

2021

January

VOL: 6, NO.: 1,

TOLL FREE 18003450092 / 1800110910

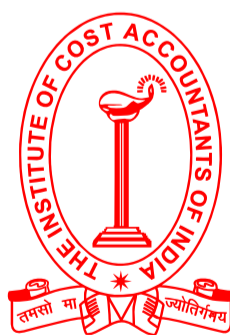


Happy New Year 2021

CMA Student E - Bulletin

INTERMEDIATE

FOLLOW US ON



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in

Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

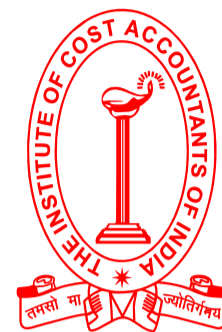
Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100

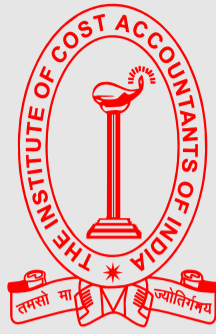
Behind every successful business decision, there is always a **CMA**



CONTENTS



Knowledge Update -	1
Group : I Paper 5: Financial Accounting (FAC) -	2
Group: I Paper 6: Laws & Ethics (LNE) -	5
Group: I Paper 7: Direct Taxation (DTX) -	9
Group: I Paper 8: - Cost Accounting (CAC)-	14
Group: II Paper: 9, Part - i: Operations Management & Strategic Management Operations Management (OMSM)-	19
Group: II Paper: 9, Part - ii: Operations Management & Strategic Management Strategic Management (OMSM) -	25
Group: II Paper: 10: Cost & Management Accounting and Financial Management (CMFM) -	28
Group: II Paper 11: Indirect Taxation (ITX) -	36
Group: II Paper 12: Company Accounts & Audit (CAA) -	39
Practical Advice -	42
Submissions -	43
Message from the Directorate of Studies -	44
Few Snapshots -	45



KNOWLEDGE Update



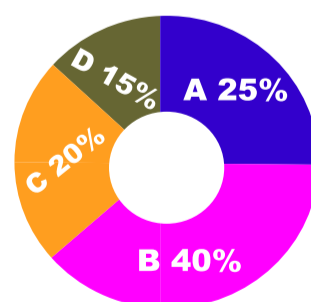
In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.



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

CMA (Dr.) Nibir Goswami
Associate Professor in Commerce
Vidyasagar Mahavidyalaya, W.B.
He can be reached at:
drnibirgoswami@gmail.com

Your Preparation Quick Takes



Syllabus Structure

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

Learning Objective:

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

FINANCIAL ACCOUNTING

Dear friends

Very happy new year to all. It is only a calendar that alerts our mind. It makes the instinct to be happy or sad. If it is 31st it is sad to bid good bye and if it is 1st it is happy to welcome. Time is set - its only us who interpret in our own way. Last year we could create less and remained upset that we wasted plenty of time without doing anything. However, I prefer to look the value of time and value of money in the following way:

"A man walked to the top of a hill to talk to God.

The man asked, 'God, what's a million years to you?'

God said, 'A minute.'

Then the man asked, 'Well, what's a million dollars to you?'

God said, 'A penny.'

Then the man asked, 'God.....can I have a penny?'

God said, 'Sure... in a minute.'

Here is again a series of brain work for you.

1. What is the value of sundry creditor at the end of the year- Opening Sundry Creditor 19,000 Cash paid to Sundry creditors 40,000 Discount received 1,000 Return outwards 4,800 Credit purchases 51,200
 (a) **24,400**
 (b) 25,400
 (c) 23,400
 (d) 30,200
2. Single entry system cannot be maintained by -
 (a) **Joint Stock Company**
 (b) Partnership A/c
 (c) Sole tradership A/c
 (d) All of these
3. If the rate of G.P. on sale is 20% and cost of goods sold is Rs. 2,00,000, then amount of G.P. will be equal to -
 (a) Rs. 40,000
 (b) **Rs. 50,000**
 (c) Rs. 70,000
 (d) Rs. 30,000
4. Find out credit purchases:-
 Cash Purchase Rs.5,000, Cash Sales Rs. 12,000, Credit Sale Rs. 18,000, Closing Stock Rs. 3,500, Opening Stock Rs. 2,750, Rate of Gross Profit is 20% on Cost.
 (a) Rs. 21,000
 (b) **Rs. 20,750**
 (c) Rs. 20,250
 (d) Rs. 21,750
5. Interest on capital is calculated on which capital-
 (a) **Opening Capital**
 (b) Closing Capital
 (c) Closing Stock
 (d) Opening Stock

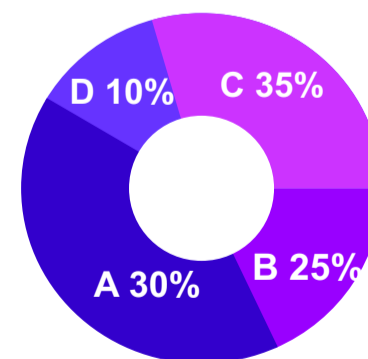
6. Which equation is not correct from the following equation -
 (a) $COGS = \text{Opening Stock} + \text{Purchase} - \text{Closing Stock}$
 (b) $\text{Closing stock} = \text{Opening Stock} + \text{Purchase} - \text{Cost of goods sold}$
 (c) **$\text{Opening Stock} = \text{Closing stock} + \text{Purchase} - \text{Cost of goods sold}$**
 (d) $\text{Purchases} = \text{Closing stock} + \text{Cost of Goods sold} - \text{Opening stock}$
7. HO sent Rs 12,000 of petty cash to branch during the year. Opening and closing balance s of Petty cash a/c was Rs 3,400 and Rs 2,400 respectively. Them petty cash expenses of the branch during the year will be -
 (A) Rs 12000
 (B) **Rs 13000**
 (C) Rs 11000
 (D) Rs 14000
8. The adjusting entry for difference between the invoice price and cost price of goods are shown in-
 (A) Balance sheet
 (B) P & L a/c
 (C) **Branch adjustment a/c**
 (D) None of above
9. During the year branch has incurred petty cash expenses of Rs 20,000. In the beginning of the year balance of petty cash was Rs 6,000 and at the end of the year balance is Rs 600. How much amount HO had send to branch for petty cash?
 (A) Rs 13800
 (B) **Rs 14600**
 (C) Rs 15300
 (D) Rs 12900
10. Goods in transit are shown in the balance sheet at -
 (A) **Head office**
 (B) Branch
 (C) Both
 (D) None of above
11. Which of the following branches, taking into consideration the scope of authority and responsibility, prepares its own independent final accounts?
 (A) **Independent Branch**
 (B) Foreign Branch
 (C) Dependent branch
 (D) Independent and Foreign branch both.
12. Which of the following statement is correct:-
 (A) **A minor cannot be a co-venturer as he is incompetent to contract**
 (B) A minor can be a co-venturer as he is competent to contract
 (C) Both of the above
 (D) None of the above
13. Sale of Joint Venture goods by an agent is debited to :-
 (A) Joint Venture A/c
 (B) **Agent's A/c**
 (C) Joint Bank A/c
 (D) None of the above
14.P and Q are partners sharing profit and loss in the proportion 2:1 in the Joint Venture. P keeps accounts of joint venture. Q gave Rs. 5,000 to P for joint venture business. P Prepared accounts and showed profit of Rs. 2,250. P settled Q's account. In the books of Q, Rs..... Profit is credited.
 (A) Rs. 2,250
 (B) **Rs. 750**
 (C) Rs.1500
 (D) Rs.5,750
15. Babu consigned 3,000 litres of oil to Mamu at the rate of Rs 50 per litre, and paid expenses of Rs 21,000. Due to evaporation there was a loss of 150 litres. Consignee sold 2550 litres at the rate of Rs 75 per litre. What will be the value of Closing stock?
 (A) Rs 15000
 (B) Rs 15600
 (C) Rs 17100
 (D) **Rs 18000**



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

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

Your Preparation Quick Takes



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

Learning Objectives:

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

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

LAWS & 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 this issue we shall continue to deal with Corporate Laws - Companies Act, 2013

Meeting of Debenture holders**Rule 18(4) of Companies (Share Capital and Debentures) Rules, 2014**

Rule 18(4) provides that the meeting of all the debenture holders shall be convened by the debenture trustee on-

- requisition in writing signed by debenture holders holding at least one-tenth in value of the debentures for the time being outstanding;
- the happening of any event, which constitutes a breach, default or which in the opinion of the debenture trustees affects the interest of the debenture holders

Debenture Redemption Reserve

Sec.71(4) of the Companies Act, 2013 provides that where debentures are issued by a company under this section, 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 utilised by the company except for the redemption of debentures.

Rule 18(7) of Companies (Share Capital and Debentures) Rules, 2014

Rule 18(7) provides that the company shall comply with the requirements with regard to Debenture Redemption Reserve (DRR) and investment or deposit of sum in respect of debentures maturing during the year ending on the 31st day of March of next year, in accordance with the conditions given below:-

- Debenture Redemption Reserve shall be created out of profits of the company available for payment of dividend;

(b) the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits, as the case may be, shall be as under:-

- Debenture Redemption Reserve is not required for debentures issued by All India Financial Institutions regulated by Reserve Bank of India and Banking Companies for both public as well as privately placed debentures;
- For other Financial Institutions within the meaning of Section 2(72) of the Companies Act, 2013, Debenture Redemption Reserve shall be as applicable to Non -Banking Finance Companies registered with Reserve Bank of India.
- For listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required in the following cases -

(A) in case of public issue of debentures -

A. for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934 and for Housing Finance Companies registered with National Housing Bank;

B. for other listed companies;

(B) in case of privately placed debentures, for companies specified in sub-items A and B.

- for unlisted companies, (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)) -

(A) for NBFCs registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934 and for Housing Finance Companies registered with National Housing Bank, Debenture Redemption Reserve is not required in case of privately placed debentures.

(B) for other unlisted companies, the adequacy of Debenture Redemption Reserve shall be ten percent. of the value of the outstanding debentures;

- In case a company is covered in item (A) or item (B) of sub-clause (iii) of clause (b) or item (B) of sub-clause (iv) of clause (b), it shall on or before the 30th day of April in each year, in respect of debentures

issued by a company covered in item (A) or item (B) of sub-clause (iii) of clause (b) or item (B) of sub-clause (iv) of clause (b), invest or deposit, as the case may be, a sum which shall not be less than fifteen per cent., of the amount of its debentures maturing during the year, ending on the 31st day of March of the next year in any one or more methods of investments or deposits as provided in sub-clause (vi):

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent. of the amount of the debentures maturing during the year ending on 31st day of March of that year.

(vi) for the purpose of sub-clause (v), the methods of deposits or investments, as the case may be, are as follows:—

- (A) in deposits with any scheduled bank, free from any charge or lien;
- (B) in unencumbered securities of the Central Government or any State Government;
- (C) in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- (D) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

- (c) in case of partly convertible debentures, Debenture Redemption Reserve shall be created in respect of non-convertible portion of debenture issue in accordance with this sub-rule.
- (d) the amount credited to Debenture Redemption Reserve shall not be utilized by the company except for the purpose of redemption of debentures.

**Debenture Trust Deed in Form No. SH-12 -
[Pursuant to sub-section (13) of section 71 of the Companies Act, 2013 and rule 11 of the Companies (Share Capital and Debentures) Rules 2014]**

The debenture trust deed shall, contain the following:-

1. DESCRIPTION OF DEBENTURE ISSUE:

- (a) Purpose of raising finance through the debenture issue;
- (b) Details of debenture issue as regards amount, tenure, interest/coupon rate, periodicity of payment, mode of payment and period of redemption;
- (c) An undertaking by the company to pay the interest and principal amount of such debentures to the Debenture holders as and when it becomes due, as per the terms of offer;
- (d) The terms of conversion/redemption of the debentures in terms of the issue to the debenture holders, options available, and debt equity ratio and debt service

coverage ratio, if applicable.

2. DETAILS OF CHARGE CREATED (in case of secured debentures):

- (a) Nature of charge created and examination of title;
- (b) Rank of charge created viz. first, second, pari passu, residual, etc;
- (c) Minimum security cover required;
- (d) Complete details of the asset(s) on which charge is created such as description, nature, title, location, value, basis of valuation etc.;
- (e) Methods and mode of preservation of assets charged as security for the debentures;
- (f) Other particulars of the charge, e.g., time period of charge, rate of interest, name of the charge holder;
- (g) Provision for subsequent valuation;
- (h) Procedure for allowing inspection of charged assets and book of accounts by debenture trustee or any person or person authorized by it;
- (i) Charging of future assets
- (j) Time limit within which the future security for the issue of debentures shall be created
- (k) Circumstances specifying when the security may be disposed of or leased out with the approval of trustees
- (l) Enforceability of securities, events under which security becomes enforceable
- (m) Obligation of company not to create further charge or encumbrance of the trust property without prior approval of the trustee

3. PARTICULARS OF THE APPOINTMENT OF DEBENTURE TRUSTEE(S):

- (a) The conditions and procedure for the appointment of the debenture trustee
- (b) Procedure for resignation by trustee including appointment of new trustees;
- (c) Provision that the debenture trustee shall not relinquish his office until another debenture trustee has been appointed;
- (d) Procedure to remove debenture trustee by debenture holders providing for removal on a resolution passed by the holders of not less than three fourth in value of debentures;
- (e) Fees or commission or other legal travelling and other expenses payable to the trustee(s) for their services;
- (f) Rights of the trustee including the right to inspect the registers of the company and to take copies and extract thereof and the right to appoint a nominee director;
- (g) Duties of the trustee.

4. EVENTS OF DEFAULTS

- (a) Events under which the security becomes enforceable which shall include the following events:
 - (i) When the company makes two consecutive defaults in the payment of any interest which ought to have been paid in accordance with the terms of the issue;
 - (ii) When the company without the consent of debenture holders ceases to carry on its business or gives notice of its intention to do so;
 - (iii) When an order has been made by the Tribunal or a

- special resolution has been passed by the members of the company for winding up of the company;
- (iv) When any breach of the terms of the prospectus inviting the subscriptions of debentures or of the covenants of this deed is committed;
 - (v) When the company creates or attempts to create any charge on the mortgaged premises or any part thereof without the prior approval of the trustees/debenture holders;
 - (vi) When in the opinion of the trustees the security of debenture holders is in jeopardy.
- (b) Steps which shall be taken by the debenture trustee in the event of defaults;
- (c) Circumstances specifying when the security may be disposed off or leased out with the approval of trustees;
- (d) A covenant that the company may hold and enjoy all the mortgaged premises and carry on therein and therewith the business until the security constituted becomes enforceable

5. OBLIGATIONS OF COMPANY:

This lays down the company's duty with respect to-

- (a) *maintaining a Register of debenture holders* including addresses of the debenture holders, record of subsequent transfers and changes of ownership;
- (b) *keeping proper books of accounts* open for inspection by debenture trustee;
- (c) *permitting the debenture trustee to enter the debenture holder's premises and inspect the state and condition of charged assets;*
- (d) *furnishing information* required by the debenture trustee for the effective discharge of its duties and obligations, including copies of reports, balance sheets, profit and loss account etc.;
- (e) *keeping charged property/security adequately insured* and in proper condition;
- (f) *paying all taxes, cesses, insurance premium* with respect to charged property/security, on time;
- (g) *not declaring any dividend* to the shareholders in any year until the company has paid or made satisfactory provision for the payment of the installments of principal and interest due on the debentures;
- (h) *creating the debenture redemption reserve;*
- (i) *converting the debentures into equity* in accordance with the terms of the issue, if applicable;
- (j) *informing the debenture trustee about any change in nature and conduct of business* by the company before such change;
- (k) *informing the debenture trustee of any significant changes in the composition of its Board of Directors;*
- (l) *informing the debenture trustee of any amalgamation, merger or reconstruction scheme proposed by the company;*
- (m) *keeping the debenture trustee informed of all orders, directions, notices, of court/tribunal affecting or likely to affect the charged assets;*
- (n) *not creating further charge or encumbrance over the trust property* without the approval of the trustee;
- (o) **obligation of the company to forward *periodical reports to debenture trustees containing the following particulars:***
 - (i) updated list of the names and addresses of the debenture holders;
 - (ii) details of interest due but unpaid and reasons thereof;
 - (iii) the number and nature of grievances received from debenture holders and
 - (a) resolved by the company
 - (b) unresolved by the company and the reasons for the same.
 - (iv) a statement that the assets of the company which are available by way of security are sufficient to discharge the claims of the debenture holders as and when they become due
- (p) *complying with all directions/guidelines issued by a Regulatory authority, with regard to the debenture issue*
- (q) *submitting such information, as required by the debenture trustee*

6. MISCELLANEOUS:

- (a) The conditions under which the provisions of the trust deed or the terms and conditions of the debentures may be modified;
- (b) The mode of service of notices and other documents on the company, the trustee and the holders of the debentures;
- (c) The company to be responsible for paying any stamp duty on the trust deed or the debentures (if applicable);
- (d) Provisions regarding meetings of the debenture holders;
- (e) Provision for redressal of grievances of debenture holders.

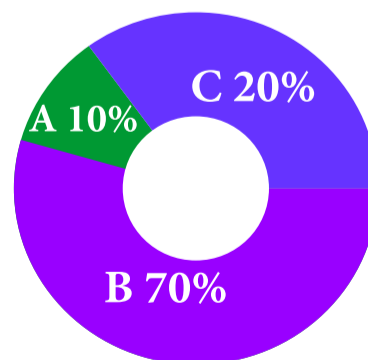


GROUP: I, PAPER: 7

DIRECT TAXATION (DTX)

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

Your Preparation Quick Takes



Syllabus Structure

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

Learning Objectives:

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

Clubbing of Income

Generally, an assessee is taxed on income accruing to him only and he is not liable to tax for income of another person. However, there are certain exceptions to the above rule (mentioned u/s 60 to 64). Sec. 60 to 64 deals with the provisions of clubbing of income, under which an assessee may be taxed in respect of income accrued to other person, e.g. certain income of minor child shall be clubbed in the hands of his parents, income from asset transferred to spouse for inadequate consideration shall be clubbed in the hands of the transferor, etc. These provisions have been enacted to counteract the tendency on the part of the taxpayers to dispose off their income or income generating assets to escape tax liability. Various provisions relating to clubbing are enumerated here in below:

Section	Particulars	
60	Where an income is transferred without transferring the asset yielding such income, then income so transferred shall be clubbed in the hands of the transferor.	
61	If an assessee transfers an asset under a revocable transfer, then income generated from such asset, shall be clubbed in the hands of the transferor. <i>Revocable transfer means, there is any provision for the retransfer of any part or whole of the income/assets to the transferor or gives the transferor a right to re-assume power over any part or whole of the income/ assets.</i> <i>Exceptions:</i> a) A transfer by way of creation of a trust which is irrevocable during the lifetime of the beneficiary; b) Any transfer which is irrevocable during the lifetime of the transferee; or c) Any transfer made before 1.4.61, which is not revocable for a period of 6 years or more.	
64(1)(ii)	Salary, commission, fees or any other remuneration to the spouse from a concern in which assessee has substantial interest. An individual shall be deemed to have substantial interest in a concern if he shares 20% profits of that concern or holds 20% voting power of that company. <i>Exception:</i> If income to spouse generated due to his/her technical or professional qualification, skill etc. Where both, husband and wife, have substantial interest in a concern, remuneration will be included in hands of spouse, whose total income excluding such remuneration, is higher.	
64(1)(iv)	Subject to sec. 27(i), any income arising from assets transferred (directly or indirectly) to spouse otherwise than in connection with an agreement to live apart without adequate consideration, shall be included in the income of the transferor.	
64(1)(vii)	If asset is transferred to other person or an AOP, for inadequate consideration, for immediate or deferred benefit of spouse, then income on asset so transferred shall be clubbed in the hands of the transferor.	
64(1)(vi)	Income arising (directly or indirectly) from assets transferred to son's wife, without adequate consideration, shall be included in income of transferor.	
64(1)(viii)	If an asset is transferred to other person or an AOP, for inadequate consideration, for immediate or deferred benefit of son's wife, then income on asset so transferred shall be clubbed in the hands of the transferor.	
Note applicable on sec. 64(1)(iv), (vi), (vii), (viii)	If assets so transferred, is invested in business then tax treatment shall be as under:	
	Business	Income to be clubbed
	Proprietary	<u>Income of such business x Value of such assets as on the 1st day of the P.Y.</u>
		Total investment in the business by the transferee as on the same day
Partnership	<u>Interest on capital x Value of such assets as on the 1st day of the P.Y.</u>	
	Total investment in the firm by the transferee as on the same day	

64(1A)	Income of a minor child shall be clubbed with income of the parent whose total income (excluding this income) is higher. Once clubbing is made with either parent, then in any subsequent years clubbing shall be made with the same parent, unless the AO is satisfied. If marital relationship does not subsist, income shall be clubbed with that parent who maintains the minor child. Exceptions: a) Income arises or accrues to the minor child due to any manual work, his skill, talent; or b) The minor child is suffering from any disability of nature specified u/s 80U. Exemption u/s 10(32) lower of a) ₹ 1,500; or b) Income so clubbed
64(2)	Where an individual has converted his property into property of HUF, for inadequate consideration, then income derived from such converted property shall be clubbed with individual as under:
	Before partition The entire income from such property
	After partition Income from the assets attributable to the spouse of transferor.
65	After application of provisions of clubbing (on transfer of property without adequate consideration as discussed above in several sections), income is taxable and tax liability arises in the hands of the transferor. But sec. 65 empowers the tax authorities to serve demand notice (in respect of tax on clubbed income) upon transferee.
Notes	<ul style="list-style-type: none"> • Clubbing of income includes clubbing of negative income • The credit of TDS shall be given to the person in whose hands the income is taxable. • Income shall be clubbed even when form of the transferred asset is changed. • Income arising from the accretion of such property is not to be clubbed. • Income on income is not to be clubbed. • Income shall be, first, computed in hands of recipient & then clubbing shall be made head wise. • If the clubbed income is eligible for deduction u/s 80C to 80U, then such deduction shall be allowed to the assessee in whose hands such income is clubbed.

Illustration

Mr. A owned a residential house for his own residential purpose, details of which are as follows -

Particulars	Amount
Gross Annual value	5,00,000
Municipal tax (paid)	10,000
Interest on loan taken for construction of house	25,000

On 1/4/2018, Mr. A gifted ₹ 10,00,000 to her wife. Out of such money, she acquired a house property for her own residential purpose. New house has gross municipal value of ₹ 50,000. She paid corporation tax of ₹ 2,000. Compute income from house property of Mr. & Mrs. A. (Assume that Mrs. A does not own any other property).

Solution

Computation of income from house property of Mr. A for the A.Y. 2021-22

Particulars	Amount
<u>Self-occupied house</u>	
Net Annual Value	Nil
<u>Less: Deduction u/s</u>	
24(b) Interest on loan	25,000
	(25,000)
<u>Add: Income of Mrs. A clubbed u/s 64(1)(iv)</u>	Nil
Income from house property	(25,000)

Computation of income from house property of Mrs. A for the A.Y. 2021-22

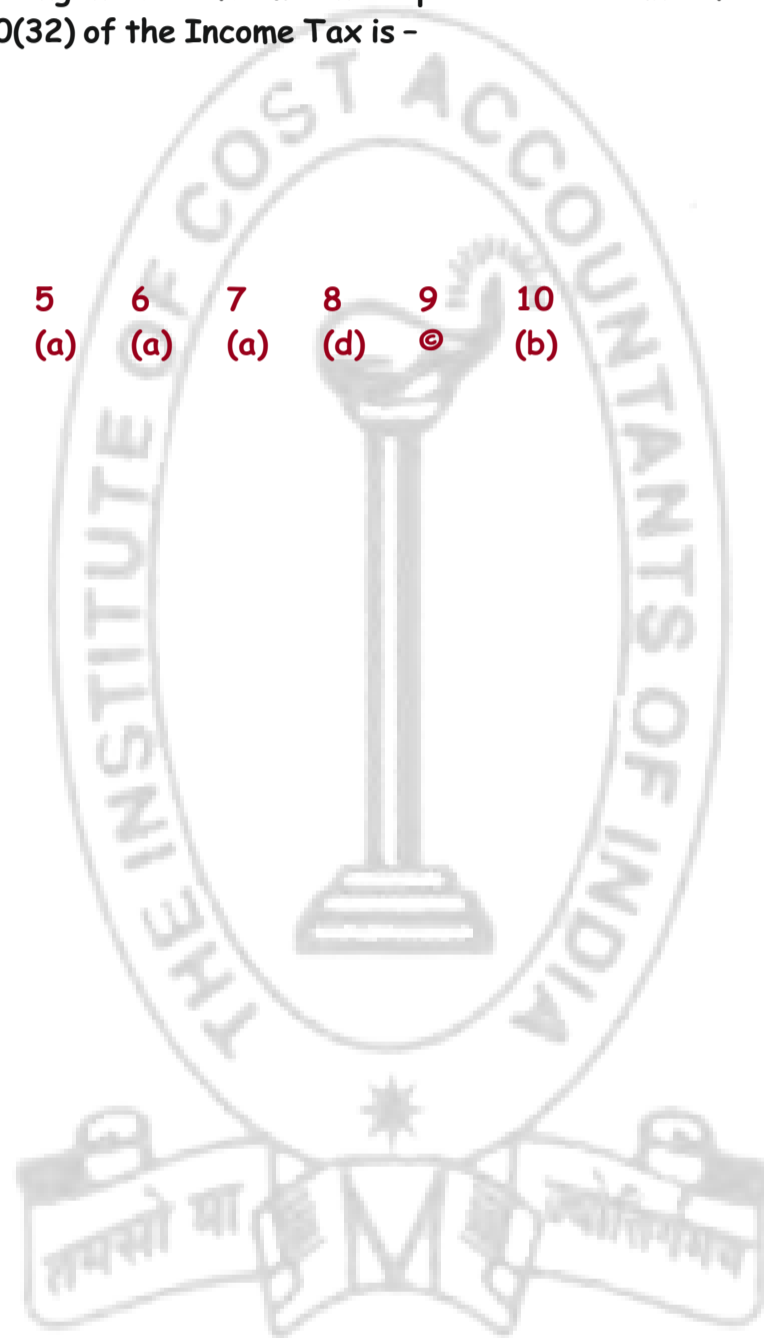
Particulars	Amount
<u>Self-occupied house</u>	
Net Annual Value	Nil
<u>Less: Deduction u/s</u>	
24(b) Interest on loan	Nil
	Nil
<u>Less: Income clubbed u/s 64(1)(iv) with the income of Mr. A</u>	Nil
Income from house property	Nil

Choose the correct answer

- Mr. X's minor daughter earned ₹ 50,000 from his special talent. This income will be clubbed with -
 - The income of Mr. X
 - The income of Mrs. X
 - Mr. X or Mrs. X, whoever's income is higher
 - It will not be clubbed
- Maximum exemption available in clubbing of income to mother or father is -
 - ₹ 1,500
 - ₹ 1,500 per child
 - ₹ 1,200 per child
 - ₹ 100 per month per child
- Mr. A gifted debenture of ₹ 1,00,000 to his wife. She received ₹ 10,000 interest which she reinvests and earns ₹ 1,000. This ₹ 1,000 will be taxable in the hands of -
 - Mr. A
 - Mrs. A
 - Not Taxable
 - Mr. A or Mrs. A, at the choice of the Assessing Officer
- Income arising to a minor married daughter shall be -
 - assessed in the hands of minor married daughter
 - clubbed with the income of that parent whose total income is higher
 - Exempt from tax
 - clubbed with the income of her spouse
- Income of a minor child suffering from any disability of the nature specified in section 80U shall be -
 - assessed in the hands of minor
 - clubbed with the income of that parent whose total income is higher
 - Exempt from tax
 - taxable in hands of provider of income like reverse charge
- Mr. X gives ₹ 2,00,000 to Mrs. X as gift. She invests in a proprietary concern and incurs a loss of ₹ 40,000.
 - This loss shall be clubbed in the hands of Mr. X
 - The loss shall be borne by Mrs. X
 - The loss shall not be clubbed
 - The loss shall be ignored while computing income of both Mr. and Mrs. X
- In certain cases, income of other person is included in the income of assessee. It is called -
 - Clubbing of income
 - Addition to income
 - Increase in income
 - Set-off of income

8. In whose total income, the income of a minor child is included -
- Father
 - Mother
 - Father & Mother both
 - Parent whose total income is greater
9. When the income of an individual includes ₹ 20,000 as the income of his minor child in terms of section 64(1A), taxable income in this respect will be -
- Nil
 - ₹ 20,000
 - ₹ 18,500
 - ₹ 15,000
10. Mr. A has three minor children deriving interest from bank deposits to the tune of ₹ 2,000, ₹ 1,300, ₹ 1,600 respectively. Exemption available under section 10(32) of the Income Tax is -
- ₹ 4,900
 - ₹ 4,300
 - ₹ 4,500
 - ₹ 5,000

Answer	1	2	3	4	5	6	7	8	9	10
Key	(d)	(b)	(b)	(b)	(a)	(a)	(a)	(d)	⊙	(b)

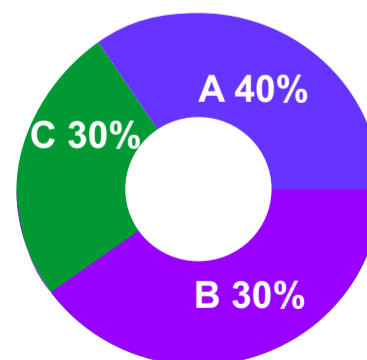




GROUP: I, PAPER: 8
COST ACCOUNTING
(CAC)

CMA (Dr.) Subir Kr. Datta
Principal,
Kshudiram Bose Central College,
He can be reached at:
duttasubirkumar1958@gmail.com

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

In the present era the value and importance of costing need hardly be overemphasized. Although there is growing awareness about the need for cost accounting among the businessmen, there is also lack of appreciation as to how it can help them - this is due to imperfect competition and imperfect knowledge about costs vs benefits. It is hoped that with increased competition and growing realization about its need, cost accounting will increasingly find its place in the industries and its field will get considerably widened.

One of the important inputs in managerial decision-making is cost data. There is however no single concept of cost, which can cater to all management needs. Cost Accounting is that branch of accounting information system which records, measures and reports information about costs. A cost is a sacrifice of resources. The costs are reflected in accounting system by outlays of cash, promises to pay cash at a future date and the expiration of the value of an asset. The primary purpose of cost accounting is cost ascertainment and its use in decision making and performance evaluation.

Cost Accounting is a quantitative method that accumulates, classifies, summarizes and interprets financial and non-financial information for three major purposes, viz. 1. ascertainment of cost of a product or service, 2. Operational planning and control, 3. Decision-making. Optimum utilization of resource is the urgent need of the day. The role of Cost Accounting in this regard plays a vital role all over the world. Hence, theory as well as solving of practical problems is very much essential for successful preparation of the subject. It is observed from the past experience that 65% to 75% of the total questions are set from practical problems and the balance is theoretical part. Although only 25% questions are set from theoretical part, but a great emphasis should be given on theoretical part as most of the students are very much weak in theory. 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. The conquest of these examinations mainly depends on student's perseverance, seriousness of study and continuous effort.

Based on my personal experience following trips may be suggested for the examinees :-

1. There should be a plan developed for completing the whole syllabus within the scheduled time.
2. Try to go through your Study Note and know the complete syllabus. Remember all chapters are interlinked.
3. This paper is based on mainly practical problems.
4. Analyze the trends of setting questions by taking at least ten terms.
5. Prepare yourself based on previous paper setting.
6. Clarity of concepts and self expression is essential for success in life.
7. Time schedule with specified activities is very much essential for time-management.
8. Write down all the important terms in your own words and read them regularly.
9. Try to improve your speed by regular practice and revision.
10. Always try to answer all objective type questions, which carry 100% marks.
11. Finally, try to develop a habit of reading the questions well, underlining and understanding the specific requirements.

The study material of **Paper 8** includes 6 chapters. The first one is related to the basic concept of cost accounting. The second one described the Elements of cost in details. We know that the three major elements of costs are - Material, Labour and Overheads. Here, the major elements of cost are discussed elaborately with sufficient number of examples. You should read the scope and objectives of different Cost Accounting standards in details. This will help to grasp the concept of cost accounting easily. Try to solve the problems on earnings of workers under different schemes. Here Cost allocation, Cost apportionment and Cost absorption should be understood very clearly.

The next chapter is related to Cost Book-Keeping, which includes integrated accounting system also. In the Cost Books, only nominal accounts, e.g., income and expenses, losses and gains etc, and to some extent, real accounts are recorded. Costing Department is concerned with income and expenditure relating to business carried on. Here transactions are entered into the basis of double entry book-keeping principle - every debit must have a corresponding credit. It is generally the responsibility of the Cost Accountant to record the costing transactions. 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 to complete it. Here Cost Department maintains separate ledger quite distinct from financial accounting, maintaining their books of accounts.

Job or Batch Costing is one of the methods of Costing which is used when the job orders are under taken in the factory or workshop, and when contracts are taken out to build houses, construct roads, bridges, dams etc. Many companies manufacture goods against orders. The main purpose of job costing is to ascertain profit or loss on each job / batch undertaken. The chapter Contract /Job/ Batch Costing is very important for this type of examination. There are some standard norms for computation and recognition of profit or loss of incomplete contract. Students often face difficulty in recommending the amount of profit to be taken into account for incomplete contract. Make sure that you are familiar with various methods/formulae for different stage of completion and share of profit. Students are also advised to be thorough on the topic "Profit on incomplete contracts based on SSAP - 9". Various problems on 'exaltation clause' used to be set at this level of examination. Generally full credit is expected by solving the problem.

The next chapter, 'Operating Costing' relates to find out operating cost per unit of output. Operating costing has derived its name from cost ascertainment by each operation. This chapter also includes 'Transport Costing', 'Hospital Costing', 'Power House Costing', 'Hotel/ Hostel Costing' etc. Composite unit finding is important for solving the problem.

The next chapter "Marginal Costing" is not a particular method of cost ascertainment but a technique dealing with the nature and behavior of cost and their effects upon the profitability of an organization. It aims to find out cost-volume-profit relationships of a product. Some times more than one problem may be set from this chapter. The main thrust should be to follow the working and determine the desired impact on profitability. Finding the B.E.P. in Break-even Analysis is the basic part for solving problem. In this analysis you should also study the effect on profits due to various changes in Fixed Cost, variable cost, selling price and sales- mix.

In Standard Costing, variances are analyzed in detail according to their originating causes. It provides a valuable guidance to the management in several management functions, such as in formulating policies, in determining prices, etc. The chapter relates to 'Variance Analysis' which helps the management to fix responsibility for each department and to identify the activities or areas of exceptions. Standard Costing, an accounting technique, came to be developed as a systematic method of Comparing the actual cost with the predetermined standard of cost and performance. Any problem on standard cost for working out different variances can be worked out by using a standard format applicable to all variance analysis. The 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. The main purpose of Variance analysis is to enable the management to improve the operations for effective utilization of resources need to increase the efficiency by reducing cost.

The next chapter deals with Budget and Budgetary control. Planning and control are the important function of management. For assisting management in these two functions, the technique of Budgetary Control and Standard Costing are applied. Budget is defined as a financial and /or quantitative statement, prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. 'Budget and Budgetary control', which requires preparation of 'Flexible Budget', 'Functional Budgets' and 'Cash Budget' for taking necessary actions. Both 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 budget 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 purchase budget. For Preparing Material Purchase Budget and Production Budget there is some common mistake of incorrect deduction of opening and closing stocks.

Now we have suggested some Objective Type Questions based on cost Ledger Control System :

1. Indicate whether the following statements are true or false :

- (a) General Ledger Adjustment Account represents the personal accounts shown in financial books.
- (b) There is no need of reconciliation of cost and financial accounts in Cost ledger accounting.
- (c) Control Accounts are the total accounts maintained in the cost ledger.
- (d) In Cost Ledger Accounting, transactions are recorded on the basis of double entry.
- (e) Cost Ledger Accounting is a system of integrating cost and financial accounts.
- (f) The balance of stores ledger control accounts represents the total balance of stock of each item of material.
- (g) Selling and distribution expenses are debited to selling and distribution overhead control accounts.
- (h) Debit balance of production overhead control account represents over-absorption of production overheads.
- (i) The purpose of cost control accounts is to control the cost of production.
- (j) Postings in wages control account are made from wages analysis sheet.
- (k) Credit balance of selling and distribution overheads represents under-absorption of these expenses.

[Ans. True : (a), (c), (d), (f), (g), (j). False : (b), (e), (h), (i), (k).]

2. Which of the suggested solutions is the correct one ?

(a) A main use of the financial ledger control account in the cost ledger is

- (i) It makes the cost ledger self-balancing.
- (ii) It summarizes the financial ledger entries.
- (iii) It records the financial profit for the period.
- (iv) Its balance is the profit reported in the cost ledger.

Ans :- (i)

(b) Production overhead absorbed will be recorded in the cost ledger as :

- (i) Debit Work-in-Progress A/c : Credit -Production Overhead A/c

- (ii) Debit Production Overhead A/c ; Credit - Financial Ledger Control A/c
 (iii) Debit Profit and loss A/c ; Credit -Production Overhead A/c
 (iv) Debit Finished Goods A/c ; Credit -production Overhead A/c

Ans : (iii)

(C) In an integrated Ledger system the entry for gross direct wages earned is :

- (i) Debit-Work-in-Progress ; Credit-Wages-Control A/c
 (ii) Debit-bank-A/c ; Credit-Wages-Control A/c
 (iii) Debit-Work-in-Progress ; Credit - Bank A/c
 (iv) Debit - Wages Control A/c ; Credit-Bank A/c

Ans : (i)

In addition to the above M.C.Q. I have suggested a problem based on Integral System of Accounting :
 Dutta Enterprise operates an integral system of accounting . You are requested to pass the Journal Entries for the following transaction that took place for the year ended 30.6.2020.

(Narration are not required).

Raw material purchased (50% on credit)	6,00,000
Material issued to production	4,00,000
Wages paid (50% direct)	2,00,000
Wages charged to production	1,00,000
Factory overheads incurred	80,000
Factory overheads charged to production	1,00,000
Selling and Distribution overheads incurred	40,000
Finishing goods at cost	5,00,000
Sales (50% credit)	7,50,000
Closing stock	NIL
Receipts from Debtors	2,00,000
Payments to creditors	2,00,000

Journal Entries

		Dr. (Rs.)	Cr.(Rs.)
1	(a) Stores Ledger Control a/c Dr. To Sundry Creditors a/c To Cash or bank a/c	6,00,000	3,00,000 3,00,000
	(b) Work-in-Progress Control a/cDr. To Store Ledger Control	4,00,000	4,00,000
2	(a) Wages Control a/cDr. To Cash or bank a/c	2,00,000	2,00,000
	(b) Work-in-Progress Control a/cDr. Factory Overhead Control a/cDr. To Wages Control a/c	1,00,000 1,00,000	2,00,000
3	(a) Factory Overhead Control a/cDr. To Cash or Bank a/c	80,000	80,000
	(b) Work-in-Progress Control a/cDr. To Factory Overhead Control a/c	1,00,000	1,00,000
4	Selling & Distribution Overhead Control a/cDr. To Cash or Bank a/c	40,000	40,000
5	(a) Finished goods control a/cDr. to Work-in-Progress Control a/c	5,00,000	5,00,000
	(b) Cost of sales a/cDr. To Finished goods control a/c To Selling & Distribution Overhead Control a/c	5,40,000	5,00,000 40,000
6	(a) Sundry Debtors a/cDr. Cash or Bank a/cDr. To Sales a/c	3,75,000 3,75,000	7,50,000

7	Cash or Bank a/cDr. To Sundry Debtors a/c	2,00,000	2,00,000
8	Sundry Creditors a/cDr. To Cash or Bank a/c	2,00,000	2,00,000

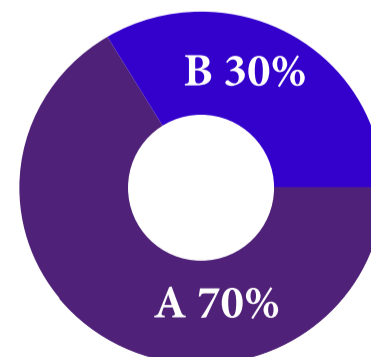




GROUP: II, PAPER: 9, Part- i
OPERATIONS
MANAGEMENT & STRATEGIC
MANAGEMENT (OMSM)
Operations Management

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

Your Preparation Quick Takes



Syllabus Structure

A Operations Management 70%
B Strategic Management 30%

Learning Objectives:

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

Operations Management

In this issue we will discuss on Process layout with pairwise exchange method as well CRAFT

The problem in process layout is one of arranging different departments in an available work area in such a way that the interdepartmental material movement costs are kept to a minimum.

The cost of movement is the number of loads multiplied by the distance between departments & the cost of moving one load. i.e

$$\text{Cost of movement} = N \times d \times C$$

Where N= Number of Loads, d = Distance between departments & C = Cost of moving one load distance

If we could minimise $\sum ND$ we could minimise cost.

The main issue in designing process layout concerns the relative positioning of the departments involved--- Relative means some departments may benefit from adjacent location whereas others should be separated.

In a Steel plant Rolling mill should be located near steel melting shop rather than locating it near coke oven. On the other hand in an educational institute students' cafeteria must not be located adjacent to library.

In Facility layout we can follow either Constructive type approach through Systematic layout planning approach or Improvement type approach through Pairwise Exchange Method as well as CRAFT

Pairwise Exchange Method as well as Craft need an Initial layout and that is why it is called an Improvement type approach. In other approach no initial layout is required.

One of the inputs in pairwise exchange method is From - To matrixes.

A From-To matrix ----

- Gives the distance between selected pairs of departments
- Gives the flow of materials between departments
- Are of two types-
 - Distances matrix
 - Number of material handling trips per day—Flow Matrix

Let us take the following two matrixes for--

An establishment with six departments A, B, C, D, E, F

DISTANCE MATRIX

From - To	A	B	C	D	E	F
A		18	40	30	65	24
B	18		38	75	16	30
C	40	38		22	38	12
D	30	75	22		50	46
E	65	16	38	50		60
F	24	30	12	46	60	

FLOW MATRIX

From - To	A	B	C	D	E	F
A		43	26	14	40	0
B			75	60	0	23
C				0	45	16
D		22			28	0
E		45		30		60
F		12				

In distance matrix distance between departments A to B is 18 units, similarly from department D to C is 22 units etc. The matrix is constructed assuming no restriction on return path. So when A to B is 18, B to A is also 18. From B to A is there is a restriction like road block etc then distance from B to A may be different. This type of matrix is called symmetric distance matrix.

In flow matrix from department A to B 43 pallet load of material are moved in a day. From D to E 28 pallet load of material are transported in a day. So these numbers actually show or are related to number of trips number of units moved between every pair of departments.

Our goal will be to reduce the total travel distance and for this we will try to arrange location of departments in a way to minimise the travel distances.

To have our goal we have to construct a new matrix by multiplying Distance matrix and Flow matrix—Result is FLOW COST Matrix

FLOW COST MATRIX						
From - To	A	B	C	D	E	F
A	0	774	1040	420	2600	0
B	0	0	2850	4500	0	690
C	0	0	0	0	1710	192
D	0	1650	0	0	1400	0
E	0	720	0	1500	0	3600
F	0	360	0	0	0	0

Say distance between A to B is 18 and there are 43 trips from A to B. So total distance travelled is $18 \times 43 = 774$. In this way we will get the above matrix.

Before applying pairwise exchange method as well CRAFT to a facility layout problem let us first discuss the features of Pairwise Exchange method:

- A heuristic approach, not optimal solution
- Need initial layout
- At each iteration, every pair of departments is considered for switching locations
- The pair that gives the greatest savings in cost will be interchanged
- The process will continue by looking for another pair to switch until there is no improvement

Illustration 1:

Let one business unit has four departments 1,2,3,4 and the initial layout is as follows:



These departments are arranged in a line as shown above and each is occupying same area. We are assuming distance between two adjacent departments measured from center point to center point is of 1 unit. i.e.



Each arrow is of 1 unit. So distance between 1-2 = 1, distance between 1-3 = 2 & distance between 1-4 = 3 and so on. Therefore distance matrix based on existing layout will be

From / To	1	2	3	4
1		1	2	3
2			1	2
3				1
4				

Flow between departments are given in the following Material Flow matrix

Between	1	2	3	4
1		10	15	20
2			10	5
3				5
4				

In this example material flow matrix is constructed by accumulating total flows between a pair. i.e. 10 indicates = No of flows/trips from 1 to 2 + no of flows/trips from 2 to 1

Similarly 20 indicates = No of flows/trips from 1 to 4 + no of flows/trips from 4 to 1 & so on. So instead of calling it a From-To matrix we are calling it a Between Flow matrix.

From this flow matrix it is observed that between departments 1 and 4 there are high no of trips of 20 but as per existing plan these two departments are not adjacent. If they are located side by side then we could reduce load-distance

So with this initial layout total cost is
 $10 \times 1 + 15 \times 2 + 20 \times 3 + 10 \times 1 + 5 \times 2 + 5 \times 1 = 125$

Our objective is to reduce this load distance so that cost of movement @ Rs.C/load-distance will be minimum.

To achieve our objective we will exchange location of departments in every possible way. Following are the exhaustive possible ways

1-2, 1-3, 1-4

2-3, 2-4

3-4

1-2 means that department 2 will replace department 1 and department 1 will replace department 2 in the initial layout. While doing this we assumed that location of every departments can be changed. If a department cannot be relocated to a new place from its initial position, then that department will not be considered in exchanging process. Suppose department 3 cannot be relocated, its position is fixed as per initial layout. Then under this process 1-3, 2-3 & 3-4 will be deleted from above list

With this exchange the new layout will be



Because of this new layout the distance matrix will be changed to

Form / To	2	1	3	4
2		1	2	3
1			1	2
3				1
4				

As a result the new load distance and thereby cost will be

$$10 \times 1 + 15 \times 1 + 20 \times 2 + 10 \times 2 + 5 \times 3 + 5 \times 1 = 105$$

In this way if we proceed for each possible exchanges the layout and corresponding cost will be

Possibilities	LAYOUT				COST
Initial	1	2	3	4	125
Exchange 1 - 2	2	1	3	4	105
Exchange 1 - 3	3	2	1	4	95
Exchange 1 - 4	4	2	3	1	120
Exchange 2 - 3	1	3	2	4	120
Exchange 2 - 4	1	4	3	2	105
Exchange 3 - 4	1	2	4	3	125

Since exchanging place between departments 1 & 3 is giving the minimum cost so desired layout will be



Now considering this as the initial layout we have to carry out our 2nd iteration. Under this new initial the distance matrix will be

Form / To	3	2	1	4
3		1	2	3
2			1	2
1				1

4				
---	--	--	--	--

And as computed above cost is 95

Now let us make relocation of every department in the following pair:

(1-2), (1-3), (1-4), (2-3), (2-4), (3-4) and the result is

Possibilities	LAYOUT				COST
Initial	3	2	1	4	95
Exchange 1 - 2	3	1	2	4	105
Exchange 1 - 3	1	2	3	4	125
Exchange 1 - 4	3	2	4	1	110
Exchange 2 - 3	2	3	1	4	90
Exchange 2 - 4	3	4	1	2	105
Exchange 3 - 4	4	2	1	3	105

The new minimum cost layout will be

1	2	3	4
---	---	---	---

Shall I stop here? No. We will make further iteration considering Layout 2-3-1-4 as initial and do the exchanges between pair of departments as above. So under this third iteration the result is:

Possibilities	LAYOUT				COST
Initial	2	3	1	4	90
Exchange 1 - 2	1	3	2	4	120
Exchange 1 - 3	2	1	3	4	105
Exchange 1 - 4	2	3	4	1	105
Exchange 2 - 3	3	2	1	4	95
Exchange 2 - 4	4	3	1	2	105
Exchange 3 - 4	2	4	1	3	100

So no further reduction of cost. Therefore layout 2-3-1-4 resulted in minimum cost. But will it be the most optimal layout. This answer cannot be given unless we carry out optimisation test. The minimum cost layout as above is obtained from a given initial layout. If initial layout is changed then our answer will also change.

The major drawback of above mentioned procedures is that they are very tedious when the number of departments is large. The problem is quite formidable in the actual plant situation when there are a large number of departments.

The above difficulty can now be alleviated due to the availability of Computer software packages such as the Computerised Relative Allocation of Facilities Technique (CRAFT). The basic technique of optimisation in CRAFT is similar to what we did here with pairwise exchange method.

Illustration 2: A business house has six departments A, B, C, D, E, & F and these departments are assigned to area 1,2,3,4,5 and 6 in the following manner

	1	2	3	4	5	6
Assignments	A	B	C	D	E	F

As input to CRAFT requisite Distance matrix and Flow matrix(on accumulation basis) are given below:

DISTANCE MATRIX

From / To	1	2	3	4	5	6
1	0	18	40	30	65	24
2		0	38	75	16	30
3			0	22	38	12

4				0	50	46
5					0	60
6						0

FLOW MATRIX

From / To	1	2	3	4	5	6
1	0	18	40	30	65	24
2		0	38	75	16	30
3			0	22	38	12

Cost for this initial output layout 24156

Optimum cost after running computerised relative allocation of facilities technique (CRAFT) is 16133 and the solution is

Departments		Areas		Distance	Volume
Form	To	Form	To		
A	B	5	1	65	43
A	C	5	2	16	26
A	D	5	4	50	14
A	E	5	3	38	40
A	F	5	6	60	0
B	C	1	4	18	75
B	D	1	4	30	82
B	E	1	3	40	45
B	F	1	6	24	35
C	D	2	4	75	0
C	E	2	3	38	45
C	F	2	6	30	16
D	E	4	3	22	61
D	F	4	6	46	0
E	F	3	6	12	60

	1	2	3	4	5	6
Assignments	B	C	E	D	A	F

Suggestions:

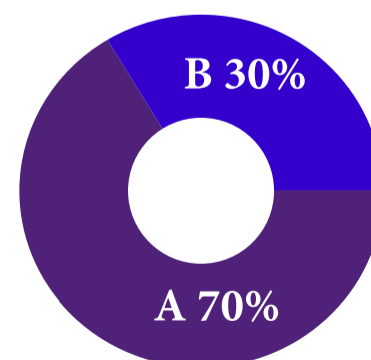
This lesson is an extension of idea developed from teachings imparted by the Guide book issued by Institute. The study guide on Operations Management issued by Institute is to be studied thoroughly. Detail computational procedure on CRAFT is not discussed here, can be available from any standard books. The solution on illustration 2 is done with CRAFT add-in in EXCEL. Interested students could refer Operations Management by R.S. Russell & B.W. Taylor, Operations Management by J Stevenson.



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

CMA (Dr.) Sumita Chakraborty
Additional Director,
Research & Studies
She can be reached at:
research.hod@icmai.in
studies.addl.dir1@icmai.in

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

- Sustained survival implies:**
 - that a turnaround is achieved but there is little further growth**
 - that a turnaround is achieved and there is potential for further growth
 - that a turnaround is achieved and there is a clear opportunity to employ a new growth strategy
 - that a turnaround is achieved and it is appropriate to diversify soon
- The value chain is subdivided into two main headings. These are primary activities and:
 - Peripheral activities
 - Support activities**
 - Secondary activities
 - Outsourced activities
- are short term milestones or benchmarks that organizations must achieve in order for longer term objectives are to be reached
 - Vision
 - Mission
 - Plans
 - Goals**
- Which of the following statement is false for formal strategic planning?
 - implies determined actions for achieving objectives
 - is a time consuming process
 - should develop clear and rigid plans for the organization to implement**
 - is most applicable in stable environments
- Which of the following is associated with successful strategies?
 - Creating superior value to customers
 - Exploitation of key success factors
 - Creating and maintaining strategic fit
 - All of the above**
- What is the recommended length of an effective
 - One page
 - Less than 200 words
 - One sentence of 10 to 20 words
 - There is no recommendation It can be as long as the management wants**
- Which types of strategies are of particular importance to Global companies
 - Corporate
 - Functional
 - Competitive
 - Corporate and competitive**
- The sketch of the BCG matrix, what is the level of the vertical axis?
 - Market growth rate
 - Business strength
 - Market share
 - Industry growth rate**
- Industry / sector benchmarking compares:
 - Organisational performance between firms/public sector organisations in different industries or sectors
 - Organisational performance between firms/public sector organisations in the same industry or sector**
 - Organisational performance between firms/public sector organisations in different countries
 - Organisational performance between different divisions of the firm
- Which of the following statements is not true regarding corporate strategies?
 - They are concerned with the broad and more long-term issues of the organization
 - They are concerned with how the organization is going to compete in a specific business or industry**
 - They are concerned with the direction the organization is headed
 - They are concerned with the business(es) that the organization is in and the businesses they want to be in

11. Zenco group of industries is involved in the sale of its marginal business. It is most likely to say that Zenco is implementing which one of the following strategies?
a. Retrenchment
b. Liquidation
c. Acquisition
d. Joint venture
12. Internal Audit is done:
a. Before external audit
b. After external audit
c. Parallel to external audit
d. Vertical to external audit
13. Which of the following requires a firm to establish annual objectives, device, policies motivate employees and allocate resources for the execution of strategies?
a. Strategy formulation
b. Strategy evaluation
c. Strategy implementation
d. Strategy estimation
14. The magnitude and changes that may affect an organization its survival owing to all of the following except:
a. Merger-mania
b. Demographics
c. E-commerce
d. Dubious firms
15. What are the guides to decision making:
a. Rules
b. Procedures
c. Goals
d. Policies





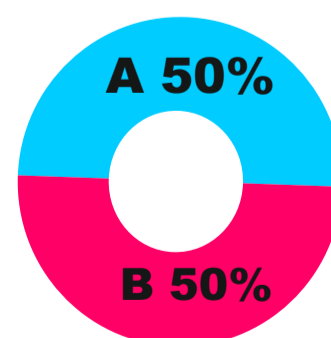
GROUP: II, PAPER:10

COST & MANAGEMENT

ACCOUNTING AND FINANCIAL
MANAGEMENT(CMFM)

CMA Bimalendu Banerjee
He can be reached at:
bbanerjee2050@gmail.com

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.

GR - II CMA & FM**Question No. - 1 (Sales)**

Ultra Modern Cassette Ltd. had budgeted the following sales for December, 2020 :

Cassette A	1,100 units @ Rs.50 per unit.
Cassette B	950 units @ Rs.100 per unit.
Cassette C	1,250 units @ Rs.80 per unit.

As against this, the actual sales were :

Cassette A	1,300 units @ Rs.55 per unit.
Cassette B	1,000 units @ Rs.95 per unit.
Cassette C	1,200 units @ Rs.78 per unit.

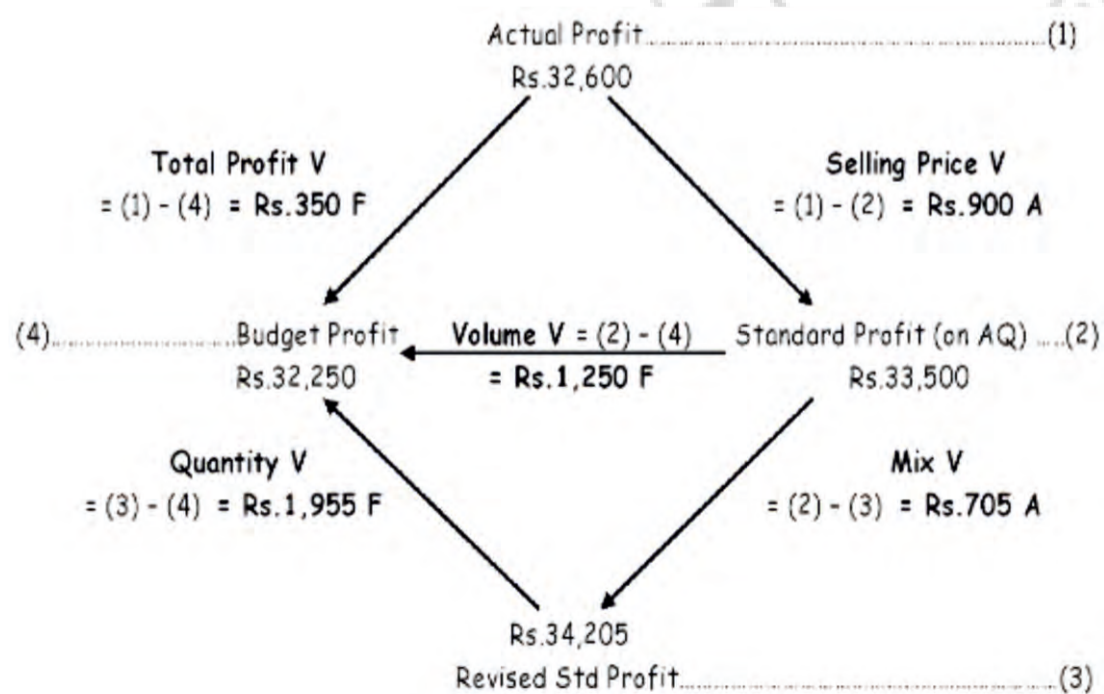
The cost per unit of Cassette A, B, and C was Rs.45 Rs.85 and Rs.70 respectively.

What shall be the Variance in profit due to :-

- Selling Price : (a) Rs.900 F (b) Rs.900 A (c) Rs.950 A (d) Rs.950 F
- Sales Volume : (a) Rs.1200 A (b) Rs.1200 F (c) Rs.1250 A (d) Rs.1250 F
- Sales Mix : (a) Rs.705 A (b) Rs.705 F (c) Rs.750 A (d) Rs.750 F
- Sales Quantity : (a) Rs.1900 F (b) Rs.1900 A (c) Rs.1955 F (d) Rs.1955 A
- Total Profit V : (a) Rs.350 F (b) Rs.350 A (c) Rs.400 F (d) Rs.400 A

Answer :

- Selling Price V : (b) Rs.900 A
- Sales Volume V : (d) Rs.1250 F
- Sales Mix V : (a) Rs.705 A
- Sales Quantity V : © Rs.1955 F
- Total Profit V : (a) Rs.350 F

Solution :

Working Notes : (Amount in Rs.)

Cassette	A	B	C
Budgeted Price	50	100	80
Cost per unit	45	85	70
Budgeted Profit per unit	5	15	10
Actual Price	55	95	78
Cost per unit	45	85	70
Actual Profit per unit	10	10	8

Steps for Solution

- 1) Compute the requisite components (viz. Actual Profit, Budgeted Profit etc.) as shown under Working Notes.
- 2) Place the components in the designated places of the diagram specified for Sales Variance.
- 3) Note down the variances with their nature (Favourable or Adverse) which would emerge automatically as indicated in the parenthesis of diagram.
- 4) In case of any difficulty, please have a look to the Solution through diagrams at the end of this e-bulletin.

Actual Profit

	Qty(unit)	Profit(Rs.)	Amount(Rs.)
A	1300	10	13000
B	1000	10	10000
C	1200	8	9600
	3500		32600

Budgeted Profit

Cassette	Qty(unit)	Profit(Rs.)	Amount(Rs.)	Av. Std. Profit
A	1100	5	5500	
B	950	15	14250	
C	1250	10	12500	
	3300		32250	9.7727727 per unit

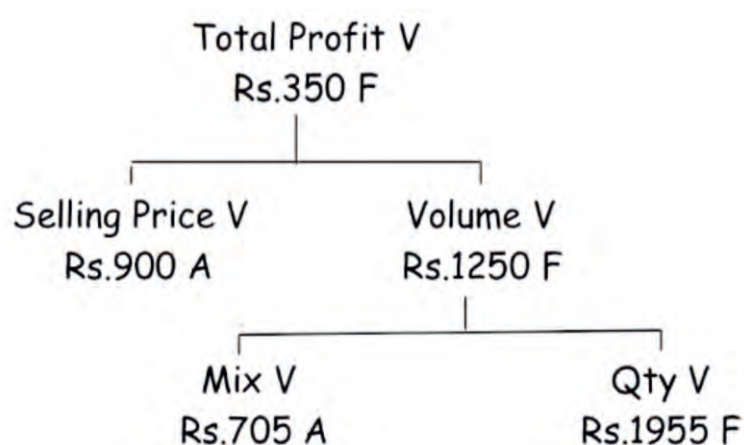
Revised Std Profit

AQ in Std Proportion	RSQ (units)	Profit (Rs.)	Amount (Rs.)
A $3500 \times 1100 / 3300$	1167	5	5835
B $3500 \times 950 / 3300$	1008	15	15120
C $3500 \times 1250 / 3300$	1325	10	13250
	3500		34205

[Check : Average Standard Profit per unit X RSQ
= Rs. 9.7727727 X 3500 units = Rs.34204.5]

Standard Profit (For AQ)

	Qty(unit)	Profit(Rs.)	Amount(Rs.)
A	1300	5	6500
B	1000	15	15000
C	1200	10	12000
	3500		33500

Reconciliation

Question No. - 2 (Labour)

A group of workers consisting of 30 men above 30 years of age, 15 female above 30 years of age, and 10 youth of age between 20-30 are paid standard hourly rate as follows:

Male	Rs.80/- per hour
Female	Rs.60/- per hour
Youth	Rs.40/- per hour

In a normal working week of 40 hours, the group is expected to produce 2000 units of output. During a week, the group consisting of 40 males, 10 females and 5 youth produced 1600 units. They were paid wages @ Rs.70 for males, Rs.65 for females and Rs.30 for youth per hour.

4 hours were lost due to abnormal idle time.

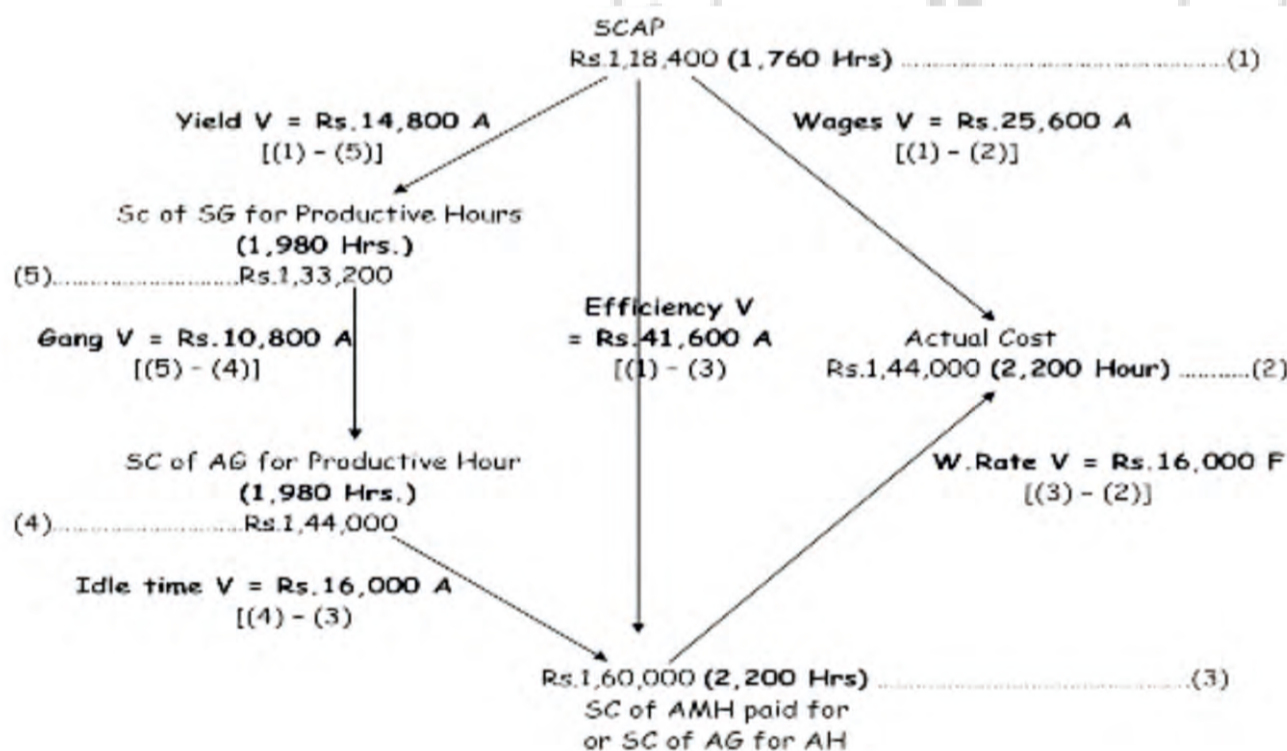
What shall be the :-

- i) Efficiency V : (a) Rs.41000 F (b) Rs.41000 A (c) Rs.41600 A (d) Rs.41600 F
- ii) Wage Rate V : (a) Rs.16000 F (b) Rs.16000 A (c) Rs.16500 A (d) Rs.16500 F
- iii) Idle time : (a) 190 Hrs. (b) 200 Hrs. (c) 210 Hrs. (d) 220 Hrs.
- iv) Idle time V : (a) 15500 A (b) 16000 A (c) 16500 A (d) 17000 A
- v) Gang V : (a) Rs.10800 A (b) Rs.10800 F (c) Rs.10900 A (d) Rs.10900 F
- vi) Yield V : (a) Rs.14600 F (b) Rs.14600 A (c) Rs.14800 F (d) Rs.14800 A
- vii) Total Labour Cost V : (a) Rs.25600 F (b) Rs.25600 A (c) Rs.26000 F (d) Rs.26000 A

Answer :

- i) Efficiency V = @ Rs.41600 A
- ii) Wage Rate V = (a) Rs.16000 F
- iii) Idle time = (d) 220 Hrs.
- iv) Idle time V = (b) Rs.16000 A
- v) Gang V = (a) Rs.10800 A
- vi) Yield V = (d) Rs.14800 A
- vii) Total Labour Cost V = (b) Rs.25600 A

Solution



Working Notes :

Basic data : Actual Production (AP) = 1,600 units
Std Input for AP = 32 Hours

	Output(in units)	Input (in hours)
Standard	2,000	40
	1,600	32

SCAP (Standard Cost of Actual Production)

Category	No.	Hours	Man Hours	Rate (Rs.)	Amount (Rs.)
Male	30	32	960	80	76,800
Female	15	32	480	60	28,800
Youth	10	32	320	40	12,800
			1,760		1,18,400

ACTUAL COST

Category	No.	Hours	Man Hours	Rate (Rs.)	Amount (Rs.)
Male	40	40	1,600	70	1,12,000
Female	10	40	400	65	26,000
Youth	5	40	200	30	6,000
			2,200		1,44,000

Std Cost of Actual Man Hours (AMH) Paid for

Category	Man Hours	SR (Rs.)	Amount (Rs.)
Male	1,600	80	1,28,000
Female	400	60	24,000
Youth	200	40	8,000
	2,200		2,200

Tutorial Notes :

Where there is Idle time Variance besides Gang Variance the following two computations are important i.e. (1) SC of AG for PH and (2) SC of SG for PH [Productive Hours = 40 - 4 = 36 hours], as computed below.

"Standard Cost of Revised Standard Hours" is not relevant in such cases.

Std Cost of Actual Gang for Productive Hours

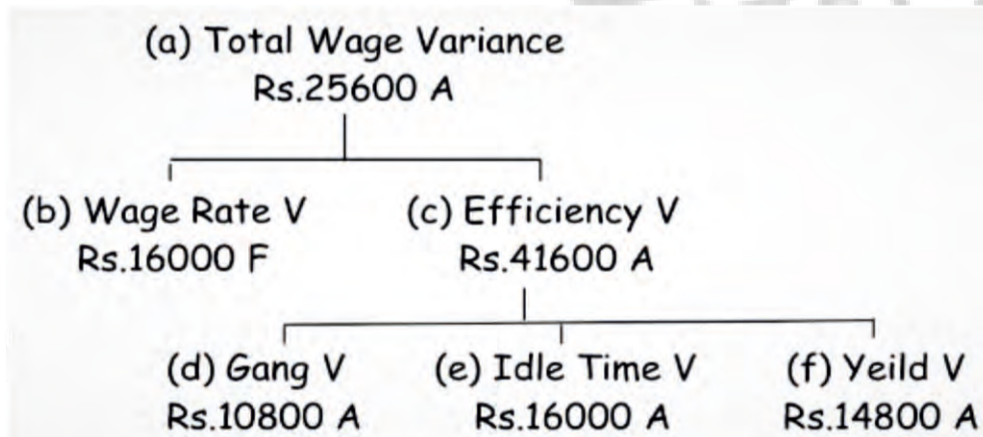
Category	No.	Prod. Hours	Total P.H.	SR (Rs.)	Amount (Rs.)
Male	40	36	1,440	80	1,15,200
Female	10	36	360	60	21,600
Youth	5	36	180	40	7,200
			1,980		1,44,000

Std Cost of Std Gang for Productive Hours

Category	No.	Prod. Hours	Total P.H.	SR (Rs.)	Amount (Rs.)
Male	30	36	1,080	80	86,400
Female	15	36	540	60	32,400
Youth	10	36	360	40	14,400
			1,980		1,33,200

Check : Idle time V = SR X Idle Hour

	SR (Rs.)	Idle Hours	Amount (Rs.)
Male	80	40 x 4 = 160	12,800
Female	60	10 x 4 = 40	2,400
Youth	40	5 x 4 = 20	800
		Total = 220	16,000

Reconciliation**Question No. - 3 (Overheads) [OH]**

The following budget was prepared for the overheads of Department X:

	Budget for period
Fixed overheads	Rs.5,600
Variable overheads	Rs.10,400
Machine hours	1,600
Standard hours of production	1,600

After the period the actual results were :

	Budget for period
Total overhead	Rs.17,400
Machine hours	1,630
Standard hours produced	1,590

What shall be the :-

- i) Fixed OH Volume V : (a) Rs.35 F (b) Rs.35 A (c) Rs.40 F (d) Rs.40 A
 ii) Fixed OH Efficiency V : (a) Rs.140 A (b) Rs.140 F (c) Rs.150 A (d) Rs.150 F
 iii) Variable OH Efficiency V : (a) Rs.250 A (b) Rs.250 F (c) Rs.260 A (d) Rs.260 F
 iv) Fixed OH Capacity V : (a) Rs.105 A (b) Rs.105 F (c) Rs.110 A (d) Rs.110 F
 v) Total Expenditure V : (a) Rs.1200 F (b) Rs.1200 A (c) Rs.1205 F (d) Rs.1205 A
 vi) Total OH Cost V : (a) Rs.1500 A (b) Rs.1500 F (c) Rs.1600 A (d) Rs.1600 F

Answer :

- I Fixed OH Volume V : (b) Rs.35 A
 ii) Fixed OH Efficiency V : (a) Rs.140 A
 iii) Variable OH Efficiency V : (c) Rs.260 A
 iv) Fixed Overhead Capacity V : (b) Rs.105 F
 v) Total Expenditure V : (d) Rs.1205 A
 vi) Total OH Cost V : (a) Rs.1500 A

Solution

Basic data : Actual Production (AP) = 1,590 Std Hours

Working Notes :

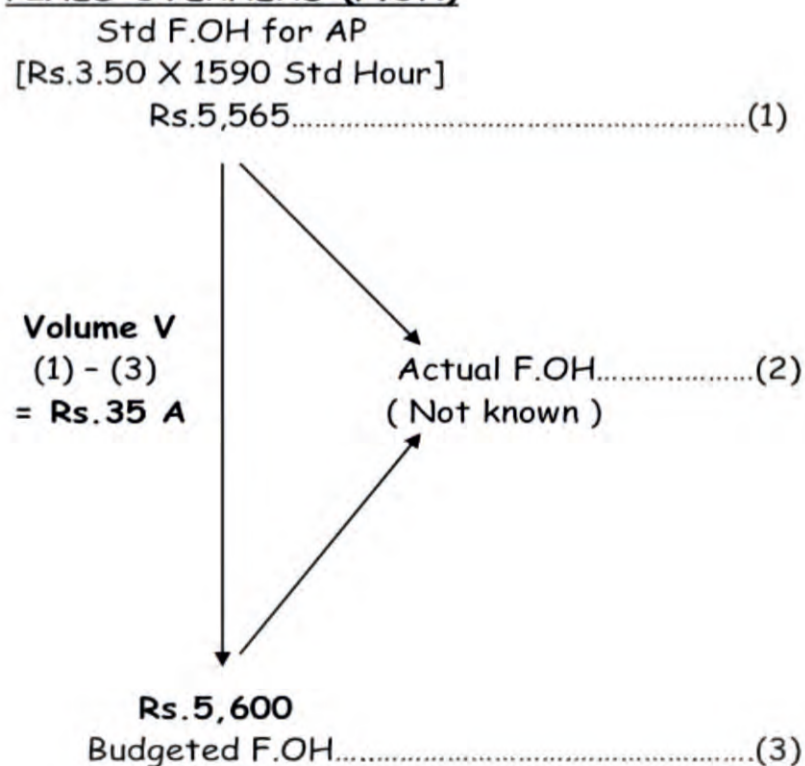
*Std F.OH Rate per Hour = Rs.3.50

$$\left[\begin{array}{l} \text{Budgeted F.OH} / \text{Budgeted Machine Hrs.} \\ \text{Rs.5,600} / 1,600 \text{ Hrs.} \end{array} \right]$$

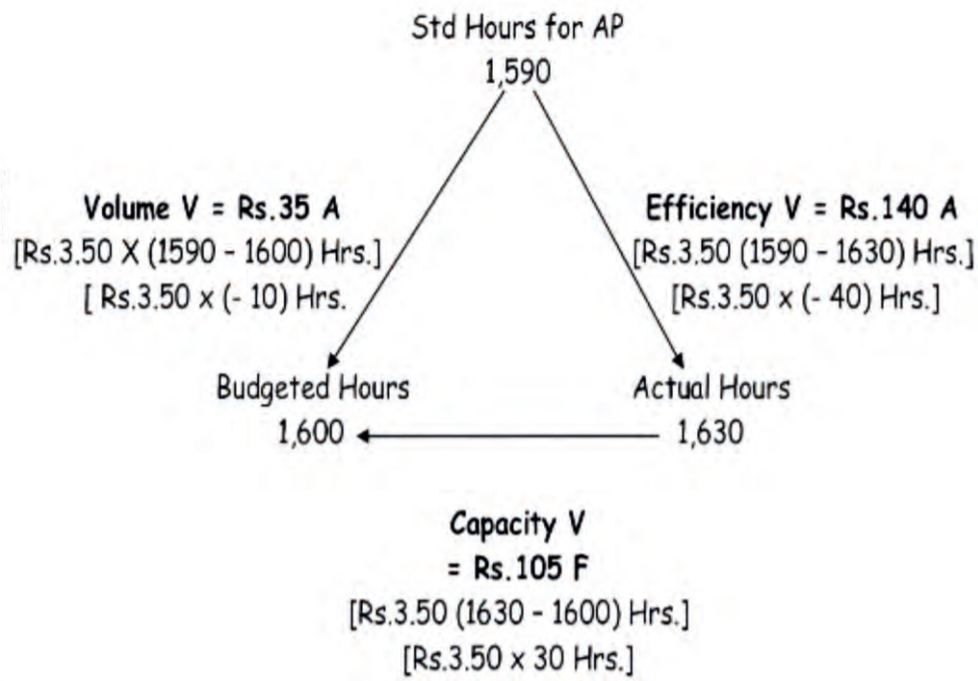
*Std V.OH Rate per Hour = Rs.6.50

$$\left[\begin{array}{l} \text{Budgeted V.OH} / \text{Budgeted Machine Hrs.} \\ \text{Rs.10,400} / 1,600 \text{ Hrs.} \end{array} \right]$$

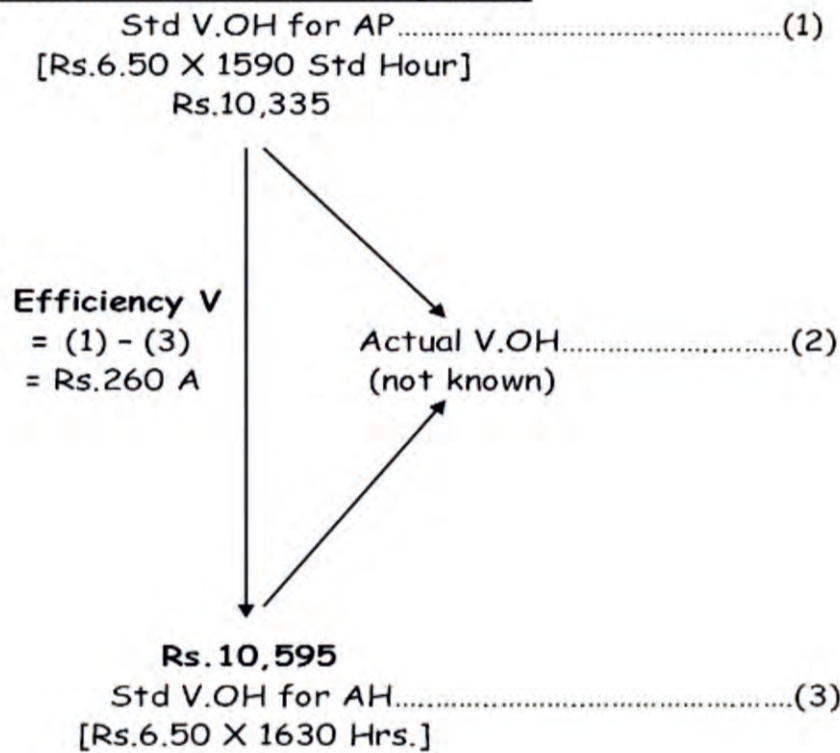
FIXED OVERHEAD (F.OH)



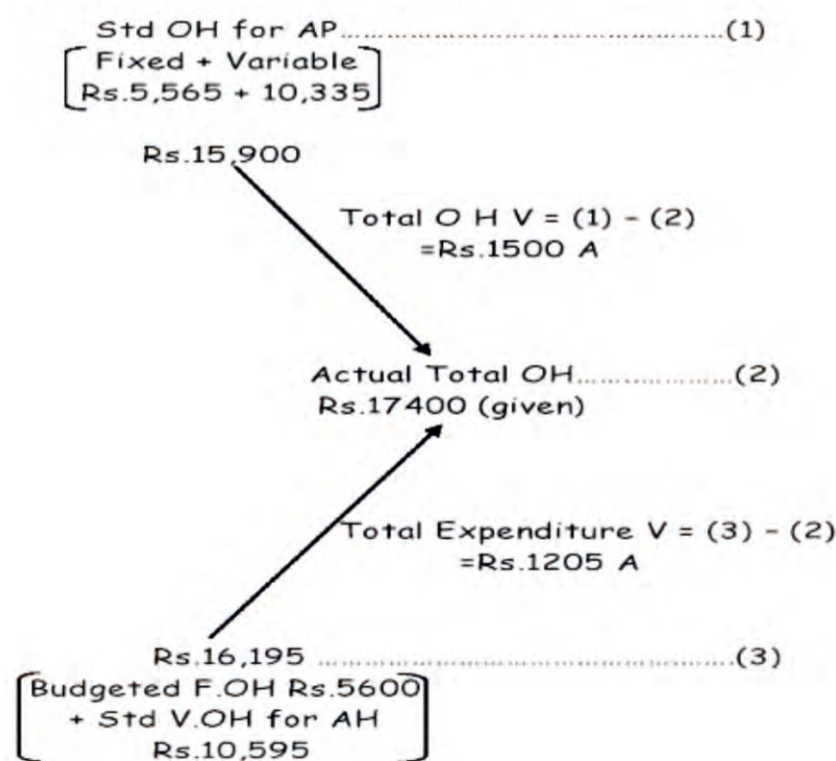
Further Analysis on HOUR BASIS



VARIABLE OVERHEADS (V.OH)



FIXED & VARIABLE OVERHEADS



Solution through diagrams

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

- 1) $\text{Rs.52} - \text{Rs.48} = (+) \text{Rs.4} = \text{Rs.4 Favourable Variance, shown as Rs.4 (F)}$
- 2) $\text{Rs.52} - \text{Rs.61} = (-) \text{Rs.9} = \text{Rs.9 Adverse or Unfavourable Variance, shown as Rs.9 (A)}$

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

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

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



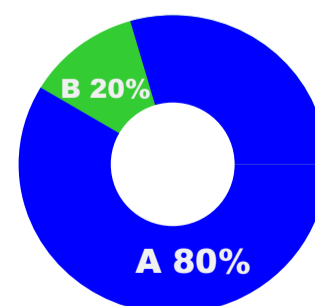


GROUP: II, PAPER:11

INDIRECT TAXATION (ITX)

Ms. Poushali Das
Asstt. Professor,
Scottish Church College
She can be reached at:
das.poushali16@gmail.com

Your Preparation Quick Takes



Syllabus Structure

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

Learning objectives:

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

Important MCQ of GST

- Under which Schedule, power to declare certain activity/ transaction as neither supply of goods nor of services**
 - Schedule I
 - Schedule II
 - Schedule III
 - Schedule IV
- When was GST Council constituted?**
 - 12th September 2016
 - 20th September 2016
 - 13th September 2016
 - 16th September 2016
- What is address for delivery?**
 - Recipient address mentioned in the invoice
 - Recipient address mentioned in delivery challan
 - Not necessarily recipient address
 - Recipient address mentioned in the gate pass
- Who is an agriculturist?**
 - Individual or HUF
 - Partnership
 - Individual and HUF
 - All of the above
- An Associated Enterprise is mentioned in?**
 - Income Tax Act, 1961.
 - State GST Law, 2017
 - Central GST Law, 2017
 - Companies Act, 2013
- Appointed day is _____**
 - date on which the provisions of the act shall come into force
 - date on which President gave assent
 - date on which both houses passed the act
 - date on which it is sent to Finance Ministry
- What is conveyance?**
 - vessel
 - aircraft
 - vehicle
 - all of the above
- Which section mentions about inter-state supply of service?**
 - section 8
 - section 14.
 - section 18
 - section 12
- Place of supply referred in Integrated Goods and Service Tax Act is mentioned in which Chapter?**
 - Chapter II.
 - Chapter III.
 - Chapter V
 - Chapter VIII
- Deemed Export is mentioned in which section?**
 - section 137.
 - section 142.
 - section 147
 - section 145

11. When does Quarter end?
a) March.
b) December
c) September
d) All of the above
12. What is the rate of levy under composite scheme on the Manufacturer?
a) 2 percent
b) $\frac{1}{2}$ percent
c) 3 percent
d) 1 percent
13. An assessee who has opted for the Composite Scheme, is he eligible to take input tax credit?
a) Yes
b) May be
c) No
d) In certain cases
14. An assessee who has opted for the Composite Scheme, can he collect tax under GST?
a) Yes
b) May be
c) No
d) In certain cases
15. What is the threshold limit for composite tax levy?
a) Rs. 60 lakh.
b) Rs. 70 lakh
c) Rs. 50 lakh
d) Rs. 1 crore.

ANSWERS

1. c.
2. a.
3. a.
4. a.
5. a.
6. a
7. d
8. a
9. c
10. c
11. d
12. a
13. c
14. c
15. d

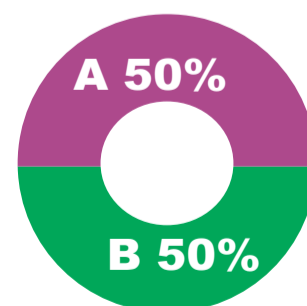




GROUP: II, PAPER:12
COMPANY
ACCOUNTS & AUDIT (CAA)

Dr. Malay Kr. Nayak
Associate Professor,
Dept. Of Commerce,
M.B.B.College, Tripura
He can be reached at:
malay_nayak@ymail.com

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.

Company Accounts**Cash flow statement**

Cash flow statement is to prepare as per companies act 2013 obeying AS and IND AS.

Whole of the cash flows are to show in three streams namely operating activities, investment activities and financing activities.

Cash flow from operating activities is to find out in direct method or indirect method.

But as per SEBI norms cash flow operating activities is to depict under indirect method.

Indirect method means getting the figure from profit as per income statement or profit and loss statement.

Therefore for getting cash flow from operating activities we are to get journey from profit figure as per income statement.

The main task is for that would be adjustment of non cash expenditure and for working capital items.

We are to add back depreciation of building, machinery etc increase in current liabilities and decrease in current assets.

Similarly we are to deduct increase in current assets and decrease in current liability to get net cash flows from operating activities.

Prepare Cash Flow Statement of Suriyan Ltd. from the following:

Balance Sheet

Liabilities	1.1.06 (Rs.)	31.12.06 (Rs.)	Assets	1.1.06 (Rs.)	31.12.06 (Rs.)
Share Capital	1,00,000	4,00,000	Goodwill	---	20,000
8% Debentures	---	2,00,000	Machinery	1,25,000	4,75,000
Retained Earning	60,000	90,000	Stock	20,000	80,000
Creditors	40,000	1,00,000	Debtors	30,000	1,00,000
Bills Payable	20,000	40,000	Cash at Bank	50,000	1,50,000
Provision for Tax	30,000	40,000	Cash in Hand	25,000	45,000
	2,50,000	8,70,000		2,50,000	8,70,000

Additional Information:

(a) During 2006, the business of a sole trader was purchased by issuing shares for Rs. 2, 00,000. The assets acquired from him were: Goodwill Rs. 20,000, Machinery Rs. 1, 00,000, Stock Rs. 50,000 and Debtors Rs. 30,000.

(b) Provision for tax charged in 2006 was Rs. 35,000.

(c) The debentures were issued at a premium of 5% which is included in the retained earnings.

(d) Depreciation charged on machinery was Rs. 30,000.

SOLUTION:**Cash Flows Statement of Suryan Ltd.,
for the year 2006**

Particulars	Rs.	Rs.
I Cash Flows from Operating Activities:	55,000 ¹	
Profit before tax and extraordinary items	30,000	
Adjustments for:		
Depreciation on Machinery	85,000	

Operating Profit Before Working Capital changes	60,000	
Increase in Creditors (1,00,000 -40,000)	20,000	
Increase in Bills Payable (40,000 -20,000)	(10,000)	
Increase in Stock (Excluding Stock bought by issue of shares) (80,000 - 50,000 -20,000)	(40,000)	90,000
Increase in Debtors (Excluding debtors acquired by issue of shares) (1,00,000-30,000- 30,000)	1,15,000	
Cash Out Flow from Operations	(25,000) ³	(2,80,000)
Income Tax paid		
Net Cash from operating activities	(2,80,000) ³	
II Cash. flows from investment Activities:		
Machinery Purchased for Cash		3,10,000
III Cash. flows from Financial Activities:		1,20,000
Cash Proceeds from issue of shares	1,00,000 ⁴	75,000
Cash Proceeds from issue of debentures	2,10,000 ⁵	1,95,000
Net Cash flows from financing activities		
Net Increase in Cash and Cash and Cash equivalents		
Add : Cash and Cash equivalents at the beginning of the year		
Cash and Cash equivalents at the end of the year		

Workings :

(I)

	Rs
Closing retained earnings	90,000
Less : Opening retained earnings	60,000
	30,000
Add : Provision made for Tax	35,000
	65,000
Less : Premium on issue of Debentures (2,00,000 × 5%)	10,000
Net Profit before Tax and Extraordinary items	55,000

(II) Provision for Tax Account

	Rs.		Rs.
To Bank (T:Lpaid)	25,000	By Balance b/d	30,000
(Balancing figure)		By Profit & Loss	35,000
To Balance c/d	40,000	(Provision)	
	65,000		65,000

(III) Machinery Account

	Rs.		Rs.
To Balance b/d	1,25,000	By Depreciation	30,000
To Dank (Purchase)		By Balance c/d	4,75,000
(Balancing figure)	2,80,000		
To Vendor (Business Purchase)	1,00,000		
	5,05,000		5,05,000

(IV) Share Capital Account

	Rs.		Rs.
To Balance c/d	4,00,000	By Balance b/d	1,00,000
		By Vendor A/c (Business Purchase)	2,00,000
		By Bank (Issue for cash) (Balancing figure)	1,00,000
	4,00,000		4,00,000

(V) Debenture issue (Face Value)

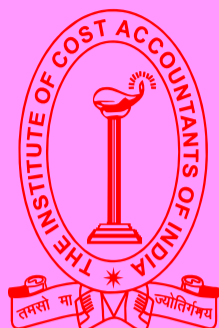
Rs. 2,00,000

Add : Premium on issued at 5%

10,000

Total Proceeds

2,10,000



PRACTICAL Advice

ABOUT YOUR STUDIES - INTERMEDIATE COURSE

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

START

01

**Read Study Notes,
MTPs, E-Bulletin,
Work Books, Attend
Webinar sessions**

**Solve Exercises
given in Study Note**

02

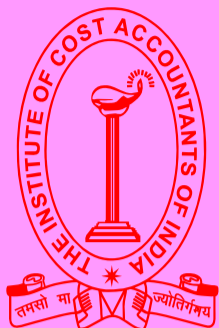
03

Assess Yourself

Appear For Examination

04

FINISHED



SUBMISSIONS



Update 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,

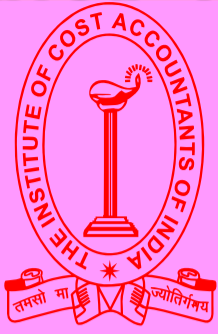
We are very much delighted to receive responses from all of you; for whom our effort is!

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.

All rights reserved. No part of this Bulletin may be translated or copied in any form or by any means without the prior written permission of the Institute of Cost Accountants of India.

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



Message from Directorate of Studies

Dear Students,

We from the Directorate of studies know your expectations from us and accordingly we are trying to deliver some meaningful tips through the publications of monthly E-bulletins. Other than this we are trying to help you through, Mock Test Papers (MTPs), Work Books, MCQs and we have conducted Webinar sessions.

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

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

Let us observe his memory by following his message.

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

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

Please refer the link mentioned below :

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

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

GOOD LUCK

Be Prepared and Get Success;

Disclaimer:

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



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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



Headquarters:

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

Delhi Office:

CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

www.icmai.in

CMA LEADS

Last Date for Admission
June Exam
31st January
of the same Calendar Year

December Exam
31st July
of the same Calendar Year

5,00,000⁺
Students

75,000⁺
Members

4 Regional
Councils

98
Chapters

9
Overseas
Centres

Largest
CMA body
in Asia

2nd
Largest
CMA body
in the
Globe

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.

ADMISSIONS OPEN 2020-2021

✉ studies@icmai.in

☎ **1800 345 0092/1800 110 910**

For Online Admission

<http://cmaicmai.in/students/Home.aspx>

Cultivating and Enhancing Skills of Success

- CMA Course Curriculum is designed to meet Industry requirements and challenges in Global Economic Scenario
- Hands on Computer and Soft skills training
- Industry oriented practical training programme
- Six Skill Sets - Knowledge, Comprehension, Application, Analysis, Synthesis and Evaluation
- Four Knowledge Pillars - Management, Strategy, Regulatory Function and Financial Reporting
- Our Motto - Student friendly Syllabus and Industry friendly Students

Excellent Campus Placement Record
in renowned Public and Private Sector Companies

Highest Salary Offered **Rs.18 Lakh p.a.** | Average Salary **Rs.7.5 Lakh p.a.**

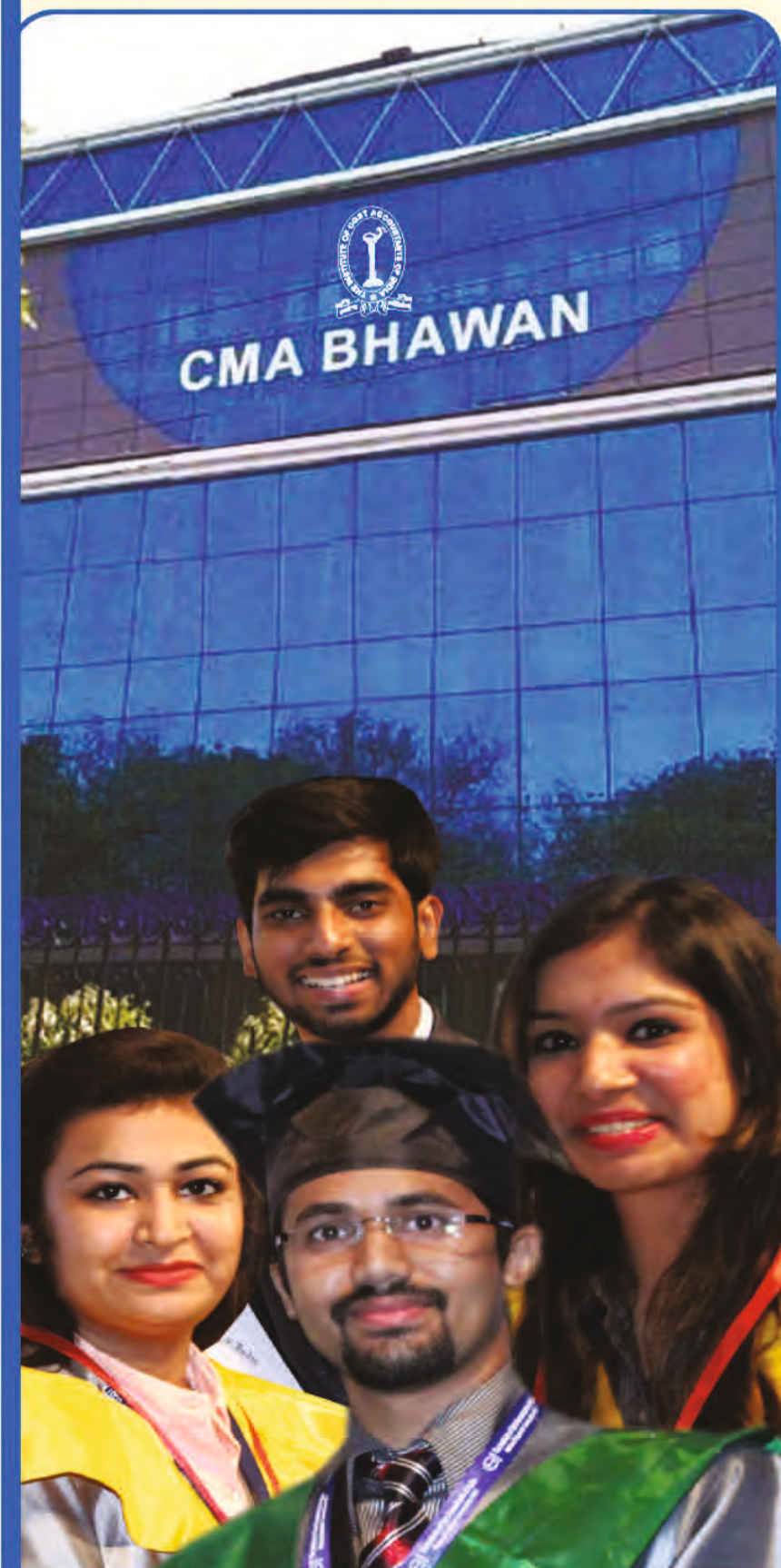
Few of Our Proud Recruiters



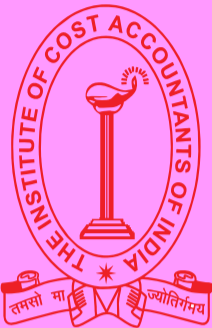
✉ placement@icmai.in / cpt@icmai.in

☎ **+ 91 33 40364770**

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



Few Snapshots



CMA Biswarup Basu, President, CMA Balwinder Singh, Immediate Past President and CMA Chittaranjan Chattopadhyay, Chairman BFSI Committee & Indirect Taxation Committee of the Institute extending greetings to Shri Anurag Singh Thakur, Hon'ble Union Minister of State for Finance and Corporate Affairs on 30th December 2020.



Release of "Aide Memoire on Lending to Micro Small and Medium Enterprises Sector" (including restructuring of MSME credits) at the hands of Shri Anurag Singh Thakur, Hon'ble Union Minister of State for Finance and Corporate Affairs on 30th December 2020.



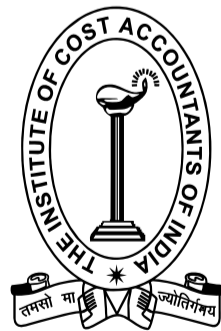
Presented copy of Inaugural Volume of CMA Agri Bulletin to Hon'ble Minister of State for Finance and Corporate Affairs Shri Anurag Singh Thakur on 30th December 2020.



CMA Biswarup Basu, President, CMA P.Raju Iyer, Vice-President of the Institute extending greetings to Shri Manoj Pandey, Joint Secretary to the Government of India, Ministry of Corporate Affairs on 21st September 2020.



CS Ashish Garg, President, ICSI along with CS Manish Gupta, Council Member, ICSI and CS Asish Mohan, Secretary, ICSI visited Delhi office of the Institute to meet CMA Biswarup Basu, President, CMA P Raju Iyer, Vice President and CMA Balwinder Singh, Immediate Past President of the Institute.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700 016

Phone: +91-33-2252-1031/34/35/1602/1492/1619/7373/7143

Delhi office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110 003

Phone: +91-11-2462-2156/2157/2158

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