

# 2021

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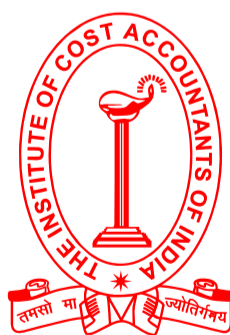
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# CMA Student E - Bulletin

# INTERMEDIATE

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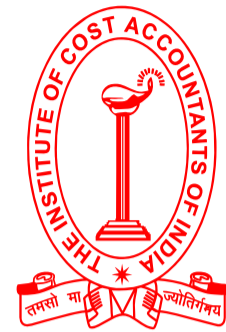
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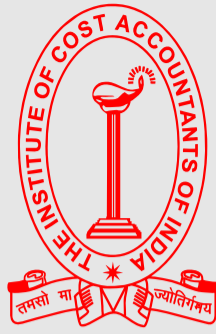
Behind every successful business decision, there is always a **CMA**



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# KNOWLEDGE Update



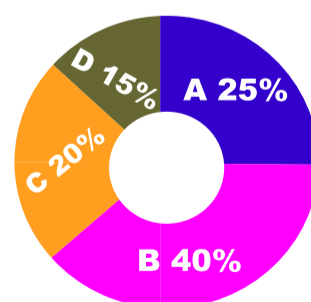
In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.



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

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# Your Preparation Quick Takes



### Syllabus Structure

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

**Learning Objective:**

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

**FINANCIAL ACCOUNTING**

Once a king asked his people of the state that he wants a pond of milk. He orders the people of the state to pour a glass of milk by everyone in the night to fill the dry pond so that in the next morning he can see the pond of milk. One crooked man thinks there are lakhs of people in the state who will pour milk in the pond, let me pour a glass of water. This will not make a significant difference. As he thought, he did so and in the midnight, he poured a glass of water secretly.

Next morning the king started shouting to his ministers when he saw that the pond is filled with water only.

In fact, everybody thought that there are lakhs of people who will pour milk - what goes wrong if I put a glass of water. The whole mission thus became a lost venture.

In recent past due to pandemic many examinations were held under open book system without any invigilation. Students had the liberty to write from own or by copying. You are your best judge.

Moral is: Its up to you whether you will pour your brain with the knowledge like milk or water. Remain honest to self. Don't think what rest are doing. I am sure this purity will repay you in future.

Hope you are studying well. Utilise this time to pour your brain with loads of new learnings. Here is again some exercise to brush up your minds.

- Which of the following AS is connected to matching and consistency?
  - AS - 3
  - AS - 7
  - AS - 1
  - AS - 10
- A company deals with two products which are neither similar nor interchangeable. Find the value of closing stock as per AS - 2 from the following information :  
Value of closing stock as on 31.03.2021

	Historical cost	Net realisable value
Product - p	Rs. 82 lakhs	Rs. 58 lakhs
Product - q	Rs. 34 lakhs	Rs. 50 lakhs

- Rs.116 lakhs
  - Rs.132 lakhs
  - Rs.108 lakhs
  - Rs.92 lakhs
- AS- 9 relates to
    - Cost realisation
    - Revenue recognition
    - Depreciation
    - Execution of a contract
  - Following is the Receipts and Payments account for the year ended 31.12.2020

Receipts	Rs	Payments	Rs
To balance b/d: cash in hand	1200	By Purchase of furniture	10000
: cash at bank	3400	By Rent	3600
To Subscriptions	24500	By Honourarium	4000

To Entrance fees	3000	By Salaries	2100
		By Sports expenses	4700
		By Sundry expenses	1100
		By Printing and Stationery	800
		By balance c/d : cash in had	1700
		: cash at bank	4100
	<b>32100</b>		<b>32100</b>

Additional information:

	31.12.2019	31.12.2020
Subscription due	2100	3200
Subscriptions received in advance	1400	2700
Rent outstanding	600	300
Salaries paid in advance	1200	900
Furniture	18000	23000

60 % of the entrance fees are to be capitalized. Interest on savings bank account for Rs.280 has not been entered in the cash book. An old furniture (WDV Rs. 8000) was exchanged at an agreed price of Rs. 5000 for a new furniture costing Rs. 15000.

Find the amount to be transferred to subscription account in the Income and Expenditure account :

- 24000
  - 24300**
  - 23400
  - 23000
5. Find the amount of depreciation to be taken to Income and Expenditure account. (Refer Q no 4 )
- 4000
  - 2000**
  - 3000
  - 2500
6. Find the amount of salaries to be taken to Income and Expenditure account. (Refer Q no 4 )
- 2400**
  - 2000
  - 3000
  - 3400
7. The trial balance of a business is given below:

ITEM	DR	CR	ITEM	DR	CR
Returns	25900	10900	Purchase	340000	
Disc. received		5200	Reserve		75000
Sales		612700	Wages	65800	
Commission		11500	Discount allowed	6500	
Bills receivable	60000		Sundry debtors	85800	
Carriage inward	14900		Freight	12400	
Plant & machinery	85600		Bills payable		44800
Investments	22400		Furniture	48600	
Sundry creditors		40000	Carriage outward	15200	

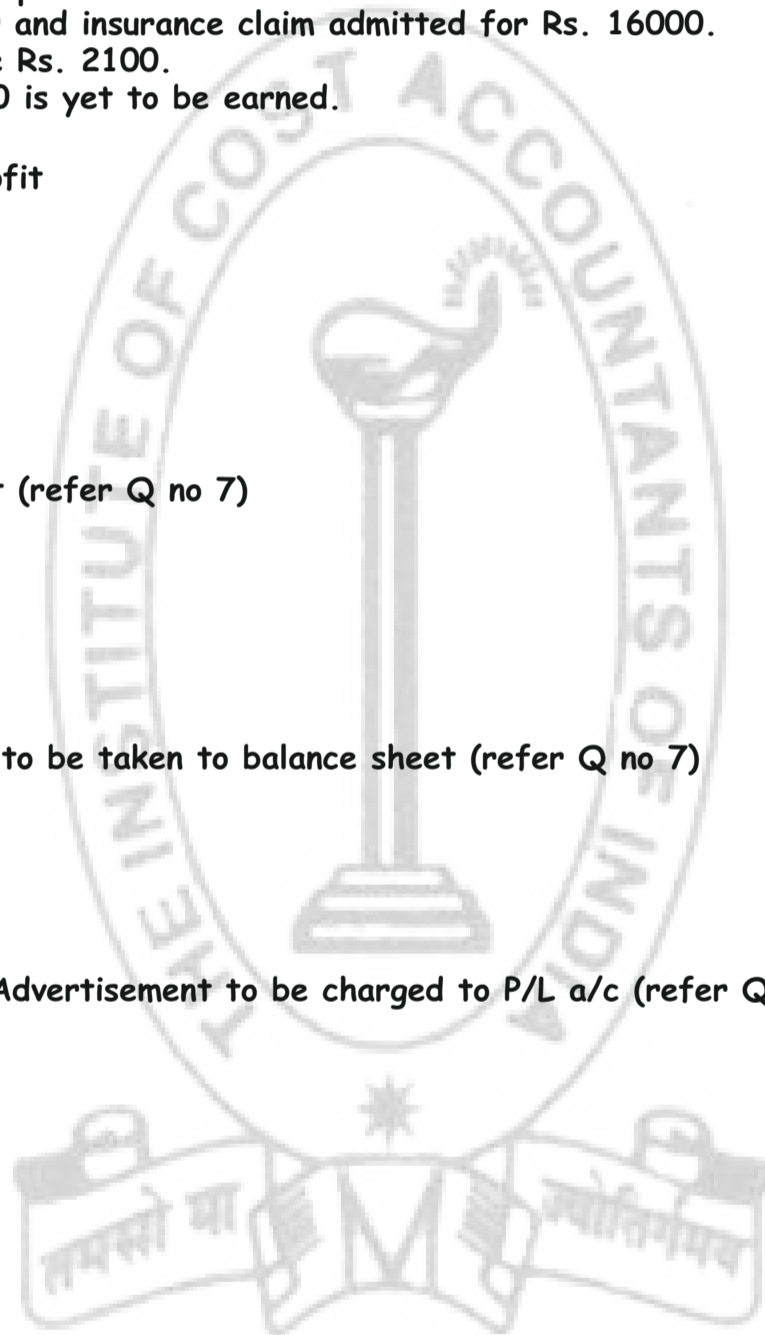
Salaries	15500		Opening stock	35900	
Freehold premises	105000		Cash at bank	24700	
Drawings	5300				
Capital		150000	Cash in hand	1600	
6% Bank Loan		20000	Prov. For D/D		1000
				971100	971100

Consider the following adjustments:

The market price of the closing stock is Rs. 100000 which includes a profit margin of Rs. 15000.  
 Outstanding liabilities for salaries Rs.4500 and for wages Rs. 9800  
 Depreciate Furniture by 15 % and Plant and Machinery by 20 %  
 Sundry Debtors include Rs. 1800 as bad which is to be written off.  
 Create a provision for bad debt @ 5 % on sundry debtors.  
 Goods distributed as free sample Rs. 500.  
 Goods lost by fire Rs. 20800 and insurance claim admitted for Rs. 16000.  
 Goods drawn for personal use Rs. 2100.  
 Commission received Rs. 1500 is yet to be earned.

Find the amount of Gross Profit

- 227300
  - 227000
  - 222220
  - 272300
8. Find the amount of net profit (refer Q no 7)
- 165000
  - 156490
  - 156940
  - 165490
9. Find the amount of Debtors to be taken to balance sheet (refer Q no 7)
- 79700
  - 79900
  - 79800
  - 79000
10. What will be the amount of Advertisement to be charged to P/L a/c (refer Q no 7 )
- 1500
  - 1000
  - 500
  - 5000

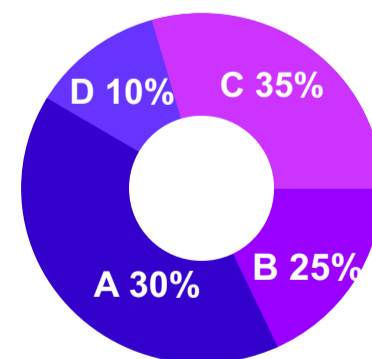




**GROUP: I, PAPER: 6**  
**LAWS & ETHICS**  
**(LNE)**

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## Your Preparation Quick Takes



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



**Learning Objectives:**

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

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

**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 and Rules

**Guide to Extraordinary General Meeting**

Extra-Ordinary General Meeting means a duly convened, Meeting of Members held and conducted when, **an important business arises in between two annual general meetings that require shareholders' approval, then an extraordinary general meeting can be called.** An Annual General Meeting shall be normally conducted once in a year and there is a gap of around a year or 18 months between two annual general meetings. An EGM becomes necessary when any important business arises needing approval of the shareholders in between two Annual General Meetings.

- It has been provided in the Companies Act, 2013 that any business that is considered in the extraordinary general meeting shall be considered as special business.
- It also grants the company the responsibility to provide shareholders with further detail on the matters to be transacted in an explanatory statement.
- The explanatory statement has an announcement attached to it that contains relevant information, which may be financial or otherwise.
- It also provides details and facts that will help the participants understand the importance and consequences of the organization and the scope of business transactions and make decisions.

**MANDATORY REQUIREMENTS**

1. No gifts, gifts coupons, or cash in lieu of gifts shall be distributed to members at or in connection with the General Meeting.
2. Every Company which has listed its equity shares on a recognized stock exchange and every company having not less than 1,000 members shall provide to its members facility to exercise their right to vote on resolutions proposed to be considered at a general meeting by electronic means.
3. Quorum should be present throughout the Meeting. No business should be transacted when the Quorum is not so

present. **[Clause 3.1 of Secretarial Standard on General Meetings]**

4. Presence of Chairperson must be required.
5. Maintain the Minutes Book for Signing the minutes.
6. To arrange for the printing of a notice of the Extra-Ordinary general meeting, ensure the notice containing the following contents
  1. Time, date and place of the meeting
  2. Matters to be transacted in the meeting
  3. Procedure of e-voting, if any
  4. Proxy form
  5. Explanatory statement
  6. Route Map

**Notice of General Meeting [Section 101, Rule 18 of the Companies (Management and Administration) Rules, 2014 and SS-2]**

- A General Meeting of a Company may be called by giving not less than clear 21 days' notice either in writing or through electronic mode.
- Notice shall be sent by hand or by ordinary post or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means. But where e-voting facility is being provided, notice cannot be sent through Ordinary Post.
- Notice in writing of every Meeting shall be given to every Member of the company. Such Notice shall also be given to the Directors and Auditors of the company, to the Secretarial Auditor, to Debenture Trustees, if any, and, wherever applicable or so required, to other specified persons.
- A statement setting out the special business to be transacted at a general meeting shall be annexed to the notice.
- Listed Companies shall submit a copy of the notice to the stock exchange(s) within 24 hours from the issuance of notice and post the same on the website of the Company within 2 working days. **[Regulation 30 and 46(3) of the SEBI (LODR) Regulations, 2015]**
- Where a record date has been fixed by the listed entity, then it shall give notice in advance of at least 7 working days (excluding the date of intimation and date of meeting) to

Stock Exchange of record date. [Regulation 42 of SEBI (LODR) Regulations, 2015]

#### Advertisement of Notice in Newspaper

- Company shall publish the Notice in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and in an English newspaper in English language, both having a wide circulation in that district, at least 21 days before the Meeting.
- Listed Companies shall submit the copy of the advertisement to the Stock Exchange within 24 hours from the publication and post the same on the website within 2 working days. [Regulation 30 and 46(3) of SEBI (LODR) Regulations, 2015]

#### Documents at the Venue

Company shall make sure that following documents are available at the venue of General Meeting

- Copy of notice of the meeting
- Ballot Form
- Register of Members
- Proxy Registers

#### Convene a General Meeting

1. Check the presence of Quorum for convening the meeting. Quorum shall be present not only at the time of commencement of the Meeting but also while transacting business.
2. The Chairman of the Board shall take the Chair and conduct the Meeting. If the Chairman is not present within fifteen minutes after the time appointed for holding the Meeting, or if he is unwilling to act as Chairman of the Meeting, or if no Director has been so designated, the Directors present at the Meeting shall elect one of themselves to be the Chairman of the Meeting. If no Director is present within fifteen Minutes after the time appointed for holding the Meeting, or if no Director is willing to take the Chair, the Members present shall elect, on a show of hands, one of themselves to be the Chairman of the Meeting, unless otherwise provided in the Articles.
3. Directors who attend General Meetings of the company and the Company Secretary shall be seated with the Chairman.
4. The Chairman shall then conduct the Meeting in a fair and impartial manner and ensure that only such business as has been set out in the Notice is transacted. The Chairman shall regulate the manner in which voting is conducted at the Meeting keeping in view the provisions of the Act.
5. The Chairman shall explain the objective and implications of the Resolutions before they are put to vote at the Meeting with the assistance of scrutinizer and provide a fair opportunity to Members who are entitled to vote to seek clarifications and/or offer comments related to any item of business and address the same, as warranted.
6. Company shall provide the e-voting facility to their Members to exercise their Voting Rights if the company having its equity shares listed on a recognized stock exchange other than companies whose equity shares are listed on SME Exchange or on the Institutional Trading

Platform and other companies as prescribed.

7. Check that vote of thanks is given to the Chair at the conclusion of the General Meeting.

#### WHO CAN ORGANIZE/CALL EGM?

The following members of the company may call for EGM.

- 1) The Board - The Board may convene an extraordinary general meeting on its motion.
- 2) The Director - A director may call an EGM, and if they are called at a time and not in India, then the director capable of acting and appropriate numbers must be called for the quorum.
- 3) The Board of appealing an EGM in response to the request submitted by its members under **Section 100 of Companies Act 2013** - The Board shall have a period of 21 days to appeal for an EGM upon receipt of a valid request. The EGM must then be held 45 days from the date of the appeal of the EGM.
- 4) The requisitionists themselves may appeal - In the event that the Board does not demand for an EGM, the requisitionists may themselves call for an EGM within three months after the date of the deposit of the request. If the EGM takes place during this defined span of 3 months, it can be postponed three months to any future day.
- 5) Tribunal - The Tribunal or the NCLT may call an EGM.

#### REQUIREMENTS FOR HOLDING AN EGM

- Members must be given a notice period of 21 days.
- There is an exception to this rule, however. Where 95% of the voting members agree, the EGM can be held at a shorter notice.

#### QUORUM REQUIRED FOR EGM

- Unless otherwise specified in the company's Articles, the following number of members is required for a quorum.
- For a public enterprise: five persons present; and
- For any other company: two members present personally.

#### Demand for poll

**Sec 109.** (1) Before or on the declaration of the result of the voting on any resolution on show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion, and shall be ordered to be taken by him on a demand made in that behalf,—

- (a) in the case a company having a share capital, by the members present in person or by proxy, where allowed, and having not less than one-tenth of the total voting power or holding shares on which an aggregate sum of not less than five lakh rupees or such higher amount as may be prescribed has been paid-up; and
- (b) in the case of any other company, by any member or members present in person or by proxy, where allowed, and having not less than one-tenth of the total voting power.

**Sec 109.** (2) The demand for a poll may be withdrawn at any time by the persons who made the demand.

It may be note that : **In case of private company - Section 109 shall apply unless otherwise specified in respective sections or the articles of the company provide otherwise.; and**

**In case of Specified IFSC Public Company - Section 109 shall apply in case of a Specified IFSC public company, unless otherwise specified in the articles of the company.**

#### Procedure for poll at General Meeting

Documents required :

- A. Polling Paper (MGT-12) [Pursuant to **section 109(5)** of the

Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

B. Register of Members, Attendance register (including attendance slip) and proxy forms received (MGT-11) Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

C. Board Resolution under section 113 (representative of Body corporate)

D. E-voting scrutinizer's report and ballot papers received in pursuance of clause 35B (2) of listed agreement Procedure:-

A. The scrutinizer shall distribute the polling paper to the member and proxies and lock an empty box in their presence.

B. After voting, he will open the box in the presence of at least 2 witnesses.

C. He shall count the votes and checks the following things while doing so:

a. The person voting is member in the register of member during book closure.

b. The person is present at the meeting, from attendance register.

c. Validity of signature of person signing, from the specimen signatures.

d. In case, person voting is a proxy then proxy register and form.

e. In case member a body corporate, authorization through Board resolution.

f. In case where e-voting option is also provided technical support should be provided to the scrutinizer for orderly conduct of poll. It should be ensured that member who have voted electronically or who have casted their vote through ballot paper be exercising their right under 35 B(2) of listing agreement, are not exercising their vote again at the general meeting, this can be conformed from e voting

g. Incomplete polling paper to be taken as invalid.



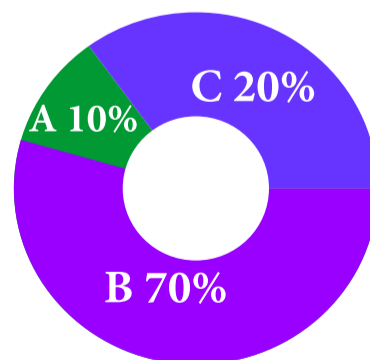


**GROUP: I, PAPER: 7**

# **DIRECT TAXATION (DTX)**

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## Your Preparation Quick Takes



### Syllabus Structure

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

**Learning Objectives:**

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

**Direct Taxation****Presumption Income in case of Business of Plying, Leasing or Hiring Goods Carriage [Sec. 44AE]**

To give relief to small assesseees, the Income-tax Law has incorporated a simple scheme commonly known as Presumptive Taxation Scheme. There are three schemes provided under section 44AD, 44ADA and 44AE. An assessee adopting these provisions is not required to maintain the regular books of account and also exempt from getting the accounts audited. In this bulletin, I am covering the provisions of the presumptive taxation scheme provided in section 44AE which is designed to give relief to small assesseees engaged in the business of goods carriage. The detailed provisions in this regard are as follows:

<b>Applicable to</b>	All assessee engaged in the business of plying, hiring or leasing goods carriage.	
<b>Condition</b>	<p><b>Number of carriages:</b> Assessee must not own more than 10 goods carriages at any time during the previous year.</p> <p>Owner of carriages includes a buyer under hire purchase or installment system even if the whole amount is unpaid.</p> <p>Goods carriage means any motor vehicle constructed or adapted for use solely for the carriage of goods, or any motor vehicle not so constructed or adapted when used for the carriage of goods;</p>	
<b>Estimated income</b>	Income from each goods carriage shall be:	
	<b>Type of Goods Carriage</b>	<b>Presumptive Income (Per month or part of a month)</b>
	Heavy	₹ 1,000 per ton of gross vehicle weight or unladen weight
	Other	₹ 7,500
	<p>1. Income shall be calculated from the month when assessee acquired the property whether it has been put to use or not.</p> <p>2. An assessee can declare higher income.</p>	

**Taxpoint:**

1. **Heavy goods vehicle** means any goods carriage, the gross vehicle weight of which exceeds 12000 kilograms
2. **Deduction u/s 30 to 38:** The estimated income is comprehensive and no further deductions u/s 30 to 38 shall be allowed.
3. **Deduction u/s 40(b):** In the case of a firm, deduction in respect of remuneration and interest to partner u/s 40(b) shall be further deductible from income so computed.
4. **Depreciation:** Depreciation is deemed to have been already allowed. The written down value of asset will be calculated, as if depreciation has been allowed.
5. **Deductions:** The above estimated income is aggregated with other income of the assessee, from any other business or under any other heads of income. Further deduction under chapter VIA shall be available to the assessee as usual.
6. **Brought forward loss:** Brought forward loss (if any) shall be adjusted from such estimated income.
7. **Maintenance of books of account and audit:** An assessee, who estimates income from such business as per section 44AE, or a higher income, is not required to -
  - Maintain books of account u/s 44AA; and
  - Get his accounts audited u/s 44AB
 - in respect of his income from such business.
 

However, he has to comply with the requirements of both sec. 44AA and 44AB in respect of his other businesses. Further to note that in computing the monetary limits u/s 44AA and 44AB, the gross receipts or income from the said business shall be excluded.
7. **Effect if assessee declares lower income:** An assessee can declare his income lower than the estimated income as per provision of this section. In such case he will have to
  - Maintain books of account and other documents as required u/s 44AA; and
  - Get his accounts audited and furnish a report of such audit as prescribed u/s 44AB irrespective of amount of turnover or

gross receipts.

**Note:** Assessee can change his option from year to year.

### Example

Mr. Sukhvinder is engaged in the business of plying goods carriages. On 1<sup>st</sup> April, 2020, he owns 10 trucks (out of which 6 are heavy good vehicles of (unladen weight of each is 20 ton). On 2/5/2020, he sold one of the heavy goods vehicles & purchased a light goods vehicle on 6<sup>th</sup> May, 2020. This new vehicle could however be put to use only on 15-6-2020.

Compute the total income of Mr. Sukhvinder for the A.Y. 2021-22, taking note of the following data:

Particulars	Amount	Amount
Freight Charges collected		8,70,000
Less: Operational expenses	6,25,000	
Depreciation as per Sec. 32	1,85,000	
Other Office expenses	15,000	8,25,000
Net Profit		45,000
Other business and non-business income		70,000

### Solution

Alternative 1) Direct estimation of income u/s 44AE

Vehicle	No. of vehicle	Details	Amount
Light	4	₹ 7,500 × 4 vehicles × 12 months	3,60,000
Heavy	5	₹ 1,000 × 5 vehicles × 12 months × 20 ton	12,00,000
Heavy	1	₹ 1,000 × 1 vehicle × 2 <sup>#</sup> months × 20 ton	40,000
Light	1	₹ 7,500 × 1 vehicles × 11 <sup>#</sup> months	82,500
<b>Income from business of plying goods carriage</b>			<b>16,82,500</b>
<b>Add: Other business and non-business income</b>			<b>70,000</b>
<b>Total Income</b>			<b>17,52,500</b>

<sup>#</sup> Income shall be calculated from the month when assessee acquired the property whether it has been put to use or not. For this purpose, any fraction of the month shall be considered as month.

Alternative 2) Computation of income as per the provision of sec. 28 to 38

Particulars	Amount	Amount
Freight charges collected		8,70,000
<u>Less: Expenditure related to business</u>		
Operational expenses	6,25,000	
Depreciation u/s 32	1,85,000	
Other office expenses	15,000	8,25,000
<b>Income from business of plying goods carriage</b>		<b>45,000</b>
<b>Add: Other business and non-business income</b>		<b>70,000</b>
<b>Total Income</b>		<b>1,15,000</b>

Since Mr. Sukhvinder has lower taxable income in alternative 2 hence his total income is ₹ 1,15,000. But to claim such lower income than the estimated income (computed in alternative 1) as per provision of section 44AE, he will have to —

- Maintain books of account as required u/s 44AA; and
- Get his accounts audited.



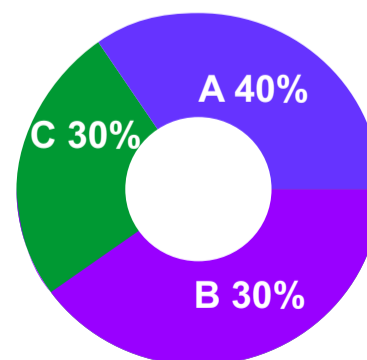
**GROUP: I, PAPER: 8**

# **COST ACCOUNTING**

**(CAC)**

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## Your Preparation Quick Takes



### Syllabus Structure

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

**Learning Objectives:**

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

**COST ACCOUNTING**

The concept of Cost Accounting is vast and varied. To facilitated favorable managerial decision and in-depth study of the subject and its analysis is very much urgently needed. The value and importance of Cost Accounting need hardly the over emphasized. For that the optimum utilization of resources is very much essential to meet need of the day. In this context Cost Accountant can play vital role. Hence, theory as well as solving the practical problems are very much essential for securing good marks in the exam. You please go through the theoretical part for easy understanding the topic and then try to solve the problems that are in exercise. 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 considerably depends on style of preparation which should have perseverance, regularity of efforts, detailed practice, vision and objectivity.

ou are suggested some tips for your improvement :

1. Students are suggested to develop a plan for completing the syllabus within specified time.
2. You should go through your Study Note and know the syllabus properly.
3. Analyze the trends of setting questions.
4. This paper is based on mainly solving the practical problems.
5. For successful result clarity of concepts and self expression is essential.
6. Try to improve your speed by practice and revision for able to attempt all questions in limited time.
7. Try to write down all the important terms in your words for practicing it frequently.
8. Finally, try to develop a habit of reading the questions well, underlining and understanding the specific requirements.

Here the entire syllabus is divided into **six main chapters**. In first chapter the basic concept of cost accounting are discussed in details, beside its other two branches viz, Financial Accounting and Management Accounting. The second chapter described the Elements of cost in details. The three major elements of costs are - Material, Labour and Overheads. The major elements of costs are discussed elaborately and analyzed element-wise with suitable number of examples. It is known that Material is the major part of total cost of a product, hence it is very much urgent to control cost of material. You should read the scope and objectives of different Cost Accounting Standards in details. It will help to understand the scope and grasp the concept of cost accounting easily. Try to solve the problems on earnings of workers under different schemes. Cost allocation, Cost apportionment and cost absorption should be understood very clearly. The next chapter is Cost book-keeping; including integrated accounting system is not at all difficult. In this system, different accounts are to be opened, but it is not necessary to give much effort to complete its solution. It's a lengthy process. Here, separate ledgers are maintained by the cost sections.

The chapter Contract Costing is important for this type of examination. Students often experience difficulty in recommending the amount of profit to be taken into account during a period for long-term contract. There are some standard norms for completion and recognition of profit/ Loss of incomplete 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". Various Problems on escalation clause are also very important for this paper.

In Operating Costing we have 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.

The chapter Marginal Costing is not a particular method of Cost ascertainment but it is a technique which deals with the nature and behavior of cost and their effect on profitability. The purpose of marginal costing is to find out **cost-volume-profit relationships**. Some times more than one problem may be expected from this chapter. The main objective should be to understand the wordings of the problem and to determine the desired impact on profitability. Break-even Analysis and finding the B.E.P. is the basis part for solving problem. You should also study the effect on profits due to various changes in Fixed Cost/ Variable Cost/ Selling Price / Sales Mix and the effect of the above on Brake-Even-Point as well as Margin of Safety.

The chapter 'Variance Analysis' is an analysis which relates to 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. The main objective of this analysis is to improve the operation by effective utilization of resources for reducing its product cost.

The next chapter is concerned with 'Budget and Budgetary Control'. Budget can be defined as financial and / or quantitative statement, prepared prior to a defined period of time, of the policy should be pursued during that period for the purpose of attaining a given objective. Again the term budget can be expressed as a predetermined plane of action in details. Budgetary control requires preparation of 'Flexible Budget', Functional Budget, 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 budgets are summarized into master budget consisting of a Budgeted Profit and Loss Account, a Balance Sheet and Cash Flow Statement.

For a better practice and securing good marks I have suggested some M.C.Q. pattern questions based on Job, Contract and Batch Costing. Practice the following problems for better understanding and conceptions.

**1. State which of the following statements are correct or incorrect:**

- (i) In contract costing credit is taken only for a part of the profit on incomplete contracts.
- (ii) Escalation clause in a contract provides that the contract price is fixed.
- (iii) Final contract price is to be paid is certain in cost plus contract.
- (iv) In contract plus costing, the contract runs a risk of incurring loss.
- (v) Most of the items of cost are direct in contract costing than in job costing.
- (vi) Contract costing is a basic method of specific order costing.

**Ans. Correct :** (i), (v), (vi)

**Incorrect :** (ii), (iii), (iv).

**2. Which of the following is correct?**

**A. An essential of long-term costing is that :**

- (i) It has a duration in excess of twelve calendar months.
- (ii) It is a progress at a financial year-end and has a significant effect on the activity of the Contractor for the period under review.
- (iii) Its completion will require a number of stages, each of which must be certified and valued for Profit calculation purpose.
- (iv) It has a duration in excess of six calendar months.

**B. A debit balance on the contractee account should be incorporated in the balance sheet as :**

- (i) A current liability as 'contract balance outstanding'.
- (ii) Set- off against contract stock valuation.
- (iii) Excess payments on account not set off against contract stock value.
- (iv) In debtors as 'amount recoverable on contract'.

**C. Retention monies are best defined as :**

- (i) Cash withheld by the contractee in order to improve the cash flow of the contractor.
- (ii) Payment to the contractor. Where it is desired to secure his services for a future contract.
- (iii) Cash return to the contractee if actual profits on a contract are 10% higher than agreed figure.
- (iv) Cash withheld by the contractee under the terms of the contract when payment of the value Certified are being made.

**D. A zero value of attributable profit should be assumed where :**

- (I) Any foreseeable loss is estimated for a later stage in the contract.
- (II) The interim estimated profit is less than 10% of value certified.
- (III) The profit outcome of the contract cannot be estimated with reasonable certainty
- (IV) The contract is less than 60% completed.

**E. Which of the following is the most appropriate definition of turnover at intermediate stage in a contract?**

- (I) The value of work done which leaves the agreed attributable profit when the cost of work certified is subtracted from it.
- (ii) Cost of work certified to date plus estimated profit to the end of the contract.
- (iii) The value of work certified less any foreseeable losses.
- (iv) Cost of work to date minus the cost of work not certified plus estimated profit to date.

**F. Foreseeable losses estimated for a contract should be treated in which of the following ways?**

- (I) Ignore until they are known to be accurate with reasonable certainty .
- (ii) Write off immediately that they are estimated.
- (iii) Write off in the same proportion as any estimated profits are recognized.
- (iv) Write up only if the work to which they relate is 50% completed.

**Ans. A. (I), B. (iv), C. (iv), D.(iii), E. (I), F(ii).**

The main objectives of Cost Accounting are to provide necessary information relating to the management for planning and control. Budgetary Control is a tool widely used for assisting management in planning and control. A Functional Budget is a budget of income and

expenditure relating to different functions of an enterprise. Purchase budget is prepared to show the materials to be bought during the budget period. This budget helps the organization in setting out the money required to purchase direct and indirect materials required for production or to purchase finished goods for trading operation. Here an example relating to Production Budget and Purchased Budget is given below.

**Problem :**

The following information relating to the third and last quarter of 2019 - 20 are furnished by a company which manufactures and sells a single product :

	Third quarter ( Actual )	Last Quarter ( Estimate )
Sales		
Inventory of raw materials and finished goods :	Rs. 624000	Rs. 660000
	Opening balance	Closing balance
Raw material "A" (Kg)	25000	23500
Raw material "B" (Kg)	12650	13400
Finished goods ( units )	670	700

**Unit cost data**

Raw material "A"	10 Kg @ Rs. 3	=	Rs. 30
Raw material "B"	5 kg @ Rs. 2	=	Rs. 10
Direct Labour ( machine time 5 hrs. @ Rs. 4 )	Machine shop	=	Rs. 20
Assembly 2 hrs. @ Rs. 5 ( labour time )		=	Rs. 10

**Production Overheads :**

Machine Shop @ 12 per machine hour.

Assembly @ Rs. 10 per labour hour.

Selling and Administration OH : 20% of production cost .

Profit margin : 10% on selling price .

Production and sales occur evenly during the budget period.

You are required to prepare for the last quarter of the year :

- Statement of Cost of Production and Selling price per unit.
- Production budget ( in units )
- Purchase budget ( quantity and value )
- Production cost budget.

**Solution :**

( a ) Cost of Production and Selling Price per Unit

Particulars	Rs.	Rs.
Direct Material "A" = 10 kgs @ Rs. 3 "B" = 5 Kgs @ Rs. 2	30.00 10.00	40.00
Direct Labour : Machine shop = 5 hours @ Rs. 4 Assembly = 2 hours @ Rs. 5	20.00 10.00	30.00
Production overheads : Machine shop = 5 hours @ Rs. 12 Assembly = 2 hours @ Rs. 10.00	60.00 20.00	80.00 150.00
Production cost		30.00
Selling and administration overheads @ 20%		80.00
Cost of sales		20.00
Profit Margin 10% on S.P. ( or 10/90 on cost )		200.00
Selling Price		

(b) Production Budget for last quarter of 2019-2020

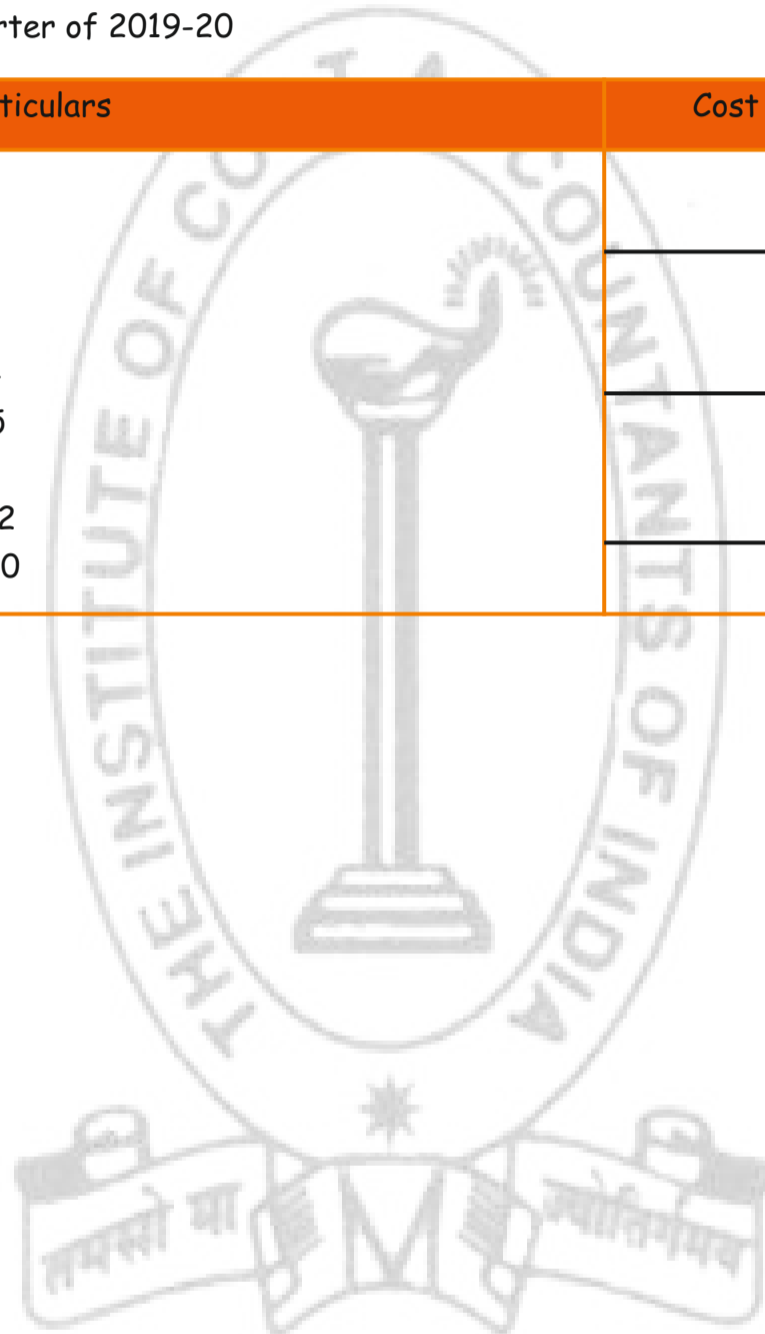
	Units
Sales in last quarter ( 4 <sup>th</sup> quarter ) 660,000/200	3300
Add : Closing balance at end of 1 <sup>st</sup> quarter	1000
Less : Opening balance	(700)
Production for last quarter	3600

(c) Purchase Budget for last quarter of 2019-20

	Material A	Material B	Total value (Rs.)
Consumption (Production × Qty/unit) A = 3600 × 10 kgs. B = 3600 × 5 kgs	36000	18000	
Add : Closing Balance	25000	15000	
Less : Opening Balance	(23500)	(13400)	
Purchase to be made	37500	19600	
Price per kg.	3	2	
Total Value	112500	39200	151700

(d) Production Cost Budget for last quarter of 2019-20

Particulars	Cost (Rs.)	Total (Rs.)
Direct Materials	108000	
A : 36000 @ Rs. 3	36000	144000
B : 18000 @ Rs. 2		
Direct Labour :	72000	
Machine Shop : 18000 hrs. @ Rs. 4	36000	108000
Assembly Shop : 7200 hrs. @ Rs. 5		
Production Overheads :	216000	
Machine Shop : 18000 hrs. @ Rs. 12	72000	288000
Assembly Shop : 7200 hrs. @ Rs. 10		540000

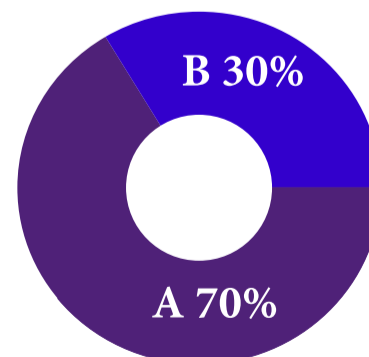




GROUP: II, PAPER: 9, Part- i  
**OPERATIONS**  
MANAGEMENT & STRATEGIC  
MANAGEMENT (OMSM)  
Operations Management

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# Your Preparation Quick Takes



### Syllabus Structure

A Operations Management 70%  
B Strategic Management 30%

**Learning Objectives:**

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

**Operations Management**

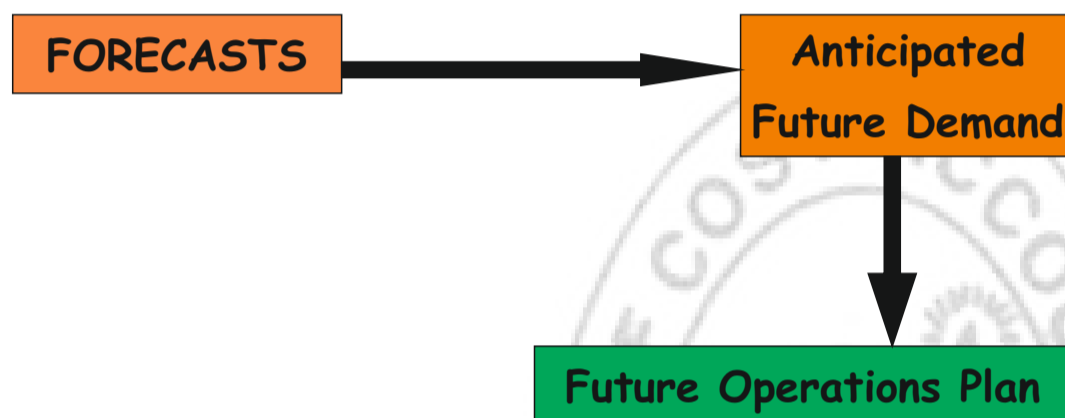
In this issue we will discuss some theoretical questions on Forecasting

A forecast is an estimate about the future value of a variable such as demand.

Forecasts of demand are a basic input in the decision processes of operations management.

The primary goal of operations management is to match supply to demand. Therefore a forecast of demand is essential for determining how much capacity or supply will be needed to meet demand.

Forecasts helps determining anticipated future demand which in turn facilitates in preparing future operations plan



There are two general approaches for forecasting: Qualitative and Quantitative.

Time series forecasts is of quantitative type.

Time series forecasts simply predict the future based on past experience. These techniques use historical data with the assumption that the future will be like the past.

A time series is a time-ordered sequence of observations taken at regular intervals e.g. hourly, daily, weekly, monthly, quarterly, annually.

Through time series forecasting analyst often identifies following patterns around an average:

- Trend: It refers to a long term upward or downward movement in the data. Population shows trend;
- Seasonality: It refers to short term, fairly regular variations generally related to factors such as calendar or time of day. Restaurants experience seasonal variations;
- Cycles: These are wave like variations of more than one year's duration.
- inclination of a country behave in this way;
- Irregular variations: These are due to unusual circumstances such as severe weather conditions;
- Random variations: These are residual variations that remain after all other behaviour have been accounted for;

Historical data have variations-minor variations and larger variations. The randomness arises from the combined influence of relatively unimportant factors and it cannot be reliably predicted. Averaging techniques smooth mainly variations in the data. A forecast based on an average thus tends to exhibit less variability than the original data. Since it is desirable to avoid reacting to minor variations mainly caused by random variables, averaging techniques are used in forecasting to smooth the randomness although larger variations reflecting real changes are also smoothed to certain degree.

Three techniques of averaging are:

- i) Moving Average;
- ii) Weighted Moving Average;
- iii) Exponential Smoothing.

Analysis of trend involves developing an equation that will suitably describe trend shown by the data (as observed after plotting the data). There are two important techniques that can be used to develop forecasts when trend is present. One involves use of a trend equation. The other is an extension of exponential smoothing.

In time series data trend presence in both linear and non-linear form. But since linear form is most common emphasis here is on linear

trend.

**Q1.** What are the main advantages that quantitative techniques for forecasting have over qualitative techniques?

**Ans:**  
Quantitative techniques lend themselves to computerization, they are less subject to personal biases, and they may force managers to quantify information. On the other hand, the results are only as good as the data, and in many cases, insufficient data exist to use a quantitative technique. In addition, use of the computer sometimes creates an impression of "preciseness," which is misleading.

**Q2.** Why are forecasts generally wrong?

**Ans:**  
Forecasts generally are wrong due to the use of an incorrect model to forecast, random variation, or unforeseen events.

**Q3.** What is the purpose of establishing control limits for forecasting errors?

**Ans:**  
Control limits reveal the bounds of random errors; they enable managers to judge if a forecasting technique is performing as well as it might (and hence, when a technique should be reevaluated).

**Q4.** Air travel on Air Asia airlines for the past 18 weeks was:

Week	Passengers	Week	Passengers
1	405	10	440
2	410	11	446
3	420	12	451
4	415	13	455
5	412	14	464
6	420	15	466
7	424	16	474
8	433	17	476
9	438	18	482

(a) Explain why an averaging technique would not be appropriate for forecasting?

(b) Use an appropriate technique to develop a forecast for the expected number of passengers for the next three weeks

**Ans:** (a) Data is plotted below:



It is observed that data has long term trend and so forecasting with average techniques underestimate this trend. Therefore appropriate technique is trend analysis.

The plot is given below:

(b) To form the trend line we arrived at

$$b = \frac{n \sum tY - \sum t \times \sum Y}{n \sum t^2 - (\sum t)^2} = \frac{18 \times 77570 - 171 \times 7931}{18 \times 2109 - (171)^2} \cong 4.59$$

$$a = \frac{\sum Y - b \sum t}{n} = \frac{7931 - 4.59 \times 171}{18} \cong 397.01$$

Trend equation is  $Y = 397.01 + 4.59t$

Therefore  $Y_{19} = 397.01 + 4.59 \times 19 = 484.22$

&  $Y_{20} = 397.01 + 4.59 \times 20 = 488.81$

&  $Y_{21} = 397.01 + 4.59 \times 21 = 493.4$

Detail computations for b & a are as follows:

t	Y	t*Y	t <sup>2</sup>	
1	405	405	1	
2	410	820	4	
3	420	1260	9	
4	415	1660	16	
5	412	2060	25	
6	420	2520	36	
7	424	2968	49	
8	433	3464	64	
9	438	3942	81	
10	440	4400	100	
11	446	4906	121	
12	451	5412	144	
13	455	5915	169	
14	464	6496	196	
15	466	6990	225	
16	474	7584	256	
17	476	8092	289	
18	482	8676	324	
Sum	171	7931	77570	2109

**Q5.** Contrast the use of MAD and MSE in evaluating forecasts

Ans:  
MAD focuses on average error while MSE focuses on squared errors. (MSE gives considerably more weight to large forecast errors.)

**Q6.** What advantage as a forecasting tool does exponential smoothing have over moving averages?

Ans:  
Exponential smoothing: requires less data storage, gives more weight to recent data, and is easier to change to make it more responsive to changes in demand.

**Q7.** Freight car loadings over a 12 year period at a busy port is given in the following table:

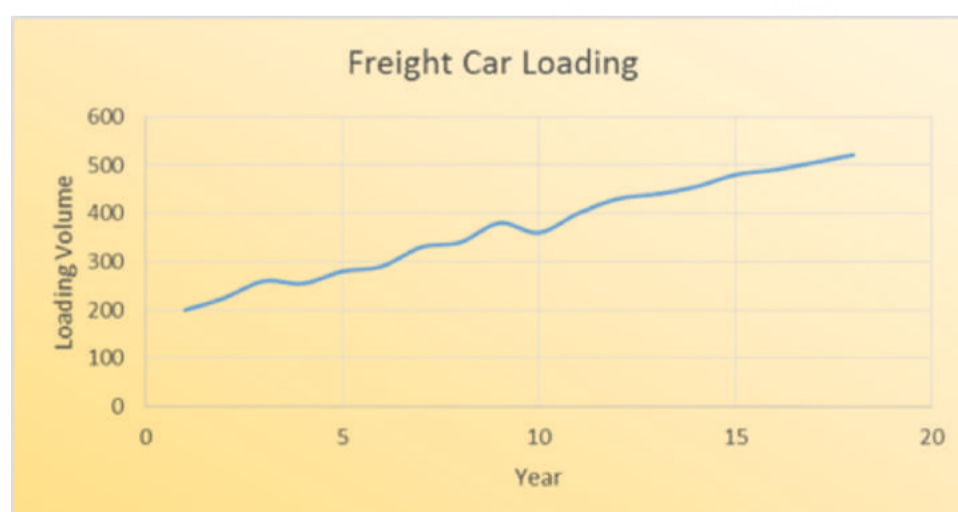
(a) Determine a linear trend line for expected freight car loadings

(b) Use the trend equation to predict expected loadings for weeks 20 and 21

© At what week volume exceeds 800 loadings per week if this trend continues?

Week	Number	Week	Number	Week	Number
1	200	7	330	13	440
2	225	8	340	14	455
3	260	9	380	15	480
4	255	10	360	16	490
5	280	11	400	17	505
6	290	12	430	18	521

Ans: (a)



$$b = \frac{n \sum tY - \sum t \times \sum Y}{n \sum t^2 - (\sum t)^2} = \frac{18 \times 72293 - 171 \times 6641}{18 \times 2109 - (171)^2} \cong 19.00$$

$$a = \frac{\sum Y - b \sum t}{n} = \frac{6641 - 19 \times 171}{18} \cong 188.44$$

Details are as follows:

	t	Y	t*Y	t <sup>2</sup>
	1	200	200	1
	2	225	450	4
	3	260	780	9
	4	255	1020	16
	5	280	1400	25
	6	290	1740	36
	7	330	2310	49
	8	340	2720	64
	9	380	3420	81
	10	360	3600	100
	11	400	4400	121
	12	430	5160	144
	13	440	5720	169
	14	455	6370	196
	15	480	7200	225
	16	490	7840	256
	17	505	8585	289
	18	521	9378	324
Sum	171	6641	72293	2109

(b) So trend equation  $Y = a + bt = 188.44 + 19t$

So when  $t = 20$ , Loadings (Y) =  $188.44 + 19 \times 20 = 568.44$

$t = 21$ , Loadings (Y) =  $188.44 + 19 \times 21 = 587.44$

© By question  $800 = 188.44 + 19t$ . So  $t = \frac{800 - 188.44}{19} = 32.18$  week i.e in 33 weeks

#### Managing poor Forecast:

How to handle a poor forecast (i.e., one that is substantially above or below actual demand) would depend on

- What the items is, and
- On a number of factors.

For example, a low forecast would lead to a stock-out. How critical that is would relate to—

- How important that a stock-out is to the customers or to internal operations,
- How quickly the item could be restocked, whether substitutes are available, whether it is a seasonal item, and so on.

For a high forecast, the key issues might be storage space and whether the items can be carried over to the following period(s) or they are perishable.

For perishable items, a price reduction might be an option. Another possibility might be to return items to the vendor. If the poor forecast affects capacity required, handling that would depend on the ability or inability to adjust capacity in the short run, or finding other uses for an over-supply, or finding other ways to make up for an undersupply.

#### Suggestions:

*These note is made on the basis of study guide on the paper 9- Operations Management & Strategic Management written and issued by Institute & from supplementary readings- Modern Production/Operations Management by Buffa and Sarin, Operations Management by R.S Russell & BW Taylor, Operations Management by Lee J Krajewski, Comprehensive productions and Operations management by Dr KC Arora. Students should also attempt to gain further knowledge from the referred books with their own efforts.*

*Best Wishes*

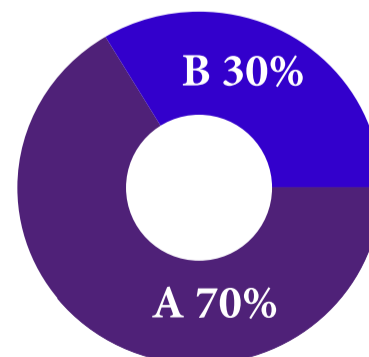




GROUP: II, PAPER: 9, Part- ii  
**OPERATIONS**  
MANAGEMENT & STRATEGIC  
MANAGEMENT (OMSM)  
Strategic Management

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# Your Preparation Quick Takes



### Syllabus Structure

A Operations Management 70%  
B Strategic Management 30%

**Learning Objectives:**

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

**STRATEGIC MANAGEMENT**

1. The concept of 'Strategic window' was introduced by -----:

- A. Michael Porter
- B. Peter Drucker
- C. Hamel
- D. Abell**

2. ----- is concerned with the overall purpose or objective of the organization; for example, making decisions such as mergers, acquisitions or going for joint ventures:

- A. Business-unit level strategies
- B. International strategies
- C. Corporate strategies**
- D. Operational strategies

3. Functional strategies are sometimes called as -----:

- A. Process strategies
- B. Corporate strategies
- C. Business-unit level strategies
- D. Operational strategies.**

4. The competitive threat model or the five forces model was developed by -----:

- A. Michael E Porter**
- B. Hamel
- C. C K Prahalad
- D. Peter Drucker.

5. A ----- is characterized by the existence of a large number of small and medium units and no single company has any significant market share.:

- A. Emerging industry
- B. Mature industry
- C. Declining industry
- D. Fragmented industry**

6. In what type of organizations, the focus is more on ideology, social responsibilities, and underlying values rather than revenue generation?

- A. Multinational companies
- B. Public sectors
- C. Small businesses
- D. Non-profit organisations**

7. The interrelationship or interdependence between governance and strategy can be seen through -----in the organization:

- A. Tasks and practices
- B. A chain in the reporting system**
- C. Structure
- D. Processes adopted

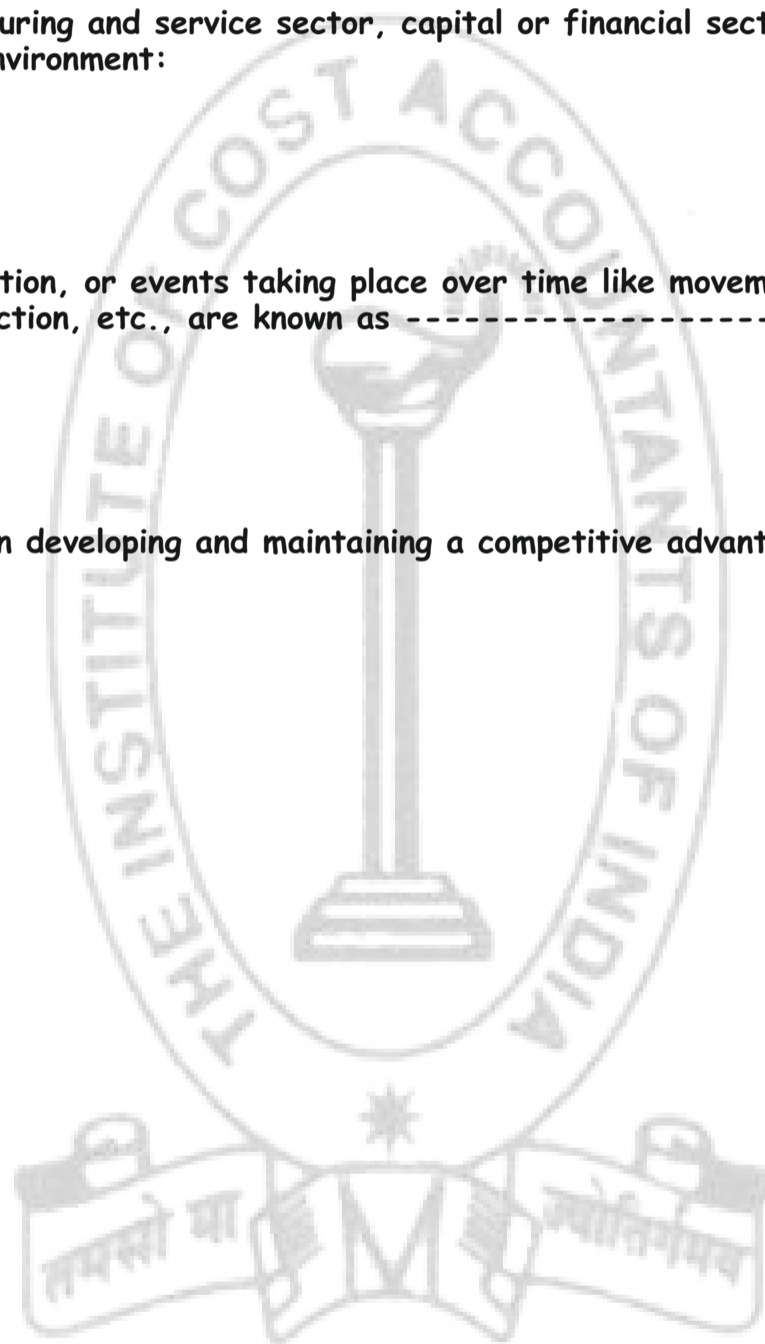
8. The----- of a company is variously called a statement of philosophy, a statement of beliefs, and a statement of purpose:

- A. Mission statement**
- B. Vision statement
- C. Quality principles
- D. Policy

9. ----- evaluates or measures a company's performance against planned or laid down social objectives or goals:

- A. Social audit**
- B. Strategic intent
- C. Strategic audit
- D. Strategic review

10. ----- of a company is one of its special or unique competence which gives that company a clear competitive advantage over its competitors:
- A. Distinctive competence
  - B. Core competence**
  - C. Strategic competence
  - D. Threshold competence
11. Various competencies and resources of an organization can be integrated into a chain of activities that an organization performs to meet customer demand. This is called -----:
- A. Value chain**
  - B. Product life cycle
  - C. Innovation
  - D. Business process
12. In order to secure or sustain competitive advantage, ----- may have to be continuously developed and adjusted to competence levels:
- A. Skills
  - B. Talent
  - C. Resources**
  - D. Equipment
13. The national income, the manufacturing and service sector, capital or financial sector, investment, savings, etc., constitute the -----environment:
- A. Economic**
  - B. Sociological
  - C. Micro
  - D. Political
14. Prevailing tendencies, course of action, or events taking place over time like movements in national income, inflationary tendencies, growth in industrial production, etc., are known as -----:
- A. Patterns
  - B. Macro activities
  - C. Trends**
  - D. Fluctuations
15. The focus of ----- is on developing and maintaining a competitive advantage consistent with present resources and market requirements:
- A. Dynamic strategy
  - B. Stability strategy**
  - C. Competitive strategy
  - D. Generic strategy





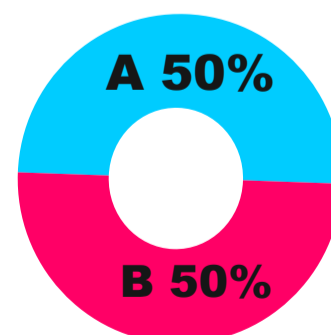
GROUP: II, PAPER:10

## COST & MANAGEMENT

ACCOUNTING AND FINANCIAL  
MANAGEMENT(CMFM)

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# Your Preparation Quick Takes



### Syllabus Structure

A Cost & Management Accounting 50%

B Financial Management 50%

**Learning Objectives:**

The paper Cost & Management Accounting and Financial Management (Group II; Paper 10) is a unique blend of theoretical elaborations and practical illustrations. The aim of this paper is to equip the students with a working level knowledge regarding the two disciplines and prepare a ground for a few advanced level papers like Strategic Financial Management (Final Group 3: Paper 14), Strategic Cost Management decision Making (Final Group 3: Paper 15) and Strategic Performance Management and Business Valuation (Final Group 4: Paper 20) in the CMA Final Course. The entire syllabus of the paper is segregated into two segments namely Cost & Management Accounting (Section A: Full Marks 50) and Financial Management (Section B: Full Marks 50). Each of the individual sections has further been divided into five chapters each highlighting a specific aspect of the subject concerned. In this section of e- bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.

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

The following particulars have been furnished by M/s Starlight Co. Ltd. :-

- Value of material purchased : Rs.9000
- Quantity of material purchased : 3000 units
- Standard quantity of materials required per tonne of finished product : 25 units
- Standard rate of material : Rs.2 per unit
- Opening stock : NIL
- Closing stock of material : 500 unit
- Finished product during the period : 80 tonne

What shall be the :-

- 1) Standard Quantity of Material for Actual Production (SQ for AP) : (a) 2000 units (b) 2050 units (c) 2100 units (d) 2150 units
- 2) Actual Rate (AR) of Material purchased : (a) Rs.2.50 (b) Rs.2.75 (c) Rs.3.00 (d) Rs.3.25
- 3) Actual Quantity (AQ) of Material used in Production : (a) 2200 units (b) 2300 units (c) 2400 units (d) 2500 units
- 4) Standard Cost of Actual Quantity (SC of AQ) of material used : (a) Rs.4500 (b) Rs.4800 (c) Rs.4900 (d) Rs.5000
- 5) Material Price Variance : (a) Rs.2500 F (b) Rs.2500 A (c) Rs.2520 F (d) Rs.2520 A
- 6) Material Usage Variance : (a) Rs.1000 A (b) Rs.1000 F (c) Rs.1500 A (d) Rs.1500 F
- 7) Material Cost Variance : (a) Rs.3400 A (b) Rs.3400 F (c) Rs.3500 A (d) Rs.3600 A

**Answer :**

- |                   |                  |                   |
|-------------------|------------------|-------------------|
| 1) (a) 2000 units | 2) (c) Rs.3.00   | 3) (d) 2500 units |
| 4) (d) Rs.5000    | 5) (b) Rs.2500 A | 6) (a) Rs.1000 A  |
| 7) (c) Rs.3500 A  |                  |                   |

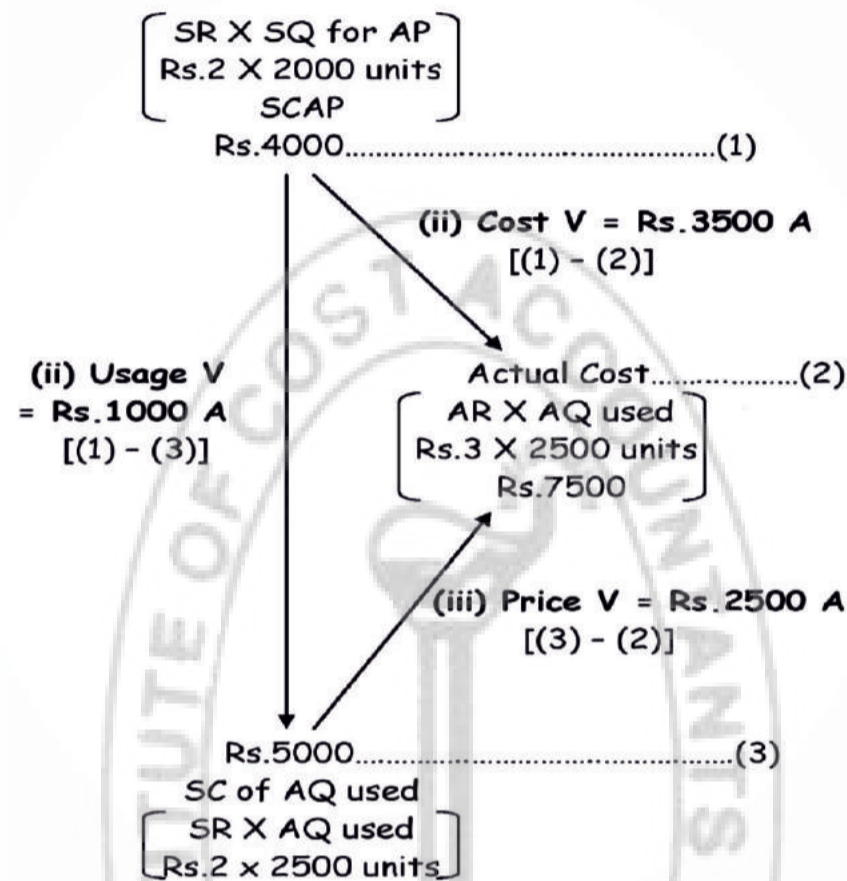
**Steps for Solution (for both Question 1 and 2) :**

- 1) Draw diagrams as shown in respect of each Question.
- 2) Put the given data as well as data derived from the Working Notes in the appropriate places of the diagrams as specified.
- 3) Start connecting the same in the way embodied therein.
- 4) The requisite Variances will emerge automatically.
- 5) In case of any difficulty, please have a look to the **Solutions through diagrams** at the end of this e-bulletin.

**Solution with Working Notes**

- SQ for AP = 80 tons X 25 units = 2000 units
- Actual Rate = Rs.9000 / 3000 units = Rs.3
- AQ used = 3000 - 500 = 2500 units
- SR = Rs.2 (given)

**Solution :** Basic data : Actual Production (AP) = 80 tons



**Note :** Material Cost Variance = Price V + Usage V

**Question No. - 2 (Factors Contributing to change in Profit i.e. Profit Variance)**

Brilliant Co. has provided you with the following summarized working results for two years.

	Figures in Rs. in Crores	
	Year 2019	Year 2020
Sales	444.44	480.00
<b>Cost of Sales :</b>		
Material	280.00	318.85
Variable Expenses	100.00	120.00
Fixed Expenses	50.00	61.15
	<b>430.00</b>	<b>500.00</b>
Profit / (Loss)	14.44	(20.00)

It has been observed that during the year 2020 the following increase in average prices were recorded.

Sales Price	- by 20%
Material Price	- by 15%
Expenses	- by 20%

What shall be the :-

- 1) Sales Value before price increase of 20% : (a) Rs.390 (b) Rs.400 (c) Rs.410 (d) Rs.420
- 2) Value of Material before price : (a) Rs.271.26 (b) Rs.273.26 (c) Rs.275.26 (d)

- increase of 15% Rs.277.26
- 3) Value of Variable Overhead before price increase of 20% : (a) Rs.100 (b) Rs.110 (c) Rs.120 (d) Rs.130
  - 4) Value of Fixed Overhead before price increase of 20% : (a) Rs.46.96 (b) Rs.48.96 (c) Rs.50.96 (d) Rs.52.96
  - 5) The percentage increase/decrease of Sales Value over the base year : (a) Decrease 10% (b) Increase 10% (c) Decrease 12% (d) Increase 12%
  - 6) The contribution Variance of base year and current year : (a) Rs.6.44 F (b) Rs.6.44 A (c) Rs.8.44 F (d) Rs.8.44 A
  - 7) The Price Variance in respect of Sales : (a) Rs.70 A (b) Rs.70 F (c) Rs.80 A (d) Rs.80 F
  - 8) The Price Variance in respect of Material Cost : (a) Rs.41.59 F (b) Rs.41.59 A (c) Rs.45.49 F (d) Rs.45.59 A
  - 9) The Expense Variance in respect of Variable Overheads : (a) Rs.20 A (b) Rs.20 F (c) Rs.22 A (d) Rs.22 F
  - 10) The Expense Variance in respect of Fixed Overheads : (a) Rs.10.19 F (b) Rs.10.19 A (c) Rs.20 F (d) Rs.20 A
  - 11) The Usage Variance in respect of Material Cost : (a) Rs.24 A (b) Rs.24 F (c) Rs.25.26 A (d) Rs.25.26 F
  - 12) The efficiency Variance in respect of Variable Overheads : (a) Rs.10 A (b) Rs.10 F (c) Rs.11 A (d) Rs.11 F
  - 13) The efficiency Variance in respect of Fixed Overheads : (a) Rs.0.94 F (b) Rs.0.94 A (c) Rs.0.96 F (d) Rs.0.96 A
  - 14) The Volume Variance in respect of Fixed Overhead : (a) NIL (b) Rs.2 F (c) Rs.2 A (d) Rs.3 F

**Answer :**

- |                    |                     |                  |
|--------------------|---------------------|------------------|
| 1) (b) Rs.400      | 2) (d) Rs.277.26    | 3) (a) Rs.100    |
| 4) (c) Rs.50.96    | 5) (a) Decrease 10% | 6) (b) Rs.6.44 A |
| 7) (d) Rs.80 F     | 8) (b) Rs.41.59 A   | 9) (a) Rs.20 A   |
| 10) (b) Rs.10.19 A | 11) (c) Rs.25.26 A  | 12) (a) Rs.10 A  |
| 13) (d) Rs.0.96 A  | 14) (a) NIL         |                  |

**Solution with Working Notes :****Comprehensive table showing Profit Variance Analysis**

Column	A		B		C		D	E
Particulars	Year 2019		Change in Volume		Before price Increase		Year 2020	Price Increase
		Volume/ Contribution V		Usage/ Efficiency V		Price/Rate/ Exp. V		
Sales	444.44	44.44 A ←	400	N/A ←	400	80 F ←	480	20%
Materials	280	28 F →	252	25.26 A →	277.26	41.59 A →	318.85	15%
Variable OH	100	10 F →	90	10 A →	100	20 A →	120	20%
Total Variable Cost	380		342				438.85	

Contribution V	64.44	← 6.44 A	58				41.15	
Fixed OH	50	NIL →	50	0.96 A →	50.96	10.19 A →	61.15	20%
Profit	14.44						(20)	

**Methodology of Working**★ Column A, D & E

To be filled up with relevant data given in the problem.

★ Column C

Data to be derived from Col D & E. Such data represent amount before increase in price level as shown below.

Sales	$480 \times 100 / 120$	=	400	[so that $400 + 20\% = 480$ ]
Materials	$318.85 \times 100 / 115$	=	277.26	[so that $277.26 + 15\% = 318.85$ ]
Variable Expenditure	$120 \times 100 / 120$	=	100	[so that $100 + 20\% = 120$ ]
Fixed Expenses	$61.15 \times 100 / 120$	=	50.96	[so that $50.96 + 20\% = 61.15$ ]

Column B

★	Put the sales amount [400] as it is in Col C, since there is neither usage V nor Efficiency V in respect of Sales.
★	Ascertain the % age increase / decrease in Volume of sales from Col A (444.44) to Col B (440). The decreased % age is 10% $[(440 - 444.44) \div 444.44] \times 100 = [(-) 44.44 \div 444.44] \times 100 = (-) 9.999\%$ or (-) 10%
★	The volume of direct and variable cost as in Col A are also to be decreased by 10% in conformity with the Sales, as shown below. <b>Material</b> $280 - 10\% = 252$ <b>Variable Exp</b> $100 - 10\% = 90$
★	Fixed Expenses do not change with the volume of Sales in the short run. Hence, put 50 as in Col. A to Col. B
★	<u>Amount of difference between columns</u> 1. <u>Column A &amp; B</u> Get Contribution amount by deducting total Variable Cost from Sales in both the columns. The difference between the Contribution so derived is the Contribution Variance as shown in the diagram. Variance = $58 - 64.44 = 6.44 A$
★	2. <u>Column B &amp; C</u> The difference indicates material usage / labour efficiency and overhead efficiency variance as shown below : Materials Usage V      = $252 - 277.26 = 25.26 A$ Variable OH Efficiency V = $90 - 100 = 10 A$ Fixed OH Efficiency V    = $50 - 50.96 = 0.96 A$



3. Column C & D

The difference indicates Sales Price / material price / labour rate / overhead expenditure variance.

Sales Price V	= 480 - 400 = 80 F
Material Price V	= 277.26 - 318.85 = 41.59 A
Variable OH Exp V	= 100 - 120 = 20 A
Fixed Overhead Exp. V	= 50.96 - 61.15 = 10.19 A

[It seems to be a better method of presentation, if Contribution Variance is calculated and shown, instead of showing volume variances individually in respect of sales and other direct / variable expenses.]

In case of comprehensive table for Profit Variance Analysis, it is important to note the direction of arrows. While the arrows in respect of Sales and Contribution move from right to left, in case of expense items it is just the reverse, i.e. the arrows run from left to right for obvious reason.

Deduct the figures placed at spear head from figures at the bottom of the arrow in each case. While the positive balance always signifies a Favourable Variance, a negative balance invariably indicates an Adverse Variance. This principle holds good both in respect of cost and sales variance as well.

**Tutorial Notes**

In addition, Statement showing reconciliation of profit for the base year 2019 and 2020 is also drawn below for understanding.

**Statement showing variance in Profit**

		<u>(Rs. in Crores)</u>
	Profit in 2019	14.44
Add :	Sales Price V                      80.00 F	
Less :	Contribution V                      6.44 A	
		73.56 F
	<b>Cost Variances</b>	
	<b>Material</b>	66.85 A
	[ Price V    41.59 A	
	Usage V    25.26 A ]	
	<b>Variable Exp.</b>	30.00 A
	[ Expense V    20.00 A	
	Efficiency V    10.00 A ]	
	<b>Fixed Exp.</b>	11.15 A
	[ Expenses V    10.19 A	
	Efficiency V    0.96 A ]	
		34.44 A
	<b>Profit / (Loss) in 2020</b>	<b>(20.00)</b>

**Solution through diagrams**

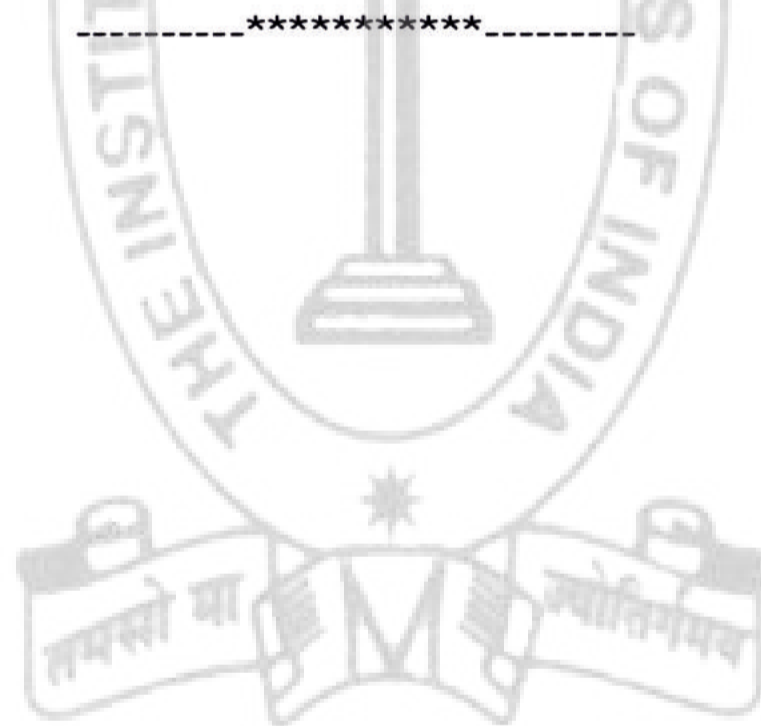
A diagrammatic solution is characterized by arrows having spearhead in one side. The basic principle is that the amount standing at the spearhead side should always be deducted from that of the bottom side of the same. The resulting balance, if positive, signifies a Favourable Variance whereas a negative 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.



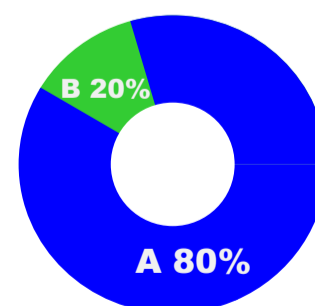


GROUP: II, PAPER:11

# INDIRECT TAXATION (ITX)

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## Your Preparation Quick Takes



### Syllabus Structure

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

**Learning objectives:**

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

**GENESIS BRIEF HISTORY OF GST**

The idea of moving towards GST was first mooted by the then Union Finance Minister in his Budget speech for 2006-07. Initially, it was proposed that GST would be introduced from 1st April 2010. The Empowered Committee of State Finance Ministers (EC) which had formulated the design of State VAT was requested to come up with a roadmap and structure for GST. Joint Working Groups of officials having representatives of the States as well as the Centre were set up to examine various aspects of GST and draw up reports specifically on exemptions and thresholds, taxation of services and taxation of inter-State supplies. Based on discussions within and between it and the Central Government, the EC released its First Discussion Paper (FDP) on the GST in November, 2009. This spelt out features of the proposed GST and has formed the basis for discussion between the Centre and the States so far.

The introduction of the Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, GST will mitigate ill effects of cascading or double taxation in a major way and pave the way for a common national market. From the consumers point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods, which is currently estimated to be around 25%-30%. It would also imply that the actual burden of indirect taxes on goods and services would be much more transparent to the consumer. Introduction of GST would also make Indian products competitive in the domestic and international markets owing to the full neutralization of input taxes across the value chain of production and distribution. Studies show that this would have a boosting impact on economic growth. Last but not the least, this tax, because of its transparent and self-policing character, would be easier to administer. It would also encourage a shift from the informal to formal economy. The government proposes to introduce GST with effect from 1st July 2017.

**GST and Centre-State Financial Relations**

Currently, fiscal powers between the Centre and the States are clearly demarcated in the Constitution with almost no overlap between the respective domains. The Centre has the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium, narcotics etc.) while the States have the powers to levy tax on sale of goods. In case of inter-states sales, the Centre has the powers to levy a tax (the Central Sales Tax) but, the tax is collected and retained entirely by the originating States. As for services, it is the Centre alone that is empowered to levy Service Tax. Since the States are not empowered to levy any tax on the sale or purchase of goods in the course of their importation into or exportations from India, the Centre levies and collects this tax in addition to the Basic Customs Duty. This additional duty of customs (commonly known as CVD and SAD) counterbalance excise duty, sales tax, State VAT and other taxes levied on the like domestic product. Introduction of GST required amendments in the Constitution so as to empower the Centre and the States concurrently to levy and collect GST.

The assignment of concurrent jurisdiction to the Centre and the States for the levy of GST required a unique institutional mechanism that would ensure that decisions about the structure, design and operation of GST are taken jointly by the two. To address all these and other issues, the Constitution (122nd Amendment) Bill was introduced in the 16th Lok Sabha on 19.12.2014. The Bill provides for a levy of GST on supply of all goods or services except alcohol for human consumption. The tax shall be levied as Dual GST separately, but concurrently the Union (CGST) and the States (SGST). The Parliament would have exclusive power to levy GST (IGST) on inter state trade or commerce (including imports) in goods and services. The Central Government will have the power to levy excise duty in addition to GST, on tobacco and tobacco products.

The constitution Amendment Bill was passed by the Lok Sabha in May, 2015. The Bill with certain amendments was finally passed in the Rajya Sabha and thereafter by the Lok Sabha in August, 2016. Further, the Bill has been ratified by the required number of States and has since received the assent of the President on 8th September, 2016 and has been enacted as the 101st Constitution Amendment Act, 2016. The GST Council has also been notified w.e.f. 12th September, 2016. GST Council is being assisted by a Secretariat.

The Goods and Service Tax Council (hereinafter referred to as, "GSTC") comprises of the Union Finance Minister, the Minister of State (Revenue) and the State Finance Ministers to recommend on the GST rate, exemption and thresholds, taxes to be subsumed and other matters. One-half of the total number of members of GSTC form quorum in meetings of GSTC. Decision in GSTC are taken by a majority of not less than three-fourth of weighted votes cast. Centre has one-third weightage of the total votes cast and all the states taken together have two-third of weightage of the total votes cast.

All decisions taken by the GST Council has been arrived at through consensus. The option of exercising a vote has not been resorted to till date.

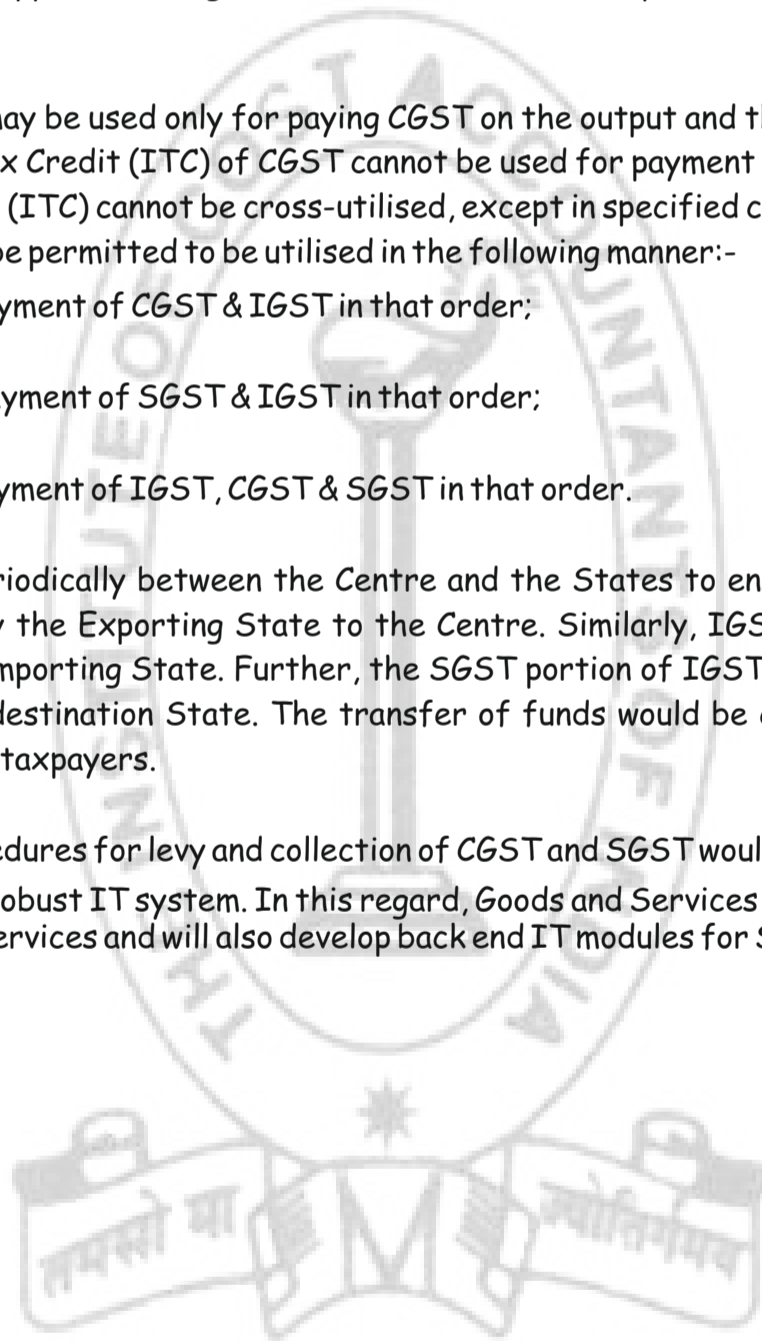
To ensure smooth roll-out of the GST, various Committees and Sectoral groups has been formed comprising of members from both Centre and States.

### Salient features of GST

The salient features of GST are as under:

- (i) GST is applicable on 'supply' of goods or services as against the present concept on the manufacture of goods or on sale of goods or on provision of services.
- (ii) GST is based on the principle of destination-based consumption taxation as against the present principle of origin-based taxation.
- (iii) It is a dual GST with the Centre and the States simultaneously levying tax on a common base. GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the States would be called State GST (SGST).
- (iv) An Integrated GST (IGST) would be levied on inter-state supply (including stock transfers) of goods or services. This shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by Law on the recommendation of the GST Council.
- (v) Import of goods or services would be treated as inter-state supplies and would be subject to IGST in addition to the applicable customs duties.
- (vi) CGST, SGST & IGST would be levied at rates to be mutually agreed upon by the Centre and the States. The rates would be notified on the recommendation of the GST Council. In a recent meeting, the GST Council has decided that GST would be levied at four rates viz. 5%, 12%, 16% and 28%. The schedule or list of items that would fall under each of these slabs has been worked out. In addition to these rates, a cess would be imposed on "demerit" goods to raise resources for providing compensation to States as States may lose revenue owing to the implementation of GST.
- (vii) GST would replace the following taxes currently levied and collected by the Centre:-
  - a) Central Excise Duty
  - b) Duties of Excise (Medicinal and Toilet Preparations)
  - c) Additional Duties of Excise (Goods of Special Importance)
  - d) Additional Duties of Excise (Textiles and Textile Products)
  - e) Additional Duties of Customs (commonly known as CVD)
  - f) Special Additional Duty of Customs (SAD)
  - g) Service Tax
  - h) Cesses and surcharge in so far as they relate to supply of goods and services.
- (viii) State taxes that would be subsumed within the GST are:-
  - a) State VAT
  - b) Central Sales Tax
  - c) Purchase Tax
  - d) Luxury Tax
  - e) Entry Tax (All forms)
  - f) Entertainment Tax and Amusement Tax (except those levied by the local bodies)
  - g) Taxes on advertisements
  - h) Taxes on lotteries, betting and gambling

- i) State cesses and surcharges in so far as they relate to supply of goods and services.
- (ix) GST would apply on all goods and services except Alcohol for human consumption.
- (x) GST on five specified petroleum products (Crude, Petrol, Diesel, ATF & Natural Gas) would be applicable from a date to be recommended by the GSTC.
- (xi) Tobacco and tobacco products would be subject to GST. In addition, the Centre would have the power to levy Central Excise duty on these products.
- (xii) A common threshold exemption would apply to both CGST and SGST. Tax payers with an annual turnover not exceeding Rs.20 lakh (Rs.10 Lakh for special category States) would be exempt from GST. For small taxpayers with an aggregate turnover in a financial year upto 50 lakhs, a composition scheme is available. Under the scheme a taxpayer shall pay tax as a percentage of his turnover in a State during the year without benefit of Input Tax Credit. This scheme will be optional.
- (xiii) The list of exempted goods and services would be kept to a minimum and it would be harmonized for the Centre and the States as well as across States as far as possible.
- (xiv) Exports would be zero-rated supplies. Thus, goods or services that are exported would not suffer input taxes or taxes on finished products.
- (xv) Credit of CGST paid on inputs may be used only for paying CGST on the output and the credit of SGST paid on inputs may be used only for paying SGST. Input Tax Credit (ITC) of CGST cannot be used for payment of SGST and vice versa. In other words, the two streams of Input Tax Credit (ITC) cannot be cross-utilised, except in specified circumstances of inter-state supplies for payment of IGST. The credit would be permitted to be utilised in the following manner:-
  - a) ITC of CGST allowed for payment of CGST & IGST in that order;
  - b) ITC of SGST allowed for payment of SGST & IGST in that order;
  - c) ITC of IGST allowed for payment of IGST, CGST & SGST in that order.
- (xvi) Accounts would be settled periodically between the Centre and the States to ensure that the credit of SGST used for payment of IGST is transferred by the Exporting State to the Centre. Similarly, IGST used for payment of SGST would be transferred by the Centre to the Importing State. Further, the SGST portion of IGST collected on B2C supplies would also be transferred by the Centre to the destination State. The transfer of funds would be carried out on the basis of information contained in the returns filed by the taxpayers.
- (xvii) The laws, regulations and procedures for levy and collection of CGST and SGST would be harmonized to the extent possible. The whole GST system will be backed by a robust IT system. In this regard, Goods and Services Tax Network (GSTN) has been set up by the Government. It will provide front end services and will also develop back end IT modules for States who opted for the same.

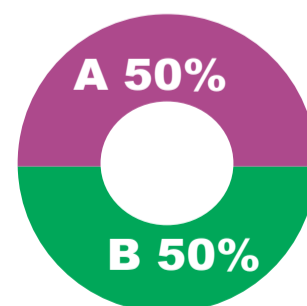




**GROUP: II, PAPER:12**  
**COMPANY**  
**ACCOUNTS & AUDIT (CAA)**

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# Your Preparation Quick Takes



## Syllabus Structure

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

**Learning Objectives:**

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

**Company Accounts & Audit**

Students who are due to appear in the ensuing examination may face the small/ multiple choice type questions. Thus we may discuss some small questions of paper 12 in discrete way to get the glimpse of the pattern.

**What are the basic two requirements of financial statements to be reliable and useful?**

To be useful and reliable, financial statements should be timely and should be professionally audited.

**Do you think monetary values of the items of financial statements are exact?**

Accountants drawing up financial statements are sometimes required to make judgments about monetary values. The criteria they choose are important, but it is even more vital that the accountants should be consistent in using them.

**Do you consider accounting figures are significant in themselves?**

Accounting figures are not significant in themselves?

Accounting figures are not significant in themselves. They are significant only when compared with other similar set of figures.

**What is a balance sheet?**

A balance sheet is a statement of those assets and liabilities of a business enterprise that can be given a value in terms of money; it shows both the assets and how the assets are financed; the figures are estimates, not scientific facts.

**What do you mean by shareholders' fund?**

In addition to the capital subscribed; shareholders' fund includes capital reserve and revenue reserve, which represent profits retained in the business and not paid to the shareholders.

**How do you judge solvency of a company from balance sheet?**

Simply the enterprise is solvent if assets are greater than outside liabilities.

**How do you facilitate comparison in the format of balance sheet?**

Comparison of current balance sheet figures with the previous balance sheet is required to determine significant material changes and enquiry about changes is very integral part of financial management.

Most published balance sheet give two sets of figures to show how the current financial position of the company compares with its previous financial position.

**State the measures of the profitability of a business enterprise?**

There are two useful measures of a business enterprise namely

Return on capital employed =  $(\text{profit before tax} + \text{interest on fixed liabilities} / \text{capital employed}) \times 100$

Return on shareholders' fund =  $(\text{net profit after tax} / \text{shareholders' fund}) \times 100$

The figures for profit will be obtained from the profit and loss account and the figures for capital employed and shareholders' fund from the balance sheet.

**What are the consequences of incorrect calculation of profit of a company?**

If the profits of a company are not properly ascertained, it will have the following consequences

- 1) It may results into distribution of dividends out of capital.
- 2) Over statement of profits and consequent distribution of dividends out of capital may affect the interest of the creditors and debenture holders.
- 3) Persistent overstatement of profits and distribution of dividends would go on depleting of assets.
- 4) If profits are understated it will affect the present shareholders since it will reduce the amount of dividends.
- 5) The incorrect profit ultimately affects the balance sheet.

**What is interim dividend and Final Dividend?**

If the dividend is paid at the end of the Financial year, when profit and loss account is prepared it is known as final dividend. If it is declared in between two annual general meetings of the company, it is known as interim dividend.

For the payment of interim dividend proper attention must be paid to the future prospects of the concern and seasonal fluctuation in the remainder of the year.

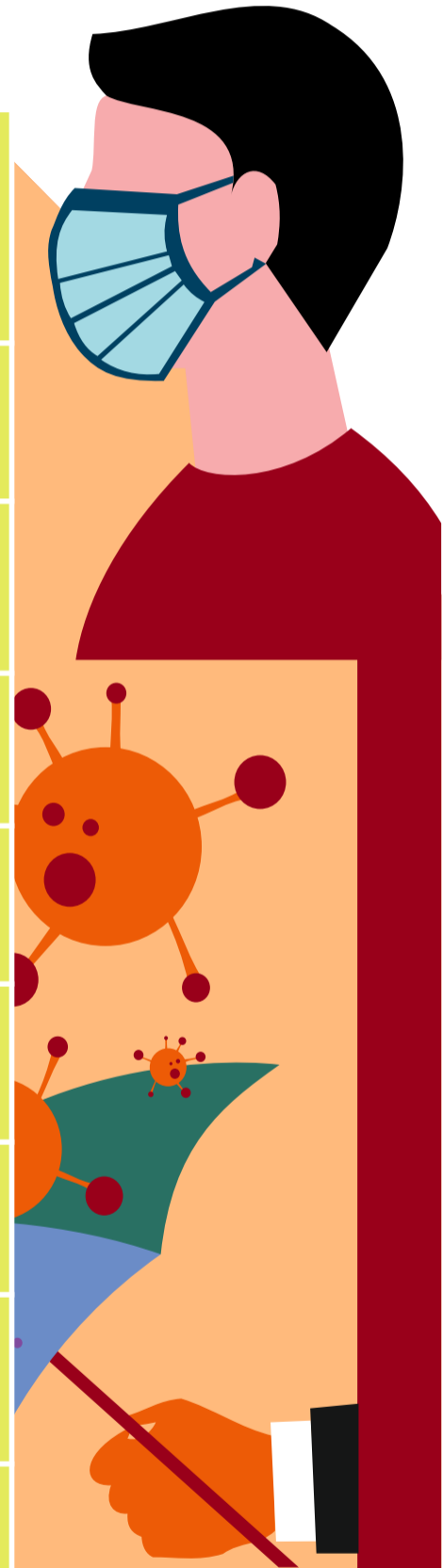
In the post corona episode you all are to go through study and prepare yourself for better result.



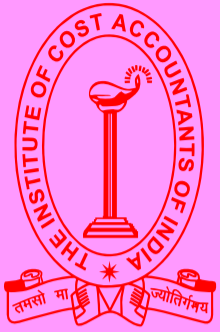


# Examination TIME TABLE

Day & Date	Intermediate Examination Syllabus-2016 Time 10.00 a.m. to 1.00 p.m.
21 st October, 2021 (Thursday)	Financial Accounting (Paper 05) (Group - I)
22 nd October, 2021 (Friday)	Operations Management & Strategic Management (Paper 09) (Group - II)
23 rd October, 2021 (Saturday)	Laws & Ethics (Paper 06) (Group - I)
24 th October, 2021 (Sunday)	Cost & Management Accounting and Financial Management (Paper 10) (Group - II)
25 th October, 2021 (Monday)	Direct Taxation (Paper 07) (Group - I)
26 th October, 2021 (Tuesday)	Indirect Taxation (Paper 11) (Group -II)
27 th October, 2021 (Wednesday)	Cost Accounting (Paper 08) (Group - I)
28 th October, 2021 (Thursday)	Company Accounts & Audit (Paper 12) (Group - II)



**STAY HOME STAY SAFE**



# 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

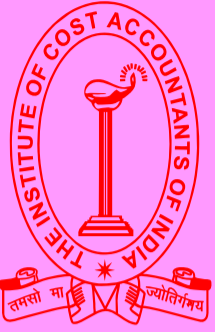
03

**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](http://www.icmai.in) at request option.

Dear Students,

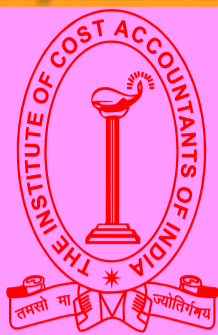
We are very much delighted to receive responses from all of you; for whom our effort is!

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](mailto:studies.ebulletin@icmai.in)  
website: <http://www.icmai.in>



## Message from Directorate of Studies

Dear Students,

Passing the exam is a happy event. Congratulations on all that you have accomplished! There is no secret of success. It is the result of preparation, hard work and learning from failure. Well done! It is clear that the future holds great opportunities for you.

Those who could not pass, failing in an exam does not mean failing in life. All of us face failure at one time or another. Try to focus your attention on the importance of perseverance and mind it that dedication and determination plays the lead role in shaping a person's life.

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!

**The Institute is pleased to inform that the University Grants Commission (UGC) Ministry of Education, Govt. of India has announced that CMA qualification be Considered equivalent to PG Degree.**

**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](http://www.icmai.in)

# CMA LEADS

**Last Date for Admission**  
June Exam  
31<sup>st</sup> January  
of the same Calendar Year

December Exam  
31<sup>st</sup> July  
of the same Calendar Year

5,00,000<sup>+</sup>  
Students

75,000<sup>+</sup>  
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

✉ [studies@icmai.in](mailto: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.**

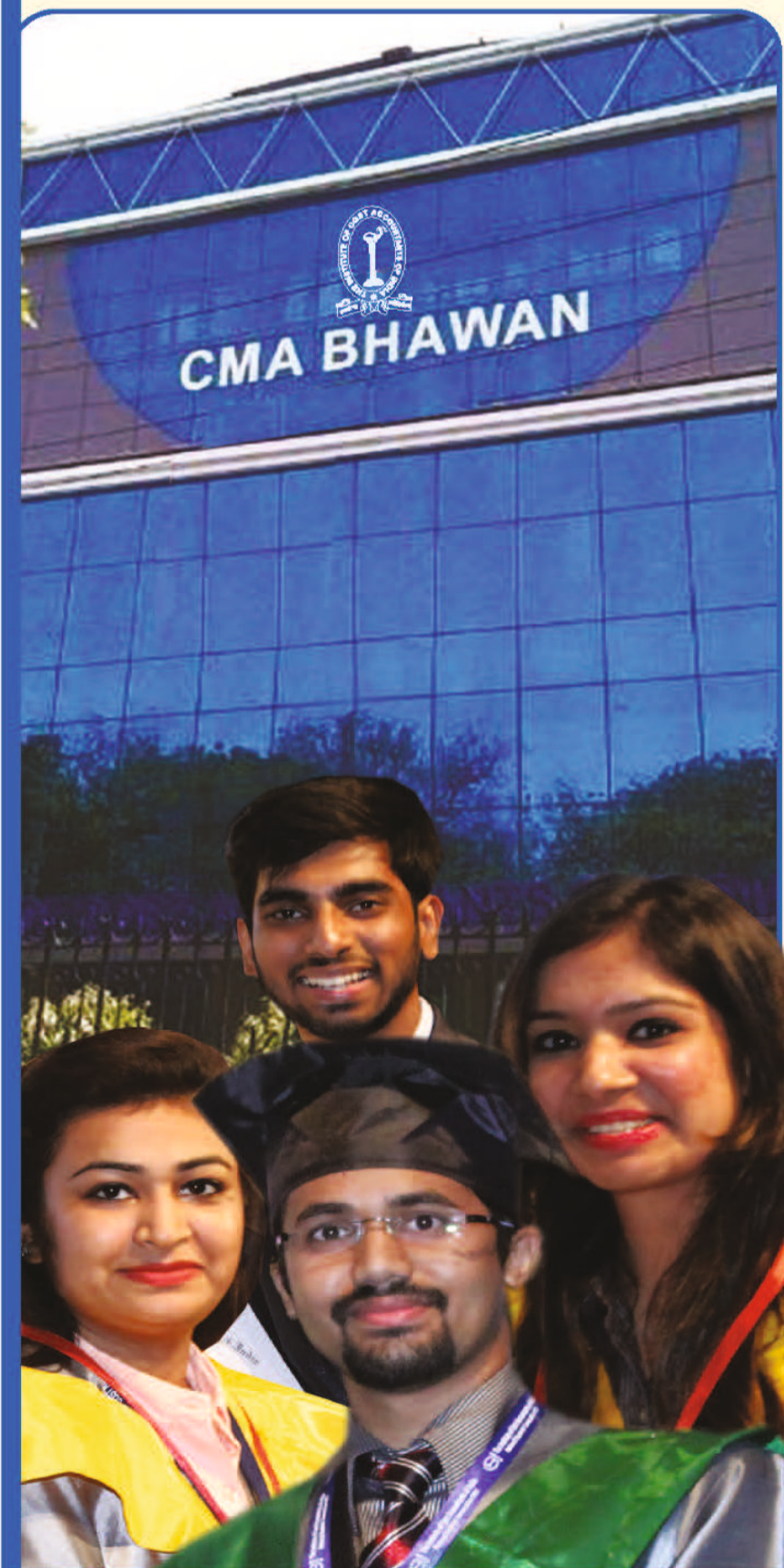
### Few of Our Proud Recruiters



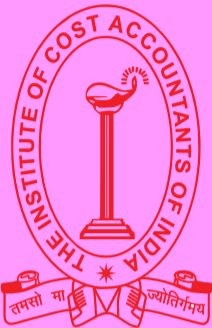
✉ [placement@icmai.in](mailto:placement@icmai.in) / [cpt@icmai.in](mailto:cpt@icmai.in)

☎ **+ 91 33 40364770**

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



# Few Snapshots



Group Photo- MDP Kolkata during valedictory session on 27-Aug 21



As part of CAT & AAT Board ICAI initiative, team of delegates from Institute CMA P Raju Iyer, Vice President, CMA Rakesh Singh, Former President, CMA Vijender Sharma, Chairman PD, CMA Dr K Ch A V S N Murthy, Chairman RC & CC, Journal, CMA Chittaranjan Chattopadhyay, Chairman BFSI Board and CMA H Padmanabhan, Chairman CAT and AAT Board met Shri. A Namassivayam, Minister Puducherry-Home, Education, Industries & Commerce, Electricity, Sports, Sainik Welfare



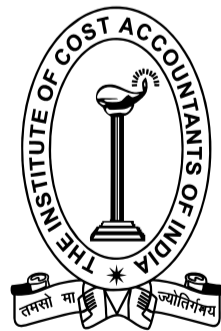
As part of initiative of CAT and AAT Board ICAI our Institute CMA P Raju Iyer Vice President, CMA Rakesh Singh Former President, CMA Vijender Sharma, Chairman PD, CMA Chittaranjan Chattopadhyay, Chairman BFSI Board, CMA Dr K Ch A V S N Murthy, Chairman RC & CCC and CMA H Padmanabhan, Chairman CAT and AAT Board met Shri N. Rangaswamy, Honorable Chief Minister of Puducherry UT



CMA Chittaranjan Chattopadhyay Chairman BFSI Board, CMA Vijender Sharma and CMA H Padmanabhan met BANK top management Shri. P Suresh, Puducherry Head and handed over BFSI Publication after discussing scope for PCMA's and IPAs in Banking Industry



CMA Neeraj D. Joshi, Chairman, Management Accounting Committee and CMA (Dr.) Ashish P. Thatte, Chairman, Corporate Laws Committee had an opportunity to greet Dr. Bhagwat Kishanrao Karad, Hon'ble Union Minister of State for Finance on 29th July, 2021



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

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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****