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CMA Student E - Bulletin

Syllabus 2022

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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Behind every successful business decision, there is always a CMA

CONTENTS

Vol: 8, No.: 12.
December 2023, Issue

Message from the CHAIRMAN

Warm greetings!

In the words of Dr. A.P.J. Abdul Kalam, "Climbing to the top demands strength, whether it is to the top of Mount Everest or to the top of your career."

As stewards of the future, it is our responsibility to nurture not only the young minds of our nation but also contribute to the global landscape, much like tending to the greenery and the environment for the prospective well-being of human civilizations. Our commitment is still evolving and we aspire to cultivate individuals equipped not only with knowledge but also with compassion and humanity, qualities that are increasingly rare in today's world.

We are dedicated to fostering an environment where our students actively contribute to the development of a vibrant and positive ecosystem coupled with the attainment of essential knowledge. The Directorate of Studies takes pleasure in extending comprehensive support and guidance to our students. Live webinars are regularly organized for your benefit, and recorded sessions are archived in our e-library. Model Question Papers (MQPs) and monthly E-bulletins containing valuable insights are consistently updated on our website. Esteemed academicians and industry experts continually contribute to enriching the learning experience of our students.

As the Chairman of the Training & Educational Facilities Committee, I express sincere gratitude to all those who contribute to this noble cause.

Always bear in mind, "Education is the movement from darkness to light."

Wishing everyone a joyous and prosperous New Year ahead!

Chairman, Training & Educational Facilities Committee
The Institute of Cost Accountants of India

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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.

Vol: 8, No.: 12.
December 2023, Issue

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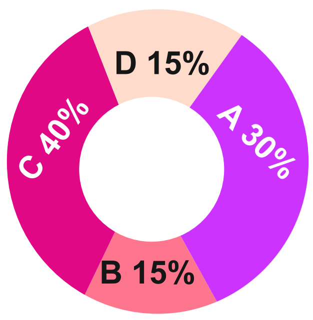
GROUP: I, PAPER: 5

Business Laws and Ethics (BLE)

Your Preparation Quick Takes



Syllabus Structure

Section A: Commercial Laws **30%**

Section B: Industrial Laws **15%**

Section C: Corporate Laws **40%**

Section D: Business Ethics **15%**

Laws & Ethics

LAW AND ETHICS

It is expected 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 important point is that you must read the Bare Act and the Sections and start asking questions to yourself and find your own answers.

In this issue we shall deal with Companies Act, mainly two significant types of meeting of shareholders as per Companies Act, 2013. As per Companies Act, three different types of meetings are recommended, which are-

1. Meeting of Shareholders: It includes Annual General Meeting, Extra Ordinary General Meeting and Class Meetings.
2. Meeting of Directors: It includes Board Meetings and Committee Meetings.
3. Other Meetings: It includes Meetings of Creditors, Meetings of Debenture-holders and Meetings of Contributories in winding up.

Annual General Meeting (AGM)

Section 96(1) provides that every company other than an OPC shall in each year hold a general meeting as its Annual General Meeting. The time gap between one annual general meeting and the next the annual general meeting shall not be more than 15 months. The notice for the calling of Annual General Meeting shall specify the meeting as the Annual General Meeting. The Annual General meeting shall be conducted within 6 months from the close of the financial year. If the AGM could not be conducted within the time stipulated the Registrar, for any special reason, may extend the time by a period not exceeding 3 months but not in the case of first AGM.

First AGM

After incorporation of the company, the first Annual General Meeting is to be conducted within 9 months from the close of the first financial year of the company. If a company holds its first annual general meeting as such, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation. No further extension of time shall be given by the Registrar if the First AGM is not held within the specified period.

Conduct of AGM

Section 96 (2) provides that every annual general meeting shall be held during the business hours of the company i.e., from 9 a.m., to 6p.m. on any day that is not a National Holiday. The AGM shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated. The Central Government may exempt any company from the provisions of Section 96(2) subject to such conditions as it may impose. The annual general meeting of an unlisted company may be held at any place in India if consent is given in writing or by electronic mode by all the members in advance.

Power of Tribunal to call Annual General Meeting

Section 97 provides that if any default is made in holding the annual general meeting of a company under Section 96, the Tribunal may notwithstanding anything contained in the Act or the articles of the company, on the application of any member of the company, call, or direct the calling of, an annual general meeting of the company and give such ancillary or consequential directions as the Tribunal thinks expedient. Such directions may include a direction that one member of the company present in person or by proxy shall be deemed to constitute a meeting. A general meeting held as above shall, subject to any directions of the Tribunal, be deemed to be an Annual General Meeting of the company under this Act.

Report of Annual General Meeting

Rule 31 provides that the report in pursuance of Section 121(1) shall be set in the following manner-

the report shall be prepared in addition to the minutes of the general meeting;

the report shall be signed and dated by the Chairman of the meeting or in case of his inability to sign, by any two directors of the company, one of whom shall be the Managing Director, if there is one and company Secretary of the company;

the report shall contain the details in respect of the following-

- The day, date, hour and venue of the annual general meeting;
- Confirmation with respect to appointment of chairman of the meeting;

- Number of members attending the meeting;
- Confirmation of quorum;
- Confirmation with respect to compliance of the Act and the Rules, Secretarial Standards made business transacted at the meeting and the result thereof;
- Particulars with respect to any adjournment, postponement of meeting, change in venue; and
- Any other points relevant for inclusion in the report.

The report shall contain fair and correct summary of the proceedings of the meeting. The copy of the report shall be filed with the Registrar in Form No.MGT-15 within 30 days of the conclusion of the AGM along with the fee.

Punishment

Section 99 provides that if any default is made in holding a meeting of the company or in complying with any directions of the Tribunal, the company and every officer of the company who is in default shall be punishable with fine which may extend to Rs.1 lakh. In case of a continuing default, the punishment will be addition of fine which may extend to Rs. 5,000 for every day during which such default continues.

Extra Ordinary General Meeting (EGM)

Section 100 of the Act provides that the Board may, whenever it deems fit, call an extraordinary general meeting of the company. An extraordinary general meeting of the company, other than the wholly owned subsidiary of a company incorporated outside India, shall be held at a place within India. As per Companies Amendment Act, 2017, Extraordinary General Meeting of wholly owned subsidiary of a Company incorporated outside India can be held outside India. The Board shall call the extra Ordinary general meeting at the requisition made by-

in the case of a company having share capital, such number of members, who hold, on the date of receipt of requisition, not less than one tenth of such of the paid-up share capital of the company as on that date carries the right of voting;

in the case of a company not having a share capital, such number of members who have, on the date of receipt of the requisition, not less than one-tenth of the total voting power of all the members having on the said date a right to vote. The requisition shall set out the matters for the consideration of which the meeting is to be held. Rule 17 of Companies (Management and Administration) Rules, 2014, provides the procedure for the same as follows:

the requisition shall be in writing or through electronic mode and at least clear 21 days prior to the proposed date of such extra Ordinary general meeting;

the notice shall specify the place, date, day and hour of the meeting;

the notice shall contain the business to be transacted at the meeting;

if the resolution is proposed as a special resolution, the notice shall be given as required u/s 114(2);

the notice shall be signed by all the requisitionists or by a requisitionists duly authorized in writing by all other requisitionists on their behalf or by sending an electronic request attaching therewith a scanned copy of such duly signed requisition.

the notice shall be sent to the registered office of the company;

Section 100(4) provides that the Board is to proceed to call a meeting for the consideration of the matter within 21 days of the receipt of a valid requisition. The meeting shall be conducted within 45 days from the date of receipt of a valid requisition. The notice of the meeting shall be given to those members whose names appear in the Register of members of the company within 3 days on which requisitionists deposit with the company a valid requisition for calling an extraordinary general meeting.

If the Board does not conduct the meeting within the stipulated time, the requsitionists themselves conduct the meeting within three months from the date of requisition. The requisitionists shall have a right to receive the list of members together with their registered address and number of shares held. The company is bound to give the list of members together with their registered address made as on 21st day from the date of receipt of valid requisition together with such changes, if any, before the expiry of 45 days from the date of receipt of a valid requisition.

The notice of the meeting shall be given by speed post or registered post or through electronic mode. Any accidental omission to give notice to or the non-receipt of such notice by, any member shall not invalidate the proceedings of the meeting.

Section 100(6) provides that any reasonable expenses incurred by the requisitionists in calling a meeting shall be reimbursed to the requisitionists by the company and the sums so paid shall be deducted from any fee or other remuneration payable to such directors, who were in default in calling the meeting.

Now for better understanding a Comparative Study on AGM and EGM is given below -

Basis	AGM	EGM
1. Applicability	All Companies	All Companies
2. Purpose	Ordinary Business	Special or Urgent business
3. Nature	Regular, once in every year	Meetings other than AGMs
4. Call by	Board of directors	Board of directors and requisitionists
5. Tribunal	In default they may call	In default they may call
6. Penalty	Fine on default	Fine on default

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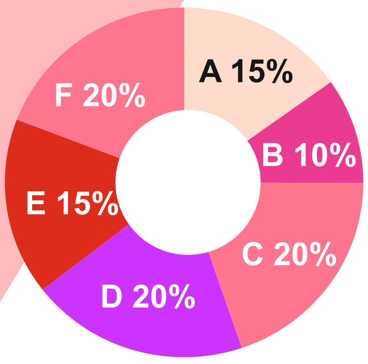
GROUP: I, PAPER: 6

Financial Accounting (FA)

Your Preparation Quick Takes



Syllabus Structure

Section A: Accounting Fundamentals **15%**
Section B: Accounting for Special Transactions **10%**
Section C: Preparation of Financial Statements **20%**
Section D: Partnership Accounting **20%**
Section E: Lease, Branch and Departmental Accounts etc.**15%**
Section F: Accounting Standards **20%**

Journal and Ledger

We are aware that every business transaction involves transfer of money or money's worth between two accounts. Recording of transaction is considered as complete only when both the receiving and the giving aspects are recorded in the books of account. This recording takes place in two stages. In the first stage, the transactions are recorded through a book called 'Journal' and in the second stage they are entered in the other book called 'Ledger'. We have learnt about the different stages of accounting, different classes of accounts, and the rules of debit and credit. With this background, we will now be able to analyse the transactions and record them in the book of original entry i.e., Journal. All business transactions are recorded in the books of account in two stages: (1) Journalising, and (2) Posting into Ledger. This involves posting journal entries into various accounts in the ledger, balancing the accounts periodically, and preparing a Trial Balance to check the arithmetical accuracy of all accounting entries.

What is Journal?

The journal is the book where all the financial transaction is recorded as and when it happens with detailed narration. A journal can be maintained physically or electronically. Any transaction, sales, purchases, or any movement of money to or from business is recorded in chronological order in such book. It is also called book of first entry as all the transactions are recorded as when it happens. Main characteristics of journal are:

a) The date of the transaction
b) Account's debited along with the amount
c) Account's credited along with the amount
d) Short narration of the transaction

Every Journal entry follows the following golden rule of accounting. These are:

1. **Real account (which is related to assets and liabilities):** Debit what comes into the Company, and credit what goes out of the Company.
2. **Personal account (which includes all accounts related to individuals, firms, and associations):** Debit the receiver, and credit the giver.
3. **Nominal account (which is related to all income and expenses of an organisation):** Debit the expense, and credit the income

Specimen of Journal

Date	Particulars	L.F.	Dr. Amount (Rs.)	Cr. Amount (Rs.)

Steps in Journalizing

In recording various business transactions in the journal, the most important aspect is the entry in the 'Particulars' column. Any mistake in this regard would lead to incorrect accounting. Hence, you should analyse the transaction carefully before making such entries. The following steps shall help you to do such analysis:

- Take up the transaction, one by one. Read and analyse the transaction carefully from the business entity point of view, and identify the two accounts that are being affected by the transaction.
- You are aware that accounts have been classified as personal, real and nominal accounts. Hence, after identifying the two accounts that are affected by the transaction, you must determine, in respect of each account, whether it is a personal account or a real account or a nominal account.
- Each class of account has its own rule of debit and credit, which you have already learnt. Now, apply the relevant rules and decide which account is to be debited and which is to be credited.

The three steps explained above will have to be repeated in respect of every transaction.

Functions of Journal

(i) Analytical Function: While recording a transaction in the journal each transaction is analysed into the debit aspect and the credit aspect. This helps to find out how each transaction will financially affect the enterprise.

(ii) Recording Function: Accountancy is a business language which helps to keeps the record of the transactions based on the principles.

Each such recording entry is supported by a brief narration, which explains, every transaction in simple language. Narration means to narrate – i.e. to explain. It starts with a word – Being ...

(iii) Historical Function: Journal book contains a chronological record of the transactions for future references.

Advantages of the Journal

The following are the advantages of a journal:

(i) Chronological Record: Journal book records transactions as and when it happens. Therefore, it is possible to get day-to-day information.

(ii) Minimizing the possibility of errors: The nature of the transaction and its effect on the financial position of the business is ascertained by recording and analyzing into debit and credit aspect.

(iii) Narration: It means the explanation of every recorded transaction.

(iv) Helps to finalize the accounts: It is the basis of ledger posting and the ultimate Trial Balance.

What is Ledger?

A ledger is also known as the principal book of accounts, and its primary purpose is to transfer the transactions from journals into their respective accounts. Ledger is also known as the book of final entry as it helps in the preparation of accounting statements like the Trial Balance.

A general ledger is used by Companies, that use the double-entry bookkeeping method, which means that each financial transaction affects at least two ledger accounts. Each entry has a dual effect, one which debits and other credits. Double-entry transactions are posted on both the Debit and credit sides and the total of all debit and credit entries must balance.

Specimen of ledger accounts

A general ledger account has two sides debit (left part of the account) and credit (right part of the account). Each of the general ledgers debit and credit side has four columns.

- Date
- Particulars
- Journal folio i.e. reference number of the page from where the entries are taken for posting and
- Amount

Date	Particulars	Journal Folio	Amount (Rs.)	Date	Particulars	Journal Folio	Amount (Rs.)

Features of Ledger Account

1. A Ledger book is an Accounts book to which various transactions of an enterprise are posted under different Accounts.
2. It follows the double-entry system.
3. It is also known as the Principal book of Account as it is the book of final entry of transactions after the journal or all-purpose books.
4. In the Ledger, all the types of Accounts relating to assets, liabilities, capital and revenue are maintained.
5. It is the only record of the business transaction classified into relevant Accounts.
6. It facilitates the preparation of financial statements in future.

Types of Ledger Accounts

1. General Ledger-

A general Ledger is the master collection of all the Accounts that summarize all transactions occurring within an enterprise. There may be a small set of Ledgers that fall under the general Ledger. The general Ledger is used to record all the transactions in the financial statements of the business.

It comprises a debit and credit entry for every transaction recorded into it, to match the total debit and credit balance. It has to match to prepare the financial statements from it.

They are of two types-

Nominal Ledger- As the name suggests it contains all nominal Accounts i.e. expense, losses, incomes and gains. Examples – Salaries, Sales, Purchases, Returns Inward/Outward, Rent, Stationery, Insurance, Depreciation, etc.

Private Ledger- Private Ledger consists of Accounts that are confidential such as capital, drawings, salaries, etc. These Accounts are only accessible by selected individuals.

2. Purchase Ledger

Purchase Ledger records all the transactions the company has done with the suppliers. It shows which purchases are paid and which are outstanding. If the purchasing volume is relatively low, then there is no need for a purchase Ledger. Instead, this information is recorded directly within the general Ledger.

Each Account will generally have a credit balance and this shows the amount owed to a supplier by the business. The Sum of all the money owed by a business to its suppliers is known as Accounts payable.

3. Sales Ledger-

If the business just has one customer, it will not need to maintain a sales Ledger but just one Account in the Nominal Ledger will be enough. But, many businesses sell in credit and have many customers, for them maintaining a sales Ledger is very important.

This Account records all the transactions in which the goods have been sold to the customer in credit. The Sum of all the money which has been given on credit is called Accounts receivable.

Steps to prepare general ledger

Posting

The methodology of transferring the debit and credit items from journal to classified accounts in the ledger is known as posting. The posting of the ledger should be followed in accordance with the rules.

Rules for posting of entries in the ledger accounts

1. A separate individual account is opened in the ledger book for each account and entries from the ledger are posted to respective accounts accordingly.
2. It is a practice to use the words 'To' and 'By' or 'Dr' or 'Cr' while posting transactions in the ledger. The word 'To' or 'Dr' is used in the particular column with the accounts written on the debit side while 'By' or 'Cr' is used with the accounts written in the particular column of the credit side.
3. The concerned account debited in the journal should also be debited in the ledger, but the reference should be of the respective credit account.

Balancing an account:

At the end of each month or year or any particular day, it is necessary to ascertain the closing balance in an account.

This is not a too difficult thing to do; suppose a person has bought goods worth 1,000 Bangladeshi taka and has paid only 850 Bangladeshi takas, he owes 150 Bangladeshi takas and that is the closing balance in his account.

Therefore, to ascertain the balance in any account, you must total the sides and ascertain the difference. The difference is the closing balance of the account. If the credit side total is higher than the debit side total, it is a credit balance and otherwise, it is a debit balance.

The credit balance is written on the debit side as, "To Balance c/d". Here, 'c/d' refers to balance carried down. By doing this, two sides will be equal. The totals of both the debit and credit side are written on the two sides opposite one another. Then the credit total balance is written on the credit side as "By balance b/d (i.e., brought down)". This becomes the opening balance for the new period.

Similarly, the debit balance is written on the credit side as "By Balance c/d", the totals then are written on the two sides. Just like the credit side, the total debit balance is written on the debit side as, "To Balance b/d", as the opening balance of the new period.

Example:

Journalise the following transactions and post them into Ledger

2023		(₹)
March 1	Shyam Sunder & Sons commenced business with cash	80,000
2	Purchased goods for cash	36,000
3	Machinery purchased for cash	4,000
4	Purchased goods from :	
	Raghu	22,000
	Dilip	30,000
6	Returned goods to Raghu	4,000
8	Paid to Raghu, in full settlement of his account	17,500
10	Sold goods to Mahesh Chand & Co. for ₹ 32,000 at 5% trade discount	
13	Received cash from Mahesh Chand & Co.	19,800
	Discount allowed	200
15	Paid cash to Dilip	14,850
	Discount received	150
20	Sold goods for cash	25,000
24	Sold goods for cash to Sudhir Ltd.	18,000
25	Paid for Rent	1,500
26	Received for Commission	2,000
28	Withdrew by Proprietor for his personal use	5,000
28	Purchased a fan for Proprietor's house	1,200

Journal
In the Books of...

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2023 Mar. 01	Cash A/c Dr. To Capital A/c (Business started with cash)		80,000	80,000
Mar. 02	Purchases A/cDr. To Cash A/c (Goods purchased for cash)		36,000	36,000
Mar. 03	Machinery A/cDr. To Cash A/c (Machinery purchased for cash)		4,000	4,000
Mar. 04	Purchases A/cDr. To Raghu's A/c To Dilip's A/c (Goods purchased on credit from Raghu and Dilip)		52,000	22,000 30,000

Mar. 06	Raghu's A/c Dr. To Purchases Return A/c (Goods returned to Raghu)		4,000	 4,000
Mar. 08	Raghu's A/c Dr. To Cash A/c To Discount Received A/c (Cash paid to Raghu in full settlement)		18,000	 17,500 500
Mar. 10	Mahesh Chand & Co. Dr. To Sales A/c (Goods sold to Mahesh Chand & Co. at trade discount)		30,400	 30,400
Mar. 13	Cash A/c Dr. Discount Allowed A/c To Mahesh Chand & Co. (Cash received from Mahesh Chand & Co.)		19,800 200	 20,000
Mar. 15	Dilip's A/c Dr. To Cash A/c To Discount Received A/c (Cash paid to Dilip)		15,000	 14,850 150
Mar. 20	Cash A/c Dr. To Sales A/c (Goods sold for cash)		25,000	 25,000
Mar. 24	Cash A/c Dr. To Sales A/c (Goods sold for cash)		18,000	 18,000
Mar. 25	Rent A/c Dr. To Cash A/c (Rent paid)		1,500	 1,500
Mar. 26	Cash A/c Dr To Commission A/c. (Commission received)		2,000	 2,000
Mar. 28	Drawings A/c Dr. To Cash A/c (Cash withdrawn and fan purchased for personal use)		6,200	 6,200
	TOTAL		3,12,100	3,12,100

Cash Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023 Mar.01 Mar.13 Mar.20	 Capital A/c Mahesh Chand & Co. Sales A/c		 80,000 19,800 25,000	2023 Mar.02 Mar.03 Mar.08	 Purchases A/c Machinery A/c Raghu's A/c		 36,000 4,000 17,500

Mar.24	Sales A/c		18,000	Mar.15	Dilip's A/c		14,850
Mar.26	Commission A/c		2,000	Mar.25	Rent A/c		1,500
				Mar.28	Drawings A/c		6,200
				Mar.31	Balance c/d		64,750
			1,44,800				1,44,800
2023 Apr.01	Balance b/d		64,750				

Capital Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.31	Balance c/d		80,000	Mar.01	Cash A/c		80,000
			80,000				80,000
				2023 Apr.01	Balance b/d		80,000

Purchases Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.02	Cash A/c		36,000	Mar.31	Balance c/d		88,000
Mar.04	Raghu's A/c		22,000				
			30,000				
			88,000				88,000
2023 Apr.01	Balance b/d		88,000				

Machinery Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.03	Cash A/c		4,000	Mar.31	Balance c/d		4,000
			4,000				4,000
2023 Apr.01	Balance b/d		4,000				

Raghu's Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.06	Purchases Return A/c		4,000	Mar.04	Purchases A/c		22,000
Mar.08	Cash A/c		17,500				
	Discount Received A/c		500				
			22,000				22,000

Dilip's Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.15	Cash A/c		14,850	Mar.04	Purchases A/c		30,000
Mar.15	Discount Received A/c		150				
Mar.31	Balance c/d		15,000				
			30,000				30,000
				2023			
				Apr.01	Balance b/d		15,000

Purchases Return Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.31	Balance c/d		4,000	Mar.06	Raghu's A/c		4,000
			4,000				4,000
				2023			
				Apr.01	Balance b/d		4,000

Discount Received Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.31	Balance c/d		650	Mar.08	Raghu's A/c		500
				Mar.15	Dilip's A/c		150
			650				650
				2023			
				Apr.01	Balance b/d		650

Discount Allowed Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.13	Mahesh Chand & Co.		200	Mar.31	Balance c/d		200
			200				200
2023							
Apr.01	Balance b/d		200				

Mahesh Chand & Co.

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.10	Sales A/c		30,400	Mar.13	Cash A/c		19,800
				Mar.13	Discount Allowed A/c		200
				Mar.31	Balance c/d		10,400
			30,400				30,400
2023							
Apr.01	Balance b/d		10,400				

Rent Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.25	Cash A/c		1,500	Mar.31	Balance c/d		1,500
			1,500				1,500
2023							
Apr.01	Balance b/d		1,500				

Commission Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.31	Balance c/d		2,000	Mar.26	Cash A/c		2,000
			2,000				2,000
							2,000
				2023			
				Apr.01	Balance b/d		2,000

Drawings Account

Dr. Cr.

Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.28	Cash A/c		6,200	Mar.31	Balance c/d		6,200
			6,200				6,200
				2023			
				Apr.01	Balance b/d		6,200

Sales Account

Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2023				2023			
Mar.31	Balance c/d		73,400	Mar.10	Mahesh Chand & Co.		30,400
				Mar.20	Cash A/c		25,000
				Mar.24	Cash A/c		18,000
			73,400				73,400
				2023 Apr.01	Balance b/d		73,400

<u>Questions</u>

Q1. Journal is also called a?
(a) A day book
(b) History book
(c) Ledger book
(d) An entry book

Q2. Among these statements which one is incorrect regarding journal entry?
(a) The debited account titles are listed first
(b) Journal entries show the effects of transactions
(c) Each journal entry should begin with a date
(d) Journal entries provide account balances

Q3. Transactions are first recorded in which book/account?
(a) Book of Original Entry
(b) T Accounts
(c) Accounting Equation
(d) Book of Final Entry

Q4. Journal lists transactions in which order?
(a) Decreasing
(b) Chronological
(c) Alphabetical
(d) Increasing

Q5. Amount invested by the proprietor in the business should be credit to:
(a) A/c payable
(b) Drawing
(c) Cash
(d) Capital

Q6. A ledger is called a book of
(a) Primary entry
(b) Final entry
(c) Original entry
(d) Mid entry

Q7. From which of the following is a ledger account prepared
(a) Transactions

(b) Events
(c) Journal
(d) Activities

Q8. The process of transferring of items from a journal to their respective ledger accounts is called as
(a) Posting
(b) Arithmetic
(c) Balancing
(d) Entry

Q9. Accounts that have credit balance are closed by using the statement
(a) By balance b/d
(b) By balance c/d
(c) To balance b/d
(d) To balance c/d

Q10. Among these, which item is used as the base for preparing trial balance?
(a) Cash account
(b) Balance sheet
(c) Ledger account
(d) Journal

Question No	Answer
1	a
2	d
3	a
4	b
5	d
6	b
7	c
8	a
9	d
10	c

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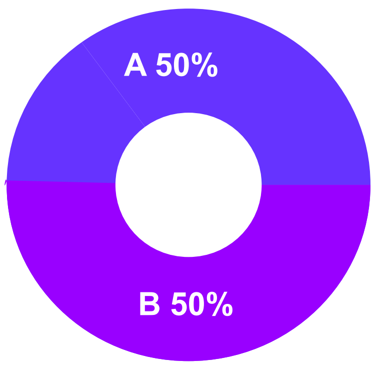
GROUP: I, PAPER: 7

Direct and Indirect Taxation (DITX)

Your Preparation Quick Takes



Syllabus Structure

Section A: Direct Taxation **50%**
Section B: Indirect Taxation **50%**

Retirement Benefits

Gratuity [Sec. 10(10)]

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

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

Tax Treatments of Gratuity are as under:

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

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

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

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

Tax Treatment of leave encashment is as under

Case	Treatment
1. During service tenure	Fully taxable [Sec. 17(1)(va)]
2. At the time of retirement by employee of:	
a) Government	Exempted [Sec.10(10AA)(I)]
b) Other Employer	Minimum of the following shall be exempted from tax u/s 10(10AA)(ii): a) Actual amount received; b) ₹ 25,00,000; c) 10 months average salary[1] d) Cash equivalent of 30 days average salary for every completed year of service[2] as reduced by actual leave availed or encashed during the tenure of service. The period of 30 days is the maximum ceiling. If employer allows leave for less than 30 days p.a. then such lesser days shall be considered.

1. Average salary means Basic + DA (forming part of retirement benefit) + Commission (as a fixed percentage on turnover) being last 10 months average salary **from the date of retirement**.
2. While calculating completed year of service, ignore any fraction of the year.

Pension [Sec. 10(10A)]

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

Tax Treatment of pension is as under

Cases	Treatment
1. Uncommuted Pension received by any employee	Fully Taxable [Sec. 17(1)(ii)]
2. Commuted Pension (i.e lump sum payment) received by a	
a) Government employee	Fully exempted [Sec.10(10A)(I)]
b) Other employee	
i) If employee receives gratuity	1/3rd of total value of commuted pension, which he is normally entitled, is exempted. [Sec. 10(10A)(iia)]
ii) If employee does not receive gratuity	½ of total value of commuted pension, which he is normally entitled, is exempted. [Sec. 10(10A)(iib)]

The exemption u/s 10(10) / 10(10AA) / 10(10A) are available under both tax regimes.

Illustration

Mr. Narayan retired from service on 1/6/2023. As on that date, his monthly salary was Basic ₹ 5,000 p.m., Commission on turnover 5%. Total turnover achieved by him during last 10 months (occurred evenly) ₹ 5,00,000. On retirement, after 20 years 6 months of service, he received gratuity ₹ 5,00,000, leave salary ₹ 3,00,000. He is entitled to pension of ₹ 1,500 p.m. On 1/1/2024, he commuted 60% of his pension and received ₹ 90,000. Compute gross salary assuming he is covered by the Payment of Gratuity Act.

Solution

Computation of Gross Salary of Mr. Narayan for the A.Y.2024-25

Particulars	Details	Amount	Amount
Basic Salary	5,000 x 2		10,000
Commission on turnover	(5,00,000/10x2) x 5%		5,000
Gratuity		5,00,000	
Less: Minimum shall be exempted u/s 10(10)(ii)			
a) Actual Amount Received	5,00,000		
b) Statutory Amount	20,00,000		
c) $^{15}/_{26}$ x 20 x ₹ 5,000	57,692	57,692	4,42,308
Leave Encashment		3,00,000	
Less: Minimum shall be exempted u/s 10(10AA)(ii)			
- Actual Amount Received	3,00,000		
- Statutory Amount	25,00,000		
- 10 x ₹ 7,500	75,000		
- 1 x 20 x ₹ 7,500	1,50,000	75,000	2,25,000
Pension			
Uncommuted Pension	(1500 x 7) + (600 x 3)		12,300

Commuted Pension Received		90,000	
Less: Exempted u/s 10(10A)(ii)	1/3rd x 1,50,000	50,000	40,000
Gross Taxable Salary			7,34,608

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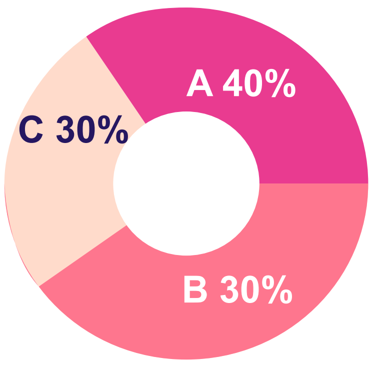
GROUP: I, PAPER: 8

Cost Accounting (CA)

Your Preparation Quick Takes



Syllabus Structure

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

COST ACCOUNTING

Now we are living in a competitive World and we are facing the problem of scarcity of resources. Optimum utilization of resources is the urgent need of the day. The Cost Accountants plays a vital role in this context. The concept of cost is so critical that truly speaking it covers every aspects of human life and business. Costing refers to the procedure for measuring cost. The Costing technique is the measurement and accumulation of cost of different activities. It also indicates where loses and waste are occurring before the work is finished, and therefore immediate action that may be taken, if possible to avoid such losses or waste. Business policy may require the consideration of alternative methods and procedures, and this is facilitated by cost information presented correctly. Cost accounting is a quantitative method which deals with the classification, recording, allocation, summarisation and reporting of current probable cost. It is a specialised branch of accounting and recording transactions which assist management to control cost.

So far my knowledge Paper Eight is a scoring subject out of all eight papers. It is observed from the past experience that 75% to 80% of the total questions are set from practical problems and the balance is theoretical part. Although only 20% questions are set from theoretical part, but a greater emphasis should be given on theoretical part, as most of the students are very careless to go through theory. For serious understanding the topic a student should go through the theory in details and then try to solve the exercise problems. Starting from the beginning you should go through all other chapters serially to understand the succeeding chapters logically. It is a professional examination; hence importance should be given mainly on testing comprehension, self-expression and ability to apply knowledge in divergent situation. Normally there are no repetition of questions. Only a continuous effort can make the success easier. The true success of this examination mainly depends on style of preparation which should have, perseverance, regularity of efforts, through practice, vision and objectivity. Only a comprehensive study can assure your success easier.

Here I can suggest some important guidelines based on my long time experience–

1. A time bound planning should be there for completing the whole syllabus as well as revision within the time frame.
2. Try to go through your Study Note and know the syllabus completely.
3. Try to understand the trends of setting questions by taking at least ten to fifteen terms.
4. Please try to write all the important terms in your own words and practice them regularly.
5. Always try to Improve your speed by regular practice and revision.
6. Try to solve all objective type questions as practice, which carries 100% marks.
7. Try to develop a habit of reading the questions well, underlining and understanding the specific demands.

The main of reading Paper-8 is to understand the fundamental concept of Cost and Costing under regulation of cost of Cost Accounting Standards very efficiently, determining the cost of product or services by attaining sufficient knowledge regarding application of different costing techniques viz. Standard Costing, Marginal Costing, Budget and Budgetary Control etc. indecision making, understanding the framework of cost record keeping and its integration with financial accounting by applying various methods of Job Costing, Batch Costing, Contract Costing, Process Costing and formulation of business strategy and operational planning. It introduces various techniques of costing to facilitate decision making on various aspects i.e. cost optimisation, profit planning and control. As per study material, your entire syllabus is divided in to six main chapters.

In 1st Module the basic concepts of cost, cost accounting and costing are discussed, besides its other two branches, viz., Financial Accounting and Management accounting.

The 2nd Module described the Elements of cost and its ascertainment thoroughly. Here a classification has to be made to arrive at the detailed cost of a department with special coverage of inventory management and control. The three major elements of costs are –Materials, Labour and Overheads. In this chapter cost concepts are discussed and analysed elementwise. Material consists of the major part of total cost of a product, hence it is necessary to control this cost. Employee costs also represents an important item of total cost of a product. As it relates to human behaviour, most sensitive. Hence employees cost not only means wages but also includes cost of recruitment and training, cost of idle time, cost of labour turnover, overtime and shift work, cost of labour inefficiency, wastage, spoilage, bonus etc. Try to solve the problems on earnings of workers under different schemes. Recognition of Direct Expense and Indirect Expenses is very much essential for computation of cost correctly. The meaning of Cost Collection, Cost Classification, Cost Apportionment and Cost Allocation and Absorption should be very clear. Reporting of Over and Under Absorption and its treatment is very much relevant to this chapter. This chapter also covers inventory management and control.

The Module 3 relates to 'Cost Accounting Standard" which is very much essential to obtain a detailed understanding of the frame work suggested by Cost Accounting Standards for ascertainment of cost, it's accounting and reporting to the appropriate authority. You must read the scope and objectives of different Cost Accounting Standards from CAS 1 to CAS 24, very carefully. The main object of study this chapter to grasp the provisions of the CASs issued by the Council of the Institute as well as to know the provisions of the GAAPs issued by the Council of the Institute. At least one theoretical question is expected from this section.

The Module 4, Cost Book-Keeping and Records, which includes integrated accounting system and Reconciliation of Costing and Financial profits. This chapter is not at all difficult. In this system, different accounts are to be opened, but it is not necessary to give much emphasis to complete its solution. Here, separate ledger accounts are maintained by the cost sections. Here the transactions are recorded on double entry principles like financial accounts. The chapter is very easy to understand but the process is lengthy.

The Module 5, relates to different Methods of Costing, like, Job Costing, Batch Costing, Contract Costing, which is used when orders or jobs are undertaken in the factory and when contracts are taken for building of a house, construction of roads, bridges or damps etc. The Job, Batch or Contract Costing is very important for the Intermediate Examinations. Most of the students often face difficulty in recommending the amount of profit to be taken into account for an incomplete contract. You should make sure that you are familiar with various methods/formulae for different stages 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 used to be set at this level of examination also. This Module also related to Operating Costing. In 'Operating Costing' . Here we have to find out operating cost per unit of output. This chapter also includes 'Transport Costing', 'Hospital Costing', 'Power House Costing', 'Hotel/Hostel Costing' etc. Finding out the 'Composite Unit' is very important for finding the solution of these type problems.

The Methods of Costing under Module 5 also includes Process Costing. Process Costing is suitable for those type of business where continuous and mass production of homogeneous products are produced. Here particular attention is given – (a) cost relating to process, (b) period for which cost for the process is collected, (c) complete and incomplete unit produced during the period and (d) unit cost of the process for the period. Normal loss, Abnormal loss and Abnormal gain during the process are to be adjusted. Again, in process industries, there are most likely the problem of work in progress in respect of each process and the degree of completion in respect of each elements of cost also varies. In such circumstances it is very difficult to find out the related cost of each unit of complete product. For that the incomplete units require to be converted into completed units to find out the cost per unit of completely processed units. Generally, at least one (sometimes two) question either from Normal/Abnormal Loss/Abnormal Gain or from Equivalent Production or from Joint Product or by Product are expected from this chapter.

The next Module 6 relates to 'Marginal Costing' which aims to find out cost-volume- profit relationships of a product. It is not a system of costing, but is an especial technique concerned particularly with the effect which fixed overheads has on the running of the business. 'This is an important chapter from the students' perspective. Students should understand the concepts, Uses, needs and importance of 'Marginal Costing' carefully. The main thrust should be to follow the wording and determine the desired impact on profitability. Break-even Analysis and finding out the Breakeven point is the basic part for solving the problem. For a product of different sales-mix, contribution per unit of key-factor should be find out and then different options should be marked on the same basis, i.e. contribution per unit of key factor. Here you should also study the effect on profits due to various changes, in Fixed Cost/Variable Cost/ selling price/sales-mix and again the effect of the above on BEP, Margin-of-safety. More than one problem is generally set from this chapter. Hence, various types of problems should be worked out for easy understanding. The chapter 'Standard Costing' under Module- 6, deals with creating responsibilities and identifying the activities or areas of exceptions. Here variances are analysed in detail according to their originating causes. Any problem on standard cost for working out different variances can be worked out by using a standard format applicable to all variance analysis. This chapter helps to the management by fixing responsibility for each department and to identify the activities or areas of exceptions. The students are afraid of this important chapter only because of different formulae for different analysis. Only a serious 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 Module 6 is also related to 'Budget and Budgetary Control'. The term budget can be expressed as a pre-determined plan of action in details. Budgetary control requires preparation of 'Flexible Budget', 'Functional Budget' and 'Cash Budget' for taking necessary action. Both theoretical and practical problems 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, behaviour and classification of Budget etc. very carefully.

PROBLEM

A product passes through 3 processes- A, B and C. 10,000 units at a cost of rupees 1.10 were issued 2 process A. The other direct expenses were:

	Process A(Rs)	process B(Rs)	process C(Rs)
Sundry materials	1500	1500	1500
Direct Labour	4500	8000	6500
Direct Expenses	1000	1000	1503

The wastage off process A was 5% and in process b 4%. The wastage of process A was sold at rupees 0.25 per unit and that of B at re. 0.50 per unit and that of C at re. 1.00 per unit.

The overhead charges were 160% of direct labour. The final product was sold at ₹10 per unit fetching profit of 20% on sales.
Find out the percentage of wastage in process C

Solution-

Process A account

Dr. Cr

To Input	10000	1.10	11000	By Normal Loss [5%]	500	0.25	125
To Material	__	__	1500	BY Process B	9500	Q2.64	25,075
To Labour	__	__	4,500				
To Direct Expenses.	__	__	1000				
To Overhead [160% of Direct Labour]	__	__	7,200				
	10000	___	25,200		10,000		25,200

Cost per unit=25,200-125/10,000-500=25,075/9,500= Rs. 2.64(approx.)

Process B account

Dr Cr

Particulars	Units	Rate Rs	Amount Rs	Particulars	Units	Rate Rs	Amount Rs
To Process A	9,500	2.64	25,075	By Normal Loss [4%]	380	0.50	190
To Material	___	___	1,500	By Process C	9,120	5.283	48,185
To Labour	___	___	8,000				
To Direct Expenses	___	___	1,000				
To Overhead	___	___	12,000				
	9,500	__	48,375		9,500	___	48,375

Cost per unit=48,000-190/9,500-380=48,185/9,100= Rs 5.283

Process C account

Dr Cr

Particulars	Units	Rate Rs	Amount Rs	Particulars	Units	Rate Rs	Amount Rs
To Process B	9,120	5.283	48,185	By Normal Loss	696	1.00	696
To Materials	___	___	1,500	By Finished Stock	8,424	8.00	67,392
To Labour	___	___	6,500				
To Direct Expenses	___	___	1,503				
To Overhead	___	___	10,400				
	9,120		68,088		9,120	___	68,088

Workings:

Profit= 20% on sale = 1/5 on sale

Therefore, Profit per unit = 1/5 * Rs 10= 2

Therefore, Cost per unit= (10-2) = 8

Let Normal Loss = X unit

Now we can write 8 = Total value of input – scrap value/ Input units – normal loss units

Therefore, 8 = 68,088 - 1 * X/ 9120 - X

Therefore, 72,960 – 8X= 68,088 –X

Therefore 72960 – 68088 = 7X

4,872/7= X

Therefore, X = 696 units

Therefore, Normal loss = 696 units.

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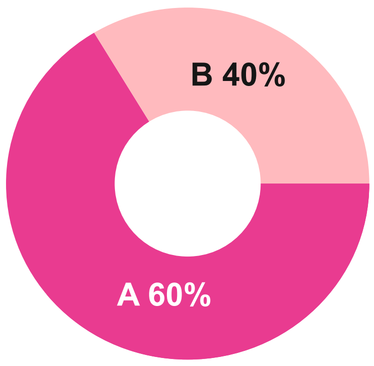
GROUP: II, PAPER: 9

Operations Management & Strategic Management (OMSM)

Your Preparation Quick Takes



Syllabus Structure

Section A: Operations Management **60%**

Section B: Strategic Management **40%**

Operations Management

In this issue let us discuss few numerical on quantitative forecast with time series.

Illustration 1: The managers of a retail shop recorded the volume of sales achieved between 6PM to 8PM for 28 days as follows

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Week1	65	77	83	68	90	95	98
Week2	96	98	68	70	74	82	79
Week3	45	38	58	77	59	62	93
Week4	32	55	49	94	92	87	81

Manager wants to ascertain the probable sale for weekend of week 5. i) Find out trend forecast ii) Seasonalise the trend forecast by 4 year centered moving average

Answer: (i)

To form the trend line we arrived at

$$b = \frac{n\Sigma tY - \Sigma t * \Sigma Y}{n\Sigma t^2 - (\Sigma t)^2} = \frac{28 * 169 - 14 * 2065}{28 * 1834 - (14)^2} \cong -0.47263$$

$$a = \frac{\Sigma Y - b\Sigma t}{n} = \frac{2065 - (-0.47263 * 14)}{28} \cong 73.98$$

Trend equation is $F = 73.98 - 0.47263t$

Therefore

$F_{20} = 73.98 - 0.47263 * 20 = 64.53366$

$F_{21} = 73.98 - 0.47263 * 21 = 64.06103$

Detail computations for b & a are as follows:

Days	t	Y	ty	t^2
Mon	-13	65	-845	169
Tue	-12	77	-924	144
Wed	-11	83	-913	121
Thus	-10	68	-680	100
Fri	-9	90	-810	81
Sat	-8	95	-760	64
Sun	-7	98	-686	49
Mon	-6	96	-576	36
Tue	-5	98	-490	25
Wed	-4	68	-272	16
Thus	-3	70	-210	9
Fri	-2	74	-148	4
Sat	-1	82	-82	1
Sun	0	79	0	0
Mon	1	45	45	1
Tue	2	38	76	4
Wed	3	58	174	9
Thus	4	77	308	16
Fri	5	59	295	25
Sat	6	62	372	36
Sun	7	93	651	49
Mon	8	32	256	64
Tue	9	55	495	81
Wed	10	49	490	100
Thus	11	94	1034	121
Fri	12	92	1104	144
Sat	13	87	1131	169
Sun	14	81	1134	196
TOTAL	14	2065	169	1834

(ii)

4year Centered Moving average (average index table) . Refer the detail computaion table A at end

	Mon	Tue	Wed	Thus	Fri	Sat	Sun	Total
			1.0867	0.8318	1.048	1.0411	1.0235	
	1.0281	1.1329	0.8474	0.9272	0.9883	1.1214	1.2061	
	0.7759	0.6941	1.0311	1.2623	0.8629	0.9236	1.5246	
	0.5435	0.9586	0.7538	1.2288	1.0888	1.1336		
Average	0.7825	0.9285	0.9297	1.0625	0.997	1.0549	1.2514	7.0065

Standard Seasonal Index for Sat = $\frac{1.0549}{7.0065} * 7 = 1.0539$

Standard Seasonal Index for Sun = $\frac{1.2514}{7.0065} * 7 = 1.2502$

So seasonalised forecast for Saturday of next week = Trend Forecast * SI of Saturday = $F_{20} * SI\ of\ Saturday = 64.53366 * 1.0539 = 68.012$

So seasonalised forecast for Saturday of next week = Trend Forecast * SI of Saturday = $F_{21} * SI\ of\ Saturday = 64.06103 * 1.2502 = 80.089$

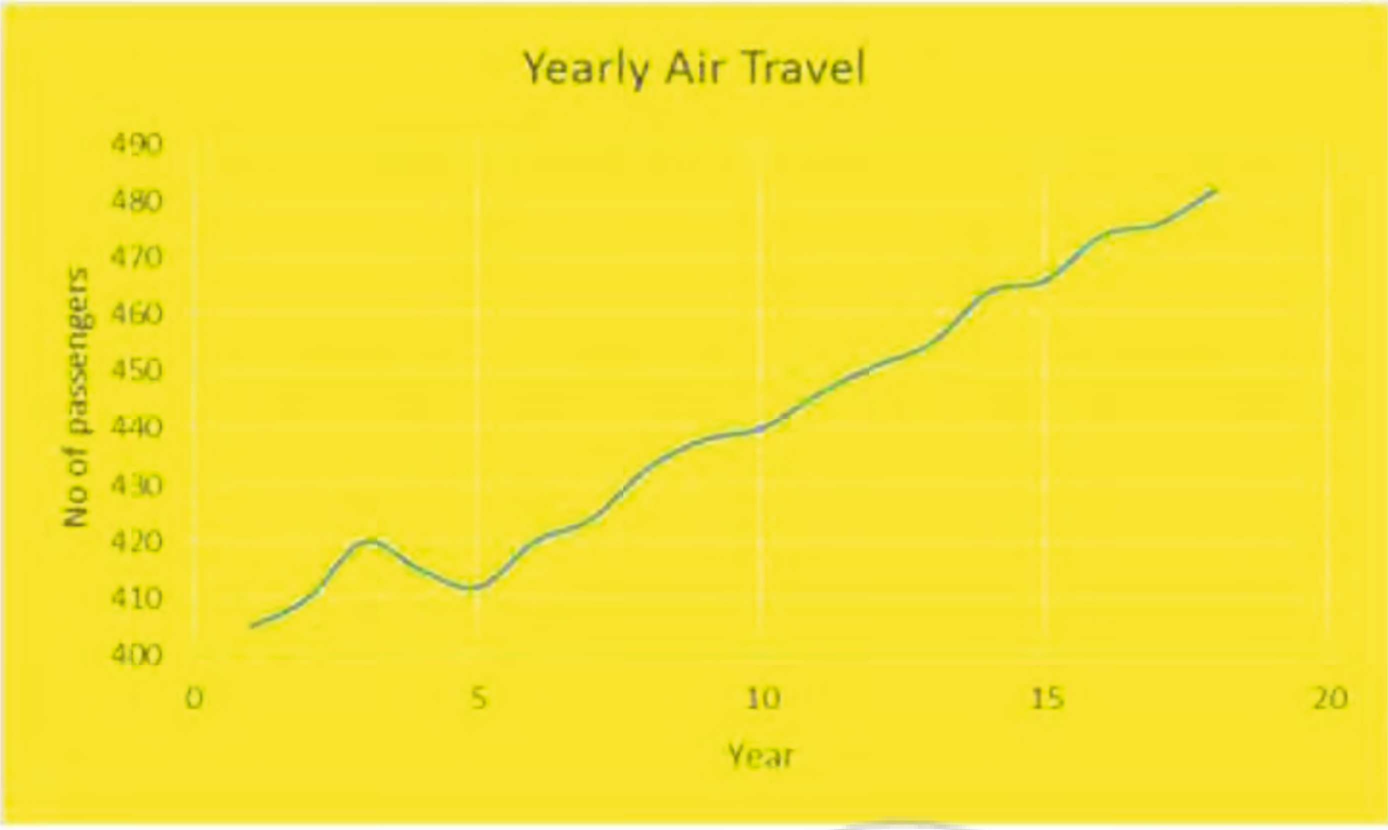
Illustration 2: Air travel on Air Asia airlines for the past 18 weeks was:

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

Answer: (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

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

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

Trend equation is $Y = 397.01 + 4.59t$
Therefore $Y_{19} = 397.01 + 4.59 * 19 = 484.22$
& $Y_{20} = 397.01 + 4.59 * 20 = 488.81$
& $Y_{21} = 397.01 + 4.59 * 21 = 493.4$

Detail computations for b & a are as follows:

	t	Y	t*Y	t^2
	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

Illustration 3. 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
(c) 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

Answer: (a)

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

$$a = \frac{\Sigma Y - b\Sigma t}{n} = \frac{6641 - 19 * 171}{18} = 188.44$$

Details are as follows:

	t	Y	t*Y	t^2
	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 $t = 20, Loadings\ (Y) = 188.44 + 19 * 20 = 568.44$

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

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

Illustration4: Yearly sales of a company for last 8 years are as follows:

Year	Q1	Q2	Q3	Q4	Total
2016	18	34	33	26	111
2017	37	46	31	28	142
2018	36	32	35	31	134
2019	41	38	38	27	144
2020	30	39	31	34	134
2021	28	41	40	26	135
2022	36	46	39	28	149
2023	35	37	43	23	138

Form a trend line and find yearly forecast for 2024. Hence compute average quarterly forecast for these two years. Hence seasonalise the quarterly forecast of 2024. Apply simple average method.

Answer: For computation of trend we have to use the following two parameters:

$$b = \frac{n\Sigma tY - \Sigma t * \Sigma Y}{n\Sigma t^2 - (\Sigma t)^2} \;\&\; a = \frac{\Sigma Y - b\Sigma t}{n}$$

Detail computations are as follows from where we get

$$b = 2.58 \,\&\, a = 124.25 \textit{ and the trend equation is } Y = 124.25 + 2.5t$$

Year	t	Y	ty	t^2
2016	1	111	111	1
2017	2	142	284	4
2018	3	134	402	9
2019	4	144	576	16
2020	5	134	670	25
2021	6	135	810	36
2022	7	149	1043	49
2023	8	138	1104	64
Total	36	1087	5000	204

So for year 2024, $t = 9$ *and hence yearly forecast* $= 124.25 + 2.5 * 9 = 146.75$

Hence *Average quarterly forecast for* $2024 = \frac{146.75}{4} = 36.69$

To seasonalise these quarterly forecast we have to find Seasonal Relative w.r.t each quarter as follow through simple average

Year	Q1	Q2	Q3	Q4	Total	Average of Average
2016	18	34	33	26	111	
2017	37	46	31	28	142	
2018	36	32	35	31	134	
2019	41	38	38	27	144	
2020	30	39	31	34	134	
2021	28	41	40	26	135	
2022	36	46	39	28	149	
2023	35	37	43	23	138	
Total	261	313	290	223		
Average	32.625	39.125	36.25	27.875		33.96875
SI	96.04416	115.1794	106.7157	82.06072		

SI for Q1 = 32.625 $* \frac{100}{33.96875}$, hence the balance

So seasonalised quarterly forecast for the year 2024 is

Quarter	Quarterly Average	2024 Seasonal Relative (%)	Seasonalised Quarterly forecast
Q1	36.69	96.04	35.24
Q2	36.69	115.18	42.26
Q3	36.69	106.72	39.16
Q4	36.69	82.06	30.11

Suggestions:

The study notes need to be read thoroughly. Supplementary readings could be made from other resources. This issue is based on application of forecasting on operations management. The problem is just indicative type from which maximum benefits could be reached once Guide book on the paper 9- Operations Management & Strategic Management written and issued by Institute on New Syllabus along with reference books are thoroughly consulted. For better understanding of time series one could refer guide book on Paper 3 of foundation level.

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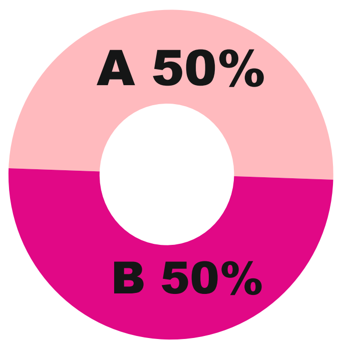
GROUP: II, PAPER:10

Corporate Accounting And Auditing (CAA)

Your Preparation Quick Takes



Syllabus Structure

Section A: Corporate Accounting **50%**

Section B: Auditing **50%**

Corporate Accounting and Auditing

Module 1: Accounting of Shares and Debentures

- **Illustration on Issue of Rights Shares**

Problem

The following items are related to A Ltd. as on March 31,2023:

Issued and Paid-up capital:	Rs.
30,000 Equity shares of HO each fully paid up	3,00,000
Reserves and Surplus:	
Securities premium	30,000
General reserve	1,50,000
Surplus in Profit & Loss	1,20,000

In the Annual General Meeting of the company, the following resolutions were passed:

(a) to issue 3 Bonus shares for every 5 shares held as on date.
(b) to give the options to the existing shareholders to purchase two, Rs.10 Right shares at Rs.15 per share for every five shares held before the issue of bonus shares.

All the shareholders exercised the option of Right shares. The Bonus shares were fully allotted. Show the necessary journal entries to record the above transactions in the books of the company.

Solution

In the books of A Ltd.

Journal **Dr. Cr.**

Date	Particulars	Rs.	Rs.
31.3.23	Bank A/c ....Dr. To Equity Share Capital A/c To Securities Premium A/c (Being 12,000 right shares issued @ Rs.15 including premium of Rs.5 per share as per Board's Resolution No... dated...) [WN: 1]	1,80,000	 1,20,000 60,000
	Securities premium A/c .... Dr. General Reserve A/c .... Dr. To Bonus Dividend A/c [WN: 2] (Being bonus dividend declared, as per Board's Resolution No.... dated .... and Shareholders Resolution No.... dated ....)	 90,000 90,000	 1,80,000
	Bonus Dividend A/c .... Dr. To Equity Share Capital A/c [18,000x10] (Being 18,000 equity shares issued at par as bonus shares, as per Board's Resolution No.... dated .... and Shareholders Resolution No.... dated ....)	 1,80,000	 1,80,000

WORKING NOTES:

1. Issue of Right Shares

No. of equity shares held by existing shareholders = 30,000 shares;
Ratio of right issue = 2:5;
No. of right shares- 30,000 x 2/5= 12,000 right shares;
Value of each right share = Rs.15 per share.
Proceeds from issue of right shares = 12,000 x Rs.15 = Rs.1,80,000.

2. Issue of Bonus Shares

No. of bonus shares = 30000 x 3/5 = 18000 shares
Value of each bonus share = Rs.10
Amount of bonus dividend = 18,000 x 10 = Rs.1,80,000

Sources: Securities Premium (30000 +60000) = Rs.90,000
General Reserve = Rs.90,000

- **Rights Issue Renunciation and Accounting Thereof**

The rights issue renunciation is the transfer of the rights entitlements by a shareholder not willing to accept the rights offer and want to renounce the shares in favour of another person. This process of transfer or sale to another person is known as the *renunciation of rights share.* The person selling the rights entitlement is known as the *renouncer* and the person buying the rights entitlements is known as the *renouncee.*

With the introduction of dematerialized rights entitlements, the renunciation of rights entitlements has been made efficient and effective providing transparency in the renunciation process by way of rights entitlement trading platform on the stock exchange. The interested sellers and buyers participate in this trading window and exchange the rights at a better price driven by market forces. Earlier to this, the shareholders did not have much choice and had to either let go of their rights or transfer it to another person either free or at a much lower price. The renunciation of rights shares can be done either in part or full.

Thus, at present, there are two ways of renunciation:

(a) On-Market Renunciation: This is the rights entitlements trading platform of the stock exchange wherein the rights can be renounced on the exchange floor at a better price. The on-market renunciation can happen only till the last date of the rights entitlement trading which is generally 3-4 working days before the issue closing date.

(b) Off-market renunciation: In this case, the interested buyer and seller can mutually agree on the price and complete the renunciation off-market. The off-market renunciation can be done until the issue closure date however it should be done in such a way that the renouncee has sufficient time to apply for the rights issue before the issue closure date.

Accounting for Rights Entitlement

1. If the shareholder exercises the rights for purchasing the shares offered, he needs to make entry only for the rights shares so purchased for the given consideration.
2. If the shareholder does not exercise the rights and let it lapse, no entry is required in the books of the shareholder.
3. If the shareholder sells the rights, fully or partially, the same should be recorded in the books of accounts. In such a case, the proceeds so received on sale of rights entitlement is considered to be a gain as no cost is incurred for obtaining the rights. Thus, the accounting entry will be as follows:
   Bank A/c ....Dr.
   To Profit and Loss A/c

The above gain will be a part of Other Income in the Statement of Profit and Loss.

Note: There is, however, one exception to the above rule. Where the investments are acquired on cum-right basis and the market value of investments immediately after their becoming ex-right is lower than the cost for which they were acquired, it may be appropriate to apply the sale proceeds of rights to reduce the carrying amount of such investments to the market value.For example, Mr. X acquires 200 shares of a company on cum-right basis for Rs. 1,00,000. He subsequently receives an offer of right to acquire fresh shares in the company in the proportion of 1:1 at Rs. 220 each. Mr. X subscribes for the right issue. Thus, the total cost of Mr. X's holding of 400 shares would amount to Rs.1,44,000 (1,00,000 + 44,000).

Suppose, he does not subscribe but sells the rights for Rs. 30,000. The ex- right market value of 200 shares bought by Mr. X immediately after the rights falls to Rs. 80,000. In this case out of sale proceeds of Rs. 30,000, Rs. 20,000 may be applied to reduce the carrying amount to the market value Rs.80,000 and Rs.10,000 would be credited to the Profit and Loss Account.

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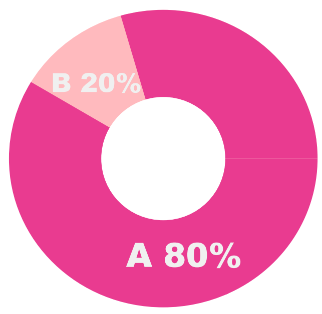
GROUP: II, PAPER:11

Financial Management

And Business Data Analytics (FMDA)

Your Preparation Quick Takes



Syllabus Structure

Section A: Financial Management **80%**

Section B: Business Data Analytics **20%**

Financial Management

Measurement of Return

(i) Total Return

The total return is used to measure of return for a specified period of time. Further, this return can be split in two components: dividend and capital gains. The percentage (%) of return can be expressed in mathematical terms.

$$\text{Total Return} = \frac{\text{Cash Payments received} + \text{Price change over the period}}{\text{Purchase price of the asset}}$$

$$\text{Total Return (\%)} = \frac{\text{Dividend} + \text{Capital Gain}}{\text{Initial Investment}}$$

(ii) Average Annual Return

There are two commonly methods used in calculating average annual returns: (a) Arithmetic Mean and (ii) Geometric Mean.

When an investor wants to know the central tendency of a series of returns, the arithmetic mean is the appropriate measure. It represents the typical performance for a single period.

If you want to calculate the average compound rate of growth that has actually occurred over multiple periods, the arithmetic mean is not appropriate. Then geometric mean is used.

(iii) Expected Rate of Return

The expected return is simply a weighted average of the possible returns, with the weights being the probabilities of occurrence. The expected rate of return can be calculated by using the formula given below:

$E(R) = R_1 \times P_1 + R_2 \times P_2 + R_3 \times P_3 + R_4 \times P_4 + \text{---------} + R_n \times P_n$

R is the rate of returns and

P is the probability

(iv) Expected Return on Portfolio

The expected return on a portfolio is the weighted average of the expected returns on the assets comprising the portfolio. When a portfolio consists of two securities, its expected return would be:

$E(R_P) = w_A E(R_A) + (1-w_B) E(R_B)$

Where,

$E(R_P)$= Expected Return of the Portfolio

W_A= Weight or Proportion of a portfolio invested in Security A

$E(R_A)$ = Expected Return on Security A

$1-W_B$= Proportion of a portfolio invested in Security B

$E(R_B)$ = Expected Return on Security B

When a portfolio consists of n number of securities, the expected return of portfolio would be:

$E(R_P) = \sum w_n E(R_n)$

Where,

$E(R_P)$= Expected Return of the Portfolio

W_n= Weights of proportion of portfolio invested in Security n

$E(R_n)$= Expected Return on Security n

Multiple Choice Questions (MCQs)

1. **A portfolio consists of two securities and the expected return on two securities is 12 per cent and 16 per cent respectively. Calculate return of portfolio if first security accounts for 40 per cent of portfolio.**
   (a) 14 %
   (b) 14.4 %
   (c) 16 %
   (d) 12 %

Answer: (b)

2. **Risk of two securities having different expected return can be compared with:**
(a) standard deviation of securities
(b) variance of securities
(c) coefficient of variation
(d) None of the above
Answer: (c)

3. **Which of the following is not correct for the Deep Discount Bond?**
(a) It is form of zero-interest bonds.
(b) It is not sold at a discounted value.
(c) There is no interest payment during the lock in period.
(d) Issuing company may also give options for redemption for periodical intervals.
Answer: (b)

4. **Interest rates in the call and notice money market are determined by -**
(a) Reserve Bank of India
(b) Ministry of Finance
(c) Banking Regulation Act, 1949
(d) Market
Answer: (d)

Business Data Analytics

Multiple Choice Questions (MCQs)

1. Classification of data by attributes is called:
(a) Quantitative classification
(b) Chronological classification
(c) Qualitative classification
(d) Geographical classification
Answer: (c)

2. **Data represented in the form of picture is termed as**
(a) Graphic data
(b) Qualitative data
(c) Quantitative data
(d) All of the above
Answer: (a)

3. **The binomial distribution depends on which of the following?**
(a) Mean and standard deviation
(b) Sample size and probability of success
(c) Standard deviation and number of successes
(d) Mean and probability of success
Answer: (b)

4. **The probability density function describes**
(a) the characteristics of a random variable
(b) the characteristics of a non-random variable
(c) the characteristics of a random constant
(d) the characteristics of a non-random constant
Answer: (a)

5. **Which of the following distributions is Continuous?**
(a) Binomial Distribution
(b) Hyper-geometric Distribution
(c) F-Distribution
(d) Poisson Distribution
Answer: (c)

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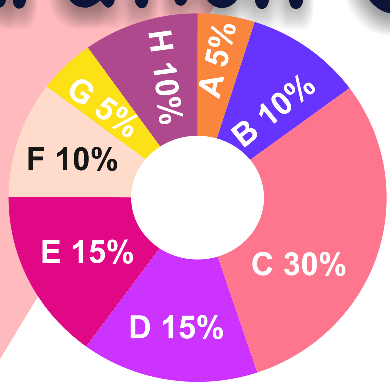
GROUP: II, PAPER:12

Management Accounting (MA)

Your Preparation Quick Takes



Syllabus Structure

Section A: Introduction to Management Accounting **5%**
Section B: Activity Based Costing **10%**
Section C: Decision Making Tools **30%**
Section D: Standard Costing and Variance Analysis **15%**
Section E: Forecasting, Budgeting and Budgetary Control **15%**
Section F: Divisional Performance Measurement **10%**
Section G: Responsibility Accounting **5%**
Section H: Decision Theory **10%**

Management Accounting

Module 8: Divisional Performance Measurement

Divisional performance measurement is a management process that involves assessing the performance of different divisions or segments within an organization. This approach allows companies to evaluate how well individual units contribute to overall organizational goals. The key objectives of divisional performance measurement include assessing efficiency, effectiveness, and the ability to generate profits.

As the organization grows, global operations demand that managers in all regions effectively use corporate human and physical resources. Decisions often need to be made rapidly at a "grass-roots" level rather than at "the top" of the organizational hierarchy. Thus, one of the most common progressions made by high-growth companies is from highly centralized organizational structures to highly decentralized structures.

Decentralization means decisions are made at divisional and departmental levels. In centralization, decisions are handed down from the top echelon of management and subordinates carry them out. The process of delegating decision authority and responsibility in an organization is known as decentralization.

Merits and Demerits of Decentralization

Merits of Decentralization	*Demerits of Decentralization*
1. Decentralization fosters quicker decision-making and adaptability. 2. It empowers employees and enhances job satisfaction. 3. Localized knowledge at lower levels leads to context-specific decisions. 4. Decentralization facilitates skill development for lower-level managers. 5. Rapid response to market changes is a key advantage.	1. Coordination challenges may arise with dispersed decision-making. 2. Inconsistent decision-making across units can lead to conflicts. 3. There is a risk of resource duplication and increased costs. 4. Senior management may experience a loss of control over activities. 5. Communication breakdowns may occur without effective channels. 6. Achieving standardized processes across units can be challenging.

DuPont Analysis

DuPont Analysis, also known as the DuPont identity or DuPont model, is a financial performance measurement technique that helps to break down the return on equity (ROE) into its component parts. This analysis allows investors and analysts to understand the factors driving a company's profitability. The DuPont Analysis is named after the DuPont Corporation, which popularized the method. The formula for DuPont ROE is:

DuPont ROE = Margin on Sales × Asset Turnover × Equity Multiplier

DuPont ROE = Net Profit/Sales x Sales/Total Assets x Total Assets/Shareholders' Equity

Divisional Performance Measurement tools

Divisional performance measurement tools, such as Return on Investment (ROI) and Residual Income, are commonly used to evaluate the financial performance of different divisions within an organization. These tools help assess how well a division is utilizing its resources and generating returns.

Return on Investment (ROI)

Return on Investment (ROI) is a financial metric that is widely used to evaluate the profitability and efficiency of an investment. It measures the return generated on an investment relative to its cost. ROI is expressed as a percentage and is a key performance indicator for assessing the success of an investment or project.

$$ROI = \left(\frac{\text{Profit Margin}}{\text{Invented Capital}}\right) \times 100$$

$$\text{Or, } ROI = \left(\frac{5000}{20000}\right) \times 100 = 25\%$$

In this case, the ROI is 25%, indicating that for every rupee invested, you gained 25 paisa in net profit. This percentage provides a measure of the return on the investment in terms of rupees.

Residual Income (RI)

Residual Income (RI) is an alternative performance measurement to Return on Investment (ROI) for evaluating divisional managers. Unlike ROI, which focuses on percentage returns, RI measures the actual rupee amount of profit generated by a division beyond a predetermined cost of capital. This approach aims to align the interests of managers with those of the company, as managers are incentivized to exceed the minimum required return on their division's investments. RI is calculated as the net income of a division minus the imputed capital charge on the division's assets, with the capital charge representing the minimum acceptable rate of return set by the company's objectives and strategies. By emphasizing actual monetary returns, RI seeks to address some of the limitations of ROI and encourages managers to act in the best interests of both themselves and the company.

Any project that has a positive RI will be accepted, even if it will reduce the overall company or division ROI.
RI is calculated as under:
RI = Divisional profit - (Percent capital charge × Divisional investment)

Example

Acme, a division of Ace Manufacturing, has assets of Rs.2,25,000 and an operating income of Rs.55,000.

(i) What is the division's ROI?
(ii) If the minimum rate of return is 12 percent, what is the division's residual income?

Solution:

(i) ROI = (Rs. 55,000 ÷ Rs.2,25,000) × 100 = 24.44%
(ii) RI= Operating income Rs.55,000 - Minimum required rate (12% × Rs.2,25,000) Rs. 27,000 = Rs.28,000

Economic Value Added

Economic Value Added (EVA) is a financial performance metric that assesses a company's ability to generate value for its shareholders. It is a measure of a company's economic profit, considering the cost of capital employed in its operations. EVA is designed to provide a more comprehensive evaluation of a company's financial performance than traditional accounting measures.
Formula for Economic Value Added (EVA):
EVA = Net Operating Profit after Taxes (NOPAT) – (Total Capital Employed x Weighted Average Cost of Capital)

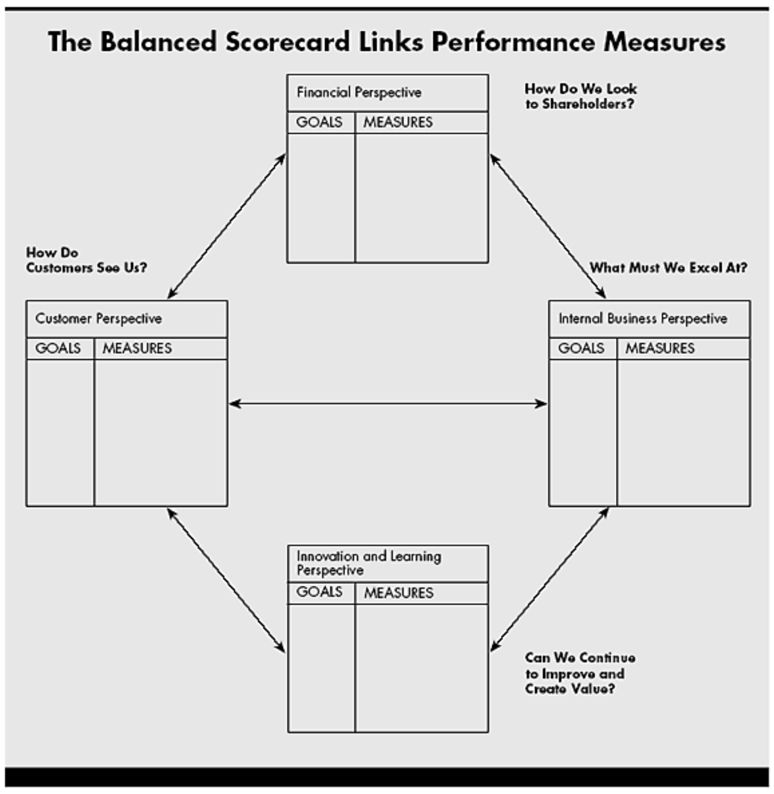
Learning Curve

The learning curve is a concept that describes the relationship between the cumulative production or experience with a process and the average cost per unit of output. It suggests that as individuals or organizations repeat a task, they become more efficient and the cost per unit decreases. The learning curve is a widely recognized principle in various industries and has implications for cost estimation, pricing, and project management.
The learning curve ratio can be calculated with the help of the following formula:
Learning curve ratio = Average labour cost of first 2 units ÷Average labour cost of first units

Balanced Score Card

The Balanced Scorecard (BSC) is a strategic performance management framework that helps organizations monitor and measure their performance across multiple perspectives to ensure that their strategies are effectively implemented. It was introduced by Robert S. Kaplan and David P. Norton in the early 1990s and has since become a widely adopted tool for strategic management.

The Balanced Scorecard (BSC) offers organizations a comprehensive framework to align their strategic objectives with operational activities, facilitating a more holistic approach to performance management. By incorporating financial and non-financial perspectives, the BSC enables a more nuanced evaluation of organizational success, fostering improved decision-making and strategy execution. The BSC promotes transparency by clearly communicating strategic goals across all levels of the organization, enhancing employee engagement and understanding. It encourages continuous improvement through regular monitoring and adjustment of key performance indicators, ultimately driving organizational success by ensuring that actions and initiatives contribute to the overall strategic vision.



MCQ

1. **Which of the following is a characteristic of a decentralized organizational structure?**
   a) Hierarchical decision-making
   b) Centralized authority
   c) Cross-functional collaboration
   d) Limited information flow

2. **Decentralization is most likely to benefit organizations operating in:**
   a) Stable and unchanging environments
   b) Dynamic and diverse environments
   c) Isolated and homogeneous markets
   d) Bureaucratic and rigid industries

3. **In DuPont analysis, a high asset turnover ratio indicates:**
   a) Inefficient use of assets
   b) Low sales relative to total assets
   c) Efficient use of assets to generate sales
   d) High financial leverage

4. **How is the DuPont formula expressed mathematically?**
   a) ROE = Profit Margin × Asset Turnover × Equity Multiplier
   b) ROE = Profit Margin / Asset Turnover / Equity Multiplier
   c) ROE = Profit Margin + Asset Turnover + Equity Multiplier
   d) ROE = Profit Margin - Asset Turnover - Equity Multiplier

5. **How does ROI differ from other financial metrics like ROE (Return on Equity)?**
   a) ROI considers profitability relative to the cost of investment, while ROE focuses on efficiency.
   b) ROI is specific to equity investments, while ROE is applicable to any type of investment.
   c) ROI measures overall profitability, while ROE specifically assesses profitability in relation to shareholders' equity.
   d) ROI and ROE are interchangeable terms with the same meaning.

6. **A business invests Rs. 50,000 in a marketing campaign and generates Rs. 75,000 in additional revenue. Calculate the ROI as a percentage.**
   a) 50%
   b) 75%
   c) 100%
   d) 150%

7. **What does a negative EVA suggest?**

a) The company is meeting its cost of equity.
b) The company is not generating sufficient profit to cover the cost of equity.
c) The cost of equity is too low.
d) The company has high financial leverage.

8. A company has an NOPAT of Rs.100,000 and a cost of capital of Rs.80,000. What is the EVA?
a) Rs.80,000
b) Rs.100,000
c) Rs.180,000
d) Rs.20,000

9. What influences the appropriate degree of decentralization in a company?
a) Types of organizational activities.
b) Nature of decisions required for organizational growth.
c) Managers' personal characteristics.
d) All of the above.

10. Why does decentralization require effective communication abilities?
a) To centralize decision-making
b) To increase personnel difficulties
c) Due to the removal of decision-making from the home office
d) To decrease training costs

11. What is one benefit of decentralization?
a) Increased stress for senior management.
b) Recognition and development of managerial talent.
c) Reduction in job satisfaction.
d) Greater centralization of decisions.

12. Why did the DuPont Corporation start the DuPont analysis in 1920?
a) To produce a higher Return on Equity (ROE).
b) To calculate profit more accurately.
c) To avoid misleading conclusions in corporate profit analysis.
d) To decrease the equity multiplier.

13. Which financial parameter in the DuPont methodology is associated with net profit margin and measures operating efficiency?
a) Asset usage performance
b) Financial leverage
c) Operating performance
d) Return on Equity (ROE)

14. What does the Total Asset Turnover ratio measure in the context of DuPont analysis?
a) Efficiency in using assets
b) Debt repayment ability
c) Profitability margin
d) Financial health

15. How is Residual Income (RI) calculated for a division?
a) Divisional profit minus the cost of capital charge
b) ROI divided by the division's investment
c) Operating income before taxes minus the required rate of return
d) Divisional profit divided by the total employed assets

Answer

1. c
2. b
3. c

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

Fill in the blanks

1. The ________________ model assumes a constant rate of decline in the estimated average time per unit each time the quantity of units produced doubles.
2. In the Financial perspective, key performance indicators (KPIs) may include metrics such as revenue growth, return on investment (ROI), and ___________.
3. EVA was developed by the US consulting firm ________________.
4. Learning curve refers to the idea that efficiency ____________the more experience a person has with a given task.
5. The learning curve will always be less than _______%.

Answer

1. cumulative average-time learning
2. profitability
3. Stern Stewart & Co
4. increases
5. 100

State True or False:

1. The balanced scorecard encourages a balanced approach by excluding both leading and lagging indicators.
2. ROI is a dynamic metric that changes over time as the investment's performance fluctuates.
3. In case of a job which is repetitive in nature and the working time is not scheduled by the speed of machinery, an individual is likely to become more confident and knowledgeable about his work as he gains more experience.
4. When the cumulative average-time learning model is being used, the learning curve percentage must be greater than 100%.
5. Balanced scorecards should help in communicating the strategy formulated to all members of an organization.

Answer

1. False
2. True
3. True
4. False
5. True

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, MQPs, E-Bulletin Attend Online sessions**

02 **Solve Excercises given in Study Note**

03 **Assess Yourself**

04 **Appear For Examination**

FINISHED

Message from
Directorate of Studies

Dear Students,

Greetings from the D.O.S.!!!

We from the Directorate of Studies understand your expectations from us and accordingly we are trying to deliver some meaningful tips through various publications in soft versions like-E-bulletins, Mock Test Papers (MTPs), Model Question Papers (MQPs). Supplementary and Amendments are also uploaded from time to time to keep the students updated about the recent changes made in the papers; wherever applicable.

- Certain general guidelines are listed below and which will help you in preparing for the examinations:
- Conceptual understanding and overall understanding of the subjects should be clear,
- Students are advised to go through the study material provided by the Institute meticulously,
- Students should know and learn the basic understandings of the subjects with focus on core concepts,
- Students are expected to give to the point answer which is a pre-requisite for any professional examination,
- To strengthen the answers, students are advised to answer precisely and in the structured manner,
- Proper time management is also important while answering.

GOOD LUCK
Be prepared and be successful

Few Snapshots

CMA Navneet Kumar Jain CCM and NIRC RCMs CMA Manish Kandpal and CMA Jeewan Chandra, held a fruitful discussion with CBIC Board Member Ms. V. Rama Mathew to delve into the potential utility of cost records data

CMA Manoj Kumar Anand, Council Member, ICMAI had a meeting Ms. Helen Brand OBE, Chief Executive, ACCA UK along with Md. Sajid Khan, Director - India, ACCA, and Mr. Sundeep Jakhar, Head of Public Affairs - India, ACCA at CMA Bhawan, New Delhi on 30th October 2023.

CMA Navneet Jain CCM, CMA Jeewan Chandra, RCM-NIRC & CMA Varun Sukhija, Chairman Faridabad Chapter alongwith other members visited PCIT Faridabad and Gurgaon, Mr. Anand Kedia Ji and discussed about empanelment of CMAs for Inventory Valuation u/s 142 (2A) of Income Tax Act,1961.

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, ICMAI felicitating Smt. Rajeshwari Singh Muni, CMD of National Insurance Company Limited.

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