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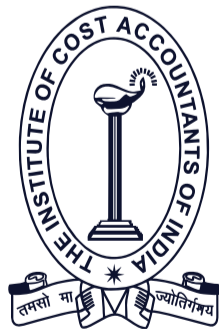


2019

February
VOL: 4, NO.: 2,
www.icmai.in

CMA Student E - Bulletin

INTERMEDIATE



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

Message from The Chairman

CMA Manas Kumar Thakur

Chairman,

Training & Education Facilities (T& EF) Committee



CMA MANAS KUMAR THAKUR

Chairman, T & EF Committee
Directorate of Studies
President (2016-2017)



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MESSAGE FROM THE CHAIRMAN

Dear Students,

Season's Greetings,

"Satisfaction lies in the effort, not in the attainment, full effort is full victory"-M.K.Gandh.

We all should start believing that effort matters more than ability. People with a fixed mindset generally believe that their skills and abilities are fixed and won't improve much, even with practice. Moreover, fixed mind setters focus on the end result more than the process of development and often focus on factors that are beyond their control, e.g. bad luck, unfortunate circumstances etc. In contrast, growth mind setters generally believe that no matter what their skill or ability level now, they can improve with effort. Falling on the line of M.K.Gandhi, I also believe in the strength of the growth mind setters.

The Directorate of Studies is coming out soon with **revised work book**, for your practising purpose. As you are aware that **study materials are continuously updated** for incorporation of necessary amendments in paper's where those are extremely needed and also the up-dation is carried out in all the papers with the view of providing you the needed and relevant information.

D.O.S. have started the **live webinar session**, to give you the opportunity to meet and interact with the subject wise experts and advance hoisting of calendar, probably have helped you to follow the live lectures. **Recorded sessions are also been uploaded** for reaching to the unreached. I am really thankful to all those academicians who are regularly updating your knowledge bank by extending their suggestions and input towards your all-round development. **New Mock Test Paper's (MTP)** will be uploaded soon. Please try to grab the offerings provided by the D.O.S. and try to make you more up to date.

Both, February and August months are very important for upcoming CMA professional as those months are related to the declaration of results. Those who have done well in their exam are hopeful about pass out and those could not, may be sceptical. Please try to believe on your strength.

"Successful and unsuccessful people do not vary greatly in their abilities. They vary in their desires to reach their potential".

Wishing you all a grand success in your future endeavour,

CMA Manas Kumar Thakur

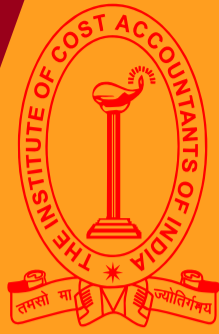
Be a CMA, be a Proud Indian

"Behind every successful business decision there is always a CMA"



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KNOWLEDGE Update



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

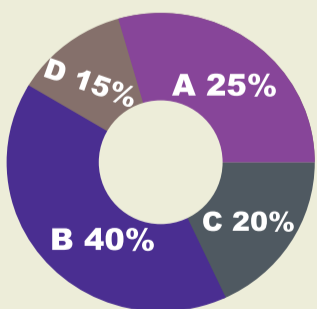


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GROUP: 1, PAPER: 5

FINANCIAL ACCOUNTING (FAC)

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.

SECTION C

HIRE PURCHASE AND INSTALMENT PURCHASE SYSTEM

As we have already discussed the methods of accounting along with problems, in this issue we will discuss the cases of repossession. In hire purchase unless the last instalment is paid the ownership is not transferred. If the customer fails to pay the instalment the seller has the right to repossess the asset in his custody once again. This is called repossession. Repossession may be of two kinds: partial and complete.

The cases are discussed below:

Complete repossession: If the whole of asset is repossessed we call it **Complete Repossession**.

In the case of a complete repossession, the hire vendor closes the hire purchaser's account in his books by transferring the balance of the hire purchase account to the Goods repossessed account. Likewise, the hire purchaser closes the hire vendor's account in his books by transferring the balance of the Hire purchase assets account to the Hire vendor account.

Entries in the books of hire vendor:

Note : all the entries are passed as usual upto the date of last instalment before default.

The following entries are passed for repossession

- When the goods are repossessed and the account of hire purchaser is closed
 Goods repossessed a/c..... dr
 To Hire Purchaser a/c
- For repair and reconditioning
 Goods repossessed a/c.....dr
 To bank a/c
- When repossessed goods are sold
 Bank a/c.....dr
 To goods repossessed a/c
- For profit on sale of repossessed goods
 Goods repossessed a/c.....dr
 To P/L a/c
- For loss on sale of repossessed goods
 P/L a/c.....dr
 To Goods repossessed a/c

Partial Repossession

In case of partial repossession, only a part of the asset is taken back by the hire vendor and the other part is left with the higher purchaser. The journal entries are as usual up to the date of default in the books of both the parties. As a portion of the asset is still left with the hire purchaser, neither party closes the account of the other in their respective books.

Assets are repossessed at a mutually agreed value. The hire vendor debits the Goods repossessed account and credit the Hire purchaser account with the value as agreed upon on the repossession. Similarly, hire purchaser debits the Hire vendor account and credits the Asset account with the same amount. If the repossessed value is less than the book value of the asset, the difference is charged to profit and loss account of the hire purchaser as "**loss on surrender**". For the remaining portion of the Asset lying with the hire purchaser, he applies the usual rate of depreciation and shows the Asset account at its written down value.

Illustration:

Modern transporter purchased a truck on Hire Purchase from Hindustan Motors for Rs.56000. The truck was purchased on 01.01.2016. Payment is to be made Rs.15000 cash as down payment and three instalments of Rs.15000 each at the end of each year. Rate of interest charged is 5% p.a. buyer depreciates assets @ 10% p.a. on WDV method. Due to financial difficulties Modern transporter after having paid the down cash and the first instalment at the end of the first year, could not pay the second instalment and Hindustan Motors took possession of the truck. Prepare Truck a/c and Seller a/c in the books of the buyer assuming the year ends on 31st December.

Solution:

In the books of Modern Transporter
Truck account

2016			
To Hindustan motors	56000	By Depreciation	5600
		By Balance c/d	50400
	56000		56000
2017			
To balance b/d	50400	By Depreciation	5040
		By Hindustan Motors	29452
		By P/L - see working note	15908
	50400		50400

Hindustan Motors account

2016			
To Bank	15000	By Truck a/c	56000
To Bank	15000	By interest a/c	2050
To balance c/d	28050		
	58050		58050
2017			
To Truck a/c	29452	By balance b/d	28050
		By interest	1402
	29452		29452

Working notes:

Calculation of interest:

Interest to be paid on Rs. (56000-15000) = 41000 @ 5% pa = $41000 \times 5 / 100 = \text{Rs. } 2050$

Illustration:

Sima agency purchased three trucks from vishal Automobiles on 01.01.2016 under Hire Purchase agreement. The cash price of each truck is Rs. 150000. According to terms and conditions vishal automobiles ltd. 10 % of cash price is to be paid on delivery and balance cash price in three equal instalments payable at the end of each year along with interest @ 10 % p.a.

Sima agency writes off depreciation @ 20% on SLM. Sima agency paid the first and second instalment in due course but failed to pay the last instalment on 31.12.2018.

Vishal automobiles ltd agreed to leave two trucks with sima agency and take back the third one adjusting the value against the amount due. The returned truck being valued @30% on WDV for repossession.

Vishal automobiles ltd sold the repossessed truck for Rs. 45000 in cash on 07.01.2019 after incurring repair expenses of Rs. 8000. Show Trucks a/c and Vishal Automobiles ltd a/c in the books of sima agency and Repossessed Truck a/c in the books of Vishal automobiles ltd.

Solution:

In the books of Sima Agency
Truck account

2016			
To Vishal automobiles	450000	By Depreciation	90000
		By Balance c/d	360000

	450000		450000
2017			
To balance b/d	360000	By Depreciation	90000
		By balance c/d	270000
	360000		360000
To balance b/d	270000	By Depreciation	90000
		By Vishal Automobiles	51450
		By P/L	8550
		By Balance	120000
	270000		270000

Vishal automobiles Ltd a/c

2016			
To Bank	45000	By Truck a/c	450000
To Bank 135000+40500	175500	By interest a/c	40500
To balance c/d	270000		
	490500		490500
2017			
To Bank 135000+27000	162000	By balance b/d	270000
To balance	135000	By interest	27000
	297000		297000
2018			
To truck	51450	By balance	135000
To Balance	97050	By interest	13500
	148500		148500

In the books of Vishal automobiles Ltd

Repossessed Truck account

2018			
To Sima Agency	51450	By Balance c/d	51450
2019			
To balance b/d	51450	By Bank	45000
To Bank - repair	8000	By P/L - see working note	14450
	59450		59450

Working notes :

1. Book value of truck repossessed

Cost of truck	150000
Less depreciation (15000x20/100x3)	90000
	60000

2. Loss on repossession

Cost of truck	150000
Less depreciation (30% for the year 2016)	45000
	105000
Less depreciation @ 30% on 105000	31500
	73500
Less depreciation @ 30% on 73500	22050
	51450

Book value	60000
Less agreed value	51450
Loss on repossession	8550

Solve similar problems from study notes and other books.



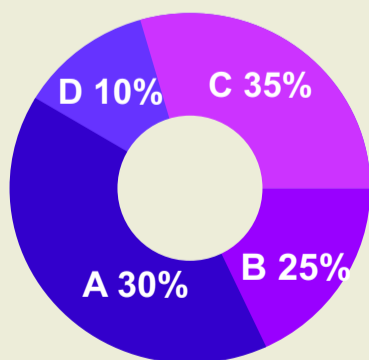


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GROUP: 1, PAPER: 6

LAWS & ETHICS (LNE)

Your Preparation Quick Takes



Syllabus Structure

- A Commercial Laws 30%**
- B Industrial Laws 25%**
- C Corporate Law 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

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 respect of such papers, you are reminded that since you are taking an exam, you must first focus on securing marks. For that, you must study the relevant Sections of the Act, first write what the question wants and then attempt to elaborate by analyzing and commenting on the interpretations of the Act.

In this issue let us start with Employees State Insurance Act (ESI), 1948

The first question that comes to mind is - **What is this ESI Act meant for?**

This Act is for providing social security and social protection and medical facilities to the employees in contingencies such as - illness, long term sickness, maternity, temporary or permanent physical disablement, death due to any employment injury resulting in loss of wages or earning capacity or any other health risks resulting from exposure, or occupational hazards during employment.

The Act also guarantees reasonable good medical care to workers and their immediate legal dependents of the employees **who are insured** and covers even retired persons.

The Central Government has set up the ESI Corporation, which is a Body Corporate, to administer the Scheme.

Section 59 provides that the Corporation may, with the approval of the State Government, establish and maintain in a State such hospitals, dispensaries and other medical and surgical services as it may think fit for the benefit of the insured persons and their families.

We must understand in simple language who is an **Immediate Employer**. An Immediate Employer is a person who has supplied services to a factory or establishment or through whom an employee is employed in a factory or establishment to which this ESI Act applies and includes a person by whom the services of an employee who has entered into a contract of service with him or temporarily lent on hire to the principal employer and includes a contractor.

We must also understand who is a **Principal Employer**. A Principal Employer is the Owner or Occupier of the factory, the legal representative of a deceased owner or occupier or a Manager of the factory under the Factories Act, 1948 if so appointed. In case of a Government Department, the Principal Employer shall be the Head of the Department. For other establishments, it shall be any person responsible for the supervision and control of the

establishment.

That leads us to the obvious question - **Who is an Employee?**

An Employee shall mean any person employed for wages in or in connection with the work of a factory or establishment to which the ESI Act applies.

Such employee shall be directly employed by the Principal Employer for doing work in the factory or establishment or elsewhere.

An employee may even be employed by or through an Immediate Employer, on the premises of the factory or establishment or under the supervision of the Principal Employer or his agent, on work which is ordinarily part of the work of the factory or establishment or which is preliminary to the work carried on in or incidental to the purpose of the factory or establishment.

An Employee shall even include a person whose services are temporarily lent or let on hire to the Principal Employer by the person with whom the person whose services are so lent or let on hire has entered into a contract of service.

An employee shall even be a person employed to work with the administration, branch office, the Purchase department, Sales and distribution department of the factory or establishment.

An employee includes an Apprentice engaged under the Apprentices Act, 1961.

A Trainee engaged for a distinct purpose is not an employee.

The members of the Indian Navy, the Indian Army or the Indian Air Force do not come under the definition of Employee under the ESI Act.

Canteen workers, Casual workers and Part-time employees are considered employees under the Act.

The Partners of an organization are not considered as an employee.

Registration of Employees : Every employee eligible to the ESI Scheme has to register himself under the provisions of ESI Act.

A Insured Person, is one who is or was an employee in respect of whom contributions are payable under the Act and who is by reason thereof, entitled to any of the benefits provided by this Act. Canteen workers, Casual workers and Part-time employees are considered employees under the Act but the Partners of an organization are not considered as an employee. An employee insured under the ESI Act cannot claim compensation under the Workmen Compensation Act.

This **Act is applicable** to all factories, including factories belonging to the Government, other than seasonal factories. The provisions of this Act can be extended to any other establishment

or classes of establishments, industrial, commercial, agricultural or otherwise with the approval of the Central Government duly notified in the Official Gazette.

Factory is defined as any premises including the precincts thereof whereon 10 or more persons are employed on any day of the preceding 12 months.

Seasonal Factory is one which engaged in manufacturing process for a period not exceeding 7 months in a year.

It may be noted that once the Act has been applicable to a factory or an establishment, its applicability will be continuous. In other words, even if the number of persons employed at any time falls below the limit specified by or under this Act or the manufacturing process ceases to be carried on with the aid of power, it will continue to enjoy the benefits of ESI Act.

The Occupier of the factory or the Owner of the factory or the Legal Representative of the Owner is considered as the Principal Employer but the Legal representative of the Contractor is not considered as the Principal Employer.

Employees' State Insurance Fund : This fund is held and administered by the ESI Corporation. This fund is a contributory fund in which both the employer and employee contribute 4.75% and 1.75% respectively to make it a total of 6.5%. It is clarified that, every month, **eligible** employees who fall under the ceiling of Rs.25000 will contribute 1.75% of their salary and employers will contribute 4.75% to the **ESI corpus**.

For newly implemented areas, the contribution rate is 1% of wages of Employees and 3% payable by Employers for first 24 months.

Employees in receipt of a daily average wage up to Rs.137.00 are exempted from payment of contribution. Employers will however contribute their own share in respect of these employees.

The grants, donations and gifts received from the Central Government or any State Government, local authority or any individual or body whether incorporated or not, are also paid into this fund. Therefore, the ESI Fund consists of Contributions, Grants from Government and Donations.

Regarding **Collection of Contribution**, it may be noted that an employer is liable to pay his contribution in respect of every employee and deduct employees contribution from the wages bill and pay these contribution at the specified rates, mentioned above, to the ESI Corporation within 15 days of the last day of the Calendar month in which the collection fall due.

The ESI Corporation has authorized specified branches of the State Bank of India and some other banks to receive the payments on its behalf. The contribution shall be paid into a duly authorized bank within 21 days of the last day of the calendar month in which the contribution falls due for any wage period. If the employer defaults in payment, his bank account can be attached for recovery of the dues.

Another point to remember is the **Contribution Period and the Benefit Period**. There are two contribution period of 6 months duration. There are two corresponding Benefit periods also of 6 months duration. The following Table will be helpful :

Contribution	Period Cash Benefit Period
1 st April to 30 th September 1 st January of the following year to 30 th June	1 st October to 31 st March of the year following 1 st July to 31 st December

A question now arises - **How is ESI calculated from salary ?**

Let us understand with an example -, if the **salary** of an employee is raised to Rs. 30,000 per month during the **ESI** contribution period, then the **ESI** would be **calculated** on Rs. 30,000 and not of Rs. 21,000 which is the limit for coverage under the ESI Act, 1948 w.e.f.01-01-2017.

Next question is - **What is the Minimum Number of Employees for ESI?**

Units or Establishments that have **10** or more employees, drawing the wages of up to Rs.21,000 per month w.e.f. 01-01-2017 (earlier the threshold limit was Rs.15,000.00) are required to be registered for ESIC under the ESI Act 1948. The beneficiaries' monthly wage must not exceed Rs 21,000. The benefits provided by the scheme are funded from the contributions raised from covered employees and their employers at the fixed percentage of wages.

So that takes us to the question - **Which diseases are covered under the ESIC ?**

The answer is - Infectious diseases, Malignant diseases, Diabetes Mellitus, Nephropathy, Disorders of the Nervous System, Diseases of the Eye, Diseases of Cardiovascular System, Chest diseases, Diseases of Digestive System, Orthopedic diseases, Burns, Chronic Renal failure, Burger's disease.

Benefits:

Section 46 provides that the Insured persons, their dependents shall be entitled to the following benefits:

1. In case of **sickness** - periodical payments to any insured person
2. To an insured woman - periodical payments in case of confinement or miscarriage or sickness because of **pregnancy, confinement**, premature birth of child or miscarriage. (It may be mentioned that Confinement is the labor resulting in the issue of living child or labor after 26 weeks of pregnancy resulting in the issue of child - whether alive or dead.
3. In case of **Disablement** as a result of employment injury sustained as an employee - periodical payments to the injured insured person.
4. Periodical **payments to dependents** of an insured person who dies as a result of an employment injury sustained as an employee.
5. **Medical treatment** for insured persons
6. **Expenditure on the funeral** of the deceased insured person, to be paid to the eldest surviving member of the family of an insured. Where the deceased insured person does not have a family, the funeral payment is paid to the person who actually incurs the expenditure.

It must be remembered that the amount of payment shall not exceed such amount as may be prescribed by the Central Government. The claim for the payments shall be made within 3 months of the death of the insured person or within such extended period as the ESI Corporation may allow.

A Civil Court has no jurisdiction to decide or deal with any dispute

or to raise a dispute on any liability to be decided by a medical board or tribunal or ESI Court.

Medical Benefits : ESI Corporation (ESIC) provides reasonable medical care for self and family from day one of entering into insurable employment. Medical Benefits shall be received by an entitled insured person or a member of his family whose condition requires medical treatment and attendance. The medical benefits under this Act are not assignable.

Medical benefits can be given in the form of out-patient treatment and attendance in a hospital or dispensary, clinic or other institution or by visits to the home of the insured person or treatment as an in-patient in a hospital or other institution. A person shall be entitled to medical benefit during any period as shown in the table given above.

Sickness Benefit : ESIC provides 70% average daily wages in cash during medical leave, up to 91 days in two consecutive benefit periods.

Maternity Benefit : ESIC provides 100% average daily wages in cash up to 26 weeks in confinement and 6 weeks in case of miscarriage , during maternity leave and 12 weeks for commissioning mother and adopting mother.

Disablement Benefit : ESIC provides continuous monthly payment till injury lasts for temporary disablement and for whole life for permanent disablement.

Dependant's Benefit : ESIC provides monthly payment apportioned among dependants in case of death due to employment injury.

Unemployment Allowance : ESIC provides monthly cash allowance for a duration of maximum 24 months in case of involuntary loss of employment or permanent invalidity due to non-employment injury.

Establishment of hospital by Corporation :

Section 59 provides that the Corporation may, with the approval of the State Government, establish and maintain in a State such hospitals, dispensaries and other medical and surgical services as it may think fit for the benefit of the insured persons and their families.

Employer not to dismiss or punish the employee during sickness etc. :

Section 73 provides that no employer shall dismiss, discharge or reduce or otherwise punish an employee -

- a) During the period the employee is in receipt of sickness benefit or maternity benefit , or
- b) During the period in which he is in receipt of disablement benefit for temporary disablement ; or
- c) is under medical treatment for sickness, or
- d) is absent from work as a result of illness duly certified in accordance with the regulations , or
- e) Arising out of pregnancy or confinement rendering the employee unfit for work.

Wages is the remuneration paid or payable in cash to an employee and shall include all payment made towards authorized leave, payment made on lock out and payment made for lay-off but shall not include Travelling Allowance, contribution to any pension fund or provident fund or under this Act, any special expenses to which the employee is entitled or any gratuity payable to the employee on discharge from employment.

The members of the Indian Navy, the Indian Army or the Indian Air Force do not come under the definition of Employee under the ESI Act.



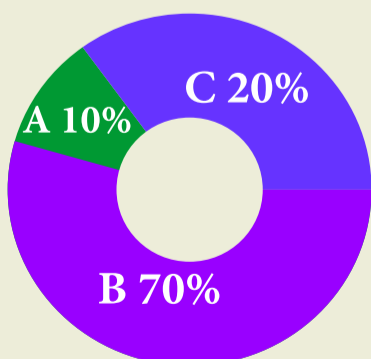


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GROUP: 1, PAPER: 7

DIRECT TAXATION (DTX)

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 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.

Retirement Benefits**Gratuity [Sec. 10(10)]**

Gratuity is a lump sum payment made by an employer to its employee in consideration of his past services when the employment is terminated. Gratuity scheme serves as an instrument of social security to the salaried assessee.

An employee may be covered by Payment of Gratuity Act, 1972 (hereinafter referred as Gratuity Act) or may not be covered by that Act depending on the circumstances given under the said Act.

Tax Treatments of Gratuity are as under:

Gratuity received	Treatment
1. During service tenure	Fully taxable [Sec. 17(1)(iii)]
2. At the time of retirement to the employee of:	
a) Government	Fully exempted [Sec. 10(10)(i)]
b) Any other Employer	
i) Covered by Payment of Gratuity Act	Minimum of the following shall be exempted from tax u/s 10(10)(ii): 1. Actual Gratuity received; 2. ₹ 20,00,000; 3. 15 working days ¹ salary ² for every completed year of service ³ [$\frac{15}{26} * \text{Completed year of service} * \text{Salary p.m.}$]
ii) Not covered by Payment of Gratuity Act	Minimum of the following shall be exempted from tax u/s 10(10)(iii) 1. Actual Gratuity received; 2. ₹ 10,00,000; $\frac{1}{2} * \text{Completed year of service}^4 * \text{Average Salary p.m.}^5$

- Seven working days in case of employees of seasonal establishment
- Salary means Basic + DA (forming part of retirement benefit), last drawn
In case of piece-rated employees, salary shall be calculated by applying average of last three months wages immediately preceding his termination.
- Completed year of service includes any fraction in excess of 6 months.
- Completed year of service ignores any fraction of month.
- Average Salary here means, Basic + DA (forming part of retirement benefit) + Commission (as a fixed percentage on turnover) being last 10 months average salary, immediately preceding the month of retirement.

Leave Encashment Salary [Sec. 10(10AA)]

As per service contract and discipline, normally, every employee is allowed certain period of leave (with pay), every year. Such leave may be availed during the year or accumulated by the employee. The accumulated leave lying to the credit of an employee may be availed subsequently or encashed. When an employee receives an amount for waiving leave lying to his credit, such amount is known as leave salary encashment.

Tax Treatment of leave encashment is as under

Case	Treatment
1. During service tenure	Fully taxable [Sec. 17(1)(va)]
2. At the time of retirement by employee of:	
a) Government	Exempted [Sec.10(10AA)(i)]
b) Other Employer	Minimum of the following shall be exempted from tax u/s 10(10AA)(ii): a) Actual amount received; b) ₹ 3,00,000; c) 10 months average salary ¹ d) Cash equivalent of 30 days average salary for every completed year of service ² as reduced by actual leave availed or encashed during the tenure of service. The period of 30 days is the maximum ceiling. If employer allows leave for less than 30 days p.a. then such lesser days shall be considered.
1. Average salary means Basic + DA (forming part of retirement benefit) + Commission (as a fixed percentage on turnover) being last 10 months average salary from the date of retirement .	
2. While calculating completed year of service, <u>ignore</u> any fraction of the year.	

Pension [Sec. 10(10A)]

Pension, normally means, a periodical payment received by an employee after his retirement. However, on certain occasion, employer allows to withdraw a lump sum amount as the present value of periodical pension. When pension is received periodically by employee, it is known as Uncommuted Pension. On the other hand, pension received in lump sum is known as Commuted pension.

Tax Treatment of pension is as under

Cases	Treatment
1. Uncommuted Pension received by any employee	Fully Taxable [Sec. 17(1)(ii)]
2. Commuted Pension (i.e lump sum payment) received by a	
a) Government employee	Fully exempted[Sec.10(10A)(i)]
b) Other employee	
i) If employee receives gratuity	$\frac{1}{3}^{\text{rd}}$ of total value of commuted pension, which he is normally entitled, is exempted. [Sec. 10(10A)(iia)]
iii) If employee does not receive gratuity	$\frac{1}{2}$ of total value of commuted pension, which he is normally entitled, is exempted. [Sec. 10(10A)(iib)]

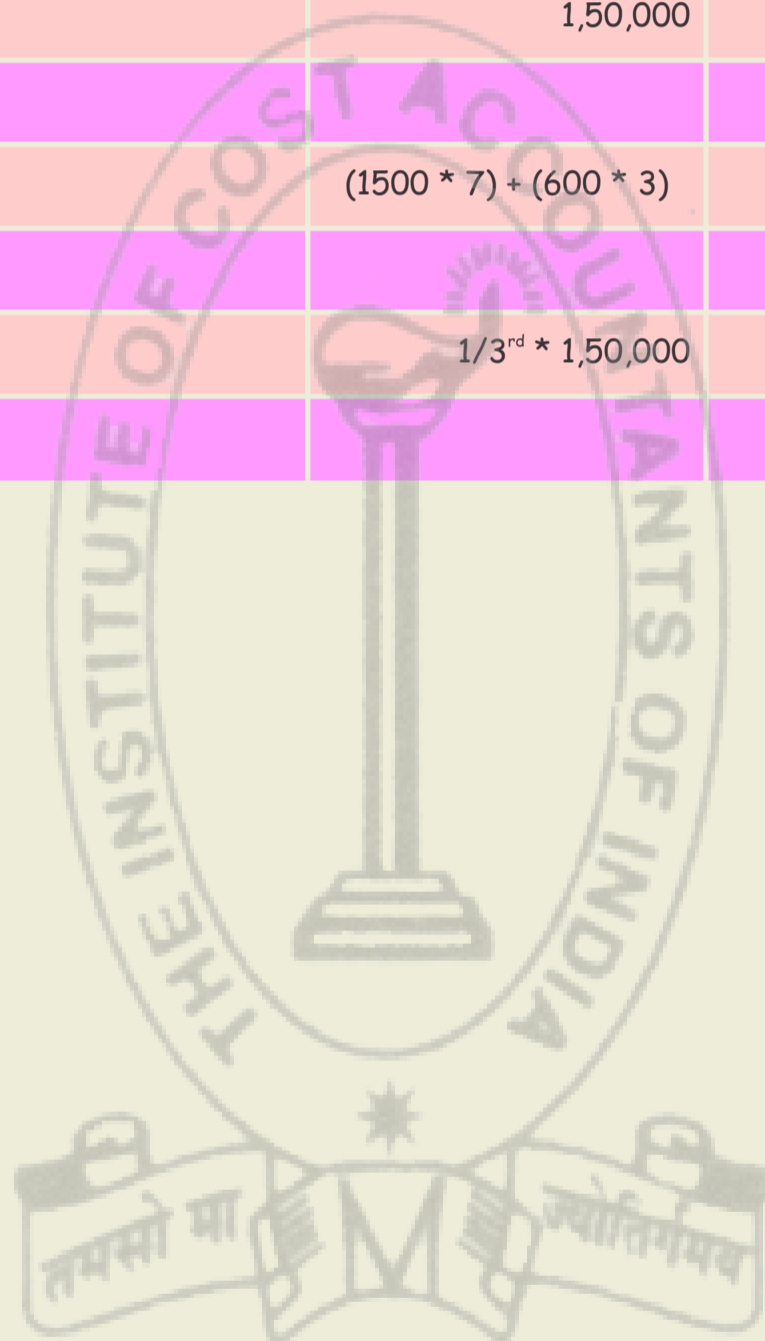
Illustration

Mr. Narayan retired from service on 1/6/2018. As on that date, his monthly salary was Basic ₹ 5,000 p.m., Commission on turnover 5%. Total turnover achieved by him during last 10 months (occurred evenly) ₹ 5,00,000. On retirement, after 20 years 6 months of service, he received gratuity ₹ 5,00,000, leave salary ₹ 3,00,000. He is entitled to pension of ₹ 1,500 p.m. On 1/1/2019, he commuted 60% of his pension and received ₹ 90,000. Compute gross salary assuming he is covered by the Payment of Gratuity Act.

Solution**Computation of Gross Salary of Mr. Narayan for the A.Y.2019-20**

Particulars	Details	Amount	Amount
Basic Salary	5,000 * 2		10,000
Commission on turnover	(5,00,000/10*2)* 5%		5,000
<u>Gratuity</u>		5,00,000	

Less: Minimum shall be exempted u/s 10(10)(ii)			
a) Actual Amount Received	5,00,000		
b) Statutory Amount	20,00,000		
c) $\frac{15}{26} * 20 * ₹ 5,000$	57,692	57,692	4,42,308
<u>Leave Encashment</u>		3,00,000	
Less: Minimum shall be exempted u/s 10(10AA)(ii)			
- Actual Amount Received	3,00,000		
- Statutory Amount	3,00,000		
- $10 * ₹ 7,500$	75,000		
- $1 * 20 * ₹ 7,500$	1,50,000	75,000	2,25,000
<u>Pension</u>			
Uncommuted Pension	$(1500 * 7) + (600 * 3)$		12,300
Commutated Pension Received		90,000	
Less: Exempted u/s 10(10A)(ii)	$\frac{1}{3}^{rd} * 1,50,000$	50,000	40,000
Gross Taxable Salary			7,34,608





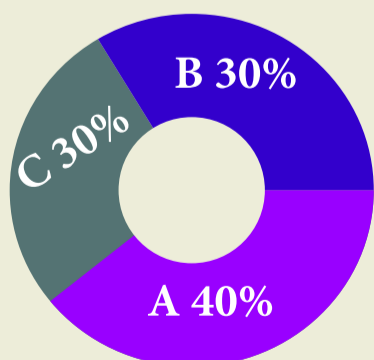
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GROUP: 1, PAPER: 8

COST ACCOUNTING

(CAC)

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

We are now living in a competitive world and there is also scarcity of natural resources all over the world. Optimum utilization of resources is the urgent need of the day. The roll of Cost Accountants in this regard plays a vital role all over the world. Starting as a branch of Financial Accounting, Costing Accountancy has made a remarkable progress during the last few decades.

You please go through the theoretical part first for easy understanding the topic and then try to solve the problems that are in exercise. Detailed study of theory as well as solving the practical problems is very much essential for securing good marks in the exam. Start from Chapter one and try to complete the other chapters serially as this will enable you to understand better the succeeding chapters. Always try to remember that in professional examinations, emphasis is given on testing comprehension, self expression, understanding and ability to apply knowledge in divergent situation. Success of these examinations mainly depends on student's perseverance, seriousness of study, regularity and through practice. Hence go through the theory very carefully for easy understanding the topic and then try to solve the other problems.

I have suggested some important suggestions based on my long term experience -

1. A plan should be developed for completing the syllabus within specified time.
2. Try to go through your Study Note and know the syllabus properly.
3. Analyze the trends of setting questions.
4. Time schedule with specified activities, which will help you to avoid procrastination.
5. Clarity of concepts and self expression is essential for successful result.
6. Improve your speed by practice and revision to be able to attempt all questions in limited time.
7. Try to write down all the important terms in your own words and practice it regularly.
8. The student should remember that all objective type questions should be answered as it will carry 100% marks.
9. Finally, try to develop a habit of reading the questions well, underlining and understanding the specific requirements.

The total syllabus is divided into **Six Chapters**. The first chapter deals with the basic concept of cost accounting, beside its other two branches viz, Financial Accounting and Management Accounting. The second chapter relates to the Elements of cost in details. We know the three major elements of costs are - Material, Labour and Overheads. Here the major elements of costs are discussed elaborately and analyzed element-wise with sufficient number of examples. Material consists of the major part of total cost of a product, hence it is necessary to control this cost very carefully. You should read the scope and objectives of different Cost Accounting Standards in details. It will help to grasp the concept of cost accounting easily.

The next chapter is related to Cost book-keeping, which includes integrated accounting system also. This chapter is very easy to understand but the process is lengthy. In practice, different accounts are to be opened, but it is not necessary to give much effort for solving the problem.

The chapter Contract Costing is very important for this type of examination. There are some standard norms for computation and recognition of profit/loss of incomplete contract. Students sometimes experience difficulty in recommending the amount of profit to be taken into account during a period for long-term contract. Make sure that you are familiar with various methods/formulas for different stage of completion and share of profit. Students are also advised to go through the topic "Profit on incomplete contracts based on SSAP-9.". Problems on escalation clause are also very important for this chapter.

In Operating Costing we have to find out operating cost per unit of output. This chapter also includes 'Transport Costing', 'Hospital Costing', 'Power House Costing', 'Hotel/ Hostel Costing' etc. Here it is very important to find out the "Composite Unit" in order to solve the problems.

The chapter Marginal Costing relates to find out Cost-volume-profit relationships. The main thrust should be to follow the wording and determine the desired impact of cost on profitability. The basic part of the problem is to solve Break-even-point. Sometimes a question gives details of costs but not the split into fixed and variable elements. Students are advised to segregate total costs into fixed and variable elements using high-low method. For a product of different sales-mix, contribution per unit of key factor should be found out and then different options should be marked on the same basis, i.e. contribution per unit of key factor. For easy

understanding you have to solve various types of problems.

The next chapter relates to 'Variance Analysis' which deals with creating responsibilities and identifying the activities or areas of exceptions. The main purpose of variance analysis is to enable the management to improve the operation for effective utilization of resources and to increase the efficiency by reducing costs. Some students are afraid of this important chapter only because of different formulae for different analysis. Only careful study and realization of the requirement in the problem can eliminate such difficulties. Finally the step should be taken based on the causes of variance.

The chapter 'Budget and budgetary Control' requires preparation of 'Flexible Budget', Functional Budget, and 'Cash Budget' for taking necessary actions. Theoretical and problem oriented questions may be set from this chapter. The students can easily understand the problems, if theory remains clear. The students are also suggested to go through the theoretical parts-like, concept of Zero-based budgeting, behavior and classification of Budgets etc very carefully. All functional budgets are summarized into master budget consisting of a Budgeted Profit and Loss Account, a Balance Sheet and Cash Flow Statement. a common mistake is to incorrectly deduct closing stocks and opening stocks when preparing Production and Material Purchased Budget. The students should also go through the theory - like, concepts of Zero-Based Budgeting, Behavior and Classifications of Budgets etc.

Finding out the profit on incomplete contract, following the norms of SSAP -9 is very important for distributing the profit for a particular period under Contract Costing. Now through the following problem we can explain how the profit of an incomplete contract be distributed. This problem also helps to show the entries on the assets site that will appear in Balance Sheet.

Problem :

The following details are available from the books of accounts (for the year ended 31st March 2018) of a contractor with respect to a particular contract (No. 108) he has undertaken for a manufacturing organization.

Material sent to site	Rs. 511800
Labour engaged at site	Rs. 466100
Cost of plant installed at site	Rs. 100000
Direct expenses	Rs. 24000
Establishment expenses	Rs. 29000
Material returned to stores	Rs. 2120
Work certified	Rs. 1070000
Cost of work not certified	Rs. 31000
Material in hand (as on 31 st March 2018)	Rs. 12220
Accrued wages (as on 31 st March 2018)	Rs. 11160
Accrued direct expenses	Rs. 1330
Value of plant (as revalued on 31.3.2018)	Rs. 88000

The contract price agreed upon with the contractee is Rs. 1300000. Payment of Rs. 990000 has been received from the contractee.

- You are required to prepare the Contract Account No. 108, computing and incorporating in the said account the profit to be taken to the Profit and Loss Account for the year ended 31st March 2018.
- And also prepare the extract of the entries on the asset site of the balance sheet.

Solution:

Contract Account No. 108 for the year ended 31st March 2018

Liabilities		Rs.	Assets		Rs.
1.4.2017 to 31.3.2018			By Work-in-progress A/c:		
To Material sent to site	511800		Certified	1070000	
Less Returned to store	<u>2120</u>		Uncertified	<u>31000</u>	
	509680	497460			1101000
Less Material in hand	<u>12220</u>	477260			
Labour at site	466100	25330			
Add Wages accrued	<u>11160</u>	29000			
	24000	12000			
Direct Expenses	24000	59950 *			
Add: Expenses Accrued	<u>1330</u>	<u>1101000</u>			1101000
	59950 *				
Establishment Expenses			By balance b/d		
Depreciation Plant (100000 - 88000)					
Balance c/d					
To P & L A/c	36979 Reserve				
A/c	<u>22971</u>				

$$\text{Profit} = \frac{\text{Cash Received}}{\text{Work Certified}} \times \frac{2}{3} \times \text{Rs. } 59950$$

$$= \frac{999000}{1070000} \times \frac{2}{3} \times 59950 = 36979$$

The extract of the entries on the assets side is given below :

Assets :

W.I.P. Certified	Rs. 1070000	
W.I.P. Uncertified	Rs. 31000	
Plant at site	Rs. 88000	
Material in hand	Rs. 12220	
	Rs. 1201220	
Less		
Reserves	22971	
Cash received	<u>990000</u>	<u>188249</u>
	1012971	





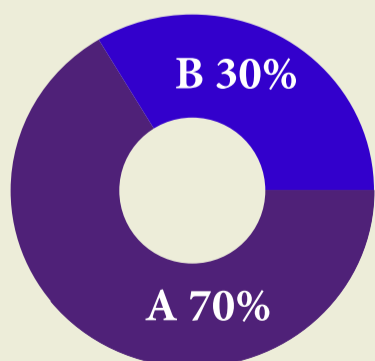
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GROUP: 2, PAPER: 9, Part- i

OPERATIONS

MANAGEMENT & STRATEGIC
MANAGEMENT (OMSM)
Operation Management

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 let me extend our discussions on Production Planning and Control with Simulation.

The behavior of a real operational system can be studied by building a model of the system and then experimenting with the model to gather the desired information.

Often however realistic models of a system are too complex to allow analytical solutions. These models could be studied by means of simulation.

Simulation is the representation of a real life situation by different means. It is popular because—

- It may be the only method available as it is difficult to observe the actual environment;
- It may not be possible to develop a mathematical model;
- Actual observation of a system may be too expensive or too disruptive;
- There may not be sufficient time to allow the system to operate extensively;

Monte Carlo Simulation is the most widely adopted method of simulation. It involves the use of random numbers.

The procedure is as follows:

- Determine the frequency distributions;
- Convert the frequency distribution to cumulative probability distributions;
- Sample at random from the cumulative distributions to use in simulating operations;
- Simulate the actual operation;

Simulation can be used in few of the following problem areas:

- Production and manufacturing systems;
- Inventory Management;
- Queuing Problems
- Capital Investment and budgeting;
- Service operations;

Illustration1: The materials manager of a firm wishes to determine the expected demand for a particular item in stock during the reorder lead time. The information is needed to determine how far in advance to reorder before the stock level is reduced to zero. However both the lead time in days and the demand per day of the item are random variables, described by the probability distribution given in following table:

Lead Time (Days)	Probability	Demand/Day(Units)	Probability
1	0.5	1	0.1
2	0.3	2	0.3
3	0.2	3	0.4
		4	0.2

Manually simulate the problem for ten reorders to estimate the demand during lead time. Use the random numbers 84, 20, 57, 42, 75, 70, 86, 69, 83, 41, 90, 12, 23, 06, 79, 14, 36, 31, 27, 35, 01, 41, 60, 91, 82, 14, 02, 06, 64.

Ans:

The solution is given in the following tables. In the third table the procedure is :

Demand	Probability	Cumulative Probability (%)	Range
1	0.1	10	00-09
2	0.3	40	10-39
3	0.4	80	40-79
4	0.2	100	80-99

Lead Time Days	Probability	Cumulative Probability (%)	Range
1	0.5	50	00-49
2	0.3	80	50-79
3	0.2	100	80-99

Day	Random no	Lead Time	Demand During Lead Time			
1	84	3	20(2)	57(3)	42(3)	8
2	75	2	70(3)	86(4)		7
3	69	2	83(4)	41(3)		7
4	90	3	12(2)	23(2)	6(1)	5
5	79	2	14(2)	36(2)		4
6	31	1	27(2)			2
7	35	1	1(1)			1
8	41	1	60(3)			3
9	91	3	82(4)	14(2)	2(1)	7
10	6	1	64(3)			3
						47

From the random numbers given we have selected the first number i.e.84. As per this random number and 2nd table it is found that lead time correspond to 3. So next three random numbers i.e. 20, 57 42 we have used for determining the demand. Corresponding demand from first table are 2, 3 and 3 respectively. So total demand for 1st simulation comes out at 8. In this way balance table of third table is drawn.

Total demand during lead time is 47 and therefore average is 4.7

Illustration 2: The manager of a warehouse is interested in designing an inventory control system for one of the products in stock. The demand for the product comes from the numerous retail outlets and orders arrive on a daily basis. The warehouse receives its stock from a factory but the lead time is not constant. The following table reveals the distribution for daily demand of products and distribution for lead time:

Daily Demand	Probability	Lead Time (Days)	Probability
2	0.2	1	0.2
3	0.5	2	0.5
4	0.2	3	0.3
5	0.1		

Whenever the inventory level drops below 6 units, order 10 units. The ordering cost is Rs.100 per order, the holding cost is Rs3 per unit per day and the stock-out cost is Rs20 per unit. The manager wishes to know what would be the total cost after a 20 day simulation. Opening inventory is 12 units. Use the following random numbers: 01, 14, 66, 37, 85, 79, 26, 40, 49, 97, 93, 78, 52, 00, 25, 62, 49, 61, 08, 56, 10, 73, 87, 93, and 63.

Ans:

In the following four tables the result of the simulation is given:

Daily Demand	Probability	Cumulative Probability (%)	Range
2	0.2	20	00-19
3	0.5	70	20-69
4	0.2	90	70-89
5	0.1	100	90-99

Lead Time	Probability	Cumulative Probability (%)	Range
1	0.2	20	00-19
2	0.5	70	20-69
3	0.3	100	70-99

Following table is drawn with an assumption that an order will not be placed until a previously placed order materializes.

Day	Opening Balance	Random Number	Demand	Closing Balance	Random Number	Lead Time	Order	Stock Out
1	12	1	2	10				
2	10	14	2	8				
3	8	66	3	5	37	2	10	
4	5	85	4	1				
5	11	79	4	7				
6	7	26	3	4	40	2	10	
7	4	49	3	1				
8	11	97	5	6				
9	6	93	5	1	78	3	10	
10	1	52	3	0				2
11	0	0	2	0				2
12	10	25	3	7				
13	7	62	3	4	49	3	10	
14	4	61	3	1				
15	1	8	2	0				1
16	10	56	3	7				
17	7	10	2	5	73	3	10	
18	5	87	4	1				

19	1	93	5	0				4
20	10	63	3	7				

Holding Cost	Ordering Cost	Stock Out Cost	Total
30			30
24			24
15	100		115
3			3
21			21
12	100		112
3			3
18			18
3	100		103
0		40	40
0		40	40
21			21
12	100		112
3			3
0		20	20
21			21
15	100		115
3			3
0		80	80
21			21
		Total Cost	905

Illustration 3: A company manufactures around 250 mopeds. The daily production varies from 246 to 254 depending upon the variability of raw materials and other working conditions

Production per day	Probability
246	0.04
247	0.09
248	0.12
249	0.14
250	0.11
251	0.10
252	0.20
253	0.12

254

0.08

The finished mopeds are transported in a specially arranged lorry accommodating only 250 mopeds. Using following random numbers 80, 81, 76, 75, 64, 43, 18, 26, 10, 12, 65, 68, 69, 61, 57 simulate the process to find out:

- What will be the average number of mopeds waiting in the factory?
- What will be the average number of empty spaces on the lorry?

Ans:

The following two tables contain the solution

Production Per Day	Probability	Cumulative Probability (%)	Range
246	0.04	4	00-03
247	0.09	13	04-12
248	0.12	25	13-24
249	0.14	39	25-38
250	0.11	50	39-49
251	0.1	60	50-59
252	0.2	80	60-79
253	0.12	92	80-91
254	0.08	100	92-99

$$\text{Average number of scooters waiting for space in the lorry} = \frac{\text{Total no of scooters waiting for space}}{\text{Total no of days}} = \frac{21}{15} = 1.6$$

$$\text{Average number of empty spaces in the lorry} = \frac{\text{Total No of empty spaces in Lorry}}{\text{Total number of days}} = \frac{9}{15} = 0.6$$

Sl.No	Random Number	Production	No of Scooters Waiting for space	No of Empty Spaces in a Lorry
1	80	253	3	0
2	81	253	3	0
3	76	252	2	0
4	75	252	2	0
5	64	252	2	0
6	43	250	0	0
7	18	248	0	2
8	26	249	0	1
9	10	247	0	3
10	12	247	0	3
11	65	252	2	0
12	68	252	2	0
13	69	252	2	0
14	61	252	2	0

15	57	251	1	0
		Total	21	9

Illustration 4: Kolkata Municipal Corporation while making disasters management plan against waterlogging with operation of heavy duty underground pumps observed from historical data collected that the occurrence of rain in Kolkata on a day is dependent upon whether it rained on the previous day. If it rained on the previous day, the rain distribution is given by

Event	Probability
No Rain	0.50
1 cm Rain	0.25
2 cm Rain	0.15
3 cm Rain	0.05
4 cm Rain	0.03
5 cm Rain	0.02

If it did not rain the previous day the rain distribution is given by:

Event	Probability
No Rain	0.75
1 cm Rain	0.15
2 cm Rain	0.06
3 cm Rain	0.04

On behalf of the operations manager of KMC simulate Kolkata's weather for 15 days and determine by simulation the total days without rain as well as the total rainfall during the period. Use the following random numbers: 97, 93, 78, 52, 00, 25, 62, 49, 61, 08, 56, 10, 73, 87, 93. Assume that for the first day of the simulation it had rained the day before.

Ans:

Table: Rained on Previous day

Event	Probability	Cumulative Probability (%)	Range
No Rain	0.5	50	00-49
1 cm Rain	0.25	75	50-74
2 cm Rain	0.15	90	75-89
3 cm Rain	0.05	95	90-94
4 cm Rain	0.03	98	95-97
5 cm Rain	0.02	100	98-99

Table : No Rain on previous day

Event	Probability	Cumulative Probability (%)	Range
No Rain	0.75	75	00-74
1 cm Rain	0.15	90	75-89
2 cm Rain	0.06	96	90-95
3 cm Rain	0.04	100	96-99

Day	Random No.	Rainfall	Table Reference
1	97	4 cm	1 st table
2	93	3 cm	1 st table
3	78	2 cm	1 st table
4	52	1 cm	1 st table
5	0	No Rain	1 st table
6	25	No Rain	2 nd table
7	62	No Rain	2 nd table
8	49	No Rain	2 nd table
9	61	No Rain	2 nd table
10	8	No Rain	2 nd table
11	56	No Rain	2 nd table
12	10	No Rain	2 nd table
13	73	No Rain	2 nd table
14	87	1 cm	2 nd table
15	93	3 cm	1st table
	Total	14	

Accordingly total days without rain = 9, and total rainfall during the period = 14 cm

Suggestions:

This lesson could be used as an aid to teaching in study notes on Simulation. Simulation technique is important for exam as well as for learning the subject with respect to Production Planning Control.. So proper understanding of development of simulation model and to construct the allocation table as shown in the solutions are most important. Attempts are made here to indicate detail computation. Study note are required to be read thoroughly to have a proper understanding on priority problems. For supplementary readings one can refer Operations Management by R.S. Russell & B.W. Taylor, Operations Management by J Stevenson, Productions and Operations management by R.B. Khanna.



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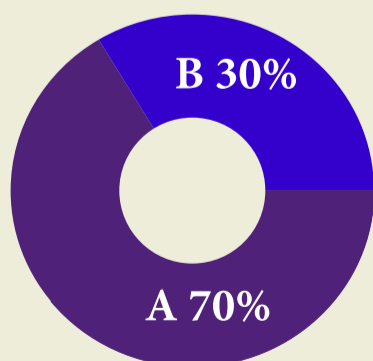
GROUP: 2, PAPER: 9, Part- ii

OPERATIONS

MANAGEMENT & STRATEGIC
MANAGEMENT (OMSM)

Strategic Management

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**Stages in Strategic Planning:**

Stage I: Strategic Option Generations

Stage II - Strategic Options Evaluation

Stage III - Strategic Selection

Steps in Strategic Planning:

A systematic approach to formalizing strategic plans consists of the following steps:

- (i) An internal analysis that encompasses assessing company strengths and weaknesses, financial performance, people, operational limitations, corporate culture, current positioning in the market(s), the overall characterization of the condition of the company and critical issues facing by the organization.
- (ii) An external analysis that focuses on analyzing competitors, assessing market opportunities and threats, evaluating changing technology that could impact the organization, analyzing regulatory or legislative concerns, changes and trends in the market(s) the company operates in and other potential outside influences on the organization.
- (iii) Summarizing the current situation based on the information gathered and evaluated in steps one and two.
- (iv) Development of a mission, vision or purpose statement.
- (v) Goal setting. Every organization needs goals.
- (vi) Defining objectives that support the goals. Objectives are more specific in nature and are supportive of the goal.
- (vii) Development of strategies. Strategies begin defining how the goals and objectives are going to be achieved.
- (viii) While not all strategic plans include tactics, a good strategic plan will include at least the key tactics thought to be important to supporting the strategies developed in step 7.

Generally tactics are more fully developed and added to the plan as time goes on. Tactics are the specific tasks associated with carrying out strategies.

Strategic Management and Strategic Planning : Distinction

The basic difference between **Strategic management** and **Strategic planning** are as follows:

Strategic Management	Strategic Planning
1. It is focused on producing strategic results; new markets; new products; new technologies etc.	1. It is focused on making optimal strategic decision.
2. It is management by results.	2. It is management by plans.
3. It is an organizational action process.	3. It is an analytical process.
4. It broadens focus to include psychological, sociological and political variables.	4. It is focused on business, economic and technological variables.
5. It is about choosing things to do and also about the people who will do them.	5. It is about choosing things to do.

Plant Layout:

Plant layout involves the arrangement and location of production machinery, work centres and auxiliary facilities and activities (inspection, handling of material storage and shipping) for the purpose of achieving efficiency in manufacturing products or supplying

consumer services.

Plant layout should co-ordinate use of material, men and machines and achieve the following objectives:

- Facilitate the manufacturing process,
- Minimise materials handling,
- Maintain flexibility of arrangement and operation,
- Maintain high turnover of work-in-process,
- Hold down investment in equipment,
- Make economical use of building cube,
- Promote effective utilisation of manpower,
- Promote for employee convenience, safety and comfort in doing the work.

In designing plant layout a number of factors such as-

- nature of product,
- volume of production,
- quality,
- equipment,

- type of manufacture,
- building plant site personnel and
- materials handling plan, should be kept in view.

Maintenance of Equipment:

Maintenance of equipment is an important facility of planning consideration. It is intimately linked with replacement policies. Every manufacturing enterprise follows some maintenance routine in order to avoid unexpected breakdowns and thus minimise costs associated with machine breakdowns such as machine down time and possible loss of potential sales, idle direct and indirect labour, delays in other processes that may depend for material supply on the machine that is down, increased scrap, customer dissatisfaction from possible delays in deliveries and the actual cost of repairing the machine.





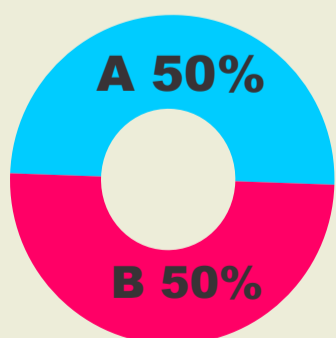
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GROUP: 2, PAPER:10

COST & MANAGEMENT

**ACCOUNTING AND FINANCIAL
MANAGEMENT(CMFM)**

Your Preparation Quick Takes



Syllabus Structure

A Cost & Management Accounting 50%

B Financial Management 50%

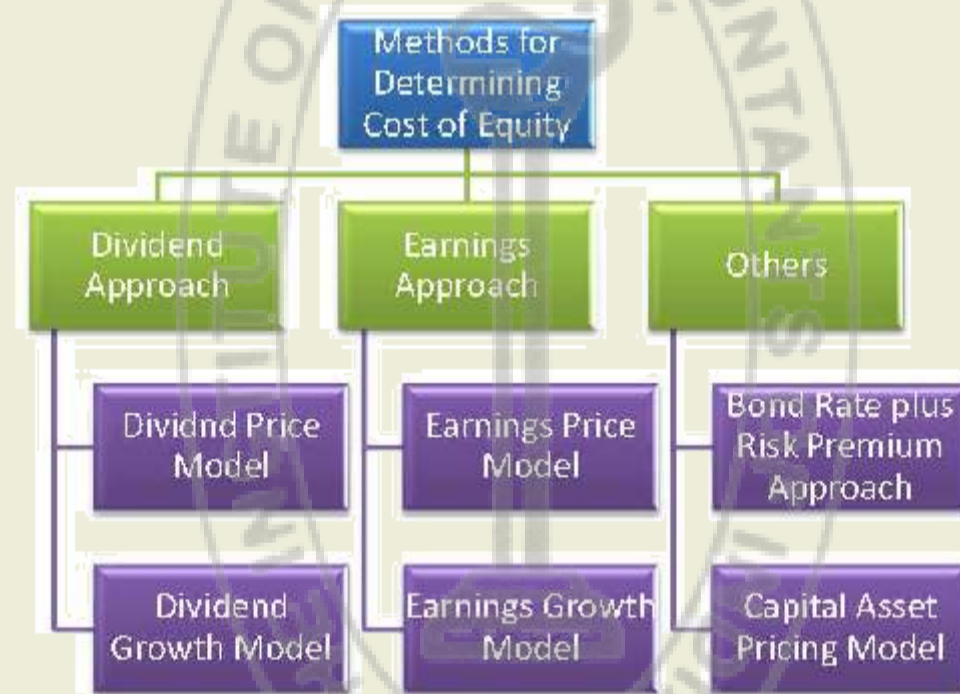
Learning Objectives:

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.

Cost & Management Accounting and Financial Management**Section B****Chapter 10: Cost of Capital:**

Cost of Equity Share Capital: Equity shares capital is the primary source of financing in any corporate organization. Since equity shareholders share the earnings of the company after payment to all the other capital providers, they assume the highest amount of risk. This is why the cost of this source is found to be the highest among all the sources. Cost of equity share capital primarily represents the dividend which is paid to the equity share holders. However, experts also argue that considering dividend as the cost of equity is not appropriate as even a non-dividend paying company should also have cost of equity.

There are a number of alternative approaches available in determining the cost of equity. These are as follows:



- I. **Dividend Approach:** This approach assumes dividend to be the sole cost that a company needs to bear for availing equity share capital. It can further be divided into following two approaches:
- a) **Dividend Price or Dividend Yield Model:** In this method, dividend yield is considered to be the cost of equity share capital. Dividend yield is calculated as a ratio of dividend per share to Current Market Price. In case the market price is not available, it is substituted by the issue price. In other words, here,

$$\text{Cost of Equity } (K_e) = \frac{D}{P} \text{ where } D = \text{Dividend per share; } P = \text{Current market price or issue price.}$$

In case there is any dividend distribution tax, the formula is modified as -

$$\text{Cost of Equity } (K_e) = \frac{D(1-T)}{P} \text{ where } T = \text{Dividend distribution tax}$$

Additionally if there is any flotation cost, the issue price is taken to be net of all flotation costs. Flotation cost includes underwriting commission.

Consider the following example.

Illustration 1

ABC Ltd. issued shares of Rs. 100 each at a premium of 10%. The issue involved underwriting commission of 5%. The rate of dividend expected by the shareholders is 12%. Dividend distribution tax is 10%. Determine the cost of equity capital (K_e)?

Solution:

$$\text{Cost of Equity Capital} = K_e = \frac{D_1 (1 - T)}{P_0} \text{ where}$$

$$D = \text{Dividend per share} = 100 * 12\% = 12$$

$$T = \text{Dividend distribution tax} = 10\%$$

$$P_0 = \text{Issue price net of floatation cost} = \text{Gross issue price} - \text{underwriting commission} = (100 + 100 * 10\%) - 5\% \text{ of } (100 + 100 * 10\%) = 110 - 5.50 = 104.50$$

$$K_e = \frac{12 (1 - 0.10)}{104.50} = 12.63\%$$

a) Dividend Growth Model: This method is based on the Dividend Discount Model proposed by Gordon. Under this model, cost of equity is the ratio of expected dividend to current market price or net issue price plus the growth rate of dividend. Additionally, the model can be adjusted for dividend distribution tax and floatation cost.

$$\text{Thus the basic model is, Cost of Equity } (K_e) = \frac{D_1}{P_0} + g; \text{ where } D =$$

Dividend per share; P = Current market price or issue price and g = growth rate in dividend.

Here, the growth rate in dividend can be calculated using historical average of yearly dividend growth or compounded periodical growth rate. As an alternative, growth rate in earnings can also be used.

When adjusted for dividend distribution tax and floatation cost the formula will be -

$$\text{Cost of Equity } (K_e) = \frac{D_1 (1 - T)}{P_0} + g$$

Where, T = Dividend distribution tax and P₀ = Current market price or issue price net of floatation cost. Consider the following example.

Illustration 2

A company's share is currently quoted in the market at Rs.20. The company pays a dividend of Rs. 2 per share and the investors expect a growth rate of 5% per year. You are required to calculate cost of equity capital of the company assuming a dividend distribution tax of 10% and underwriting commission 5%.

Solution:

$$\text{Cost of Equity Capital} = K_e = \frac{D_1 (1 - T)}{P_0} + g; \text{ where}$$

$$D_1 = \text{Expected Dividend per share} = D_0(1+g) = 2(1+0.05) = 2.10$$

$$g = \text{Growth rate in dividend} = 5\%$$

$$T = \text{Dividend distribution tax} = 10\%$$

$$P_0 = \text{Current market price net of floatation cost} = \text{Current market price} - \text{underwriting commission} = 20 - 5\% \text{ of } 20 = 19$$

$$K_e = \frac{2.10}{19} (1 - 0.10) + 0.05 = 16.05\%$$

II. Earnings Approach: Under this approach a long term view towards cost of equity is advocated. As a result, earnings per share, instead of dividend per share is taken to be basis of

cost of equity.

a) Earnings Price or Earnings Yield Model: Similar to Dividend Price or Dividend Yield model, this model assumes cost of equity to be the ratio between EPS and current market price per share. In case the market price is not available, it is substituted by the issue price. In other words, here,

Cost of Equity (K_e) = $\frac{E}{P_0}$ where E = Earnings per share; P₀ = Current market price or issue price. Additionally if there is any floatation cost, the issue price is taken to be net of all floatation costs.

Consider the following example.

Illustration 3

The earnings available to the shareholders amount to Rs. 40,000. Firm is represented by 10,000 Equity shares and the current market price of equity share is Rs.25. Calculate the cost of equity share capital.

Solution:

$$\text{Cost of Equity } (K_e) = \frac{E}{P_0} \text{ where}$$

$$E = \text{Earnings per share} = \text{Rs.}40,000 / 10,000 \text{ equity shares} = \text{Rs.}4$$

$$P_0 = \text{Current market price or issue price} = \text{Rs.}25$$

$$K_e = \frac{4}{25} = 0.16 = 16\%$$

b) Earnings Growth Model: This model assumes that retained earnings will help earnings to grow over time and thus shareholders will also expect growth in earnings which will be translated in cost of equity.

Thus under this model, Cost of Equity (K_e) = $\frac{E}{P_0} + g$; where g =

growth rate in earning = b.r when b = retention ratio and r = return on equity.

Consider the following example.

Illustration 4

If the earning per share of the firm Rs. 5 and the market price per share is Rs. 50 and the retention ratio is 70% with expected ROE of 10%, calculate cost of Equity share capital.

Solution:

$$\text{Here, Cost of Equity } (K_e) = \frac{E}{P_0} + g; \text{ where}$$

$$E = \text{EPS} = \text{Rs.}5$$

$$P_0 = \text{Current market price} = \text{Rs.}50$$

$$g = \text{growth rate in earning} = b.r = 0.70 * 0.10 = 7\%$$

$$\text{When } b = \text{retention ratio} = 70\% \text{ and } r = \text{return on equity} = 10\%$$

$$\text{So, Cost of Equity } (K_e) = 5/50 + 0.07 = 17\%$$

III. Other Approaches:

a) Bond Rate plus Risk Premium Model: Under this model, it is advocated that since investment in equity is more risky as compared to investment in bonds, cost of equity must be equal

to bond rate plus risk premium to assume the risk of equity. In other words, Cost of Equity (K_e) = Bond rate + Risk Premium.

However, there is no standard rule to determine this risk premium. As a result the method is highly subjective.

b) Capital Asset Pricing Model (CAPM): The Capital Asset Pricing Model was developed by William F. Sharpe and John Linter in the 1960s. This model shows the relationship between the unavoidable risk and expected return from a security and thus may provide a measure of cost of equity. The model is based on the following assumptions:

- i) The capital markets are efficient.
- ii) No individual investor can affect the market.
- iii) All investors have homogeneous expectations about the risk and return.
- iv) Restrictions on investment are negligible.
- v) There are only two types of investment opportunities i.e. risk-free security and market portfolio of common stock.

According to CAPM,

$$R_i \text{ or } K_e = R_f + \beta (R_M - R_f)$$

Where, R_i = Expected rate of return to the investors, or Cost of Capital

R_f = Risk free rate of return

R_M = Market rate of return

β = Beta coefficient by which the market risk is determined

Here β co-efficient measures the systematic market risk of a given share. Systematic risk is the risk due to change in economic factors and is not firm specific. Here, risk premium [i.e. $\beta (R_M - R_f)$] depends on the relative value of beta coefficient, other factors remaining constant. The higher the value of beta the greater is the riskiness of a share and vice versa.

If $\beta > 1$, the share is called aggressive share which means that the price of the share changes at higher rate than that of the changes in market index.

If $\beta < 1$, the share is called defensive share which means the price of the share changes at low rate than that of the changes in market index.

If $\beta = 0$ of a share, then the share is called risk free share. Consider the following example.

Illustration 5

Calculate the cost of equity capital of X Ltd., whose risk free rate of return equals 8%. The firm's beta equals 1.25 and the return on the market portfolio equals to 12%.

Solution:

As per CAPM, $K_e = R_f + \beta (R_M - R_f)$ where,

R_f = Risk free rate of return = 8%;

R_M = Market rate of return = 12%

β = Systematic risk coefficient = 1.25

So, $K_e = 0.08 + 1.25 (0.12 - 0.08) = 13\%$





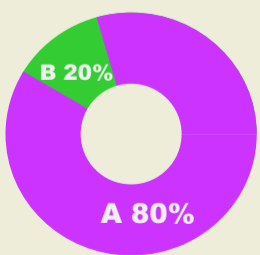
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GROUP: 2, PAPER:11

INDIRECT TAXATION

(ITX)

Your Preparation Quick Takes



Syllabus Structure
A 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

All about Reverse Charge under GST

Reverse charge is a mechanism where the recipient of the goods and/or services is liable to pay GST instead of the supplier.

In this article, we discuss the following topics:

1. What is Reverse Charge?
2. When is Reverse Charge Applicable?
3. Time of Supply under Reverse Charge
4. What is Self-Invoicing?
5. Frequently Asked Questions(FAQ)

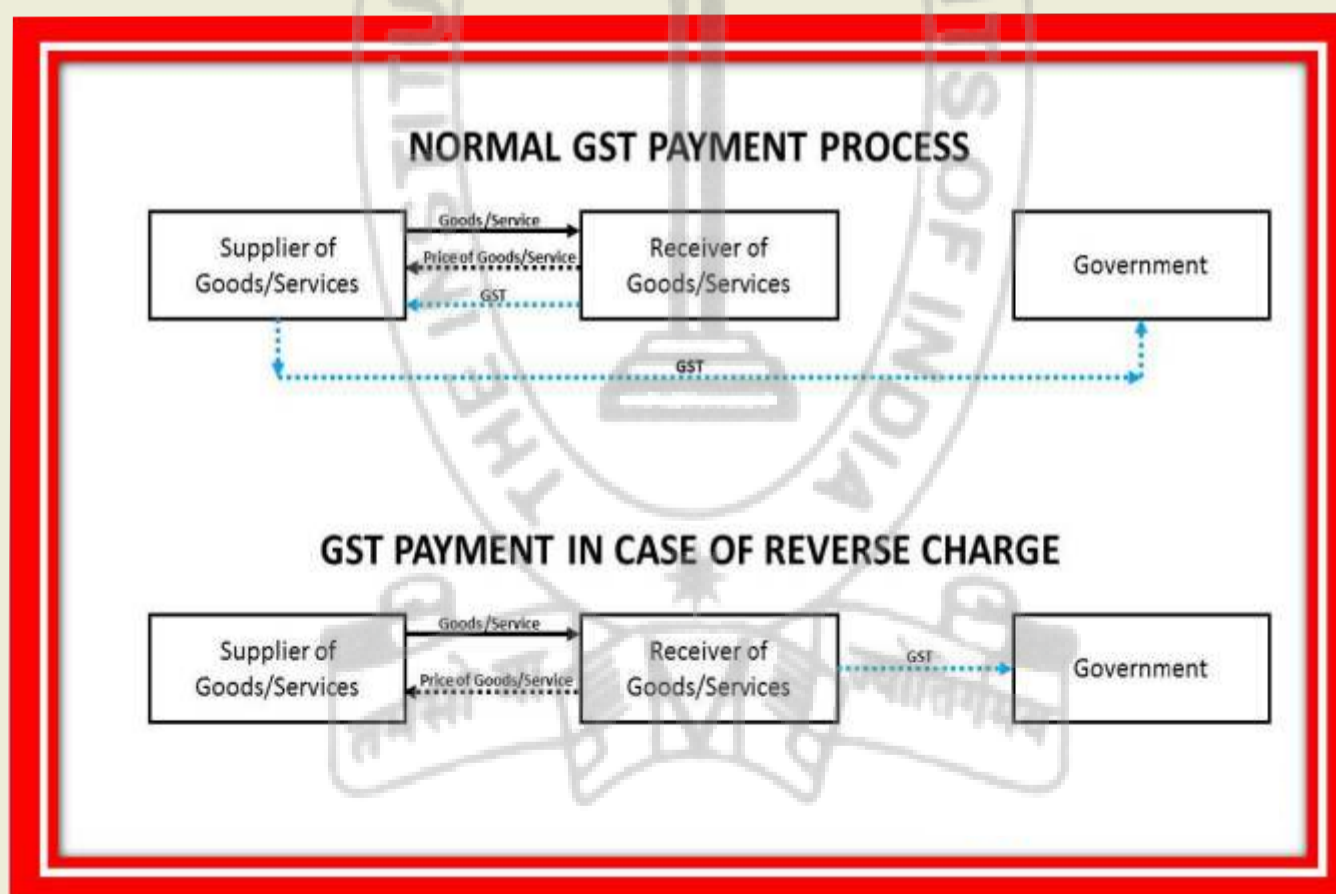
Latest announcements

6th Aug 2018: Reverse Charge Mechanism (in case of supplies made by unregistered persons to registered persons) deferred to 30th Sept 2019. Previously, this provision was applicable from 1st Oct 2018.

28th May 2018: List of items under RCM updated to include the **Priority Sector Lending Certificate** by a GST registered person to another GST registered person now falls under Reverse charge via CGST Rate Notification.

What is Reverse Charge?

Normally, the supplier of goods or services pays the tax on supply. In the case of Reverse Charge, the receiver becomes liable to pay the tax, i.e., the chargeability gets reversed.

**2. When is Reverse Charge Applicable?**

- A. Supply from an Unregistered dealer to a Registered dealer

If a vendor who is not registered under GST, supplies goods to a person who is registered under GST, then Reverse Charge would apply. This means that the GST will have to be paid directly by the receiver to the Government instead of the supplier.

The registered dealer who has to pay GST under reverse charge has to do self-invoicing for the purchases made.

For Inter-state purchases the buyer has to pay IGST. For Intra-state purchased CGST and SGST has to be paid under RCM by the purchaser.

B. Services through an e-commerce operator

If an e-commerce operator supplies services then reverse charge will be applicable to the e-commerce operator. He will be liable to pay GST.

For example, UrbanClap provides services of plumbers, electricians, teachers, beauticians etc. UrbanClap is liable to pay GST and collect it from the customers instead of the registered service providers.

If the e-commerce operator does not have a physical presence in the taxable territory, then a person representing such electronic commerce operator for any purpose will be liable to pay tax. If there is no representative, the operator will appoint a representative who will be held liable to pay GST.

C. Supply of certain goods and services specified by CBEC

CBEC has issued a list of goods and services on which reverse charge is applicable.

3. Time of Supply under Reverse Charge

A. Time Of Supply in case of Goods

In case of reverse charge, the time of supply shall be the **earliest** of the following dates:

the date of **receipt** of goods

the date of **payment***

the date immediately after **30** days from the date of issue of an **invoice** by the supplier

If it is not possible to determine the time of supply, the time of supply shall be the **date of entry** in the books of account of the **recipient**.

*This point is no more applicable based this Notification No. 66/2017 - Central Tax issued on 15.11.2017

Illustration:

1. Date of receipt of goods 15th May 2018
2. Date of invoice 1st June 2018
3. Date of entry in books of receiver 18th May 2018

The Time of supply of service, in this case, will be 15th May 2018

B. Time Of Supply in case of Services

In case of reverse charge, the time of supply shall be the **earliest** of the following dates:

The date of **payment**

The date immediately after **60** days from the date of issue of **invoice** by the supplier

If it is not possible to determine the time of supply, the time of supply shall be the **date of entry** in the books of account of the recipient.

Illustration:

1. Date of payment 15th July 2018
2. Date of invoice 15th May 2018
3. Date of entry in books of receiver 18th July 2018

The Time of supply of service, in this case, will be 15th May 2018

4. What is Self Invoicing?

Self-invoicing is to be done when you have purchased from an unregistered supplier AND such purchase of goods or services falls under reverse charge.

This is due to the fact that your supplier cannot issue a GST-compliant invoice to you, and thus you become liable to pay taxes on their behalf. Hence, self-invoicing, in this case, becomes necessary.

To create such an invoices on ClearTax GST software, follow the below steps:

Step 1 - Click on '+ New Purchase Invoice' to create a new invoice

Step 2 - As you can see, you need to fill data in multiple fields. Let's understand each field in detail:

1. Enter the serial number of the bill into the field marked '**Invoice Serial Number**'. Since your supplier has not issued an invoice and you are creating an invoice on their behalf, you need to add a serial number on your own. You can create and maintain a serial number series for reverse charge bills, for easier invoicing
2. Enter the '**Invoice Date**'. This date must be based on time of supply
3. Enter any detail such as the order number etc., into the field marked '**Reference Number**'
4. Under '**Due Date**', you have to mention the date by when you have to make the payment to the supplier for the purchase you made (mentioning this date is not mandatory)
5. Under '**Vendor Name**', enter the supplier's name. Remember this name cannot be your own name, even if you are doing self-invoicing under reverse charge
6. In case the vendor's name is not set already, you can add a new vendor
7. Enter details of goods/ services purchased
8. From the drop-down under '**Advance Settings**', select '**Reverse Charge**'
9. Now, fill in all the details displayed on your screen.

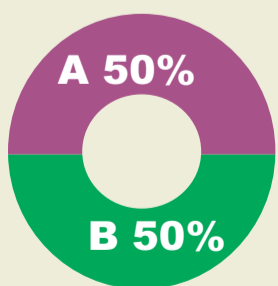
Step 3 - After filling all the other details, click on Save.



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GROUP: 2, PAPER:12
COMPANY
ACCOUNTS & AUDIT (CAA)

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.

Today we are to discuss some question and answer in brief**1 What is the restricted use of share premium?**

Ans - Section 52 of the companies Act, 2013 gives the purpose for which share premium account may be applied by the company. These are:

- For the issue of fully paid bonus share to the members of the company
- For writing off preliminary expenses of the company
- For writing off the expenses of the commission paid or discount Allowed on any issue of shares or debentures of the company; and
- For providing premium payable on the redemption of any redeemable preference shares or debentures of the company
- For the purchase of its own shares or others securities u/s 68.

2 What is the restriction on issue of shares at discount?

Ans - [Section 53]

- Except as provided in section 54. A company shall not issue shares at a discount
- Any share issue by a company at a discount price shall be void.

3 Where from a company may issue fully paid-up bonus shares?

Ans - As per Sec 63(I) a company may issue fully paid-up bonus shares to its members out of -

- Its free Reserve
- Its securities Premium account
- Its capital Redemption Reserve Account

4 When the shares may be forfeited?

Ans - When a shareholder fails to pay calls, the company, if empowered by its articles, may forfeit the share. If a shareholder has not paid any Val on the day fixed for payment thereof and fails to pay it even after his attention is drawn to it by the secretary by registered notice, the board of directors pass a resolution to the effect that such share be forfeited.

5 What is the provision of reissue of forfeited shares?

Ans - Forfeited share may be reissue by the company directors for any amount but if such shares are issued at a discount then the

amount of discount should not exceed the actual amount received on forfeited shares. The purchaser of forfeited issued shares is liable for payment of all future calls duly made by the company.

6 What are the advantages of buy back of shares?

Ans - buy back have following advantages:

- A company with capital, which cannot be profitably employed, may get rid of it by resorting to buy-back, and re-structure its capital.
- Free reserves which are utilized for buy-back instead of dividend enhance the value of the company's shares and improve earnings per share.
- Surplus cash may be utilized by the company for buy-back and avoid the payment of dividend tax.
- Buy-back may be used as a weapon to frustrate any hostile take-over of the company by undesirable persons.

7 what are the provisions of Redemption of preference shares?

Ans -

- Redemption may be out of the profits of the company or out of the proceeds of a fresh issue of shares made for the purpose of such redemption.
- Redeemed of fully paid share only.
- If redeemed out of the profits of the company, then a sum equal to the nominal amount of the shares to be redeemed, transfer to the capital Redemption Reserve Account.
- The capital redemption reserve account may be applied by the company for issue of fully paid bonus shares to be issued to members of the company.

8 what is debenture?

Ans - A debenture is an acknowledgement of a debt in writing, given under the seal of the company, containing a contract for the repayment of the principal sum at a specified date and for the payment of interest at a fixed rate until the principal sum is repaid.

9 What is the brief provision for issue of debenture?

- A Company may issue debenture with an option to convert such debentures into share, either wholly or partly at the time of redemption.
- No company shall issue any debentures carrying any voting rights.
- Secured debentures may be issued by a company subject to such terms and conditions as may be prescribed.
- The company shall create a debenture redemption reserve

account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debenture.

10 What are usual sources of redemption of debenture?

Ans - From the point of view of sources redemption may be carried out with the help of any of the following sources:

- a. Out of Capital
- b. Out of Profit
- c. Out of provision in the nature of sinking fund.

Above are the indicative question and answers on conception aspect of accounting. Besides the sums students should under go such question and answers for clarity.

Enjoy Saraswati Puja





Etiquette: Dos & Don'ts



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01.00 An inspirational Story

Here is an inspirational story that I have come across about Jonathan Swift, often called Dean Swift, who was famous as a writer on many subjects. Among other books he wrote "Gulliver's Travels," which you, perhaps, might have read some time.

One morning there was a loud knock at Dean Swift's door. The servant opened it. A man who was outside handed her a fine duck that had lately been killed, and said,—"Here's a present for the Dean. It's from Mr. Boyle." Then, without another word, he turned and walked away.

The lesson in manners was not forgotten; the Dean also took the hint; for he always remembered to give the man a "tip" for his trouble

A few days afterward the man came again. This time he brought a partridge. "Here's another bird from Mr. Boyle." Now, Mr. Boyle was a sporting neighbor who spent a good deal of time in shooting. He was a great admirer of Dean Swift, and took pleasure in sending him presents of game.

The third time, the man brought a quail. "Here's something else for the Dean," he said roughly, and tossed it into the servant's arms. The servant complained to her master. "That fellow has no manners," she said. "The next time he comes," said the Dean, "let me know, and I will go to the door."

It was not long until the man came with another present. The Dean went to the door. "Here's a rabbit from Mr. Boyle," said the man. "See here," said the Dean in a stern voice, "that is not the way to deliver a message here. Just step inside and make believe that you are Dean Swift. I will go out and make believe that I am bringing him a present. I will show you how a messenger ought to behave."

"I'll agree to that," said the man; and he stepped inside. The Dean took the rabbit and went out of the house. He walked up the street to the next block. Then he came back and knocked gently at the door. The door was opened by the man from Mr. Boyle's. The Dean bowed gracefully and said, "If you please, sir, Mr. Boyle's compliments, and he wishes you to accept of this fine rabbit."

"Oh, thank you," said the man very politely. Then, taking out his purse, he offered the Dean a shilling. "And here is something for your trouble."

The lesson in manners was not forgotten; for, always after that, the man was very polite when he brought his presents. And the Dean also took the hint; for he always remembered to give the man a "tip" for his trouble.

02.00 Courtesy

As I was browsing for good etiquette for managers, I landed upon a lot. I learnt that there is always a tension between how much we should follow our instincts and how much we should yield to social conventions. But at times like ours, the tendency is to tilt too far toward our instincts, since the conventions are changing fast and there is no consensus about them anyway. There does exist an obvious risk in that. You don't know whom you might be offending or how you might be sabotaging your own success.

The original etiquette manuals of every civilization were, in fact success manuals. For instance, as author Steven Pinker notes, western manuals taught knights and nobles how to conduct themselves in the court of the king—which is where we get the concepts of "courtly" and "courtesy."

03.00 Dos and Don'ts

Listed below are a dozen of the Dos and Don'ts that would make a difference for any corporate executive. These rules are bound to help you, whether at an office lunch, the company gym or the birthday party of your child's schoolmate.

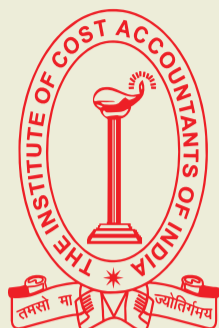


- (i) Be on Time: Texting "Hey, I'm running 20 minutes late" is not as acceptable as making the effort to be on time.
- (ii) RSVP: If you can't attend an event that you're formally invited to, don't think that not RSVPing is the same as declining. And don't RSVP at the last minute for an event that involves real planning by the host. Don't RSVP for an event, then not show. Now you're not just being rude, but you're costing the host money, and you've probably kept a lonely soul from being invited as a backup.
- (iii) Cell Phone: Don't be the first or second person to talk on your cell phone in a public space (like a bus or train). If everyone's doing it, you're allowed some slack here. Don't bellow on your cell phone. Just because you can't hear the other person well doesn't mean the other person can't hear you well. Turn off the phone at a dinner party, and be in the moment. You're annoying at least one person who thinks you have no social skills. At bare minimum, turn off the ringer so you can text and conspire in relative stealth. Remember that if you feel a need to respond immediately to every incoming text, you'll lose more in the eyes of the person who's in front of you than you'll gain from the unseen people who are benefiting from your efficiency.
- (iv) Cameras: Moderate your use of cameras and video at events. Enjoy your time with colleagues, friends and family in the present and preserve only a memento for the future, rather than recording the entire thing to "relive" later in some "free" time that you'll never actually have.
- (v) Headphones: Double-check that your headphones are plugged-in before streaming your favorite Spotify station. Just because you're wearing headphones doesn't mean you can tune out from social courtesies. For example, if you accidentally cross someone's personal space, apologize graciously.
- (vi) Social Networking: Keep personal conversations and arguments off social networking sites. The dramatic airing of grievances is best done through SMS. Remember how easily e-gossip can be forwarded along to the wrong person. Don't discuss sensitive personal issues on Facebook, especially if you've friends and coworkers.
- (vii) Lending a Book: Don't lend someone a book or item unless they specifically ask for it. They're probably too busy to ever get around to it. They'll feel guilty about that, and you'll be annoyed that they didn't appreciate it or even get around to returning it.
- (viii) Empty-handed: Don't show up at a party empty-handed, unless you've been instructed to -- and sometimes not even then.
- (ix) Your Diet: Don't make your dietary requirements everyone else's dilemma. It is said, "People who can eat dairy don't just keep coconut oil-based butter around." Your dog is cute, but he or she doesn't have a pass to go anywhere. Chew with your mouth closed; don't talk with food in your mouth; keep your elbows off of the table while eating; wash your hands after going to the restroom.
- (x) Turn Signal: Use your turn signal at least 50% more than you use your middle finger.
- (xi) At Work: Never adopt a casual attitude at work. You are paid for your hard work and not for loitering around.
- (xii) Classics: And finally, all the classics still apply. Saying please, thank you and sorry are part of basic etiquette. 'Excuse me' is another phrase comes in handy when you want to interrupt a conversation. When someone visits you, stand up and welcome them. When they leave, do stand up and say goodbye and, even better, see them off at the door.



4.00 Quick Take

That may seem like a lot, and to some it may seem like an uptight way to live. But just remember the basic success principle underlying all manners: Think about other people's feelings first because it is still not all about you.



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
Live Webinar

Solve Exercises
given in Study Note

02

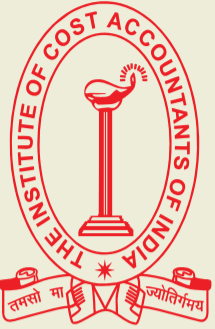
03

Assess Yourself

Appear For Examination

04

FINISHED



SUBMISSION



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,

Greetings from the D.O.S.,

We from the Directorate of Studies know your expectations from us and accordingly we are trying to deliver some meaningful tips through the publications of monthly E-bulletins. Other than this we are trying to help you through Revisionary Test Papers (RTPs), Mock Test Papers (MTPs), Work book, and we are conducting Webinar sessions (live) and where your active participation is amazing. Before stepping in to the examination hall, please go through the PPTs on 'Achieve your GOAL'; uploaded by the Directorate of Studies and which will help you to know about certain Do's and Dont's in the examination.

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:

" Continue to grow and evolve",

Let us observe his memory by following his message.

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

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

Please refer the links mentioned below :

For Mock Test Papers (MTP) : http://icmai.in/studentswebsite/mtp2016_j18_fnd.php

For Revision Test Papers (RTP) : https://icmai.in/studentswebsite/rtp2016_d18.php

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

For Work Book Link : <https://icmai.in/studentswebsite/Workbook-Syl-2016-Inter.php>

Live Webinar Link : <http://icmai.in/icmai/news/889.php>

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

We are sure that you will be motivated after looking into the placement news of our students' appeared in the Times of India, newspaper. Many of our students' were placed in reputed companies, which may encourage you to accomplish the course quickly and to be placed in good companies.

GOOD LUCK & Best wishes as always.

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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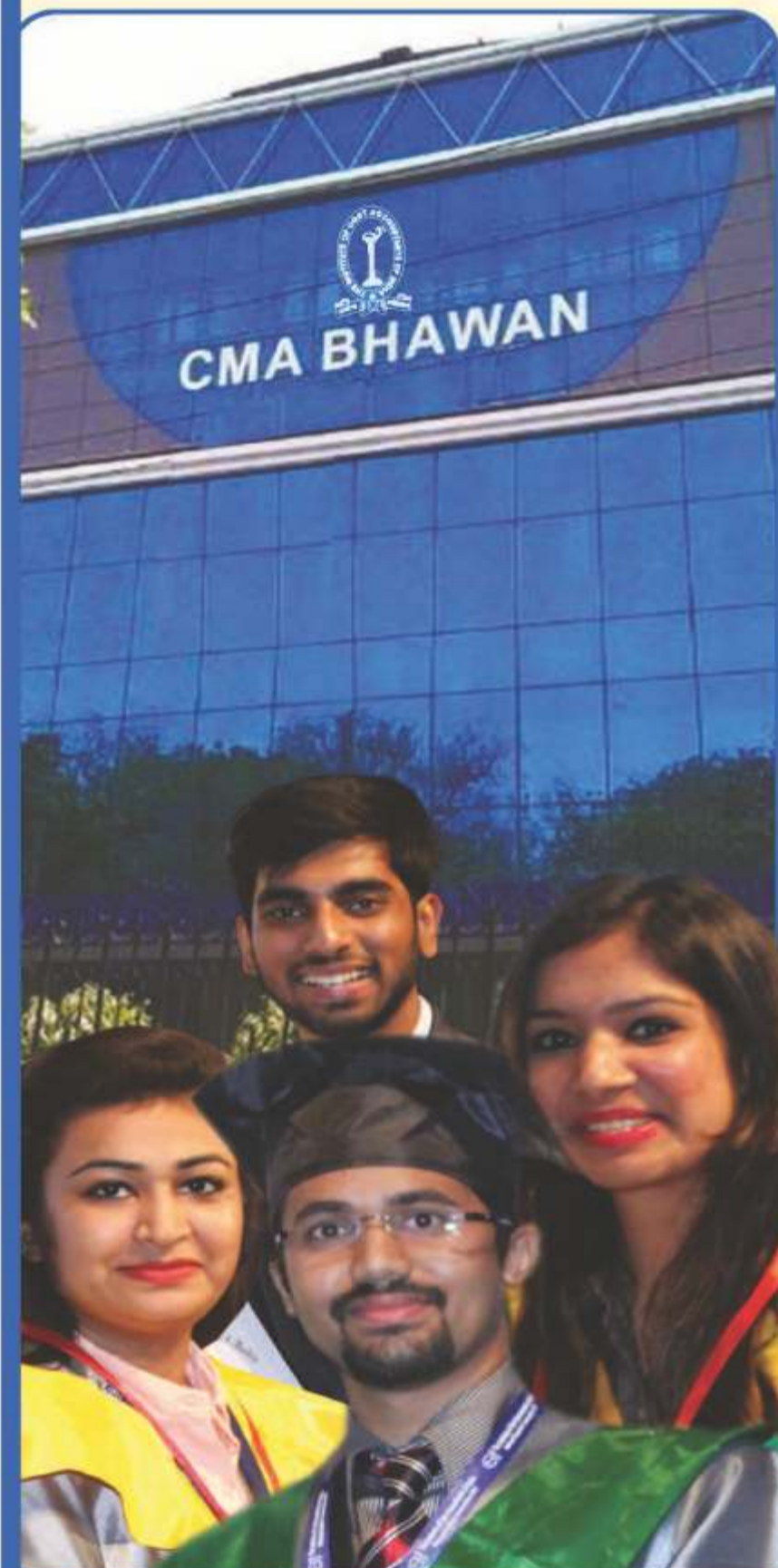
Few of Our Proud Recruiters

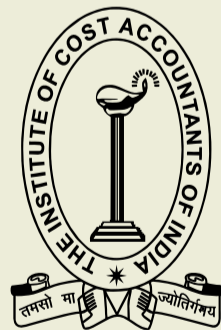


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