3-4	2	2	100	100					2	4	4	6	4	NA					
4-5	4	2	100	240					6	10	6	1	4	70					
Total			713																

Activity	Normal	Crash	N. Cost	C. Cost	Event	EO	LO	Slack	ES	EF	LS	LF	Duration	CC/CT	Total Duration	Cost Direct	Cost Indirect	Crash Cost	Total Cost
1-2	3	3	60	90	1	0	0	0	0	3	0	3	3	NA					
1-3	2	1	38	60	2	3	3	0	0	2	2	4	4	22	9	713	75	230	1018
1-4	6	4	150	250	3	2	4	2	0	6	0	6	6	50					
2-5	6	5	115	175	4	6	6	0	3	9	3	9	6	30	Crashing 2-5 by 1 day				
2-4	3	3	150	250	5	9	9	0	3	6	3	6	3	NA	Crashing 4-5 by 1 day				
3-4	2	2	100	100					2	4	4	6	4	NA					
4-5	3	2	100	240					6	9	6	9	3	70					
Total			713																

Activity	Normal	Crash	N. Cost	C. Cost	Event	EO	LO	Slack	ES	EF	LS	LF	Duration	CC/CT	Total Duration	Cost Direct	Cost Indirect	Crash Cost	Total Cost
1-2	3	3	60	90	1	0	0	0	0	3	0	3	3	NA					
1-3	2	1	38	60	2	3	3	0	0	2	2	4	4	22	8	713	50	330	1093
1-4	6	4	150	250	3	2	4	2	0	6	0	6	6	50					
2-5	5	5	115	175	4	6	6	0	3	8	3	8	5	NA					
2-4	3	3	150	250	5	8	8	0	3	6	3	6	3	NA	Crashing 2-5 by 1 day				
3-4	2	2	100	100					2	4	4	6	4	NA	Crashing 4-5 by 1 day				
4-5	2	2	100	240					6	8	6	8	2	NA					
Total			713																

So at minimum cost of R943, project can be completed earliest by 10 days. Further crashing requires more cost.

Suggestions:

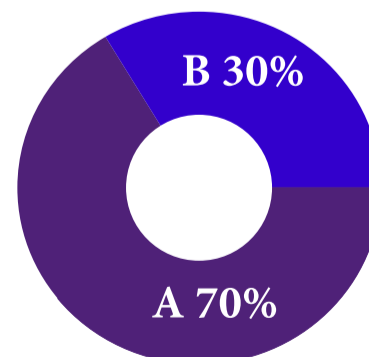
This lesson is prepared purely from teachings imparted by the Guide book issued by Institute. The study guide on Operations Management issued by Institute is to be studied thoroughly to understand network analysis method along with the process of arriving the critical path complying the conditions. For supplementary readings one can refer Operations Management by R.S. Russell & B.W. Taylor, Operations Management by J Stevenson.



GROUP: II, PAPER: 9, Part- ii
OPERATIONS
MANAGEMENT & STRATEGIC
MANAGEMENT (OMSM)
Strategic Management

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Your Preparation Quick Takes



Syllabus Structure

A Operations Management 70%
B Strategic Management 30%

Learning Objectives:

- The course will follow in general terms the strategy development process from audit to formulation of strategic plans, their implementation and evaluation.
- Students will be introduced to strategic management in a way so that their understanding can be better.
- The ultimate aim of the course is to develop students as future managers who will add value by 'strategically managing' the organisation's resources and capabilities.

STRATEGIC MANAGEMENT

1. What are means by which long term objectives will be achieved?
A. **Strategies**
B. Policies
C. Strength
D. Opportunities
2. When an industry relies heavily on Government contracts, which forecasts can be the most important part of an external audit?
A. Economic
B. Competitive
C. **Political**
D. Multinational
3. Stability strategy is a ----- strategy.
A. **Corporate level**
B. Business level
C. Functional level
D. Strategic level
4. Marketing strategy is a -----type of strategy
A. Business level
B. Growth strategy
C. Corporate strategy
D. **Functional strategy**
5. A possible and desirable future state of an organization is called-----
A. Mission
B. **Vision**
C. Strategy implementation
D. Strategy formulation
6. What does question mark symbolise in BCG matrix?
A. **Remain Diversified**
B. Invest
C. Stable
D. Liquidate
7. Selling all of a company's assets in parts for their tangible worth is called-----
A. Divestiture
B. Concentric Diversification
C. **Liquidation**
D. Unrelated integration
8. The BCG matrix is based on-----
A. Industry attractiveness and Business strength
B. Industry Growth rate and Business strength
C. Industry Attractiveness and Relative Market share
D. **Industry growth rate and relative market share**
9. In strategic thinking, how long is the long-term approximately?
A. 1 month to 1 year
B. 2 to 3 years
C. 3 to 5 years
D. **More than 5 years**
10. Buying another company by one company means-----
A. Joint venture
B. **Acquisition**
C. Amalgamation

D. Merger

11. Low cost, Differentiation and Focus are examples of-----
 A. Corporate strategies
 B. Operational strategies
C. Business strategies
 D. Functional strategies
12. Which environment can create new market and new business segments?
 A. Political environment
 B. Economic environment
 C. Socio cultural environment
D. Technological environment
13. The word 'Tactics' is most likely to be associated with -----
 A. Business strategy
 B. Corporate strategy
C. Operational strategy
 D. All of the above
14. How many cells are there in a SWOT matrix?
A. 9
 B. 6
 C. 3
 D. 2
15. The reasons for Diversification is-----
 A. to reduce competition
B. to increase organizational capabilities
 C. to get tax advantage
 D. to get quick entry into a business
16. Strategic Management handles-----
A. external issues
 B. management issues
 C. internal issues
 D. administrative issues
17. Buyers' market exists when-----
 A. Few suppliers in the market
 B. Buyers purchases in small volume
C. Buyers purchases in large volume
 D. Product of suppliers are unique and differentiated
18. What is the starting point of strategic intent?
 A. Objectives
 B. Goals
 C. Mission
D. Vision
19. Corporate level strategy deals with-----
 A. Objectives of specific functions
 B. Objective of Single strategic Business Unit
C. Objectives of the corporate
 D. Objectives of specific operations
20. From the following activities which does not come under the primary activities of the 'Value Chain Analysis'?
 A. Operations
B. Technology development
 C. Marketing and sales
 D. Services

"The essence of strategy is choosing what not to do"



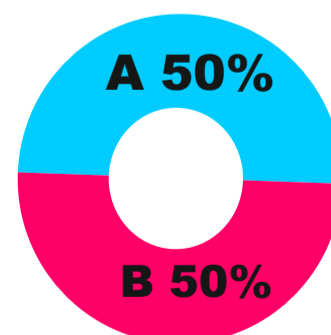
GROUP: II, PAPER:10

COST & MANAGEMENT

ACCOUNTING AND FINANCIAL
MANAGEMENT(CMFM)

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Your Preparation Quick Takes



Syllabus Structure

A Cost & Management Accounting 50%

B Financial Management 50%

Learning Objectives:

The paper Cost & Management Accounting and Financial Management (Group II; Paper 10) is a unique blend of theoretical elaborations and practical illustrations. The aim of this paper is to equip the students with a working level knowledge regarding the two disciplines and prepare a ground for a few advanced level papers like Strategic Financial Management (Final Group 3: Paper 14), Strategic Cost Management decision Making (Final Group 3: Paper 15) and Strategic Performance Management and Business Valuation (Final Group 4: Paper 20) in the CMA Final Course. The entire syllabus of the paper is segregated into two segments namely Cost & Management Accounting (Section A: Full Marks 50) and Financial Management (Section B: Full Marks 50). Each of the individual sections has further been divided into five chapters each highlighting a specific aspect of the subject concerned. 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.

SALES VARIANCE ANALYSIS**Illustration - I**

The standard cost data of three products X, Y and Z manufactured by a company are given below together with budgeted sales and unit selling price for 2019-20:

	X	Y	Z
Budgeted Sales (units)	25000	20000	15000
Selling Price per unit	40	60	80
Cost per unit (Rs.)	28	48	64

In April, 2020 the cost department of the company gathered the following details for 2019-20:

	X	Y	Z
Actual Sales (units)	20000	22000	16000
Average Sales realization per unit	42	56	81
Actual cost per unit (Rs.)	30	50	63

You are required to determine:

- (a) The Budgeted Profit and Actual Profit for 2019-20 (b) The Variance in profit analyzed into
- Cost Variance;
 - Sales Price Variance;
 - Sales Volume Variance

Solution:

This is a typical problem, where there is little scope for using diagrams. Hence, the relating formulae needs to be understood and memorized for application.

Working Notes

(Amount in Rupees)
(a) Budgeted Profit

Product	Price	Cost	Profit	Units	Total Amount
X	40	28	12	25000	300000
Y	60	48	12	20000	240000
Z	80	64	16	15000	240000
				60000	Rs. 780000

Actual Profit

Product	Price	Cost	Profit	Units	Total Amount
X	42	30	12	20000	240000
Y	56	50	06	22000	132000
Z	81	63	18	16000	288000
				58000	Rs. 660000

(b) Variance in Profit = Actual Profit - Budgeted Profit = Rs. 6,60,000 - Rs. 7,80,000 = Rs. 1,20,000 A

(i) cost Variance = Actual Quantity (Std Cost - Actual Cost)

Product		
X 20,000 (28 - 30) =	20,000 × (-2) =	40,000 A
Y 22,000 (48 - 50) =	22,000 × (-2) =	44,000 A
Z 16,000 (64 - 63) =	16,000 × 1 =	16,000 F
		Rs. 68,000 A

(ii) Sales Price Variance = Actual Quantity (Actual Price - Std Price)

Product		
X 20,000 (42 - 40) =	20,000 × 2 =	40,000 F
Y 22,000 (56 - 60) =	22,000 × (-4) =	88,000 A
Z 16,000 (81 - 80) =	16,000 × 1 =	16,000 F
		Rs. 32,000 A

(iii) Sales Volume Variance = Std Profit (Actual Quantity - Budgeted Quantity)

Product		
X 12 (20,000 - 25,000) =	12 × (-5000) =	60,000 A
Y 12 (22,000 - 20,000) =	12 × 2,000 =	24,000 F
Z 16 (16,000 - 15,000) =	16,000 × 1 =	16,000 F
		Rs. 20,000 A

Analysis of Variance in Profit

Budgeted Profit	=	Rs. 780000
Cost V	=	Rs. 68000 A
Sales Price V	=	Rs. 32000 A
Sales Volume V	=	Rs. 20000 A
		<u>Rs. 120000 A</u>
Actual Profit		<u>Rs. 660000</u>

SALES VARIANCE ANALYSIS THROUGH DIAGRAM Illustration - II

Budgeted and actual Sales for the month of July 2020 of two products A and B of M/S XYZ Ltd. Were as follows :

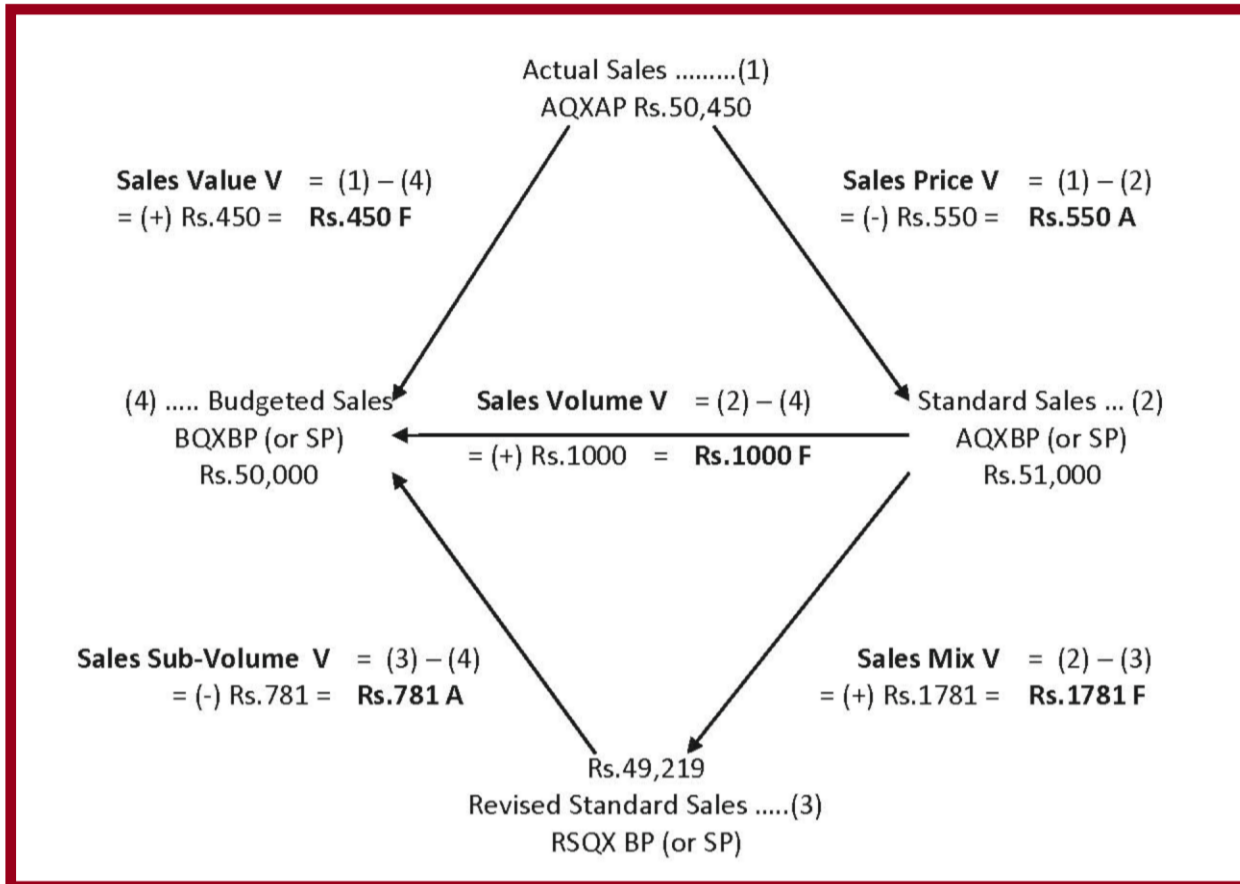
Product	BUDGETED UNITS	SALES PRICE/UNIT (Rs.)	ACTUAL UNITS	Sales Price / Unit (Rs.)
A	6000	5	5000	5.00
			1500	4.75

B	10,000	2	7500	2.00
			1750	1.90

Budgeted Costs for Products A and B were Rs.4.00 and Rs.1.50 per unit respectively. Work out from the above data the following Variances.

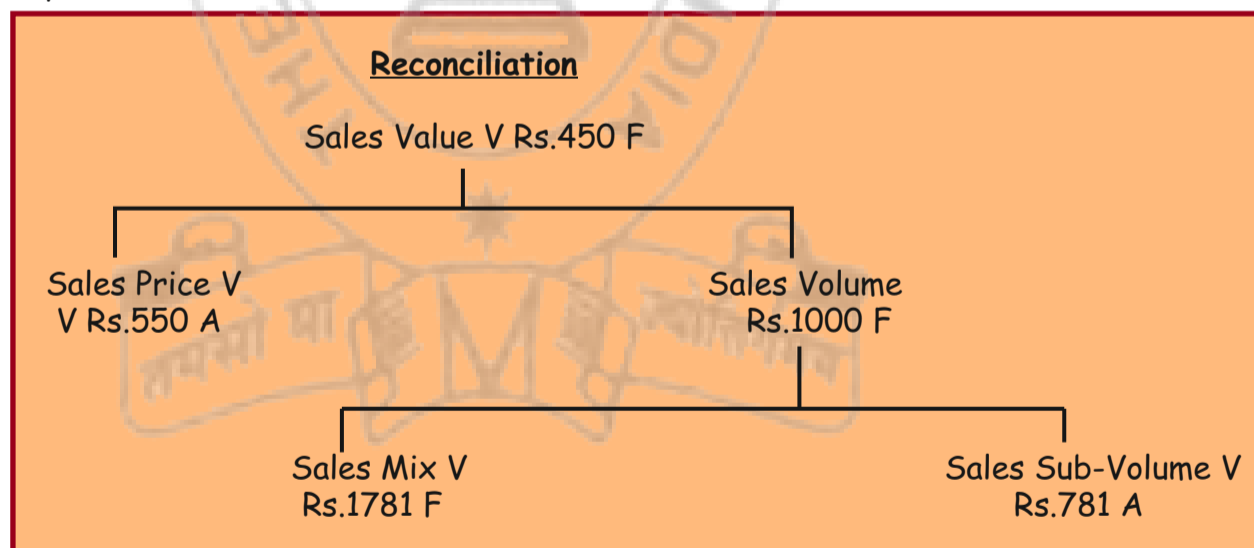
- (1) Sales Volume V (2) Sale Value V (3) Sales Price V (4) Sales sub - volume V and Sales Mix Variance.

Solution



Abbreviation used in the Diagram

- AQ : Actual Quantity of Sales
- BQ : Budgeted Quantity of Sales
- AP : Actual Price
- BP (or SP) : Budgeted or Standard Price
- RSQ : Revised Standard Quantity of Sales



- Sales Volume V is also termed as Sales Quantity V
- Similarly, Sales Sub-Volume V is termed as Sales Sub-Quantity V.

Working Notes:

Actual Sales			
Product	Units	Sales Price (Rs.)	Sale Amount (Rs.)
A	5000	5.00	25000
	1500	4.75	7125
B	7500	2.00	15000
	1750	1.90	3325
Total	15750		50450

Standard Sales (on AQ)			
Product	Units	Sales Price (Rs.)	Sale Amount (Rs.)
A	6500	5	32500
B	9250	2	18500
Total	15750		51000

Budgeted Sales			
Product	Units	Sales Price (Rs.)	Sale Amount (Rs.)
A	6000	5	30,000
B	10,000	2	20,000
Total	16000		50,000

Revised Standard Sales					
Product	Total Actual Quantity (Units)	Std Proportion of AQ	RSQ	Std Sales Price (Rs.)	Sales Amount (Rs.)
A	15750	$15750 \times 6/16$	5906.25	5.00	29531.25
B	15750	$15750 \times 10/16$	9843.75	2.00	19687.50
Total			15750		49219.00(r/off)

Solution through diagrams

A diagrammatic solution is characterized by arrows having spearhead in one side. The basic principle is that the amount standing at the spearhead side should always be deducted from that of the bottom side of the same. The resulting balance, if positive, signifies a Favourable Variance whereas a negative balance invariably signifies an Adverse or Unfavourable Variance, automatically. The principle involved can be clearly understood with a simple illustration following

- 1) Rs. 52 - Rs. 48 = (+) Rs. 4 = Rs. 4 Favourable Variance, shown as Rs. 4 (F)
- 2) Rs. 52 - Rs. 61 = (-) Rs. 9 = Rs. 9 Adverse or unfavourable Variance, shown as Rs. 9 (A)

Some of the multiple advantages associated with the diagrammatic solution of Variance Analysis are noted hereunder:

- 1) Diagram works as a road map which leads one to reach destination in the easiest way.
- 2) Diagrams are simple, easy to understand and use.
- 3) Solution can be arrived within the shortest possible time.
- 4) Nature of Variance (Favourable or Adverse) emerges automatically due to in-built system.
- 5) Inter-relationship of related Variances are clearly visible and understood.
- 6) Inconsistency in on-going computation is promptly detected for correction.
- 7) It is easier to memorize the diagrams than a bunch of confusion-raising formulae.

A sincere practice of Variance Analysis through diagrams over a couple of days is likely to pay a rich dividend.

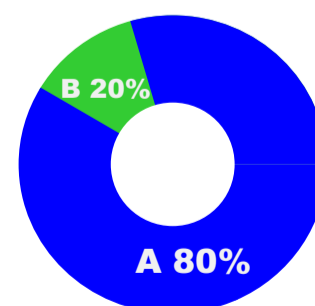


GROUP: II, PAPER:11

INDIRECT TAXATION (ITX)

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Your Preparation Quick Takes



Syllabus Structure

A Canons of Taxations -
Indirect Tax GST **80%**
B Customs Laws **20%**

Learning objectives:

- The concept of tax and the objective for its levy
- The concept of direct and indirect tax and the differences between the two
- The basic features of indirect taxes
- What are the principal indirect taxes
- As to how the indirect taxes are administered in the country

Clarification on GST Rate on Hand Sanitizers

Clarification on issue of GST rate on alcohol based hand sanitizers

The issue of GST rate on alcohol based hand sanitizers has been reported in few sections of media.

It is stated that hand sanitizers attract GST at the rate of 18%. Sanitizers are disinfectants like soaps, anti-bacterial liquids, dettol etc which all attract duty standard rate of 18% under the GST regime. The GST rates on various items are decided by the GST Council where the Central Government and all the state governments together deliberate and take decisions.

It is further clarified that inputs for manufacture of hand sanitizers are chemicals packing material, input services, which also attract a GST rate of 18%. Reducing the GST rate on sanitizers and other similar items would lead to an inverted duty structure and put the domestic manufacturers at disadvantage vis-a-vis importers. Lower GST rates help imports by making them cheaper. This is against the nation's policy on Atmanirbhar Bharat. Consumers would also eventually not benefit from the lower GST rate if domestic manufacturing suffers on account of inverted duty structure.

How will sanitizers disinfect the germs of confusion under GST?

In the current scenario, there is a situation of bewilderment in the GST rates to be charged on alcohol-based hand sanitizers? As we all are fighting with the coronavirus, and alcohol-based hand sanitizers being a major weapon in this war, there is still confusion on GST rate to be charged on the same. The manufactures and GST officers are having an argument, whether it should be charged at 12% or 18%. Consumers, on the same scenario believe that as it an essential commodity notified by MCA, it should be thus exempt under GST. All these different views have created confusion, that at what rate should sanitizers be charged exactly!

What is this debate going on about charging 12% or 18% on hand sanitizers?

In the recent AAR of Springfields (India) Distilleries of Goa, the issue regarding GST on Hand sanitizers was discussed. The manufacturer Springfields (India) Distilleries were considering Hand Sanitizers as medicaments, which are covered under HSN Code & rate: 30049087 - Antihypertensive drugs: Antibacterial formulations not elsewhere specified or included HS Code and Indian Harmonized System Code. Rate of GST is 12%.

The GST authorities alleged that the manufacturer of sanitizers have mis-classified it as medicaments, where sanitizer is a disinfectant like soaps and not a medicament. Hence, the AAR Order stated that it must be classified under the HSN 3808 - Disinfectants, charged with 18% rate of GST.

What opinion do the end consumers have on this issue?

The consumers, i.e. the normal public are of the opinion that as sanitizers have become an essential commodity, used in our day-to-day life, so it should be exempt from GST. The Ministry of Consumer Affairs, Food and Public Distribution, in a notification CG-DL-E13032020-218645 has classified Hand Sanitizers under the Essential Commodities Act, 1955 as an essential commodity. But, in the AAR of Springfield Distilleries, the GST authorities clearly stated that, 'Merely classifying any goods as essential commodity will not be the criteria for exempting such Goods from GST'.

What should the taxpayer learn from this?

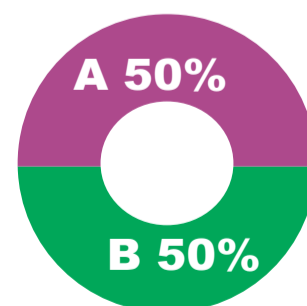
The Director-General of GST Intelligence has alleged that this scenario of confusion has led to 'substantial evasion' of tax. GST Authorities have analysed data for 62 manufacturers and have asked field to verify if other producers, including distillers and sugar mills and, have 'miss-classified' the product that is being used across households and offices. The common solution for this would have been charging sanitizers at 12%, which saves charging a higher rate of tax on essential commodities, if it cannot be made tax free. This has led the makers of disinfectants themselves to catch the germs of confusion under GST rates & classification.



GROUP: II, PAPER:12
COMPANY
ACCOUNTS & AUDIT (CAA)

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Your Preparation Quick Takes



Syllabus Structure

- A Accounts of Joint Stock Companies 50%
- B Auditing 50%

Learning Objectives:

- Apply appropriate judgment derived from knowledge of accounting theory, to financial analysis and decision making
- Effectively define the needs of the various users of accounting data and demonstrate the ability to communicate such data effectively, as well as the ability to provide knowledgeable recommendations.
- Prepare financial statements in accordance with Generally Accepted Accounting Principles.
- Demonstrate an understanding of current auditing standards and acceptable practices, as well as the impact of audit risk on the engagement.

ACCOUNTS & AUDIT

- Section 2(20) of the Companies Act, 2013 defines a company as**
 - A company is a voluntary association of persons
 - As a artificial person
 - Company formed and registered under this act or an existing company
 - None of the above
- Liability of the members of the company is limited:**
 - To the extent of market value of shares held by them
 - To the extent of the face value of shares held by them
 - To the extent of unpaid creditors amount
 - None of the above
- On receipt of the application money for shares, the entry would be:**
 - Bank A/C Dr. To Share Application A/C
 - Share Application A/C Dr. To Bank
 - Bank A/C Dr. To Share Capital A/C
 - None of the above
- For Forfeiture of shares, the entry would be:**
 - Shares Forfeited A/C Dr. To Share Capital A/C
 - Share Capital A/C Dr. To Calls in Arrear A/C
To Shares Forfeited A/C
 - Shares Forfeited A/C Dr. To Capital Reserve A/C
 - None of the above
- If shares have been allotted to any person or firm for any assets, the entry would be:**
 - Bank A/C Dr. To Asset A/C
 - Asset A/C Dr. To Share Capital A/C
 - Bank A/C Dr. To Share Capital A/C
 - None of the above
- Shares may be issued:**
 - At par
 - At premium
 - At Discount
 - All of the above
- Company issues right shares to the existing shareholders**
 - At a price which is lower than the market price
 - At market price
 - At face value
 - None of the above
- Capitalisation of profit is:**
 - Converting paid up capital into reserves
 - Converting profit into reserves
 - Converting profits or reserves into paid up capital
 - None of the above

9. As per section 2(43) of the Companies Act, 2013, Free Reserves means:

- a) Reserves for specific purposes
- b) Reserves for distribution as dividend
- c) Reserves for payment to the creditors
- d) None of the above

10. Company may forfeit the shares for:

- a) Non-attending AGM
- b) Non-payment of subsequent calls money
- c) Making abusive words by shareholders
- d) None of the above

11. Debenture is an instrument:

- a) To acknowledge the ownership of the company
- b) To acknowledge the creditors of the company
- c) To add member of the company
- d) None of the above

12. Redemption of debentures is the process of:

- a) Discharging the liability
- b) Undertaking the liability
- c) Creating the reserves for payment In future
- d) None of the above

13. Debenture Redemption Reserve is to create when Redemption is made:

- a) Out of capital
- b) Out of profit
- c) Out of provision in the nature of sinking fund
- d) None of the above

14. Financial statements provide information:

- a) About the financial position
- b) Performance
- c) Cash flows
- d) All of the above

15. Cash flow statement is prepared in accordance with the requirements of:

- a) AS 1
- b) AS 2
- c) As 3
- d) None of the above

16. As per latest requirements, form of Balance Sheet is prescribed by:

- a) Schedule 3, Part 1
- b) Schedule 3, part 2
- c) Schedule 4, Part 1
- d) None of the above

17. Interest expenses are:

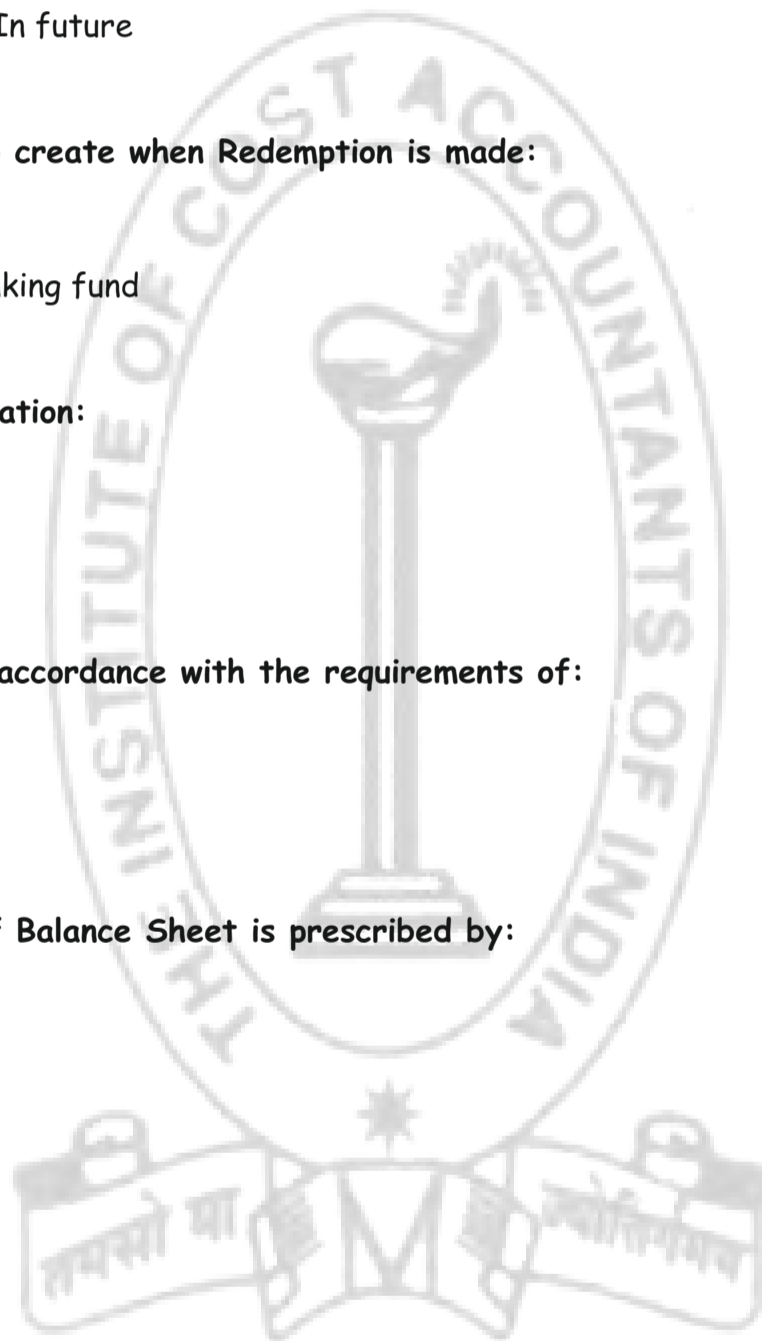
- a) Operating Cost
- b) Finance cost
- c) Investment cost
- d) None of the above

18. Cash flow statement shows cash movements under:

- a) Operating activities
- b) Investing activities
- c) Financing activities
- d) all of the above

19. Shareholders Fund means:

- a) Share capital
- b) Reserves and Surplus



- c) Both of the above two
- d) None of the above two

20. Income from dividend and interest is a part of:

- a) Operating activity
- b) Investing activity
- c) Financing Activity
- d) None of the above

21. Investing and Financing Transactions that do not require the use of cash or cash equivalents shall be:

- a) Included in statement of cash flows
- b) Excluded from statement of cash flows
- c) Adjustment made for inclusion in statement of cash flows
- d) None of the above

22. Section 18 of Banking Regulation Act requires to maintain capital CRR by banking company, whereas CRR means:

- a) Credit Relation Report
- b) Customer Relation Report
- c) Cash Reserve Ratio
- d) None of the above

23. Bank issue bank statement on:

- a) Current accounts
- b) Savings account
- c) Fixed Deposit Account
- d) (a) and (b) above

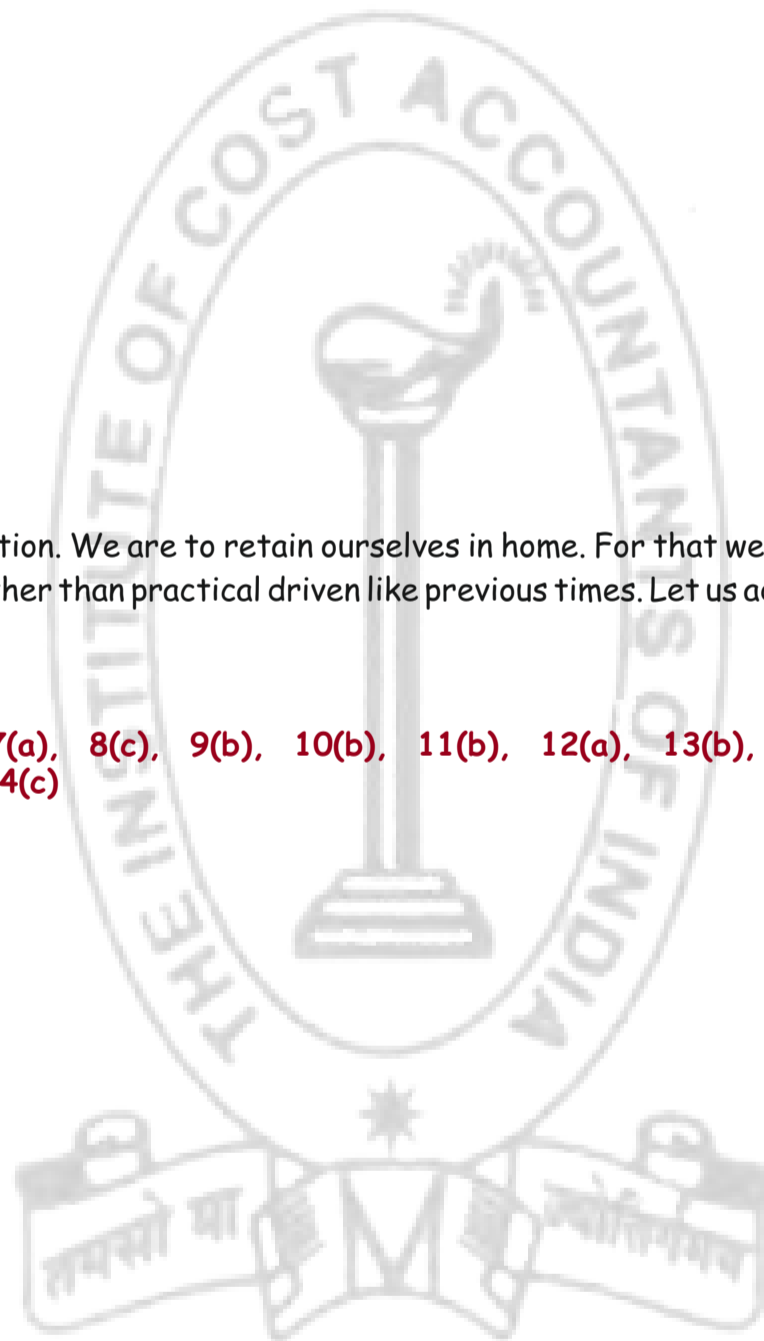
24. Bank gives overdraft facility on:

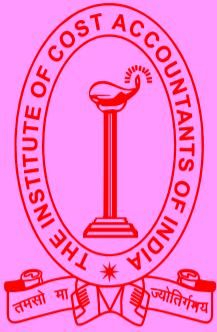
- a) Savings Bank Account
- b) Fixed Deposit Account
- c) Current Account
- d) All of the above

Student friends, this is the pandemic situation. We are to retain ourselves in home. For that we may transform pandemic to pan academy. This time we are to be conceptual driven rather than practical driven like previous times. Let us advance for bright future days.

Answer Keys:

1(c), 2(b), 3(a), 4(b), 5(b), 6(d), 7(a), 8(c), 9(b), 10(b), 11(b), 12(a), 13(b), 14(d), 15(c), 16(a), 17(b), 18(d), 19(c), 20(b), 21(b), 22(c), 23(d), 24(c)





PRACTICAL Advice

ABOUT YOUR STUDIES - INTERMEDIATE 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**

**Solve Exercises
given in Study Note**

02

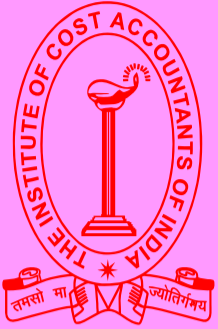
03

Assess Yourself

Appear For Examination

04

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,

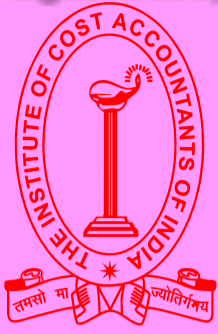
We are very much delighted to receive responses from all of you; for whom our effort is!

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.

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



Message from Directorate of Studies

Dear Students,

All of you knows that Independence Day, in India, is celebrated annually on August 15. It also marks the anniversary of the partition of the subcontinent into two countries, India and Pakistan, which occurred at midnight on August 14-15, 1947. The Indian Independence Bill was introduced in the British House of Commons on July 4, 1947, and passed within 15 days. On August 15, 1947, the British rule over India ended and marked history. The year 2020 marks the 74th Independence Day which have been celebrated amid the ongoing coronavirus pandemic in the country.

We expect that our "Online Mock Test Platform for CMA Students" under the link: https://eicmai.in/MCQ_Portal/login.aspx helps you to have a fair idea about the forthcoming on-line examination, for Foundation Students.

We wish our heartfelt wishes to all the examinees appearing for the forthcoming September, 2020 Examinations for the Foundation course.

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

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

Let us observe his memory by following his message.

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

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

Please refer the link mentioned below :

<https://icmai.in/studentswebsite/>

- Don't give up
- Don't give in
- Don't give out
- You can win!

GOOD LUCK

Be Prepared and Get Success;

Disclaimer:

Although due care and diligence have been taken in preparation and uploading this E-bulletin, the Institute shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents of this E-bulletin.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

STUDENTS' E-bulletin Intermediate
Vol. 3, No.: 12, December 2018, Issue



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The Institute of Cost Accountants of India is a premier professional Institute and a statutory body constituted under an Act of Parliament under the administrative control of **Ministry of Corporate Affairs (MCA), Govt. of India** to regulate and develop the profession of Cost and Management Accountancy (CMA) in the country. The Institute established in **1944** is now celebrating the **Platinum Jubilee year** of its glorious presence.

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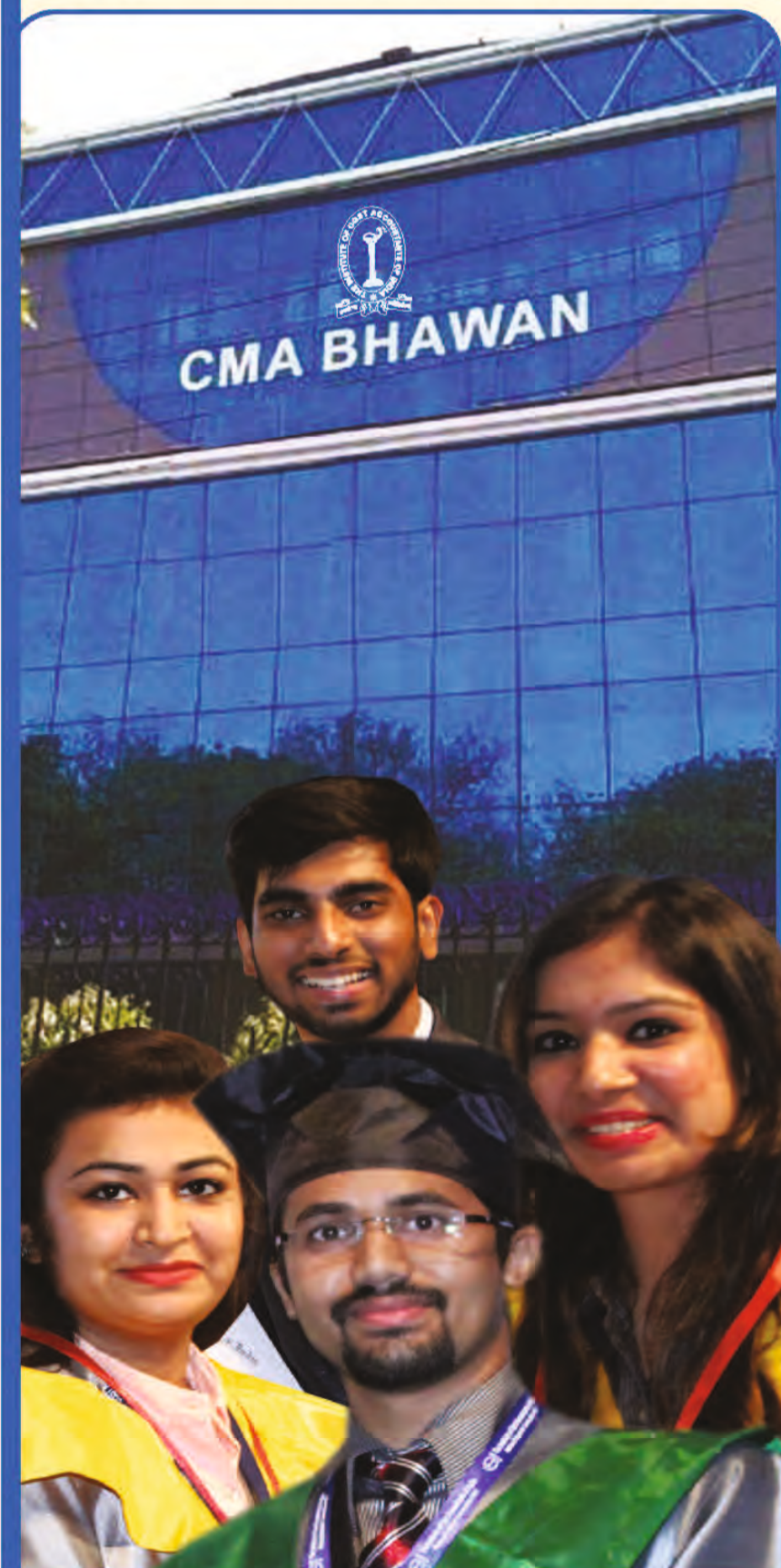
Few of Our Proud Recruiters



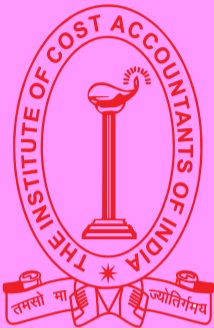
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Behind every successful business decision, there is always a **CMA**



Few Snapshots



Flag Hoisting Ceremony at HQ to celebrate Independence Day of the nation



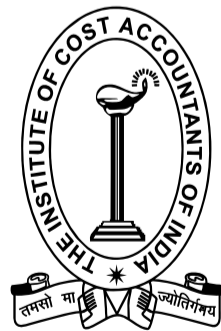
Flag Hoisting Ceremony at HQ to celebrate Independence Day of the nation



ICAI SIRC Flag Hoisting on 74th Independence Day of INDIA: CMA H Padmanabhan Council Member, CMA Jyothi Satish, Chairperson SIRC, CMA Rajesh Sai Iyer, RCM SIRC and team at Chennai



Message on COVID-19 from Students, Staff, Members of Nellore Chapter.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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