



# CMA विद्यार्थी

For The CMA Students, By The CMA Students | July 2024



**Fueling Ambition,  
Shaping Leaders**

Ambitions are the wings that  
enable us to soar to new heights

Behind Every Successful Business Decision, There is always a CMA

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## Vision

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

## Mission

"The Cost and Management Accountant professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

## From The Chairman's Desk



**CMA Chaitanya Laxmanrao Mohrir**  
Chairman, ICMAI-WIRC

**Dear Students,**

Results for the June 2024 Foundation examination are declared and I congratulate all the Foundation Course students for their success. Welcome all of you on the path of becoming a professional. Hurry up to register for Intermediate. Last Date for the December 2024 term is 31st July 2024.

I am glad to note that WIRC Students have responded to our appeal of submitting write-ups for the CMA Vidyarthi. For this issue we have received 13 articles. I hope that the enthusiasm will continue and the students will keep on contributing to e-bulletin and in the process will get a chance to improve their written communication skills.

WIRC has been carrying out many activities to help students in their studies. As a part of it WIRC has launched Multiple Choice Question Bank for foundation, Intermediate & Final course. It is uploaded on WIRC website. Please take maximum benefit of it while preparing for the examination.

Institute has started physical mode of SAP Skills Training at 4 Regional Offices. 1st Batch of training scheduled at WIRC from 10th July 2024.

This is my last communique as a Chairman of WIRC but I will be always available for my Students Community.

"Wishing you all the best along each step of your journey. Go after your dreams!"

Thanks and Regards,

**CMA Chaitanya Laxmanrao Mohrir**  
Chairman, ICMAI-WIRC



# Chief Editor's Communique



## CMA Mihir Narayan Vyas

Hon. secretary ,  
Chairman, Editorial Board  
Chairman, Students Coordination Committee  
ICMAI-WIRC

**“Your Future is created by what you do today, not tomorrow” - Robert Kiyosaki**

Dear Students,

Greetings

Firstly, I extend my heartfelt congratulations to all the students who have successfully cleared the CMA Foundation Examination held in June 2024. Your hard work, dedication, and perseverance have paid off, and you should be incredibly proud of your achievements.

I encourage all successful candidates to seize this moment and take the next step towards your professional journey by enrolling in the CMA Intermediate course. 31st July 2024 is the last date for the enrolment for Dec 2024 term of examination.

This month, our “CMA Vidyarthi” is centered around the tagline **“Fueling Ambition, Shaping Leaders”**. This tagline resonates deeply with the journey of a Cost Accountants. Your ambitions are the driving force behind your hard work, and it is this determination that will shape you into future leaders of the profession.

I am delighted to introduce a new feature in this CMA Vidyathi issue—the **“Multiple Choice Questions (MCQ) Corner”** for Foundation, Intermediate & Final level Students. This section is specifically designed to aid your exam preparation by providing a variety of multiple-choice questions that mirror the structure of your upcoming assessments. Utilize this resource to test your knowledge, identify areas for improvement, and build confidence.

I encourage each one of you to actively contribute to CMA Vidyarthi. Share your thoughts, knowledge by way of articles & poems. Your perspectives are what make our CMA Vidyarthi truly unique and reflective of our diverse CMA Student Community.

Let us use this opportunity to inspire, to inform, and to connect. Together, let's make this academic year filled with creativity, innovation, and meaningful contributions to our community and beyond.

I eagerly await witnessing the growth of our CMA Vidyarthi and the flourishing of your talents within its pages. Stay focused, stay determined, and continue to fuel your ambition. Together, we are shaping the future leaders of the profession.

With Regards,

**CMA Mihir Narayan Vyas**

Hon. secretary,  
Chairman, Editorial Board  
Chairman, Students Coordination Committee  
ICMAI-WIRC

# Student's Corner



## Understanding GST Audits and Assessments

**Mithilesh Prashant Pathak**  
CMA Intermediate

The Goods and Services Tax (GST) regime in India mandates that businesses registered under GST undergo occasional audits and assessments by the tax authorities. These audits ensure compliance with GST regulations and determine the correct amount of tax liability. This article provides a clear overview of GST audits and assessments, helping businesses navigate the process effectively.

### GST Audits

As per Section 2 (13) of the GST Act, 'audit' means checking the records and documents of the business for their authenticity. Moreover, through 'audit', the correctness of the turnover declared by the business, GST paid and refunds availed can be checked. It can also be checked whether the GST rules have been followed by the business or not.

A GST audit is a meticulous examination of a taxpayer's records to verify the accuracy of their GST filings. The tax authorities can select businesses for audits based on various risk factors, including high turnover, discrepancies in filings, or based on specific intelligence.

### Why is audit required

Under GST, the assessee is expected to assess his returns himself and calculate his tax liability. There would be no intervention of any tax official in this regards. This makes GST a tax system which is based on trust. However, self-assessment is prone to mistakes and frauds and so audits are required to check and verify the tax liability assessed by the assessee and to see if the tax rules have been followed.

### Types of GST Audits

**Regular Audits:** These are routine audits conducted to ensure general compliance.

**Special Audits:** These are triggered by specific reasons like suspicion of tax evasion or based on information received from intelligence sources.

**Vertical Audits:** These audits focus on a particular industry sector to identify industry-wide compliance issues.

**Process Audits:** These audits evaluate specific business processes related to GST, such as invoice generation or record-keeping.

### GST Assessments

A GST assessment is the process by which the tax authorities determine the amount of GST a taxpayer owes. This can involve scrutinizing the taxpayer's filings and records, and calculating any tax liability, interest, or penalties due.

### Types of GST Assessments

**Self-Assessment:** Taxpayers determine their tax liability based on their filings.

**Provisional Assessment:** A provisional assessment is made based on estimated tax liability when a return is not filed or is filed with errors.

**Scrutiny Assessment:** This assessment is done after a detailed examination of the taxpayer's records, often following an audit.

**Best Judgment Assessment:** This assessment is made when the taxpayer hasn't filed returns or hasn't provided enough information for a proper assessment.

### Key Differences Between GST Audit and Assessment

**Purpose:** Audits focus on verification, while assessments determine tax liability.

**Scope:** Audits involve a broader examination, while assessments may be limited to specific transactions.

**Outcome:** Audits can lead to assessments, but assessments don't necessarily involve audits.

### Preparation for GST Audit and Assessment

**Maintain Accurate Records:** Businesses should meticulously maintain books of accounts, invoices, and other GST-related documents.

**File Returns Timely:** Timely filing of accurate GST returns is crucial to avoid scrutiny.

**Be Prepared for Inquiries:** Be prepared to answer questions and provide explanations for any discrepancies identified during the audit or assessment process.

### Role of a Cost Accountant (CMA)

A cost accountant can assist businesses in navigating GST audits and assessments. They can advise on record-keeping practices, ensure accurate return filing, and represent the taxpayer during audits and assessments.

### Conclusion

GST audits and assessments are essential for ensuring compliance and proper tax collection. By understanding these processes and staying prepared, businesses can minimize risks and ensure a smooth experience.





## Casual Taxable Person Under GST

**Bhagyashri Dinkar Shinde**  
CMA Intermediate

In the realm of taxation, a casual taxable person refers to an individual who earns income outside of their regular employment and falls under the tax bracket for such earnings. This income can stem from various activities, and understanding your tax obligations as a casual taxable person is crucial.

### Common Scenarios for Casual Taxable Income

**Freelancing or Consulting:** Providing professional services like writing, editing, graphic design, or consulting on a freelance basis can generate casual taxable income.

**Selling Goods or Services Online:** Platforms like eBay or Etsy enable selling crafts, clothes, or other products, resulting in casual taxable income.

**Renting Out Assets:** Renting a property, car, or equipment for a short-term or casual basis qualifies as casual taxable income.

**Sharing Economy Participation:** Income earned through ride-sharing services like Uber or Lyft or home-sharing platforms like Airbnb falls under casual taxable income.

**Competition Winnings:** Winning prizes or awards from competitions or contests can be considered casual taxable income, depending on the value.

### Tax Implications for Casual Taxable Persons

The specific tax implications for casual taxable income can vary depending on your location and the nature of your income. However, some general principles apply:

**Reporting Requirements:** You may need to report your casual taxable income on your tax return, even if you don't receive a formal tax form (like a 1099) from the payer.

**Tax Rates:** Casual taxable income is typically taxed at your marginal tax rate, which is the rate applied to the last dollar you earned.

**Tax Deductions:** In some cases, you may be eligible to deduct certain expenses incurred while generating casual taxable income. These deductions can help reduce your overall tax liability.

### Key Considerations for Casual Taxable Persons

**Record Keeping:** Maintaining accurate records of your income and expenses is essential for filing your tax return correctly.

**Tax Payment Options:** Depending on your situation, you may need to make estimated tax payments throughout the year to avoid penalties.

**Seeking Professional Advice:** If you have complex tax questions or a significant amount of casual taxable income, consulting a tax professional is recommended.

### Additional Tips for Casual Taxable Persons

**Register for a GST/HST (if applicable):** If your casual taxable income exceeds a certain threshold, you may need to register for a Goods and Services Tax (GST) or Harmonized Sales Tax (HST).

**Casual Taxable Person:** A person who occasionally undertakes transactions involving supply of SOG or SOS in the course or furtherance of business, whether as principal, agent or in any other capacity, in a ST/UT where he has no fixed Place Of Business.

### Registration provisions

- Compulsory registration u/s 24.
- Registration before commencement of business and with advance POT
- Registration REG-01
- PAN required
- Threshold Exemption:- Not available
- Composition Scheme:- Not available
- Return provisions:- GSTR-1, GSTR-3B

**Stay Informed:** Tax laws can change, so staying updated on the latest regulations is crucial

### **Important Commen**

CTP will apply for Registration at least 5 days prior to commencement of business.

Advance deposit of tax at the time of Submitting the registration application.

Registration is valid for 90 days (further extension for 90 days)

Annual Return is not required for CTP

### **Conclusion:**

Comprehending your status as a casual taxable person empowers you to manage your tax obligations effectively. By keeping clear records, familiarizing yourself with relevant tax laws, and seeking professional guidance when necessary, you can ensure a smooth tax filing experience.







## E-Way Bill Section 68 read with Rule 138

**Ketan Dharmadhikari**  
CMA Final

### What is an E-way bill & why is it required?

E-way bill is a compliance mechanism where in by way of a digital interface, person causing movement of goods, uploads the relevant information prior to the commencement of goods which is to be generated on the GST portal.

E-way bill is a digital document detailing the transportation of goods from one location to another. An e-way bill needs to be issued in several situations, depending on the value of goods, type of movement, and the registration status of the parties involved.

E-way bill is generated electronically on the e-way bill portal. While the nationwide e-way bill mandate kicks in for goods valued of Rs.50000 for interstate movement, individual states set their own thresholds and exemptions for intrastate movement of goods.

### Relevance of e-way bill -

- Hassle free movement
- Track movement of goods
- Control Tax evasion
- Eliminate State boundary check-post.

### Who & When E-Way bill is required to be generated?

**Who**- Every Registered Person whether Supplier or recipient who causes movement of goods relation to a supply or reasons other than supply or due to inward supply from an unregistered person.

**When**- Consignment Value Exceeds Rs.50000. E-way bill must be generated on the common portal for all these types of movements.

For certain types of specified goods, the e-way bill needs to be generated mandatorily even if the consignment value is Rs.50000 or less

- Inter - State movement of goods by the Principal to the Job -Worker by Principal or Job worker if registered.
- Inter - State Transport of Handicraft goods by a dealer exempted from obtaining registration under section 24 (i) & (ii).

### Details in E-way bill

Part A	Part B
GSTIN of Supplier	Vehicle Number for road
Place of dispatch (Pin code)	Transport documents Number
GSTIN of Recipient	
Place Of Delivery (Pin code)	
Invoice Number	
Invoice Date	
Value of Goods	
HSN Code	
Reason For Transportation	

### Note:

**Part A**- Not allowed to be furnished if return is not filed for 2 consecutive tax periods (section 10) or for 2 months or quarters (Other cases).

**Part B** Is optional up to 50 km within state or union territory in case of transportation from place of business to transporter's place.

## Cases When E-way bill is not required

- The mode of transport is non -whether vehicle.
- Goods transported from customs port, airport, air cargo complex or land customs station to inland container depot (ICD) or container freight station (CFS) for clearance by customs.
- Goods transported under customs supervision or under customs seal.
- Goods transported under Customs Bond from ICD to customs or from one port to other.
- Transit cargo transported to or from Nepal or Bhutan.
- Movement of goods caused by defence formation under ministry of defence as a consignor or consignee.
- Empty cargo containers are being transported.
- Consignor transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20 km accompanied by a delivery challan.
- Goods being transported by rail where the consignor of goods is the central government, state governments or local authority.
- Goods specified as exempt from e-way bill requirements in the perspective state/union territory GST rules.
- Transport of certain specified goods – includes the list of exempt supply of goods, Annexure to rule 138(14) , goods treated as no supply as per schedule III , certain schedule to certain schedule to central tax rate notifications.

## Determination of Value

Mandatory generation of e-way bill if value exceeds rs.50000 determined as per section 15 or value declared in invoice or bill of supply or other notified document issued in respect of the said consignment shall includes CGST/SGST/UTGST/IGST/ GST Compensation cess but excludes value of exempt supply of goods.

## Documents or details required to generate E-way bill

Invoice or Bill of supply or Challan related to the consignment of goods.

In case of transport by road – Transporter ID or vehicle number

In case of transport by rail, air or ship – Transporter ID, Transport vehicle number and date of the document.

## Acceptance or Rejection or cancellation of E-way bill

Acceptance or Rejection – By the recipient (if registered) or supplier within 72 hours or before delivery of goods whichever is earlier or else deemed acceptance.

Cancellation – Goods not transported or goods not transported as the details furnished cancellation to be done within 24 hours, cannot be cancelled if verified in transit

## Types of GST Audits

Type of Conveyance	Distance	Distance
Other than over dimensional cargo	Less than 200 kms	1 Day
	For every additional 200 kms or part there of	Additional 1 Day
For over dimensional cargo	Less than 20 kms	1 Day
	For every additional 20 kms or part there of	Additional 1 Day

Validity of E-way bill can be extended within 8 hours from the time of its expiry.

### Non- compliance of E-way bill

Section 122 – Taxable person transporting the goods liable to Penalty Of Rs.10000 or Tax evaded whichever is higher

Section 129 – Confiscation of goods and conveyance.

### Rule 138E – Restriction of Furnishing of information in Part A of Form GST EWB-01

In respect of outward movement of goods of a registered person -

Composition Dealer has not furnished the return for two consecutive tax periods or

Other person has not furnished the returns for a consecutive period of two tax periods or

Other persons has not furnished the statement of outward supplies for any two months or quarters, as the case may be or

Being a person, whose registration has been suspended under the provision of rule 21A(1) or 21A(2) or 21A(2A).





## AI Changing - Landscape of Audit

**Manthan Deepak Thakkar**  
CMA Final

The landscape of auditing is experiencing a transformative shift thanks to the rise of Artificial Intelligence (AI). Traditionally, auditing has been a meticulous and time-consuming process, relying heavily on extensive manual labor and human expertise. Now, AI is revolutionizing this field, bringing unprecedented efficiency, accuracy, and innovative capabilities. This article delves into how AI is reshaping the world of auditing, enhancing the role of auditors, and setting new standards for the industry.

### What is AI?

Is a big question in the student community as well as member community of All the three Professional Institutes i.e. ICMAI, ICAI, ICSI. Artificial Intelligence (AI) is the simulation of human intelligence processes by machines, especially computer systems. It involves learning, reasoning, and self-correction capabilities to perform tasks that typically require human intelligence, such as visual perception, speech recognition, decision-making, and language translation. Many students and members may be using it for day-to-day task. But AI can do many other things, and it is changing landscape of various sector as well as audit. And there are many AI tools out changing landscape in many report its stated that there are 12875 tools for 14917 tasks. And from this 14917 tasks Audit is one of it

### AI Tools Leading the Transformation.

Prominent AI tools such as KPMG Clara AI and Microsoft Copilot are at the forefront of this transformation. These tools excel in scrutinizing transactions at a granular level, identifying trends and anomalies that could easily elude human auditors.

By doing so, they allow auditors to concentrate their efforts on high-risk areas, thereby enhancing the overall quality and reliability of audits.

KPMG Clara AI, for instance, integrates AI and advanced data analytics to provide auditors with deep insights into financial transactions. It helps in identifying potential issues and irregularities, ensuring that audits are more thorough and precise. Similarly, Microsoft Copilot assists auditors by automating routine tasks, enabling them to focus on more complex and judgment-intensive aspects of auditing.

### The Shift to Continuous Auditing

One of the most significant impacts of AI on auditing is the shift from periodic audits to continuous auditing. AI enables the real-time analysis of financial activities, offering continuous insights rather than relying on retrospective evaluations. This ongoing monitoring reduces the risk of financial misstatements and fraud by catching discrepancies as they occur. Continuous auditing ensures that any irregularities are promptly addressed, maintaining the integrity of financial records.

### The Future of Auditing with AI

As AI continues to evolve, it promises to unlock new possibilities in the field of auditing. The future of auditing will be characterized by even greater efficiency, accuracy, and depth of insight. AI's ability to analyze massive datasets in real-time will enable auditors to identify and mitigate risks more effectively. Audits will become more proactive, focusing on preventing issues rather than merely detecting them after the fact.



## Pros of AI in Auditing

**Enhanced Efficiency and Speed:** AI-driven tools can process vast amounts of data much faster than human auditors. This significantly reduces the time required for audits, allowing for more timely insights and decisions. Automated processes handle routine tasks, freeing up auditors to focus on more complex and strategic activities.

**Improved Accuracy:** AI minimizes the risk of human error by consistently applying predefined rules and algorithms to analyze data. This leads to more accurate detection of anomalies, discrepancies, and potential fraud. The precision of AI ensures that audits are thorough and reliable.

**Continuous Auditing:** AI enables continuous auditing by providing real-time monitoring and analysis of financial transactions. This shift from periodic to ongoing audits helps in early detection of issues, ensuring that financial statements are always accurate and up-to-date. Continuous auditing reduces the risk of undetected errors and fraud.

**Advanced Data Analytics:** AI tools are capable of analyzing large datasets to uncover patterns, trends, and anomalies that might be missed by human auditors. This deep data analysis enhances the quality of audits by providing comprehensive insights into financial activities. Auditors can identify high-risk areas and focus their efforts accordingly.

**Cost Savings:** The automation of routine audit tasks leads to significant cost savings. AI reduces the need for extensive manual labor, lowering operational costs. Additionally, the increased efficiency and speed of AI-driven audits can result in lower overall audit fees for clients.

**Enhanced Risk Management** AI's ability to analyze and interpret large volumes of data helps in identifying potential risks more effectively. By focusing on high-risk areas, auditors can provide better risk assessment and management. This proactive approach enhances the overall reliability and credibility of financial statements.

**Improved Decision-Making:** The insights generated by AI tools provide auditors with valuable information to make informed decisions. AI can highlight key areas that require attention, support evidence-based decision-making, and help auditors develop more effective audit strategies.

**Scalability:** AI systems can easily scale to accommodate large and complex audits. As businesses grow and the volume of data increases, AI tools can handle the additional workload without compromising on accuracy or efficiency. This scalability ensures that audits remain effective regardless of the size of the organization.

**Consistency and Standardization:** AI ensures consistent application of audit procedures and standards across all audits. This standardization reduces variability and enhances the comparability of audit results. Consistent application of rules and methodologies leads to more reliable and objective audits.

**Enhanced Auditor Experience:** By automating mundane and repetitive tasks, AI allows auditors to engage in more meaningful and intellectually stimulating work. This can lead to increased job satisfaction and retention of skilled auditors. AI also provides auditors with advanced tools and insights, enhancing their overall audit experience.

## Cons Of AI In Auditing

**Ethical Concerns:** The use of AI in auditing raises significant ethical issues. AI algorithms can inadvertently perpetuate biases present in the data they are trained on, leading to biased outcomes. Ensuring that AI systems are fair, transparent, and unbiased is a complex challenge that requires ongoing oversight and adjustment.

**Data Privacy and Security:** AI systems often require access to vast amounts of sensitive financial data to function effectively. This raises concerns about data privacy and the security of confidential information. Ensuring that data is protected from breaches and unauthorized access is critical, yet challenging, in an era of increasing cyber threats.

**Regulatory Compliance:** AI in auditing must comply with various regulatory requirements, which can be complex and vary across different jurisdictions. Navigating these regulations and ensuring that AI tools meet all legal standards can be difficult and resource-intensive. Non-compliance can result in significant legal and financial penalties.

**High Implementation Costs:** Implementing AI in auditing requires substantial investment in technology, infrastructure, and training. The initial costs of developing and deploying AI systems can be prohibitive for smaller audit firms. Additionally, ongoing maintenance and updates to AI systems represent a continuous financial commitment.

**Technical Complexity and Dependence:** AI systems are complex and require specialized knowledge to develop, implement, and maintain. This creates a dependence on technical experts, which can be a barrier for audit firms lacking the necessary expertise. The reliance on AI also means that auditors must continuously update their skills to keep pace with technological advancements.

**Loss of Human Judgment** AI lacks the nuanced understanding and professional judgment that human auditors bring to the table. While AI can analyze data and detect anomalies, it may not fully understand the context or significance of certain transactions. The over-reliance on AI could lead to a diminished role for human auditors and potential oversights in areas requiring subjective judgment.

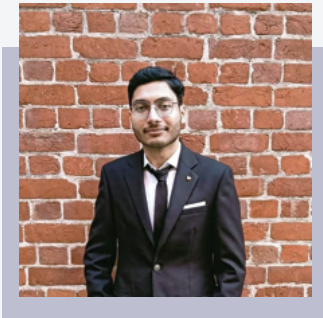
**Potential for Errors and Misinterpretations:** AI systems are not infallible and can produce errors or misinterpretations, especially if they are trained on inaccurate or incomplete data. Incorrect outputs from AI tools can lead to flawed audit conclusions, undermining the reliability of the audit process.

**Job Displacement and Workforce Impact:** The automation of audit tasks through AI can lead to job displacement for certain roles traditionally performed by human auditors. This has implications for the workforce, potentially leading to reduced employment opportunities and necessitating retraining and reskilling programs for affected employees.

**Integration Challenges:** Integrating AI systems with existing audit processes and legacy systems can be challenging. Ensuring seamless interoperability and data exchange between AI tools and traditional audit software requires significant effort and technical coordination.

**Dependence on Quality of Input Data:** The effectiveness of AI in auditing heavily depends on the quality of the input data. Poor-quality, incomplete, or biased data can lead to inaccurate analysis and flawed audit outcomes. Ensuring high data quality is a critical yet challenging aspect of leveraging AI in auditing.





## Artificial Intelligence And Robotic Process Automation Are Transforming The Future Of Auditing

**Aman Singh**  
Member of AAT - ICMAI

Artificial Intelligence (AI) and Robotic Process Automation (RPA) are no longer concepts confined to science fiction; they have become pivotal components of modern businesses.

Artificial Intelligence (AI) involves the simulation of human intelligence processes by machines, whereas Robotic Process Automation (RPA) is the use of software robots to automate repetitive tasks. Both these technologies are now making their presence felt in the field of Auditing.

### How is AI beneficial in the field of Auditing?

**Risk Assessment and Fraud Detection:** AI and RPA offer Auditors the ability to Conduct in-depth risk assessments and detect potential fraud with greater Accuracy. This proactive approach can safeguard businesses from financial Losses and reputational damage.

**Data Analysis and Insights:** AI-powered algorithms can swiftly analyse large Datasets, identifying patterns, anomalies, and trends that might be overlooked By human auditors. This data-driven approach enables auditors to extract Valuable insights from financial records, leading to more informed decision- making by organizations.

**Efficiency and Accuracy:** Traditional Audit processes involve manual data Collection, entry, and analysis, which are time-consuming and prone to human Errors. AI driven tools and automation can save a lot of time thus letting us Invest it in the most pivotal sectors of utmost importance.

### How can the integration of AI and Auditing be a disaster?

**Data Privacy and Security:** Auditing involves dealing with sensitive financial Information and personal data. Integrating AI and RPA systems increases the Risk of data breaches and cyberattacks, potentially exposing confidential Information to unauthorized parties.

**Loss of Human Judgment:** AI and RPA might streamline certain tasks, but they Lack the human intuition that's essential for interpreting complex financial Transactions and identifying potential irregularities.

**Complexity and Cost:** Implementing AI and RPA systems require significant Financial investment and technical expertise. Small and medium-sized Audit Firms might struggle to afford these systems, leading to an uneven playing field Where larger firms have a competitive advantage.

### Conclusion

We are witnessing a profound transformation in the field of Auditing. The Integration of Artificial Intelligence and Robotic Process Automation is Revolutionizing the way Audits are conducted. From improving efficiency and Accuracy to enabling continuous monitoring and facilitating risk assessment, these Technologies are reshaping the future of Auditing for the better. While the benefits Are undeniable, the adoption of AI and RPA in Auditing also presents challenges. Auditors need to ensure that the algorithms and processes used are transparent, Explainable, and compliant with regulatory standards.





## Industry 4.0 and Techno-Financial Expertise

**Mandar Bhide**  
CMA Final

What if I told you about an investment that yields stable interest at 19.5% through a security whose value remains stable at \$1? Sounds amazing, right? It resonated similarly with countless ears, creating a bubble that eventually wiped out \$45 billion when it burst. Like any other bubble, initially things went well for 'Terra', a 'stablecoin' that uses complicated algorithms for managing demand-supply dynamics of the cryptocurrency to stabilize its value to \$1. It all goes well, only until selling pressure reaches beyond what algorithm can manage, thus triggering a vicious cycle. Another recent examples are fall of FTX, a cryptocurrency exchange, which somehow managed to get Blackrock (\$24 million), Sequoia capital (\$225 million) and Softbank (about \$100 million) onboard and Nikola motors that promised electric and hydrogen powered heavy vehicles, that in reality rarely went beyond questionable prototypes.

Today, we are in the process of the fourth industrial revolution, where advanced technologies like artificial intelligence, blockchains, advanced networks and high performance computing are penetrating all walks of life like never before and there's no way the professionals of business, finance and regulations can stand unaffected. Besides booms and bubbles in cryptocurrency, another technology making headlines is 'artificial intelligence'. The sector is seeing huge investments

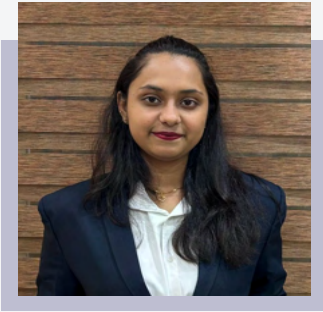
(around \$24 billion in the first three months of 2024 as per a Washington Post's report) But is it really worth it? Where's the line between prudence and paranoia? Is it the future or next 'dot-com bubble'?

To answer these questions, techno-financial expertise is essential. This expertise is crucial from both a businessman's perspective and a regulatory standpoint. Understanding the success stories of companies like Google and Amazon during the dot-com bubble highlights the importance of technical expertise to differentiate serious technology from mere buzzwords, alongside the financial know-how to assess feasibility and potential. Furthermore, regulators need this expertise to keep pace with rapidly evolving technologies and establish robust frameworks that foster innovation while safeguarding against frauds and ensuring fair market opportunities for genuine technology businesses.

That's why we are in need of techno-financial experts more than ever before. Ability to use office suits or ERPs is not enough 'technical skill' anymore. Understanding and adopting the advanced technologies can give immense leverage to individuals as well as organizations. This fact becomes particularly noteworthy to a rapidly growing economy like India, including fellow Cost Accountants!







## Understanding the Dynamics of the Derivatives Market

**Bhakti Puranik**  
CMA Intermediate

The derivatives market plays a pivotal role in modern finance, serving as a crucial component of risk management and price discovery. This article explores the intricacies of the derivatives market, its key players, products, and its impact on the global economy.

### Introduction to Derivatives:

Derivatives are financial contracts whose value is derived from an underlying asset, index, or rate. They enable investors to hedge risk, speculate on price movements, and gain exposure to various asset classes without owning the underlying assets themselves. Common types of derivatives include futures, options, swaps, and forwards.

### Key Players:

**Investors and Speculators:** Individuals, institutions, and hedge funds participate in the derivatives market to manage risk or profit from price fluctuations.

**Market Makers:** Financial institutions and brokerage firms provide liquidity by facilitating trading activities, thereby ensuring smooth market functioning.

**Regulators:** Government agencies oversee the derivatives market to maintain transparency, prevent fraud, and safeguard market stability.

### Types of Derivatives

**Futures Contracts:** Futures are derivative financial contracts that obligate the parties to transact an asset at a predetermined future date and price. Here, the buyer must purchase or the seller must sell the underlying asset at the set price, regardless of the current market price at the expiration date.

**Options Contracts:** Options provide the buyer with the right, but not the obligation, to buy (call option) or sell (put option) an asset at a predetermined price within a specified time frame.

**Swaps:** Swaps involve the exchange of cash flows or assets between parties based on predetermined terms. Common types include interest rate swaps and currency swaps.

### Functions of the Derivatives Market

**Risk Management:** Derivatives allow market participants to hedge against adverse price movements, thereby reducing exposure to financial risks.

**Price Discovery:** The derivatives market provides valuable information about future asset prices, aiding in efficient price discovery across various financial markets.

**Leverage and Speculation:** Derivatives enable investors to amplify their exposure to underlying assets through leverage, facilitating speculative trading strategies.

### Impact on the Global Economy

**Financial Stability:** The derivatives market enhances market efficiency and liquidity, contributing to overall financial stability.

**Controversies and Risks:** Despite their benefits, derivatives have been associated with controversies and risks, including excessive speculation, systemic risk, and regulatory challenges.

**Global Integration:** The derivatives market fosters global economic integration by enabling investors to access diverse asset classes and markets across borders.

### Conclusion

The derivatives market is a vital component of modern finance, offering opportunities for risk management, speculation, and price discovery. While it facilitates

economic growth and globalization, proper regulation and risk management are essential to mitigate potential pitfalls and safeguard financial stability.

By understanding the dynamics of the derivatives market, investors and policymakers can navigate its complexities effectively, harnessing its potential while mitigating associated risks.



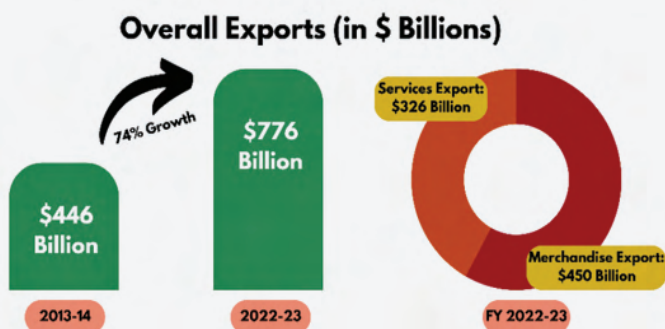


## Role of Export's in Achieving in 5 Trillion Dollar Economy

**Mr. Suyog Malpure**  
CMA Final

**“Bharat jumps at no. 5 in terms of largest economy with a GDP of \$3.6 trillion”**

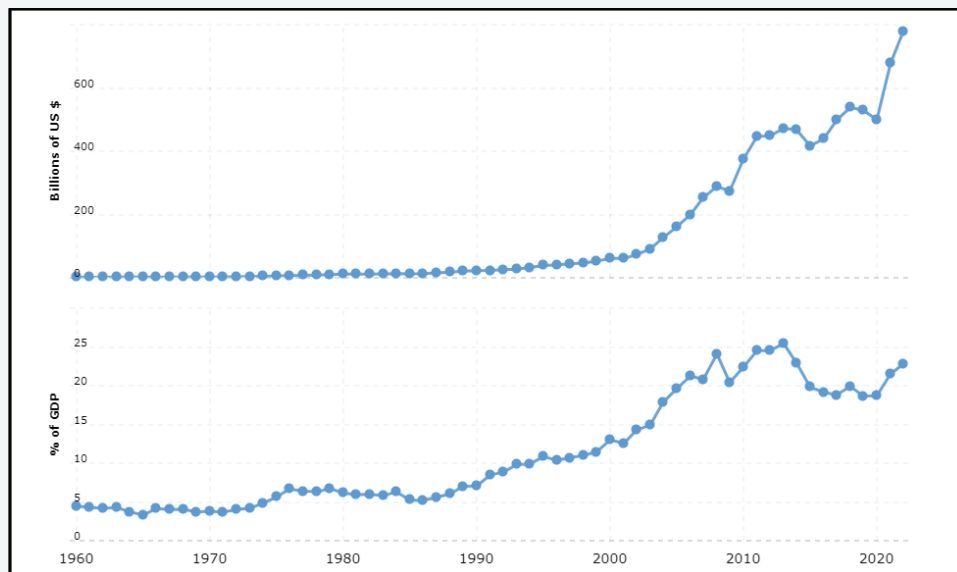
This headline was one of the most proud and glorious moments for Indian citizens. It's rational that, for achieving economic growth, GDP must be valued on the higher side, which considers consumer spending, investments, government spending, and net exports. i.e.,  $[GDP = C + I + G + (X-M)]$ . Further exports of any nation are an important factor in valuing GDP, whereas in India, the same has been achieved in the past decade, from jumping with exports of US\$ 446 billion in 2013-14 to US\$776 billion with growth of 74% in the 10th year itself, which forms around 20% of total GDP.



Any outsider may assume that behind this achievement there must be some schemes, incentives, or any special structure launched by the government to boost exports, but it's not like the government has made two big changes, viz., Make in India (promoting manufacturing) and Simple Export Procedure (a structured and simple process with the indirect tax and customs department). India's international trade narrative is nothing short of an incredible journey.

For nearly two centuries, Indian resources were depleted by colonial rule. They left us in such bad condition that in our initial independence period, we used to import daily necessities like oil and food grains. But today the condition has been reversed in such a manner that we are known as the largest exporter of rice, with various varieties like aromatic basmati and parboiled rice. Despite the fact that we have been colonized for decades, we are still the world's largest exporter, with 92% of diamonds polished in Surat alone. Not with this, but Nashik's Grapes & Wine, Alphanso Mango's from the huge Kokan Strip, Banana's from Jalgaon, and Oranges of Nagpur have created a huge market demand in foreign nations.

The whole world has observed the tough situations during the COVID-19 pandemic, and India was the only country helping and providing vaccines to around 100+ nations generously with the quality and surety of the product to get a cure from the infection virus. This was not the first time, but India has contributed in the medical field for ages. Though, to some extent, India lags with natural resources of oil and minerals, it still makes a top place in the exporting of refined crude oil, with Gujrat making a huge contribution in these terms. We are also not behind the automobile industry, where Africa is the largest customer, and in the last decade, India replaced China as the largest exporter in terms of two-wheeler vehicles. Not ending here, we also contribute to ready-made garments, electronics, toys, and information technology.



This success was not possible without the help of the local vendors, manufacturers, traders, and producers, which got extreme time-to-time support from the government through launching schemes like Make in India, the Implications of the MSME Act, the Udyam Yojana, and Export under Bond, which allow one to export without payment of the tax charged by customs in the form of GST.

On the other hand, the government also did well in exporting defence tools and equipment, missiles, and guns, which valued at more than Rs. 16,000 crores in FY 2022–23 (an all-time high).

Liberalization was adopted back in 1991 by FM Manmohan Singh, but more flexible and effective trade policies were formed and treaties were signed with a bundle of countries. Also, providing quality and after-sales service to consumers is one of the key features to buy from India, which was not available in the neighbouring countries. Encouraging the citizens for better productivity also made the globe's first choice to import goods or services from India. Even with this, India is also a man-force supplier, no matter if he is serving as labour in the manufacturing sector of Middle Eastern nations or in the IT parks of California.

The government aims to make India \$5 trillion economy is not long away after such rapid growth. It needs more support from micro- and small-business organizations, which are presently working at a very limited scale and have no plans for expansion. Beyond this, only India is being framed and focused on as the best nation for imports due to the commitments and support driven by the concerned organization. The Big Bulls like TATA, Reliance, Mahindra, and Adani have gained the consumers hearts and became the choice in the Indian subcontinent or southeast Asia, which was more supported after the Vocal-for-Local campaign. Now they are about to capture the international markets and are ready to lay their footprints.

In conclusion, India's economic progress can be attributed to its natural resources, competitive domestic market, varied exports, low labour costs, and supportive government policies. Its manufacturing industry is expanding as well. The end of other nations' dominance and the ascent of India's top exports globally are what make this growth story noteworthy. India's economy will continue to rise as a result of its growing manufacturing and export competitiveness. But if you're a manufacturer hoping to take advantage of India's export strength, you'll need a reliable manufacturing partner.







## The Dual Approach

**Vaidik V Shahane**  
CMA Final

Costs are the heartbeat of any business, pulsating with the rhythm of revenue and profit. In the intricate dimension of cost accounting, understanding and managing costs are paramount. However, the approach to cost management is not monolithic; it branches into two distinct strategies: cost control and cost reduction. Both are vital in the pursuit of financial stability and growth, yet they diverge in their methodologies and implications. In this discourse, we unravel the nuances between cost control and cost reduction, exploring their origins, applications, and impacts on businesses.

### Defining Cost:

At its core, cost encapsulates the expenditure incurred in the production of goods or services. It encompasses various elements, including raw materials, labour, overhead expenses, and administrative costs. Understanding the components of cost is fundamental to devising effective cost management strategies.

### About it's PAST:

The evolution of costing methodologies mirrors the progression of economic systems and the sophistication of business practices. From the rudimentary barter exchanges of ancient civilizations to the intricacies of modern accounting, the concept of cost has undergone a profound transformation.

Historically, costing emerged as a means to allocate resources efficiently and ascertain profitability. The Industrial Revolution of the 18th century heralded a paradigm shift in manufacturing, prompting the adoption of systematic costing methods to optimize production processes.

Many pioneers laid the groundwork for cost accounting principles, techniques, methodologies emphasizing the importance of cost visibility and control in industrial enterprises.

As industries burgeoned and globalization reshaped business landscapes, costing methodologies evolved to accommodate market dynamics and technological advancements. Traditional costing systems gave way to activity-based costing (ABC) and lean accounting approaches, fostering a more nuanced understanding of cost drivers and value creation.

### Cost Control v/s Cost Reduction:

Cost control entails managing expenses within predetermined parameters to align with budgetary constraints and operational requirements. It emphasizes efficiency, optimization, and proactive monitoring to prevent cost overruns and maintain financial stability. Cost control operates on the premise of prudent resource allocation and continuous improvement, fostering a culture of fiscal discipline and accountability within organizations.

On the other hand, cost reduction focuses on minimizing expenses through strategic interventions aimed at streamlining processes, enhancing productivity, and eliminating waste. While cost reduction initiatives can yield immediate financial gains, they often entail trade-offs and may inadvertently compromise quality or long-term sustainability. Cost reduction measures range from renegotiating supplier contracts and outsourcing non-core functions to downsizing workforce and rationalizing product offerings.

## Striking the Balance:

Achieving equilibrium between cost control and cost reduction is a delicate balancing act for businesses. While cost control ensures operational stability and resilience against economic fluctuations, cost reduction initiatives are indispensable for enhancing competitiveness and unlocking growth opportunities. The key lies in orchestrating a synergistic blend of both strategies, harnessing the benefits of cost control to establish a solid foundation while leveraging targeted cost reduction initiatives to drive innovation and value creation.

## At the END:

In the ever-evolving landscape of business, navigating the complexities of cost management

requires accuracy and foresight. Cost control and cost reduction serve as twin pillars of financial prudence, each offering unique advantages and challenges. By adopting a holistic approach that integrates both strategies, businesses can fortify their financial health, adapt to changing market dynamics, and chart a course towards sustainable growth and prosperity.

In essence, the journey towards cost optimization is not a destination but a continuous voyage, propelled by the winds of innovation and tempered by the currents of fiscal discipline. As businesses traverse the tumultuous seas of commerce, the beacon of cost management illuminates the path forward, guiding them towards the shores of prosperity and success.





## Classification Of Cost

**Abhishek Ambadasrao Gandewar**  
CMA Final

### What Is Cost And Why It Is Important To Classify The Cost

Cost means money or consideration that you pay for something. First classification is in relation to the resources that the money has been spent on. It can be for raw materials, land, labour, transportation, marketing, infrastructure, communication, management, and everything else. However, all these expenses are broadly put under three types such as Labour cost, Material cost, and Expenses. It can be easily recognized by understanding the nature of the commodities obtained through the expenses. Materials are the raw materials used for the production of any final product. It includes all the expenses of packaging and value addition too. The salary and wages paid to the persons working for the manufacturing of the product is termed as Labour cost.

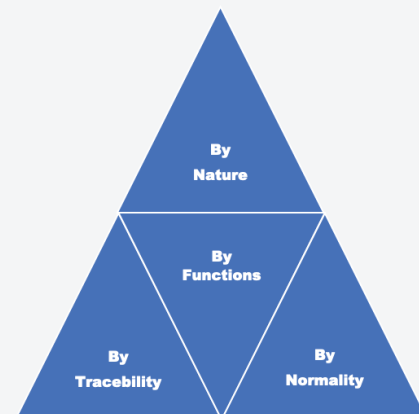
### Importance of classification of cost

Classification of Costs essentially means the grouping of costs according to their similar characteristics. Different types of costs may have varying tax implications. Classifying costs accurately helps businesses optimize their tax planning strategies, identify deductible expenses, and minimize tax liabilities within the legal framework. This helps in setting realistic financial targets and allocating resources effectively. Through classification company can represent actual profit of the company and also through classification company can take the decision whether this product should be my or not, whether is product is market fit or not and most important through classification company can comply all the legal formalities of the production.

companies as per their need can classify the cost and this is the best way to measure the performance of the product manager, selling and distribution manager etc. The reason it is so important to have costs categorized is so that any impacts on productivity or profitability can be quickly identified based on how they are costing the business. A good example of this is a cost-volume-profit analysis or break-even point. This is the point where the total revenue and total expenses of a company balance to zero. Using this analysis gives companies an idea of where profitability will begin. This can be identified as –

$$\text{Break-Even Point (BEP)} = \frac{\text{Fixed Cost}}{\text{Contribution Margin}}$$

### Classification Of Cost



Following are the broad explanation of this costs.

### Classification by Nature

This classification is depending upon the expenditure. Which are the three categories as material cost, labour cost and Expenses. These costs are used to make the cost sheet.

**Material cost:** These are the costs of any materials that are used in the Production of goods. This is further divided into further costs. For instance, we can classify material costs into spare parts, raw material cost packaging material cost, etc

**Labour Costs:** This cost includes the salary and wages paid to temporary and permanent employees for the manufacturing of the goods. It is directly related with the product cost. Through labour cost efficiency of the labour can be measured and categorized into skilled labour, semi skilled labour and unskilled labour.

**Expenses:** It includes all other expenses associated with manufacturing and selling the services or good. It can be direct and indirect also. Direct expenses are directly related with the product and indirect expenses are indirectly related with the product like rent, electricity bill, administration expenses etc.

### Classification by Functions

The cost classification by function flows the pattern of basic managerial activities. So, this cost is classified as production, administration, selling, etc.

**Production Costs:** These costs are related to the real construction or manufacturing of the goods. Production cost are incurred at the time of making the product this cost is directly related with production .

**Commercial Costs:** This cost includes the operation of an enterprise except for the manufacturing costs. It consists of the admin cost Distribution and selling cost, cost of maintaining the office , salaries of staff etc.

### Classification by Traceability

This cost is classified into direct costs and indirect costs. This classification is classified on the degree of traceability to the final product of the firm.

**Direct Costs:** These are the costs that are easily related to a specific cost unit. The most significant examples are the materials used to manufacture a product or the labour involved in the production process.

**Indirect Costs:** These costs are used for many purposes, which are between many cost centers or units. So we cannot put them to one specific cost center—for instance, the rent of the place or the manager's remuneration. We will not be able to identify how to estimate costs to a specific cost unit.

### Classification by Normality

This classification is based on the costs as the normal costs and abnormal costs. The normal costs are the costs that happen at a given point of output, under the same set of conditions in which this point of output occurs.

**Normal Costs:** This cost is considered in production of product. This cost also the part of the costing profit and loss. These are the type of costs that the organization incurs at the standard level of output under normal conditions.

**Abnormal Costs:** These costs are not normally occurring at a particular level of output in conditions in which normal levels of output happen. These costs are calculated according to the profit and loss account; they are not a part of the production cost. These costs are not usually occurred in the business.







## Cost Accounting Are Financial GPS Guiding Businesses to Success

**Abhishek Sandip Auti**  
CMA Intermediate

Hey there, future financial wizards and money magicians! Welcome to the world of cost accounting, where numbers come to life and businesses thrive. If you've ever wondered how businesses make smart decisions with their money, you're in the right place. In this article, we're going to take a journey into the exciting world of cost accounting and discover how it's like having a financial GPS guiding businesses to success. So buckle up, get ready to explore, and let's dive into the fascinating realm of cost accounting together!

### Introduction

- Cost accounting is like the financial GPS for businesses.
- It helps us navigate through complex economic landscapes by providing clear directions on where to allocate resources and how to make informed decisions.
- Think of cost accountants as the financial guides who show us the best routes to profitability and success.

### Role of Cost Accountants

- Cost accountants are the detectives of finance, uncovering hidden insights within numbers.
- They analyze costs, budgets, and variances to help businesses operate more efficiently and profitably.
- Like financial architects, they design strategies that shape the foundations of business success.

### Impact on Business Decision

- Cost accountants are the advisors whispering in the ears of business leaders, guiding them towards smart decisions.
- By analyzing costs and revenues, they provide the clarity needed to make informed choices about pricing, product mix, and resource allocation.

- Their insights ensure that businesses stay on the right track towards profitability and growth.

### Creating Profitable Ventures

- Cost accountants are the miracle workers who turn financial losses into gains.
- Through their expertise, they identify inefficiencies, cut unnecessary costs, and optimize resources to make businesses profitable.
- Their success stories inspire us, showing how a little financial magic can transform the fate of a struggling venture.

### Operational Efficiency

- Cost accountants streamline how businesses operate to save money and time.
- By making things run smoother, they help businesses make more profit without working harder.

### Resource Allocation

- Cost accountants figure out where a business should spend its money to make the most profit.
- It's like deciding where to plant seeds in a garden to grow the most vegetables.

### Financial Analysis

- Cost accountants look at a business's money situation to see what's making the most profit.
- They help businesses make smart decisions about what to sell and who to sell it to.

### Continuous Improvement

- Cost accountants help businesses keep getting better over time.
- They make sure that businesses learn from their mistakes and always try to do things better.

## Implementing Cost Accounting Systems

- Cost accountants are the tech wizards behind the scenes, implementing systems that make financial management a breeze.
- They design and maintain cost accounting systems, ensuring that businesses have the tools they need to succeed.
- With their expertise in modern technologies like ERP systems and automation, they bring financial management into the digital age.

## Data Management

- Cost accountants keep track of a business's money information.
- They make sure everything is organized and correct, like keeping a neat and tidy filing cabinet for all the money paperwork.

## Cost Allocation Methods

- Cost accountants decide how to divide up the costs of running a business.
- It's like splitting up a pizza fairly so everyone gets the right amount.

## Reporting and Analysis

- Cost accountants make reports that show how well a business is doing with its money.
- They help businesses understand their finances better, like reading a map to know where they're going.

## Compliance and Regulation

- Cost accountants make sure a business follows all the rules about money.
- It's like making sure everyone plays by the same rules in a game so nobody cheats.

## How do cost accountant do magic with cost?

### Cost Reduction without Quality Compromise

- Imagine cost accountants as financial detectives. They hunt down areas where a business can save money without making their products worse.
- They might find ways to make things more efficient, like figuring out a faster way to make a product or finding cheaper materials without sacrificing quality.

### Determining Optimal Pricing

- Cost accountants are like pricing experts. They figure out exactly how much it costs to make each product.
- Then, they use this information to set the perfect price for each item, making sure the business makes enough money to cover costs and make a profit.

### Balancing Profitability

- Cost accountants are like financial jugglers. They make sure every product brings in enough money to keep the business running smoothly.
- They do this by setting prices that cover costs and leave enough left over for the business to make a profit.

## World without Cost and Management Accountants

If there were no cost and management accountants, businesses would struggle to understand their finances and make smart decisions. Here's why we really need them:

**Money Clarity:** Cost accountants are like financial translators. They take complicated money stuff and make it easy to understand. Without them, businesses would be lost in a sea of numbers, not knowing if they're making or losing money.

**Making More Money:** Cost accountants are like money detectives. They find sneaky ways for businesses to save money without cutting corners. Without their help, businesses might be wasting cash without even knowing it.

**Smart Choices:** Cost accountants are like financial advisors. They help businesses make wise decisions about what to do with their money. Without their advice, businesses might make costly mistakes that could sink them.

**Planning for the Future:** Cost accountants are like financial fortune-tellers. They predict what might happen with money in the future so businesses can be ready. Without their crystal ball, businesses might be caught off guard by unexpected money problems.

**Playing by the Rules:** Cost accountants are like financial rule enforcers. They make sure businesses follow all the money laws and regulations. Without them, businesses could get in big trouble with the money police.

In short, cost accountants are super important because they help businesses understand their money, save money, make smart money choices, plan for the future, and stay out of trouble with the money cops. They're the unsung heroes of the business world!

## Conclusion

Being a cost accountant is like being a financial superhero, helping businesses navigate through money challenges and find their path to success. Just like how a superhero saves the day, cost accountants save businesses from financial troubles and help them grow stronger.

So, whether you're a professional crunching numbers or someone learning about cost accounting for the first time, remember that you're part of a team that makes businesses better. Keep learning and growing, because with every step you take, you're making a difference in the world of finance. Keep up the good work, and who knows? You might just be the next financial superhero!





## Cost Controlling and Cost Reduction

### Shubham Rajkumar Tela CMA Final Completed

Cost Controlling and Cost Reductions are two major important management tool that is used by businesses in order to enhance the efficiency and make optimum utilisation of resources which directly leads to revamping of profitability and financial performances.

Although, both have the common goal of improving profitability but have different approach. Let's understand the approaches of Cost Controlling and Cost Reduction in detail:

#### Cost Controlling

Cost Controlling aims to identifying the business expenses and making reduction plan for the same in order to ensure that they stay within the budgeted limits and doesn't exceed their targets.

It ensures that costing discipline is maintained hence, provide safety from irrelevant and unexpected cost overruns.

It emphasis more on monitoring managing cost which are intended to align with business plans and targets.

#### Cost Controlling Techniques

There are various techniques that business can use to implement cost control. Few are jotted below:

**Fixing Budgets and Standards:** Setting Budget and Fixing Standards are the most common cost controlling techniques that are used by business which is done on the basis of Historical Data and Future Projections. Standards are setup up for each cost component such as Material, Labour and overheads.

**Patrolling Expenses:** This involves tracking of actual cost against budgets and standards in order to know the factors that are reason for increasing cost.

**Taking Corrective Measures:** If any deviations are highlighted while tracking expenses the appropriate measures should be carried out aiming to align them with budget and standard. This may involve changing process, negotiations, effective prices etc.

#### Cost Reduction

Cost reduction is the management tool that involves identification and elimination of inappropriate expenses permanently in order to bring the efficiency in businesses. The expenses are reduced or removed while aiming to improve or maintain the quality of product or services. (Matlab, kuch bhi ho jaye Quality se compromise nahi karne ka!) It also focuses on identifying opportunities that helps in reducing cost through technology advancement, process improvement, supplier negotiation etc. It involves analysing cost structures, identifying threats and implement changes in order to bring savings in future.

#### Cost Reduction Techniques

The General Techniques that are implemented for cost reduction are as below:

**Optimum Utilisation:** Optimum Utilisation here means the study of process and eliminating the irrelevant steps in the process along with efficient use of materials and machinery.

**Sub-Contracting:** Sub-Contracting or Outsourcing the activities or process which are not related or essential to core activities of business which will help to focus more precisely on improving core activities which will leads in increasing economies of scale.

**Technological Advancement:** Businesses may involve in Research & Development in order to automate the processes, improve the efficiency and to reduce the costs.





## Production Linked Incentive Scheme for Automobile & Auto Component Industry

**Dhairya Patel**  
CMA Final Completed

### Introduction

Government has approved the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry in India for Enhancing India's Manufacturing Capabilities for Advanced Automotive Products with a budgetary outlay of Rs. 25,938 Cr.

**Objective:** To provide incentives to boost domestic manufacturing & to attract investments in the automotive manufacturing value chain.

### Basic Eligibility Criteria

#### Existing Company:

Eligibility Criteria	Auto OEM's	Auto-Component
Global group Revenue (from automotive and/or auto component manufacturing)	Minimum Rs. 10,000 crores.	Minimum Rs. 500 crore
Investment	Global Investment of Company or its Group in fixed assets (gross block) of Rs. 3,000 crore	Global Investment of Company or its Group Company in fixed assets (gross block) of Rs.150 crore.

#### New Non-Automotive Company:

Sr. No.	Eligibility Criteria	New Non-Auto investor company or its Group company
1	Global net worth	Rs. 1000 crore based on audited financial statements for the year ending March 31, 2021.
2	Committed investment in India over 5 period	As per Minimum New Domestic Investment Conditions mentioned below

### Minimum New Domestic Investment Conditions

Cumulative new domestic investment to be achieved	Champion OEM (Except 2W & 3W)	Champion OEM 2W & 3W	Component Champion	New Non-Automotive investor(OEM) company or its group companies	New Non-Automotive investor(Component) company or its group companies
Upto or before march 31, 2023	300	150	40	300	80
Upto or before march 31, 2024	800	400	100	800	200
Upto or before march 31, 2025	1400	700	175	1400	350
Upto or before march 31, 2026	1750	875	220	1750	440
Upto or before march 31, 2027	2000	1000	250	2000	500



## Tenure & Components of the Scheme

The scheme will be applicable, starting from the FY 2023-24 which will be disbursed in the following FY i.e. 2024-25, and so on for a total of 5 consecutive FY, but not beyond for the FY ending Mar'28.

FY 2019-20 shall be treated as the base year for calculation of eligible sales value.



### Champion OEM incentive scheme

This scheme is a 'sales value linked' scheme, applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments – 2-3 wheelers, PCUV, Commercial Vehicles, Tractors, Automobile meant for Military use, and any others.

Automotive OEM company or its Group company and new Non-Automotive Investor company or its Group company will be eligible to apply for the Champion OEM incentive scheme.

Growth incentives (% of benefits) are applicable on Determined Sales Value.

### Component Champion incentive scheme

The Component Champion Incentive scheme is a 'sales value linked' scheme, applicable on preapproved Advanced Automotive Technology components of all vehicles, CKD/SKD kits, Vehicle aggregates of 2-3-Wheelers, PCUV, Commercial Vehicles, and tractors including automobiles meant for Military use, and any others.

#### Eligibility

- Growth incentives (% of benefits) are applicable on Determined Sales Value.
- The list of eligible Advanced Automotive Technology (AAT) components will be prescribed by MHI.

- The approved applicants will apply for registration of their products as eligible AAT components to seek incentives in this scheme.
- Pre-approval of the eligible product will be done by the Testing Agency of MHI as AAT components as prescribed by MHI from time to time.
- Minimum 50% domestic value addition will be required.

#### Terminologies

**Eligible Sales Value for Vehicle Segment:** Total sales (Net of GST) for eligible vehicles.

**Eligible Sales Value for Component Segment:** Total sales (Net of GST) for eligible components.

**Determined Sales Value for Vehicle Segment:** (Eligible Sales Value of a particular year) - (Eligible Sales Value of Base year).

**Determined Sales Value for Component Segment:** (Eligible Sales Value of a particular year) - (Eligible Sales Value of Base year).

#### Scheme Incentive Mechanism

Threshold Determined Sales Value for the first year is Rs.125 crore in respect of all companies' viz. existing Automotive and New Non-Automotive Investor companies under this component of the scheme to claim the incentive.

Year on Year (YoY) growth of a minimum of 10% in Determined Sales Value of first-year i.e Rs.125 crore has to be achieved by all approved companies viz. existing Automotive and New Non-Automotive Investor companies, to become eligible to receive incentive.

In case the approved company fails to meet the threshold for an increase in Determined Sales Value over the threshold for the first year i.e Rs.125 crore, for any given year, it will not receive any incentive for that year.

Scheme Year	Threshold Determined Sales Value for Champion OEM Incentive Scheme	Threshold Determined Sales Component Champion Incentive Scheme
Year 1	125.00	25.00
Year 2	137.50	27.50
Year 3	151.25	30.25
Year 4	166.38	33.28
Year 5	183.01	36.60

### Incentive Slabs for Champion OEM & New Non-Auto OEM Company.

The incentive for the champion OEM scheme	Incentives (Percentage of Determined sales value)
<= Rs. 2,000 crores	13%
Rs. 2,000 crores < > Rs. 3,000 crores	14%
Rs. 3,000 crores < > Rs. 4,000 crores	15%
Rs. 4,000 crores <	16%
Cumulative determined sales value of rs. 10,000 crores over 5 year	Additional 2%

### Incentive slab for Component Champion Incentive Scheme.

The incentive for the Component champion scheme	Incentives (Percentage of Determined sales value)
<= Rs. 250 crores	8%
Rs. 250 crores < > Rs. 500 crores	9%
Rs. 500 crores < > Rs. 750 crores	10%
Rs. 750 crores <	11%
Cumulative determined sales value of rs. 1250 crores over 5 year	Additional 2%
BEV and HFCV components	Additional 5%

### Yearly Incentive Outlay (Est) :

Applicable incentive (Financial Year)	Disbursement of incentive (Financial Year)	Total Indicative incentive (Rs. Crore)
2023-24	2024-25	604
2024-25	2025-26	3,150
2025-26	2026-27	5,925
2026-27	2027-28	7,199
2027-28	2028-29	9,060
Total		25,938

The yearly incentive payouts are indicative and can be changed depending upon the sales /market scenario, within the overall Financial Outlay.

This is a fund limited scheme. The total incentive payout during 5 years of the scheme will be capped at ₹25,938 crore. In case the calculated incentive payout exceeds the budget, it will be reduced on pro-rata basis as per the formulation developed across all PLIs.

Distribution of incentive may differ from estimates, depending on the number of beneficiaries etc. The administrative expenses for the scheme will be absorbed within the overall limit of ₹25,938 Cr.



## Foundation Paper 1:

### Fundamentals of Business Laws and Business Communication

#### 1) What are the sources of law?

- (a) Constitution of India
- (b) Constitution of India, judicial precedents, customary laws, statutes and ordinance
- (c) Statutes enacted by the Parliament of India and State Legislatures
- (d) Religion

#### 2) Which Article in the Constitution of India, 1950 has provisions for introduction of a bill in the Parliament of India?

- (a) Article 119
- (b) Article 141
- (c) Article 107
- (d) Article 243

#### 3) Money Bill is introduced in which House of the Parliament?

- (a) Council of People – Lok Sabha
- (b) Council of States – Rajya Sabha
- (c) Both the Houses
- (d) None of the Houses

#### 4) Under what Article of the Constitution of India, 1950 is The President of India empowered to make an Ordinance?

- (a) Article 243
- (b) Article 123
- (c) Article 129
- (d) Article 368

#### 5) The essence of Sub-Ordinate legislation can be found in which Article of the Constitution of India, 1950?

- (a) Article 12
- (b) Article 32
- (c) Article 13
- (d) Article 14

#### 6) Voidable contract is one

- (a) Which is lawful
- (b) Which is invalid
- (c) Which is valid so long it is not avoided by the party entitled to do so
- (d) None of these

#### 7) The difference between an advertisement for sale and a proposal is

- (a) No difference at all
- (b) That a proposal becomes a promise as soon as the party to whom it is made accepts it but an advertisement does not
- (c) Every case will be viewed according to the circumstances
- (d) None of these

#### 8) In a Book depot a catalogue of books enlisting the price of each book and specifying the place where the particular book is available is

- (a) An invitation to offer
- (b) An offer
- (c) An invitation to visit the book shop
- (d) None of these

#### 9) A catalogue of the goods of a company for sale ... a series of offers but only an invitation for offers.

- (a) Is
- (b) Is not
- (c) In normal cases is
- (d) In normal cases is not

#### 10) An offer does not lapse if the

- (a) Offeror dies before acceptance
- (b) The offeree dies before acceptance
- (c) Acceptance is made by the offeree in ignorance of the death of the offeror
- (d) Acceptance is made by the offeree with knowl

**11) In case of appropriation of goods, which are the essential requirements:**

- (a) The goods should confirm to the description and quality stated in the contract.
- (b) The goods must be in a deliverable state.
- (c) The appropriation must be by the seller with the assent of the buyer.
- (d) All the above

**12) Appropriation of goods means**

- (a) separating the goods sold from other goods
- (b) putting the quantity of goods sold in suitable receptacles
- (b) delivering the goods to the carrier or other bailee for the purpose of transmission to the buyer with reserving the right of disposal
- (d) all the above

**13) The general rule of Sale of Goods Act is, risk prima facie passes with**

- (a) Ownership
- (b) Possession
- (c) Delivery
- (d) Custody

**14) Nemo dat quad non habet, means:**

- (a) no one is greater than god
- (b) none can give who does not himself possess
- (c) every one can give everything he has
- (d) everyone is bound by is habit

**15) Transfer of documents of title to the goods sold to the buyer, amounts to**

- (a) actual delivery
- (b) symbolic delivery
- (c) constructive delivery
- (d) none of these

**16) The undertaking contained in a promissory note, to pay a certain sum of money is**

- (a) Conditional
- (b) Unconditional
- (c) May be conditional or unconditional depending upon the circumstances
- (d) none of the above

**17) A bill of exchange contains a/an**

- (a) unconditional undertaking
- (b) unconditional order
- (c) conditional undertaking
- (d) conditional order

**18) Cheque is a**

- (a) promissory note
- (b) bill of exchange
- (c) both (a) and (b) above
- (d) None of the above

**19) The term 'Negotiable instrument' is defined in the Negotiable Instruments Act, 1881, under section**

- (a) 12
- (b) 13
- (c) 13A
- (d) 2(d)

**20) The term 'negotiation' in section 14 of the Negotiable Instruments Act, 1881 refers to**

- (a) the transfer of a bill of exchange, promissory note or cheque to any person, so as to constitute the person the holder thereof
- (b) the payment by a bank on a negotiable instrument after due verification of the instrument
- (c) the bargaining between the parties to a negotiable instrument
- (d) all of the above

**Answers**

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (b)  | 2 (c)  | 3 (a)  | 4 (b)  | 5 (c)  | 6 (c)  | 7 (b)  | 8 (c)  | 9 (b)  | 10 (c) |
| 11 (d) | 12 (d) | 13 (a) | 14 (b) | 15 (b) | 16 (b) | 17 (b) | 18 (b) | 19 (b) | 20 (a) |

## Foundation Paper 2:

### Fundamentals of Financial Cost Accounting

**1) The revenues and expenses of a company are displayed in which statement?**

- (a) Balance Sheet
- (b) Cash Flow Statement
- (c) Income Statement
- (d) Periodicity

**2) The main Purpose of Financial Accounting is?**

- (a) To Provide financial information to shareholders
- (b) To maintain Balance Sheet
- (c) To minimize taxes
- (d) To keep track of liabilities

**3) Accounting provides information on**

- (a) Cost and income for managers
- (b) Company's tax liability for a particular year
- (c) Financial conditions of an institutions
- (d) All of the above

**4) The determination of expenses for an accounting period is based on the concept of**

- (a) Objectivity
- (b) Materiality
- (c) Matching
- (d) Periodicity

**5) Accounting does not record non-financial transactions because of**

- (a) Entity Concept
- (b) Accrual Concept
- (c) Cost Concept
- (d) Money Measurement Concept

**6) Which of these is/are recurring (indirect expenses)?**

- (a) transit insurance and freight
- (b) octroi
- (c) loading and unloading
- (d) godown rent and insurance

**7) On receipt of goods the consignee debits which of these accounts**

- Purchase Account
- Goods Account
- Consignors Account
- None of these

**8) X sends out goods to Y, costing 1,50,000. Goods are to be sold at cost +33 1/3%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be**

- (a) 1,20,000
- (b) 1,00,000
- (c) 1,50,000
- (d) None

**9) Goods of the invoice value of 2,40,000 sent out to consignee at 20% profit on cost the loading amount will be**

- (a) 40,000
- (b) 48,000
- (c) 50,000
- (d) none

**10) Goods sent on consignment account is of the nature of**

- (a) Personal Account
- (b) Nominal Account
- (c) Real Account
- (d) Sales Account

**11) The purpose of preparing final accounts is to ascertain**

- (a) profit or loss
- (b) Capital
- (c) The value of assets
- (d) Profit or loss and financial position



**12) If the manager is entitled to a commission of 5% on profits before deduction this commission, he will get a commission of \_\_\_\_\_ on a profit of 8,400**

- (a) 400
- (b) 442.11
- (c) 420
- (d) None of these

**13) The balance of the petty cash is**

- (a) An expense
- (b) An income
- (c) An asset
- (d) A liability

**14) Fixed assets are**

- (a) Kept in the business for use over a long time for earning income
- (b) Meant for resale
- (c) Meant for conversion into cash as quickly as possible
- (d) All of the above

**15) The manufacturing account is prepared**

- (a) To ascertain the profit or loss on the goods produced
- (b) To ascertain the cost of the manufactured goods
- (c) To show the sale proceeds from the goods produced during the year
- (d) both (b) and (c)

**16) The total cost incurred in the operation of a business undertaking other than the cost of manufacturing and production is known as:**

- (a) Direct cost
- (b) Variable cost
- (c) Commercial cost
- (d) Conversion cost

**17) Which of the following is not a relevant cost?**

- (a) Replacement cost
- (b) Sunk cost
- (c) Marginal cost
- (d) Standard cost

**18) Process cost is very much applicable in:**

- (a) Construction industry
- (b) Pharmaceutical industry
- (c) Air line company
- (d) none of these

**19) The main purpose of cost accounting is to:**

- (a) maximize profits,
- (b) help in inventory valuation
- (c) provide information to management for decision making
- (d) Aid in the fixation of selling price

**20) Opportunity cost is the best example of:**

- (a) Sunk cost
- (b) Standard cost
- (c) Relevant cost
- (d) Irrelevant cost

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (c)  | 2 (a)  | 3 (d)  | 4 (c)  | 5 (d)  | 6 (d)  | 7 (d)  | 8 (a)  | 9 (a)  | 10 (c) |
| 11 (d) | 12 (c) | 13 (c) | 14 (a) | 15 (b) | 16 (c) | 17 (b) | 18 (b) | 19 (c) | 20 (c) |

## Foundation Paper 3:

### Fundamentals of Business Mathematics and Statistics

1) If  $Q:W = 2:3$ ,  $W:T = 4:5$  and  $T:Y = 6:7$ , find  $Q:Y$

- (a) 35: 51
- (b) 16: 35
- (c) 16: 51
- (d) 35: 51

2) Two numbers are in the ratio 7: 9, if the sum of the numbers is 288, then the smaller number is

- (a) 126
- (b) 288
- (c) 162
- (d) 144

3) When the number 1580 is increased in the ratio 5:9, the new number is

- (a) 788
- (b) 2488
- (c) 878
- (d) 2844

4) The ratio of the number of faces to the number of edges of a box is

- (a) 3: 8
- (b) 8: 3
- (c) 1: 2
- (d) 2: 1

5) Find the fourth proportional to 6, 8, 9 is

- (a) 18
- (b) 12
- (c) 7
- (d) 13

6) In Venn diagram, Universal Set is represented by.

- (a) Stars
- (b) Squares
- (c) Rectangle
- (d) Circles

7) When are nature of roots real rather than imaginary?

- (a) If Discriminant is negative
- (b) If Discriminant is less than zero
- (c) If Discriminant is not a perfect square
- (d) If Discriminant is more than or equal to zero

8) For any sum of roots of quadratic equation, 'b' represents-

- (a) Coefficient of x
- (b) Constant term
- (c) Coefficient of  $x^2$
- (d) All of the above

9) For any sum of roots of quadratic equation, 'a' represents-

- (a) Coefficient of x
- (b) Coefficient of  $x^2$
- (c) Constant term
- (d) None of the above

10) The ratio of the number of faces to the number of edges of a box is:

- (a) 3:8
- (b) 8:3
- (c) 1:2
- (d) 2:1

11) Probability theory is often referred to as:

- (a) Science of prediction
- (b) Science of uncertainty
- (c) Science of chance
- (d) Science of decision making

12) A firm has a fixed production cost of ₹ 90 and a marginal variable production cost of ₹ 9. The price of the product is ₹18. Find the cost function, revenue function, and the value of Q at the Break Even point.

- (a)  $2Q + 20$ ;  $9Q$ ; 10
- (b)  $9Q + 90$ ;  $18Q$ ; 10
- (c)  $4Q + 90$ ;  $36Q$ ; 20
- (d)  $Q + 10$ ;  $5Q$ ; 50

**13) With respect to accuracy:**

- (a) Diagrammatic presentation is preferable to Tabular presentation
- (b) Textual presentation is preferable to diagrammatic presentation
- (c) Tabular presentation is preferable to Diagrammatic presentation
- (d) Textual presentation is preferable to Tabular presentation

**14) A manufacturer has a monthly fixed cost of ₹1,00,000 and a production cost of ₹50 per unit produced. The product is sold at ₹75. Find the cost function and the number of products be sold by the manufacturer to have break even.**

- (a)  $25x + 50,000$ ; 2000
- (b)  $50x + 1,00,000$ ; 4000
- (c)  $5x + 1,00,000$ ; 3000
- (d)  $2.5x + 10,000$ ; 5000

**15) Because of heavy rain on Sunday average rainfall of a city for the week increased to 0.6 inch from the average rainfall 0.3 inch measured from Monday to Saturday. The rainfall on Sunday was-**

- (a) 2.4 inch;
- (b) 0.3 inch;
- (c) 2.1 inch;
- (d) 1.5 inch

**16) A person walks 8 km at 4km an hour, 6km at 3km an hour and 4km at 2km an hour. Average speed per hour is -----**

- (a) 0.33
- (b) 2
- (c) 3
- (d) 0.5

**17) The mean daily salary paid to all employees in a certain company was ₹600. The mean daily salaries paid to the male and female employees were ₹620 and ₹520 respectively. Male to female employees ratio in the company is:**

- (a) 3:2
- (b) 4:5
- (c) 5:7
- (d) 4:1

**18) In a certain factory a unit of work is completed by A in 4 minutes, by B in 5 minutes, by C in 6 minutes, by D in 10 minutes, and by E in 12 minutes. Average number of units of work completed per minute is -----**

- (a)  $25/4$
- (b)  $5/48$
- (c)  $4/25$
- (d)  $25/48$

**19) Which one of the following is a feature of Harmonic Mean (HM)?**

- (a) GM is affected much by the presence of externally small or large observations;
- (b) GM gives the actual value of the series;
- (c) GM is useful when a given phenomenon has a limit for lower value;
- (d) GM is imaginary if any of the observations is zero;

**20) It is the most suitable average when it is desired to give greater weight to smaller observations and less weight to larger ones. It is -----**

- (a) AM
- (b) HM
- (c) GM
- (d) Median

**Answers**

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (b)  | 2 (a)  | 3 (d)  | 4 (c)  | 5 (b)  | 6 (c)  | 7 (d)  | 8 (a)  | 9 (b)  | 10 (c) |
| 11 (b) | 12 (b) | 13 (c) | 14 (b) | 15 (a) | 16 (c) | 17 (d) | 18 (c) | 19 (c) | 20 (b) |

## Foundation Paper 4:

### Fundamentals of Business Economics and Management

#### 1) Who was the father of Economics

- (a) Marshall
- (b) Adam smith
- (c) Robbins
- (d) Keynes

#### 2) Normative Economic theory deals with....

- (a) What to produce
- (b) How to produce
- (c) Whom to produce
- (d) How the problem should be solved

#### 3) Micro Economics theory deals with.

- (a) Economy as a whole
- (b) Individual units
- (c) Economic growth
- (d) All the above

#### 4) In economics goods includes material things which

- (a) A can be transferred
- (b) Can be visible
- (c) Both A & B
- (d) None

#### 5) Human wants are

- (a) limited
- (b) unlimited
- (c) undefined
- (d) none

#### 6) Which of the following is/are an essential feature of the market

- (a) Buyers
- (b) Sellers
- (c) Price
- (d) All the three

#### 7) In the long run price is governed by .....

- (a) Cost of Production
- (b) Demand supply forces
- (c) Marginal utility
- (d) None

#### 8) In the long run a firm in perfect competition earns

- (a) Normal profit only
- (b) Abnormal profit
- (c) Average profit of past five years
- (d) 12.33% profits on capital employed

#### 9) A firm that makes profit in excess of normal profit is earning

- (a) Economic profit
- (b) Costing profit
- (c) Normal profit
- (d) Super normal profit

#### 10) The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as

- (a) Oligopoly
- (b) Duopoly
- (c) Monopoly
- (d) Monopolistic Competition

#### 11) Which of the following is near money?

- (a) Bill of exchange
- (b) Saving bonds
- (c) Gilt edged securities
- (d) All the three

#### 12) Optional money is a:

- (a) Legal tender money
- (b) Non-legal tender money
- (c) Limited legal tender money
- (d) Full bodied money

**13) Which of the following function does money serve when used to measure the prices of different goods and services?**

- (a) Store of value
- (b) Medium of exchange
- (c) Standard of value
- (d) Display of power

**14) Which of these affects the demand for money?**

- (a) Real income
- (b) Price level
- (c) Rate of interest
- (d) Both (a) and (c)

**15) Which of these would lead to fall in demand for money?**

- (a) Inflation
- (b) Increase in real income
- (c) Increase in real rate of interest
- (d) Increase in wealth

**16) Profit is the difference between.....**

- (a) Total Cost and Total revenue
- (b) Total Revenue and Total Cost
- (c) Both A & B
- (d) None

**17) The internal business environment includes factors such as**

- (a) Business philosophy & business priorities
- (b) Management structure
- (c) Capital structure
- (d) All

**18) The term 'T' in SWOT Analysis is**

- (a) Transparency
- (b) Total revenue
- (c) Threat
- (d) Transaction

**19) The components of micro business environment are-**

- (a) Firms and consumers
- (b) Market & competitors
- (c) Organization
- (d) All

**20. The term 'S' in PESTEL stands for-**

- Strength
- Socio-economic
- Sustainability
- None

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (a)  | 2 (d)  | 3 (b)  | 4 (c)  | 5 (b)  | 6 (d)  | 7 (a)  | 8 (a)  | 9 (d)  | 10 (d) |
| 11 (d) | 12 (b) | 13 (b) | 14 (d) | 15 (c) | 16 (b) | 17 (d) | 18 (c) | 19 (d) | 20 (b) |



## Intermediate Paper – 5

### Business Laws and Ethics

#### 1) What is the chief source of legal authority in India:

- (a) People.
- (b) Constitution of India.
- (c) Parliament.
- (d) President of India.

#### 2) Competency to contract relates to:

- (a) Age of parties
- (b) Soundness of mind of the parties
- (c) Both age and soundness of mind
- (d) Intelligence of the parties

#### 3) As per Sale of Goods Act, this is not included?

- (a) Growing crop
- (b) Money
- (c) Table
- (d) Goodwill

#### 4) The Negotiable Instruments Act, 1881 extends to:

- (a) Only to Capital cities of the States.
- (b) The whole of India
- (c) The whole of India except the State of Jammu and Kashmir
- (d) The whole of India except the Union Territories

#### 5) Where no provision is made by contract between the partners for the duration of their partnership, or for the determination of their partnership, the partnership is called as:

- (a) Particular partnership
- (b) Partnership for a fixed term
- (c) partnership at will
- (d) None of the above

#### 6) What is the exact time limit under which a Limited Liability Partnership must file its annual return?

- (a) A Limited Liability Partnership must file its annual return within 30 days from the closing of its financial year.
- (b) A Limited Liability Partnership must file its annual return within 45 days from the closing of its financial year.
- (c) A Limited Liability Partnership must file its annual return within 15 days from the closing of its financial year.
- (d) A Limited Liability Partnership must file its annual return within 60 days from the closing of its financial year.

#### 7) The employer shall display an abstract of the Act and the Rules in Form No.:

- (a) U
- (b) H
- (c) O
- (d) N

#### 8) The following cannot be nominated for the purposes of EPF Act

- (a) Wife;
- (b) Sons of a deceased sons who have attained majority;
- (c) Father in law
- (d) Unmarried daughter

#### 9) An appeal shall lie to High Court from the orders of ESI within \_\_\_\_\_days from the date of order of the ESI Court:

- (a) 30
- (b) 60
- (c) 90
- (d) None of the above

**10) The minimum rate of wages on time work basis may be fixed in accordance with:**

- (a) by the hour; or
- (b) by the day; or.
- (c) by the month.
- (d) All of the above.

**11) The term 'family' as defined in ESI Act, 1948 does not include:**

- (a) a spouse
- (b) a minor adopted child
- (c) a dependent unmarried daughter
- (d) an independent married sister

**12) Sec. 56 talks about the \_\_\_\_\_ under the Code on Wages Act, 2019:**

- (a) Composition of offences.
- (b) Offences by Companies.
- (c) Penalties for Offences.
- (d) Power of Officers.

**13) The Constitution of India describes India as:**

- (a) A federation.
- (b) Quasi-federal.
- (c) A Union of states.
- (d) None of the above.

**14) Which one of the following is not the feature of "agreement to sale" under the Sale of Goods Act, 1930?**

- (a) It is an executor contract.
- (b) Sales takes place for existing and specific goods.
- (c) The seller can sue for damages only in case of breach by the buyer.
- (d) It gives a right to the buyer against the seller to sue for damages.

**15) Which one cannot be transacted through postal ballot?**

- (a) Appointment of auditor.
- (b) Election of a Director.
- (c) Buy back of shares by a company.
- (d) Change in place of registered office outside the local limits of any city, town or village.

**16) The minimum number of designated partners in an LLP shall:**

- (a) 1
- (b) 2
- (c) 7
- (d) 15

**17) Under the Negotiable Instruments Act, 1881, whether acceptance of a bill of exchange in the following situation shall be treated as qualified acceptance where the acceptor**

- (a) undertakes to pay only ₹10,000 for a bill drawn for ₹15,000.
- (b) declares the payment to be independent of any other event.
- (c) writes, 'Accepted, payable at ABC Bank'.
- (d) writes, 'Accepted, payable at Delhi'.

**18) What is the paid up share capital fixed for the appointment of a woman director?**

- (a) ₹100 crores;
- (b) ₹300 crores.
- (c) ₹500 crores.
- (d) None of the above.

**19) Which one of the following will not include in the definition of basic wages under Employee's Provident Funds and Miscellaneous Provisions Act, 1952?**

- (a) 25%.
- (b) 50%.
- (c) 75%.
- (d) None of the above.

**20) Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with the property of the firm without any final settlement of accounts as between them and the outgoing partner or his estate, then, in the absence of a contract to the contrary, the outgoing partner or his estate is entitled at the option of himself or his representatives to such share of the profits made since he ceased to be a partner as may be attributable to the use of his share of the property of the firm or to interest at the rate of on the amount of his share in the property of the firm:**

- (a) 9% p.a.
- (b) 18% p.a.
- (c) 6% p.a.
- (d) 12% p.a.

**Answers**

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (b)  | 2 (c)  | 3 (b)  | 4 (d)  | 5 (c)  | 6 (a)  | 7 (a)  | 8 (b)  | 9 (b)  | 10 (d) |
| 11 (d) | 12 (a) | 13 (c) | 14 (b) | 15 (a) | 16 (b) | 17 (a) | 18 (b) | 19 (d) | 20 (c) |

## Intermediate Paper - 6

### Financial Accounting

**1) The concept that business is assumed to exist for an indefinite period and is not established with the objective of closing down is referred to as**

- (a) Money Measurement concept
- (b) Going Concern concept
- (c) Full Disclosure concept
- (d) Dual Aspect concept

**2) Income Statement of a charitable institution is known as**

- (a) Profit and Loss A/c
- (b) Receipts and payments A/c
- (c) Income and Expenditure A/c
- (d) Statement of Affairs

**3) Goods are transferred from Department A to Department B at a price so as to include a profit of 33.33% on cost. If the value of closing stock of Department Y is ₹36,000, then the amount of stock reserve on closing stock will be**

- (a) ₹12,000
- (b) ₹9,000
- (c) ₹18,000
- (d) None of the above

**4) In the hire purchase system interest charged by vendor is calculated on the basis of**

- (a) Outstanding cash Price
- (b) Hire purchase Price
- (c) Installment amount
- (d) None of the above

**5) Bad debts Recovered ₹750. It will be**

- (a) Credited to Bad debts A/c
- (b) Credited to debtor's personal A/c
- (c) Debited to creditor's personal A/c
- (d) Credited to bad debts recovered A/c

**6) A Charitable Institution has 250 members with a annual subscription of ₹5,000 each. The subscription received during 2020-21 were ₹11,25,000, which include ₹65,000 and ₹25,000 for the years of 2019-20 and 2021-22 respectively. The amount of outstanding subscription for the 2020-21 will be**

- (a) ₹90,000
- (b) ₹1,25,000
- (c) ₹2,15,000
- (d) ₹1,90,000

**7) Shiva draws a bill on Sanat on 25th October, 2021 for 90 days, the maturity date of the bill will be**

- (a) 25th February, 2022
- (b) 30th January, 2022
- (c) 25th January, 2022
- (d) 28th Feb, 2022

**8) In a Cash Book Debit balance of ₹112 brought forward as credit balance of ₹121, while preparing a Bank Reconciliation Statement taking the balance as per Cash Book as the starting point**

- (a) ₹112 to be added
- (b) ₹ 121 to be added
- (c) ₹ 233 to be added
- (d) ₹ 112 to be subtracted

**9) Del credere commission is allowed to consignee**

- (a) For making cash sales
- (b) for making credit sales
- (c) For making extra sales
- (d) For undertaking risk of bad debts

**10) KCS purchased a machine from JPS on hire purchase system, whose cash price was ₹ 8,64,000. ₹ 2,16,000 being paid on delivery and balance in three annual installments of ₹2,88,000 each. The amount of interest included in first installment would be**

- (a) ₹ 72,000
- (b) ₹ 57,600
- (c) ₹ 1,08,000
- (d) ₹ 36,000

**11) The accounts related to expenses or losses and incomes or gains are called**

- (a) Personal Account
- (b) Representative Personal Account
- (c) Nominal Account
- (d) Real Account

**12) Which of the following will not appear in the Profit and Loss A/c?**

- (a) Capital
- (b) Bad Debts
- (c) Provision for Doubtful Debts
- (d) Rent paid

**13) Which of the following is not a method of Branch Accounting?**

- (a) Debtors Method or Synthetic Method
- (b) Stock Debtors method or Analytical Method
- (c) Final Accounts Method (Cost Basis)
- (d) Creditors Method or Synthetic Method

**14) Down payment plus instalments including interest is termed as Outstanding**

- (a) cash price
- (b) trade price
- (c) Hire-purchase price
- (d) Book value

**15) Original cost of a machine is ₹1,50,000, residual value ₹10,000, if depreciation is charged @ 10% per annum under WDV method then depreciation for 3rd year will be**

- (a) ₹12,240
- (b) ₹11,340
- (c) ₹12,150
- (d) ₹14,000

**16) If average inventory is ₹ 1,25,000 and closing inventory is ₹ 10,000 less than opening inventory then the value of closing inventory will be**

- (a) ₹ 1,35,000
- (b) ₹ 1,15,000
- (c) ₹ 1,30,000
- (d) ₹ 1,20,000

**17) P and Q enter into a joint venture sharing profit and losses in the ratio of 3:2. P purchased goods costing ₹ 2,00,000. Q sold 95% goods for ₹ 2,50,000. P is entitled to get 1% commission on purchase and Q is entitled to get 5% commission on sales. P drew a bill on Q for an amount equivalent to 80% of original cost of goods. P got it discounted at ₹ 1,50,000. What is P's share of profit?**

- (a) ₹ 15,300
- (b) ₹ 21,300
- (c) ₹ 18,900
- (d) None of the above

**18) From the following details ascertain the adjusted bank balance as per cash book - overdraft as per cash book ₹80,000; cheque received entered twice in the cash book ₹5,000; credit side of bank column cast short by ₹500; bank charges amounting to ₹200 entered twice; cheque issued but dishonoured ₹2,000.**

- (a) ₹80,500
- (b) ₹85,500
- (c) ₹85,000
- (d) ₹83,300

19) Goods of the invoice value of ₹ 2,40,000 sent out to consignee at 20% profit on cost the loading amount will be

- (a) ₹ 40,000
- (b) ₹ 48,000
- (c) ₹ 50,000
- (d) none

20) Shiva purchased a laptop on hire-purchase system. As per terms, he is required to pay ₹ 7,500 down, ₹ 10,000 at the end of first year, ₹ 7,500 at the end of second year, and ₹ 12,500 at the end of third year. Interest is charged at 12% per annum. The interest payable with the installment at the end of second year will be

- (a) ₹ 900
- (b) ₹ 1,999
- (c) ₹ 804
- (d) ₹ 1,760

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (b)  | 2 (c)  | 3 (d)  | 4 (a)  | 5 (d)  | 6 (c)  | 7 (c)  | 8 (c)  | 9 (d)  | 10 (c) |
| 11 (c) | 12 (a) | 13 (d) | 14 (c) | 15 (c) | 16 (d) | 17 (b) | 18 (d) | 19 (a) | 20 (b) |



## Intermediate Paper - 7

### Direct and Indirect Taxation

- 1) An individual has loss under the head 'house property' ₹ 2,50,000 for the assessment year 2024-25 and income under the head 'Salaries' ₹ 14,00,000. What is his total income, if he is paying tax u/s 115BAC(1A)?
  - (a) ₹11,50,000
  - (b) ₹ 12,00,000
  - (c) ₹ 14,00,000
  - (d) None of the above
- 2) An assessee has incurred preliminary expenses of ₹ 20,000/- in the month of April 2023. His business started in the month of May 2023. What is the amount of deduction allowable to him u/s 35D for the assessment year 2024-25?
  - (a) ₹ 4,000
  - (b) ₹ 5,000
  - (c) ₹ 10,000
  - (d) ₹ 20,000
- 3) Ram (age 64) has earned interest on fixed deposit ₹ 55,000. What is the amount of deduction available to him under chapter VIA, if he has exercised the option available u/s 115BAC(6)?
  - (a) ₹ 50,000 u/s 80TTB
  - (b) ₹ 10,000 u/s 80TTA
  - (c) ₹ 25,000 u/s 80TTB
  - (d) Nil
- 4) Miss Monica, a foreign national, comes India every year for 100 days since 2007-08. What would be her residential status for the previous year 2023-24?
  - (a) Non-Resident
  - (b) Resident and Ordinarily resident
  - (c) Resident but not ordinarily resident
  - (d) Deemed Resident
- 5) Mr. Amit has retired from his job on 31/3/2023. From 1/4/2023, he was entitled to a pension of ₹ 12,500 p.m. What would be his income under the head "Salaries" for the A.Y. 2024-25, if he has not exercised the option available u/s 115BAC(6)?
  - (a) ₹ 1,00,000
  - (b) ₹ 1,50,000
  - (c) ₹ 50,000
  - (d) Nil
- 6) Pallavi engaged in manufacturing of rubber in India and earns a profit of ₹ 12,00,000. What is her agricultural income for computation of total income?
  - (a) 65% of profit
  - (b) 35% of profit
  - (c) 100% of profit
  - (d) Nil
- 7) As per provision of sec. 2(107) of the Central Goods and Services Tax Act, taxable person means
  - (a) a person who is registered
  - (b) a person who is liable to be registered u/s 22 or u/s 24
  - (c) Both (a) and (b)
  - (d) None of the above
- 8) Which of the following services are exempted under GST?
  - (a) Services by an artist by way of a performance in folk or classical art form of music where consideration charged for such performance is not more than ₹ 2,00,000
  - (b) Services by way of collection of contribution under the Atal Pension Yojana
  - (c) Services to the Reserve Bank of India
  - (d) None of the above

9) Levy of indirect tax on goods and services may leads to

- (a) Inflation
- (b) Deflation
- (c) Reflection
- (d) None of the above

10) Supply of service by a music composer to the music company is covered under

- (a) Forward charge mechanism
- (b) Reverse charge
- (c) Negative list
- (d) None of the above

11) Dividend received from a company engaged in agricultural operation is

- (a) Agricultural Income
- (b) Business Income
- (c) Partly agricultural income and partly business income
- (d) Income from other sources

12) The quantum of Rebate u/s 87A applicable to a resident individual, is the lower of 100% of tax liability or

- (a) 10,000
- (b) 7,500
- (c) 12,500
- (d) 15,000

13) Indexed cost of any improvement is an amount, which bears to the \_\_\_\_\_ in the same proportion as Cost Inflation Index for the year in which the asset is transferred bears to the Cost Inflation Index for the year in which the improvement to the asset took place.

- (a) cost of acquisition
- (b) cost of improvement
- (c) sale consideration
- (d) expenses on transfer

14) Deduction u/s \_\_\_\_\_ of the Income-tax Act is applicable to an individual in respect of repayment of loan for higher education.

- (a) 80DD
- (b) 80DDB
- (c) 80E
- (d) 80EE

15) As per sec. 193 of the Income-tax Act, any person responsible for payment of interest on securities (other than interest on Government securities and certain specified securities) to any resident person, the rate of TDS will be applicable @ \_\_\_\_\_%.

- (a) 10% (with surcharge, health and education cess)
- (b) 10% (no surcharge, health and education cess)
- (c) 20% (with surcharge, health and education cess)
- (d) 20% (no surcharge, health and education cess)

16) In case of loss, a partnership firm may claim deduction in respect of remuneration to partner to the extent of

- (a) ₹ 1,50,000/-
- (b) ₹ 1,50,000/- or actual remuneration, whichever is lower
- (c) ₹ 1,50,000/- or 90% of book profit, whichever is lower
- (d) Nil

17) Mr. A has three minor children deriving interest from bank deposits to the tune of ₹ 2,000, ₹ 1,300, ₹ 1,600 respectively. Exemption available under section 10(32) of the Income Tax is

- (a) ₹ 4,900
- (b) ₹ 4,300
- (c) ₹ 4,500
- (d) ₹ 5,000

18) If an assessee fails to file return within the time limit allowed u/s 139(1) or within the time allowed under a notice issued u/s 142(1), he can file a belated return, on or before \_\_\_\_\_ of the relevant assessment year or before the completion of assessment (u/s 144), whichever is earlier.

- (a) 30th November
- (b) 31st March
- (c) 31st December
- (d) 31st October

19) \_\_\_\_\_ is combination of more than one individual supplies of goods or services or any combination thereof made in conjunction with each other for a single price, which can ordinarily be supplied separately.

- (a) Composite supply
- (b) Principal supply
- (c) Mixed supply
- (d) None of the above.

20) Zero-rated supply is meant for export or supply of goods or services or both for authorized operations to Special Economic Zone developer or a \_\_\_\_\_.

- (a) Special Economic Zone unit
- (b) EOU
- (c) STP
- (d) All of the above

## Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (c)  | 2 (a)  | 3 (a)  | 4 (c)  | 5 (a)  | 6 (d)  | 7 (c)  | 8 (b)  | 9 (a)  | 10 (b) |
| 11 (d) | 12 (c) | 13 (b) | 14 (c) | 15 (b) | 16 (b) | 17 (b) | 18 (c) | 19 (c) | 20 (a) |

## Intermediate Paper - 8

### Cost Accounting

1) \_\_\_\_\_ deals with the principles and methods of determining the production or operation overheads.

- (a) CAS-3
- (b) CAS-5
- (c) CAS-9
- (d) CAS-16

2) Time and motion study is conducted by the \_\_\_\_\_

- (a) Time -keeping department
- (b) Personnel department
- (c) Payroll department
- (d) Engineering department

3) Royalty paid on sales ₹89,000 and Software development charges related to product is ₹22,000. Calculate Direct Expenses.

- (a) ₹1,11,100
- (b) ₹1,11,000
- (c) ₹1,11,110
- (d) ₹1,10,000

4) Marginal Costing technique follows which of the following basis of classification?

- (a) Element wise
- (b) Function wise
- (c) Behaviour
- (d) Identifiability wise

5) If an organization has all the resources it needs for production, then the principal budget factor is most likely to be \_\_\_\_\_

- (a) non-existing
- (b) sales demand
- (c) raw materials
- (d) labour supply

6) In process, conversion cost means \_\_\_\_\_

- (a) Cost of direct materials, direct labour, direct expenses
- (b) Direct labour, direct expenses, indirect material, indirect labour, indirect expenses
- (c) Prime cost plus factory overheads
- (d) All costs up to the product reaching the consumer, less direct material costs

7) If sales are ₹150,000 and variable cost are ₹50,000. Compute P/V ratio.

- (a) 66.66%
- (b) 100%
- (c) 133.33%
- (d) 65.66%

8) Selling and distribution overheads are absorbed on the basis of \_\_\_\_\_

- (a) rate per unit.
- (b) percentage on works cost.
- (c) percentage on selling price of each unit.
- (d) Any of the above

9) In a process 800 units are introduced during 2022-23. 5% of input is normal loss. Closing work-in-progress 60% complete is 100 units. 660 completed units are transferred to next process. Equivalent production for the period is \_\_\_\_\_

- (a) 760 units
- (b) 744 units
- (c) 540 units
- (d) 720 units

10) A hotel having 100 rooms of which 80% are normally occupied in summer and 25% in winter. Period of summer and winter be taken as 6 months each and normal days in a month be assumed to be 30. The total occupied room days will be \_\_\_\_\_

- (a) 1525 Room days
- (b) 18900 Room days
- (c) 36000 Room days
- (d) None of the above

**11) Which of the following is not a feature of Job Costing?**

- (a) Each job maintains its separate identity throughout the production stage
- (b) The job is meant for a mass market
- (c) Production pattern is not repetitive and continuous
- (d) Production begins only after getting order from the customer

**12) Cost of Sales = Cost of Production + \_\_\_\_\_**

- (a) Selling and Distribution Overhead rate per unit
- (b) Factory Overhead Cost
- (c) Direct Labour
- (d) None of the above

**13) Charging to a cost centre those overheads that result solely for the existence of that cost centre is known as:**

- (a) Allocation
- (b) Apportionment
- (c) Absorption
- (d) Allotment

**14) P/V ratio will increase if:**

- (a) There is a decrease in fixed cost
- (b) There is an increase in fixed cost
- (c) There is a decrease in selling price per unit.
- (d) There is a decrease in variable cost per unit.

**15) The following is not treated as a manufacturing overhead:**

- (a) Lubricants
- (b) Cotton waste
- (c) Apportioned administration overheads
- (d) Night shift allowance paid to a factory worker due to general work pressure.

**16) Which of the following would not be used to estimate standard direct material prices?**

- (a) The availability of bulk purchase discounts
- (b) Purchase contracts already agreed
- (c) The forecast movement of prices in the market
- (d) Performance standards in operation

**17) The main purposes of accounting of joint products and by-products is to:**

- (a) Determine the replacement cost
- (b) Determine the opportunity cost
- (c) Determine profit or loss on each product line
- (d) None of the above

**18) A certain process needed standard labour of 24 skilled labour hours and 30 unskilled labour hours at ₹60 and ₹40 respectively as the standard labour rates. Actually, 20 and 25 labour hours were used at ₹50 and ₹50 respectively. Then, the labour mix variance will be:**

- (a) Adverse
- (b) Favourable
- (c) Zero
- (d) Favourable for skilled and unfavourable for unskilled

**19) 1200 units were introduced in a process in which 120 units is the normal loss. If the actual output is 900 units, then there is:**

- (a) No abnormal gain
- (b) Abnormal loss of 180 units
- (c) No abnormal loss
- (d) Abnormal gain of 180 units

**20) Z Ltd. is planning to sell 1,00,000 units of product A for ₹12.00 per unit. The fixed costs are ₹2,80,000. In order to realize a profit of ₹2,00,000, what would the variable costs be?**

- (a) ₹4,80,000
- (b) ₹7,20,000
- (c) ₹9,00,000
- (d) ₹9,20,000

**Answers**

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (a)  | 2 (d)  | 3 (b)  | 4 (c)  | 5 (b)  | 6 (b)  | 7 (a)  | 8 (d)  | 9 (d)  | 10 (b) |
| 11 (b) | 12 (a) | 13 (a) | 14 (d) | 15 (d) | 16 (d) | 17 (c) | 18 (c) | 19 (b) | 20 (b) |

## Intermediate Paper - 9

### Operations Management & Strategic Management

**1) A department store has one storekeeper. The average number of customers handled by the storekeeper is 30 per hour. If the customer arrives at the store at mean rate of 25 per hour, what will be the average number of customers in the system**

- (a) 2 customers.
- (b) 3 customers.
- (c) 5 customers.
- (d) None of the above

**2) Which one of the following standards is associated with the "Quality Assurance" in Final Inspection Test"?**

- (a) ISO 9001.
- (b) ISO 9002.
- (c) ISO 9003.
- (d) ISO 9004.

**3) Business Process Re-engineering is**

- (a) eliminating loss-making process.
- (b) redesigning operational processes.
- (c) redesigning the product and services.
- (d) recruiting the process engineers.

**4) Forecasting the weather is an example of**

- (a) Narrow AI.
- (b) General AI/human-level.
- (c) Super AI.
- (d) Deep-learning.

**5) 'Z' chart is a chart used in**

- (a) Programme control.
- (b) Job control.
- (c) Cost control.
- (d) Quality control.

**6) The starting point of Production cycle is**

- (a) Product design
- (b) Production planning
- (c) Routing
- (d) Market Research

**7) The lead-time is the time**

- (a) To place orders for materials.
- (b) Time of receiving materials.
- (c) Time between receipt of material and using materials.
- (d) Time between placing the order and receiving the materials.

**8) The type of production control which is typically found where a particular bottleneck machine exists in the process of manufacturing is**

- (a) Block control
- (b) Load control
- (c) Flow control
- (d) Batch control

**9) Which one of the following is NOT the advantage of Preventive Maintenance?**

- (a) Better product quality
- (b) Greater safety of workers
- (c) Increased breakdowns and downtime
- (d) Fewer large-scale repairs

**10) A Ltd., a large scale industry manufactures Product K of 24 units per shift of 8 hours. The standard time per unit is 15 minutes. What is the productivity of the per shift of 8 hours?**

- (a) 50%
- (b) 60%
- (c) 75%
- (d) 80%



**11) The lead-time is the time**

- (a) To place holders for materials.
- (b) Time of receiving materials.
- (c) Time between receipt of material and using materials.
- (d) Time between placing the order and receiving the materials.

**12) Most suitable layout for Continuous production is:**

- (a) Line layout.
- (b) Process Layout.
- (c) Group technology.
- (d) Matrix layout.

**13) A department store has one storekeeper. The average number of customers handled by the storekeeper is 30 per hour. If the customer arrives at the store at mean rate of 25 per hour, what will be the average number of customers in the system**

- (a) 2 customers.
- (b) 3 customers.
- (c) 5 customers.
- (d) None of the above.

**14) Cost reduction can be achieved through**

- (a) Work sampling.
- (b) Value analysis.
- (c) Quality assurance.
- (d) Supply chain management

**15) Which one of the following standards is associated with the "Quality Assurance" in Final Inspection Test?"**

- (a) ISO 9001.
- (b) ISO 9002.
- (c) ISO 9003.
- (d) ISO 9004.

**16) K Ltd. is the manufacturer of bearings. The inventory holding cost per bearing per month is 20 paise. If its economic batch quantity (EBQ) is 4000 units (bearings) then the minimum inventory holding cost at optimum run size will be**

- (a) ` 4320
- (b) ` 4510
- (c) ` 4800
- (d) None of the above

**17) Mckinsey's 7-s framework consists of**

- (a) Structure, Strategy, Software, Skills, Styles, Staff and Supervision.
- (b) Structure, Strategy, Systems, Skills, Styles, Syndication and Shared values.
- (c) Structure, Strategy, Systems, Skills, Steering power, Styles and Shared values.
- (d) Structure, Strategy, Staff, Skills, Systems, Shared values, Style.

**18) Production control concerned with**

- (a) Passive assessment of plant performance
- (b) Strict control on labours
- (c) Good materials management
- (d) Good product design.

**19) Business Process Re-engineering is:**

- (a) eliminating loss-making process.
- (b) redesigning operational processes.
- (c) redesigning the product and services.
- (d) recruiting the process engineers.

**20) Digital transformation drives change in**

- (a) customer experience.
- (b) operational processes.
- (c) business models.
- (d) all of the above.

**Answers**

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (c)  | 2 (b)  | 3 (b)  | 4 (a)  | 5 (a)  | 6 (d)  | 7 (d)  | 8 (b)  | 9 (c)  | 10 (c) |
| 11 (d) | 12 (a) | 13 (c) | 14 (d) | 15 (b) | 16 (c) | 17 (d) | 18 (a) | 19 (c) | 20 (d) |

## Intermediate Paper 10:

### Corporate Accounting and Auditing

#### 1) Partly paid-up preference shares can be redeemed

- (a) After the permission from company law board
- (b) After making them fully paid up
- (c) After passing a special resolution
- (d) After the permission from BOD

#### 2) Given Paid up Share Capital ₹10 lakhs & Free Reserves ₹2 lakhs what is the maximum amount permissible for buy back of shares

- (a) ₹2,00,000
- (b) ₹2,50,000
- (c) ₹2,80,000
- (d) ₹3,00,000

#### 3) Installment of principal amount of long term loan payable within next 12 months is show under Balance sheet of a company under the heading.

- (a) Non-Current Assets
- (b) Non-Current liabilities
- (c) Current Assets
- (d) Current liabilities

#### 4) Net Profit for the year is ₹15,000, interest received in advance on 1.1.21 is ₹2,000 and on 31.12.21 is ₹3,000 cash from operation will be

- (a) ₹16,000
- (b) ₹22,000
- (c) ₹13,000
- (d) ₹15,000

#### 5) Date of bill: 5.01.22, period 5 months, rate of discount is 8% p.a. What is rebate on bills discounted if accounting year ends on 31.3.22?

- (a) ₹852.46
- (b) ₹818.85
- (c) ₹873.22
- (d) ₹825.45

#### 6) Audit procedure to obtain audit evidence includes.

- (a) Compliance procedure
- (b) Substantive procedure
- (c) Both A & B
- (d) Neither A or B

#### 7) Test checking requires application of \_\_\_\_\_

- (a) Mathematical theory
- (b) sampling theory
- (c) Geometry theory
- (d) Stakeholder's theory

#### 8) Which of the following is not a content of audit report as per CARO \_\_\_\_\_

- (a) Inventory
- (b) Acceptance of Deposit
- (c) Recruitment of employees
- (d) Repayment of loan

#### 9) A cost auditor submits his report along with reservations observations in form NO. \_\_\_\_\_

- (a) CRA1
- (b) CRA2
- (c) CRA3
- (d) CRA4

#### 10) Secretarial audit is covered under \_\_\_\_\_

- (a) Section 204
- (b) Section 148
- (c) Section 139
- (d) Section 141

11) Net profit for the year ₹15,000, interest received in advance on 1st January 2021 ₹2,000 and 31st December 2021 ₹3,000, cash from operation will be -----.

- (a) ₹16,000
- (b) ₹22,000
- (c) ₹13,000
- (d) ₹15,000

12) Which of the following is not a mandatory financial statement of a General Insurance Company as per IRDA regulations?

- (a) Revenue Account
- (b) Profit and Loss Account
- (c) Balance Sheet
- (d) Cash Flow Statement

13) Ind AS 1 "Presentation of financial statements" applies to -----.

- (a) Consolidated financial statements in accordance with Ind AS 110, Consolidated Financial Statements,
- (b) Separate financial statements in accordance with Ind AS 27, Separate Financial Statements.
- (c) Both of a. and b.
- (d) None of the above

14) Ordinary shares are 1,00,000 of ₹1.00; 10% Preference shares are 200,000 of ₹1.00; PAT ₹10,00,000. Calculate basic EPS.

- (a) ₹9.80
- (b) ₹9.60
- (c) ₹9.40
- (d) ₹9.20

15) O1.04.2021 B Ltd. has 1200 ordinary shares outstanding. On 31.08.2022 it issued 400 ordinary shares for cash. On 31.01.22 it bought back 200 ordinary shares. Calculate weighted average number of shares as on 31.03.22.

- (a) 1300
- (b) 1400
- (c) 1500
- (d) 1600

16) Each of the three parties involved in an audit ----- plays a role that contributes to its success.

- (a) the client, the auditor, and the auditees
- (b) the client and the auditor
- (c) the client, the moderator, and the auditee
- (d) the client, the auditor, and the auditee

17) Statutory Auditor can be removed by the -----.

- (a) Shareholders
- (b) Audit committee
- (c) BOD
- (d) None of the above

18) A nomination and remuneration committee should have ----- directors.

- (a) 5
- (b) 10
- (c) 2
- (d) 3

19) Secretarial Audit is applicable to the public sector company having the paid up share capital of -----.

- (a) 50 crore
- (b) 75 crore
- (c) 100 crore
- (d) 200 crore

20) Member of the Institute of Company Secretaries of India are eligible to conduct Secretarial Audit if he/she is having a valid.

- (a) Membership No.
- (b) PAN No.
- (c) Certificate of Practice
- (d) None of the above

### Answers

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

## Intermediate Paper 11:

### Corporate Accounting and Auditing

**1) Relationship between annual effective rate of interest and annual nominal rate of interest is, if frequency of compounding is more than 1:**

- (a) Effective Rate < Nominal rate
- (b) Effective Rate > Nominal rate
- (c) Effective Rate = Nominal rate
- (d) none of the above

**2) Which of the following are the benefits of data analytics?**

- (a) Improves decision making process
- (b) Increase in efficiency of operations
- (c) Improved service to stakeholders
- (d) All of the above

**3) XBRL is the abbreviated form of:**

- (a) eXtensible Business Reporting Language
- (b) eXtensive Business Reporting Language
- (c) eXtended Business Reporting Language
- (d) eXtensive Business Reporting Language

**4) A scatter plot displays several unique data points:**

- (a) On a single graph.
- (b) On two different graphs
- (c) On four different graphs
- (d) None of the above

**5) If the fixed cost of production is zero, which one of the following is correct?**

- (a) Operating Leverage is zero
- (b) Financial Leverage is zero
- (c) Combined Leverage is zero
- (d) None of the above

**6) The Degree of Operating Leverage (DOL) and the Degree of Financial Leverage of Alanta Ltd. are 3 and 1.67 respectively. If the management of the company targets to increase the EPS by 10%, by how much percentage should sales volume be increased? (Rounded off your answer to the nearest value.)**

- (a) 5.00%
- (b) 3.40%
- (c) 3.00%
- (d) 2.00%

**7) Average collection period is 2 months, cash sales and average receivables are ₹5,00,000 and ₹6,50,000 respectively. The sales amount would be-**

- (a) ₹40,00,000
- (b) ₹42,00,000
- (c) ₹44,00,000
- (d) ₹48,50,000

**8) Conversion of marketable securities into cash entails a fixed cost of ₹1,000 per transaction. What will be the optimal conversation size as per Baumol model of cash management?**

- (a) ₹315,628
- (b) ₹316,228
- (c) ₹317,678
- (d) ₹318,426

**9) What is the value of a levered firm L Ltd. if it has the same EBIT as an unlevered firm U Ltd., (with value of ₹700 lakh), has a debt of ₹200 lakh, tax rate is 35% under M-M approach?**

- (a) ₹770 lakh
- (b) ₹500 lakh
- (c) ₹630 lakh
- (d) ₹900 lakh

**10) Initial investment ₹20 Lakh. Expected annual cash flows ₹6 Lakh for 10 years. Cost of capital @15%. Profitability Index (PI) is - [Cumulative discounting factor @ 15% for 10 years = 5.019]**

- (a) 1.51
- (b) 1.71
- (c) 2.51
- (d) 2.91

**11) Efficient portfolios are those portfolios, which offer \_\_\_\_\_ (for a given level of risk).**

- (a) Maximum return
- (b) Minimum return
- (c) Average return
- (d) Positive return

**12) Following is a widely used graph for data visualisation:**

- (a) Bar chart
- (b) Pie chart
- (c) Histogram
- (d) All of the above

**13) Data represented in the form of picture is termed as \_\_\_\_\_.**

- (a) Graphic data
- (b) Qualitative data
- (c) Quantitative data
- (d) All of the above

**14) The primary benefit of data distribution is.**

- (a) the estimation of the probability of any certain observation within a sample space
- (b) the estimation of the probability of any certain observation within a non-sample space
- (c) the estimation of the probability of any certain observation within a population
- (d) the estimation of the probability of any certain observation without a non-sample space

**15) What is the value of a levered firm L Ltd. if it has the same EBIT as an unlevered firm U Ltd., (with value of ₹ 700 lakh), has a debt of ₹200 lakh, tax rate is 35 % under M-M approach?**

- (a) ₹770 lakh
- (b) ₹500 lakh
- (c) ₹630 lakh
- (d) ₹900 lakh

**16) X Ltd. distributes its products to more than 500 retailers. The company's collection period is 30 days and keeps its inventory for 20 days. The operating cycle would be \_\_\_\_**

- (a) 40 Days
- (b) 43 Days
- (c) 45 Days
- (d) 50 Days

**17) Higher FL is related the use of:**

- (a) Higher Equity
- (b) Higher Debt
- (c) Lower Debt
- (d) Lower Equity

**18) According to Gordon's Dividend Capitalisation Model, if the share price of a firm is ₹43, its dividend payout ratio is 60%, cost of equity is 9%, ROI is 12% and the number of shares are 12,000, what will be the net profit of the firm?**

- (a) ₹15,480
- (b) ₹23,220
- (c) ₹36,120
- (d) ₹54,180

**19) A sound Capital Budgeting technique is based on:**

- (a) Cash Flows
- (b) Accounting Profit
- (c) Interest Rate on Borrowings
- (d) Last Dividend Paid.

**20) Which of the following is not true with reference capital budgeting?**

- (a) Capital budgeting is related to asset replacement decisions
- (b) Cost of capital is equal to minimum required return
- (c) Existing investment in a project is not treated as sunk cost
- (d) Timing of cash flows is relevant.

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (b)  | 2 (d)  | 3 (a)  | 4 (a)  | 5 (d)  | 6 (d)  | 7 (c)  | 8 (b)  | 9 (a)  | 10 (a) |
| 11 (a) | 12 (d) | 13 (a) | 14 (a) | 15 (a) | 16 (d) | 17 (b) | 18 (c) | 19 (a) | 20 (c) |

## Intermediate Paper 12:

### Management Accounting

1) Management accounting deals with \_\_\_\_\_ data.

- (a) Qualitative
- (b) Quantitative
- (c) Both qualitative and quantitative
- (d) Non-financial

2) According to the Chartered Institute of Management Accountants (CIMA), cost attribution to cost units on the basis of benefits received from indirect activities e.g. ordering, setting up, and assuring quality is known as:

- (a) Absorption costing
- (b) Marginal costing
- (c) Activity-based costing
- (d) Job costing

3) The break-even point is the point at which:

- (a) There is no profit, no loss;
- (b) Contribution margin is equal to total fixed cost;
- (c) Total revenue is equal to total cost;
- (d) All of the above.

4) A decrease in sales price \_\_\_\_\_

- (a) does not affect the break-even point
- (b) lowers the fixed cost
- (c) Increases the break-even point
- (d) lowers the break-even point

5) What will be sales in rupees for desired profit if fixed cost is ₹30,000, desired profit is ₹15,000 and P/V ratio is 30%?

- (a) ₹1,50,000
- (b) ₹1,00,000
- (c) ₹2,00,000
- (d) None of the above

6) Variable cost is also referred to as in the marginal costing technique:

- (a) Total cost
- (b) Product cost
- (c) Period cost
- (d) None of the above

7) The sales and profit of a firm for the year 2021 are ₹1,50,000 and ₹20,000 and for the year 2022 are ₹1,70,000 and ₹25,000 respectively. The P/V Ratio of the firm is \_\_\_\_\_

- (a) 15%
- (b) 20%
- (c) 25%
- (d) 30%

8) A company manufactures and sells three types of product namely A, B and C. Total sales per month is ₹80,000 in which the share of these three products are 50%, 30% and 20% respectively. The variable cost of these products is 60%, 50% and 40% respectively. The combined P/V Ratio will be:

- (a) 49%
- (b) 48%
- (c) 47%
- (d) 50%

9) Standard costing is a tool, which replaces the bottleneck of the \_\_\_\_\_ costing.

- (a) Present
- (b) Future
- (c) Historical
- (d) None of the above

10) During the month of December actual direct labour cost amounted to ₹39,550, the standard direct labour rate was ₹10 per hour and the direct labour rate variance amounted to ₹450 favourable. The actual direct labour hours worked was:

- (a) 3,955 hours
- (b) 4,000 hours
- (c) 3,910 hours
- (d) 4,500 hours



11) \_\_\_\_\_ is the study of managerial aspects of financial accounting

- (a) Cost accounting
- (b) Financial accounting
- (c) Management accounting
- (d) Business accounting

12) X Company uses activity-based costing for Product B and Product D. The total estimated overhead cost for the parts administration activity pool was ₹5,50,000 and the expected activity was 2000 part types. If Product D requires 1200 part types, the amount of overhead allocated to product D for parts administration would be:

- (a) ₹2,75,000
- (b) ₹3,00,000
- (c) ₹3,30,000
- (d) ₹3,45,000

13) Cost attribution to cost units on the basis of benefit received from indirect activities, such as ordering, setting-up, assuring quality is known as:

- (a) Allocation
- (b) Activity-based costing
- (c) Always better control
- (d) Absorption

14) What is Margin of Safety if Sales is 20,000 units and B.E.P is 15,000 units?

- (a) 15000 units
- (b) 5000 units
- (c) 10000 units
- (d) 20000 units

15) Fixed cost per unit decrease when

- (a) Production volume increases
- (b) Production volume decreases
- (c) Variable costs per unit decreases
- (d) Prime costs per unit decreases

16) The break-even point of a manufacturing company is ₹1,60,000. Fixed cost is ₹48,000. Variable cost is ₹12 per unit. The PV ratio will be:

- (a) 20%
- (b) 40%
- (c) 30%
- (d) 25%

17) A radio manufacturer finds that it costs ₹6.25 per unit to make component M-140 and the same is available in the market at ₹5.75 each. Continuous supply is also fully assured. The break-down cost per unit as follows: Materials ₹2.75, Labour ₹1.75 other variable expenses ₹0.50, Depreciation and other fixed cost ₹1.25. What would be your decision, if the supplier offered the component at ₹4.85 per unit?

- (a) Make
- (b) Buy
- (c) Sell
- (d) None of the above

18) Which one of the following is not considered as a method of Transfer Pricing?

- (a) Negotiated Transfer Pricing
- (b) Market Price Based Transfer Pricing
- (c) Fixed Cost Based Transfer Pricing
- (d) Opportunity Cost Based Transfer Pricing

19) Standard quantity of material for one unit of output is 10 kgs @ ₹8 per kg. Actual output during a given period is 800 units. The standards quantity of raw material

- (a) 8,000 kgs
- (b) 6,400 Kgs
- (c) 64,000 Kgs
- (d) None of these

20) Standard price of material per kg is ₹20, standard usage per unit of production is 5 kg. Actual usage of production 100 units is 520 kgs, all of which was purchase at the rate of ₹ 22 per kg. Material cost variance is

- (a) ₹2,440 (A)
- (b) ₹1,440 (A)
- (c) ₹1,440 (F)
- (d) ₹2,300 (F)

### Answers

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

## Final Paper 13:

### Corporate and Economic Laws

1) Majority of audit committee members of a company shall be.....

- (a) Executive director
- (b) Non-executive
- (c) Independent
- (d) None of the above

2) CFO is compulsorily to be appointed as one of the KMPs if the paid up capital is minimum ₹ .....

- (a) 5 crore
- (b) 10 crore
- (c) 15 crore
- (d) 20 crore

3) Change of registered office within a city, town or village requires.....

- (a) Special Resolution
- (b) Board Resolution
- (c) Approval of Central Govt.
- (d) None of the above

4) The main authority under Competition Act is ....

- (a) Ministry of finance
- (b) Competitions Commission of India
- (c) RBI
- (d) NCLT

5) In case of private company, internal auditor has to be appointed if the turnover is.....

- (a) 100 cr or more
- (b) 150 cr or more
- (c) 200 cr or more
- (d) 300 cr or more

6) If a unit has investment in plant and equipment of ₹55 crore and turnover of ₹ 300 crore. It will be classified as .....unit.

- (a) micro
- (b) small
- (c) medium
- (d) none of the above

7) FIU stands for:

- (a) Financial Intelligence unit
- (b) Financial Issue unit
- (c) Featured Intelligence Unit
- (d) None of the above

8) In case of triple bottom line approach, three Ps are:

- (a) people, profit and progress
- (b) people profit and planet
- (c) person, profit and planet
- (d) people, price and planet

9) A foreign entity cannot be:

- (a) implementing agency of CSR project in India
- (b) advisor
- (c) trainer
- (d) consultant

10) SLR stands for:

- (a) Special Liquidity Ratio
- (b) Statutory Liquidity Reserve
- (c) Special Liquidity Reserve
- (d) None of the above

11) ABC Ltd. has 35% shares in XYZ Ltd. The majority of directors of XYZ Ltd. are appointed and removed by ABC Ltd. XYZ Ltd. is:

- (a) Subsidiary of ABC Ltd.
- (b) Not a subsidiary of ABC Ltd.
- (c) Depends on Board of ABC Ltd.
- (d) Depends on Board of XYZ Ltd.

12) Once declared in AGM, dividend

- (a) May be revoked
- (b) Cannot be revoked
- (c) May be reduced
- (d) Payment can be delayed

**13) Under Insolvency Bankruptcy code 2016 where extension of time is requested, the Corporate Resolution process shall be completed within a period of ..... from the date of admission of the application to initiate such process.**

- (a) 60 days
- (b) 90 days
- (c) 180 days
- (d) 240 days

**14) Corporate Governance practices are almost ..... by companies in India.**

- (a) formalized
- (b) regulated
- (c) accepted
- (d) rejected

**(15) The recommendation of the Audit Committee:**

- (a) may not be accepted by Board of Directors
- (b) has to be accepted by Board
- (c) In case not accepted, Board has to records the reasons
- (d) Recommendation need not go to Board meeting

**16) At the time of IPO, the issuer has to have a:**

- (a) CFO
- (b) MD
- (c) Designated Compliance Officer
- (d) At least one independent director.

**17) SEBI has three functions rolled into one body. Which of the following is not the function of SEBI?**

- (a) Quasi-legislative
- (b) Quasi-judicial
- (c) Quasi-executive
- (d) Quasi-official

**18) The Competition Act has replaced**

- (a) Companies Act, 1956
- (b) Consumer Protection Act
- (c) MRTP Act, 1969
- (d) None

**19) Zenith Ltd is accompany registered in UK, issues share to citizen of UK. Under the Indian law, the shares are;**

- (a) foreign security
- (b) Indian security
- (c) any of the above
- (d) none of the above

**20) According to Banking Regulation Act 1949, no Banking Company shall pay dividend on its shares until all its -**

- (a) Depreciation is fully written off.
- (b) "Capitalized expenses" have been completely written off
- (c) Bad debts are provided in full.
- (d) Contingent liability is settled.

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (c)  | 2 (b)  | 3 (b)  | 4 (b)  | 5 (c)  | 6 (d)  | 7 (a)  | 8 (b)  | 9 (a)  | 10 (d) |
| 11 (a) | 12 (b) | 13 (c) | 14 (b) | 15 (c) | 16 (c) | 17 (d) | 18 (c) | 19 (d) | 20 (b) |

## Final Paper 14:

### Strategic Financial Management

- 1) Which of the following techniques is the most suitable, when NPV and IRR lead to inconsistent ranking due to life disparity between two or more projects?
- Modified Net Present Value.
  - Modified Internal Rate of Return.
  - Uniform Annual Equivalent Cost/Benefit.
  - Discounted Payback Period.
- 2) The Profitability Index of a project is 1.28 and its cost of investment is ₹ 2,50,000. The NPV of the project is \_\_\_\_\_.
- ₹75,000
  - ₹80,000
  - ₹70,000
  - ₹ 65,000
- 3) The major advantage of leasing is that it \_\_\_\_\_.
- Provides flexible financing
  - Provides lower payments
  - Avoids risks of obsolescence.
  - All of the above
- 4) It was observed that in a certain month, 6 out of 10 leading indicators moved up as compared to 4 indicators in the previous month. The diffusion index for the months was:
- 20%
  - 40%
  - 60%
  - 80%
- 5) Bond volatility is inversely related to:
- Term to maturity
  - Yield to maturity
  - Coupon rate
  - Both (b) and (c)
- 6) Mr. X expects 20% return from his investment. The dividend from the stock is ₹2.0 and the present price is ₹50. What should be the future price of the stock?
- ₹ 56.39
  - ₹ 58.00
  - ₹ 60.00
  - ₹ 62.30
- 7) According to the constant growth model, the next year's dividend is ₹2.00, required rate of return is 15% and the growth rate is 10%, the market price would be:
- ₹ 50
  - ₹45
  - ₹ 40
  - ₹ 48
- 8) Which among the following increases the NAV of a mutual fund scheme?
- Value of investments
  - Receivables
  - Accrued income
  - All of (a), (b) and (c)
- 9) A portfolio comprises two securities and the expected return on them is 12% and 16% respectively. Determine return of portfolio if first security constitutes 40% of total portfolio.
- 12.4%
  - 13.4%
  - 14.4%
  - 15.4%
- 10) Plain vanilla interest rate swaps involved:
- Fixed to fixed rate swap
  - Fixed to floating rate swap
  - Floating to floating rate swap
  - Currency swap

11) An investor writes a three-month put on the stock of an oil company at an exercise price of ₹275 per share at a premium of ₹34. If the expiration date price is ₹280, calculate the gain/loss of put writer.

- (a) ₹5
- (b) ₹(-)5
- (c) ₹34
- (d) None of the above

12) The 6-month forward rate for US dollar against Rupee is quoted as ₹49.50 as opposed to a spot price of ₹48.85. The forward premium on US dollar is:

- (a) 1.50 %
- (b) 3.08 %
- (c) 3.05 %
- (d) None of the above

13) The sterling is trading at \$1.6400 today. Inflation U.K. is 3.8% and that in U.S.A. is 2.9%. What would be the spot rate (\$/£) after 2 years?

- (a) \$1.6117
- (b) \$1.615
- (c) \$1.625
- (d) None of the above

14) Sharpe's measure of the portfolio performance is based on:

- (a) Systematic risk of the portfolio
- (b) Unsystematic risk of the portfolio
- (c) Total risk of the portfolio
- (d) Market risk of the portfolio

15) The IRR of a project is 10%. If the annual cash flow after tax is ₹1,30,000 and project duration is 4 years, what is the initial investment in the project?

- (a) ₹4,10,000
- (b) ₹4,12,100
- (c) ₹3,90,000
- (d) ₹4,05,000

16) Given, expected value of profit without perfect information = ₹1,600 and expected value of perfect information = ₹300, then expected value of profit with perfect information will be \_\_\_\_\_.

- (a) ₹1,300
- (b) ₹1,900
- (c) ₹950
- (d) None of the above

17) The type of lease that includes a third party, a lender, is called as which of the following?

- (a) Sale and lease back
- (b) Leveraged Lease
- (c) Direct leasing arrangement
- (d) Operating lease

18) The current price is ₹100, the required rate of return is 20% and the dividend paid ₹3.00 on a share of ₹10 face value. What is the expected growth rate?

- (a) 15%
- (b) 16%
- (c) 18%
- (d) 17%

19) In the bull market

- (a) The stock prices are increasing
- (b) Each peak is higher than the previous peak
- (c) Each bottom is higher than the previous bottom
- (d) Both (b) and (c)

20) Mr. X expects 20% return from his investment. The dividend from the stock is ₹2.0 and the present price is ₹50. What should be the future price of the stock?

- (a) ₹56.39
- (b) ₹58.00
- (c) ₹60.00
- (d) ₹62.30

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (c)  | 2 (c)  | 3 (d)  | 4 (c)  | 5 (d)  | 6 (b)  | 7 (c)  | 8 (d)  | 9 (c)  | 10 (b) |
| 11 (c) | 12 (b) | 13 (a) | 14 (c) | 15 (b) | 16 (b) | 17 (b) | 18 (d) | 19 (d) | 20 (b) |

## Final Paper 15:

### Direct Tax Laws & International Taxation

1) Kumar Industries is engaged in manufacture of leather products. It was set up in backward area and became eligible for subsidy @ 25% for the generator, to be used in guest house, acquired by it for ₹ 12 lakhs on 15.12.2023. It received the subsidy in March 2024. The amount of depreciation for the year at the applicable rate would be \_\_\_\_\_.

- (a) ₹67,500
- (b) ₹90,000
- (c) ₹1,80,000
- (d) Nil

2) In the year of restructuring, depreciation shall be:

- (a) available to the successor company fully
- (b) apportioned between successor and predecessor on the basis of number of days
- (c) available to the predecessor company fully
- (d) None of the above

3) Uncontrolled transaction means a transaction between \_\_\_\_\_, whether resident or non-resident.

- (a) enterprises other than associated enterprises
- (b) associated enterprises
- (c) any enterprises
- (d) none of the above

4) The provisions of sec. 92 will apply only if the aggregate value of specified domestic transactions entered into by the taxpayer during the year exceeds a sum of ₹\_\_\_\_\_.

- (a) 100 crore
- (b) 5 crore
- (c) 10 crore
- (d) 20 crore

5) In respect of DTAA, generally, India follows:

- a) UN Model
- b) UK Model
- c) OECD Model
- d) US Model

6) ICDS is applicable in case of income under the head:

- (a) Profits and gains from Business or Profession
- (b) Capital Gains
- (c) Income from House Property
- (d) All heads of income

7) Auddy Fertilisers P Ltd., is a manufacturer. A factory building has been constructed for ₹ 40 lakhs and occupied on 12.02.2023. Additional depreciation allowable for the said factory building is \_\_\_\_\_.

- (a) Nil
- (b) ₹4,00,000
- (c) ₹2,00,000
- (d) None of the above

8) MSP Ltd., has spent a sum of ₹20 lakhs towards meeting its corporate social responsibility (CSR) under the Companies Act, 2013. The amount of deduction available while computing the business income is \_\_\_\_\_.

- (a) Nil
- (b) ₹10 lakhs
- (c) ₹15 lakhs
- (d) ₹20 lakhs

9) Napa Ltd. earned ₹ 15 lakhs by way of transfer of carbon credit. The tax liability in respect of carbon credit is \_\_\_\_\_.

- (a) ₹1,56,000
- (b) ₹2,34,000
- (c) ₹4,68,000
- (d) Nil

10) Vikash has advertised on Facebook to promote his business of coaching. He is required to pay ₹ 20,000 in the previous year 2023-24 to Facebook for the advertising services availed. What amount is required to be deducted as equalisation levy?

- (a) ₹1,200
- (b) ₹800
- (c) ₹400
- (d) Nil



**11) When an assessee fails to furnish any information relating to a specified domestic transaction, the quantum of penalty as a percentage of value of the transaction would be –**

- (a) 2%
- (b) 1%
- (c) 5%
- (d) 3%

**12) A is using a motor car for his personal purposes, but charges as business expenditure. This is the case of -----.**

- (a) Tax Avoidance
- (b) Tax Planning
- (c) Tax Evasion
- (d) Tax Management

**13) Countries that employ explicit policies designed to attract international trade oriented activities by minimization of taxes and reduction or elimination of other restrictions on business operations is described as -----.**

- (a) Tax Havens
- (b) Tax Planning
- (c) Tax Evasion
- (d) Tax Management

**14) During the course of survey in the premises of Ratan & Co. on 10.01.2024, stocks of goods purchased for ₹ 10 lakhs were found to be not recorded in the books of account. The firm has brought forward loss of ₹ 5 lakhs and incurred business loss of ₹ 2 lakhs for the year ended 31.03.2024 without considering the unaccounted stock. The tax liability of the firm including the said unaccounted purchase would be -----.**

- (a) ₹7,80,000
- (b) ₹3,12,000
- (c) ₹93,600
- (d) Nil

**15) GAAR provisions shall not apply to:**

- (a) an arrangement where the tax benefit in the relevant assessment year arising, in aggregate, to all the parties to the arrangement does not exceed a sum of ₹ 3 crore
- (b) an arrangement where the tax benefit in the relevant assessment year arising, in aggregate, to all the parties to the arrangement does not exceed a sum of ₹ 5 crore
- (c) an arrangement where the tax benefit in the relevant assessment year arising, in aggregate, to all the parties to the arrangement does not exceed a sum of ₹ 1 crore
- (d) None of the above.

**16) Income Tax Appellate Tribunal can rectify its own order if it is:**

- (a) Apparent mistake
- (b) Any mistake
- (c) Any mistake other than apparent mistake
- (d) None of the above

**17) Equalization levy is applicable if the aggregate amount of consideration for specified transactions exceeds:**

- (a) ₹10,000
- (b) ₹1,00,000
- (c) ₹10,00,000
- (d) ₹1 crore

**18) The relief where there is no Avoidance of Double Taxation Agreement, is:**

- (a) Bilateral relief
- (b) Specified relief
- (c) Unilateral relief
- (d) No relief

**19) If income is taxed twice in more than one country but in the hands of different tax payers is called:**

- (a) Juridical Double Taxation
- (b) Economic Double Taxation
- (c) Treaty Double Taxation
- (d) Deemed Double Taxation

**20) Range concept principle is applied under Transfer Pricing if there is:**

- (a) One reasonable price
- (b) More than one reasonable price but not more than five
- (c) More than five reasonable prices
- (d) None of the above

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (a)  | 2 (b)  | 3 (a)  | 4 (d)  | 5 (a)  | 6 (a)  | 7 (a)  | 8 (a)  | 9 (a)  | 10 (d) |
| 11 (a) | 12 (c) | 13 (a) | 14 (a) | 15 (a) | 16 (a) | 17 (b) | 18 (c) | 19 (b) | 20 (c) |

## Final Paper 16:

### Strategic Cost Management

1) Which of the following is not a secondary activity of Value Chain?

- (a) Procurement
- (b) Human Resource Development
- (c) Service
- (d) Technology Development

2) The break-even point of a manufacturing company is ₹1,60,000. Fixed cost is ₹48,000. Variable cost is ₹12 per unit. The PV ratio will be:

- (a) 20%
- (b) 40%
- (c) 30%
- (d) 25%

3) The higher the actual hours worked \_\_\_\_\_

- (a) The lower the capacity usage ratio.
- (b) The higher the capacity usage ratio.
- (c) The lower the capacity utilization ratio.
- (d) The higher the capacity utilization ratio.

4) The Tech Company has fixed costs of ₹400,000 and variable costs are 75% of the selling price. To realize profits of ₹100,000 from sales of 5,00,000 units, the selling price per unit \_\_\_\_\_

- (a) must be ₹1.00
- (b) must be ₹4.80
- (c) must be ₹4.00
- (d) cannot be determined

5) X Ltd. has 1000 units of an obsolete item which are carried in inventory at the original price of ₹50,000. If these items are reworked for ₹20,000, they can be sold for ₹36,000. Alternatively, they can be sold as a scrap for ₹6,000 in the market. In a decision model used to analyse the reworking proposal, the opportunity cost should be taken as \_\_\_\_\_

- (a) ₹16,000
- (b) ₹6,000
- (c) ₹30,000
- (d) ₹20,000

6) A Ltd. Plans to introduce a new product and issuing the target cost approach. Projected sales revenue is ₹90,00,000 (₹45 per unit) and target costs are ₹64,00,000. What is the desired profit per unit?

- (a) ₹13
- (b) ₹17
- (c) ₹32
- (d) ₹10

7) Ankit Ltd., operates throughput accounting system. The details of product A per unit are as under: Selling Price: ` 75 Material Cost: ` 30 Conversion Cost: ` 20 Time to bottleneck resources: 10 minutes What is the throughput contribution per bottleneck resource per hour?

- (a) ₹270
- (b) ₹150
- (c) ₹120
- (d) ₹90

8) Efficiency Ratio is \_\_\_\_\_

- (a) Available working days ÷ Budgeted working days × 100
- (b) Budgeted hours ÷ Maximum hours in budgeted period × 100
- (c) Standard hours ÷ Actual hours × 100
- (d) None of the above

9) Which of the following statement is incorrect?

- (a) Microsoft Excel is most popular among all the available spreadsheets.
- (b) Zoho Analytics is a tool used for Financial Data analysis.
- (c) Visualisation Tools are the Reporting Tools.
- (d) None of the above.

10) Prescriptive Analytics is very important because -

- (a) It tells about the action to be taken.
- (b) It tells about what is likely to happen.
- (c) It tells about how something has happened.
- (d) It tells about what has happened.

11) The information relating to the direct material cost of a company is as follows: Standard price per unit ₹7.20 Actual quantity purchased in units 1600 Standard quantity allowed for actual production in units 1450 Material price variance on purchase (Favourable) ₹480 What is the actual purchase price per unit?

- a) ₹ 7.50
- b) ₹ 6.40
- c) ₹ 6.5
- d) ₹ 6.90

12) The Normal duration and Normal cost of an activity are respectively 10 days and ₹350. The cost slope is ₹75 per day. If the Crash duration is 8 days, then what is the Crash cost of the activity?

- (a) ₹400
- (b) ₹500
- (c) ₹600
- (d) ₹650

13) Optimization is the method of finding -----

- (a) The maximum point
- (b) The minimum point
- (c) The critical point
- (d) All of the above

14) The actual demand for a period is 100 units. But forecast demand was 90 units. The forecast error is

- (a) -10
- (b) 10
- (c) 5
- (d) None of the above

15) Which of the following is not a term normally used in value analysis?

- (a) Resale value
- (b) Use value
- (c) Esteem value
- (d) Cost value

16) DMIADV is a methodology associated with

- (a) Pareto Analysis
- (b) PRAISE
- (c) Six Sigma
- (d) None of the above

17) A company has a breakeven point when sales are ₹3,20,000 and variable cost at that level of sales are ₹2,00,000. How much would contribution margin increase or decrease if variable expenses are dropped by ₹30,000?

- (a) Increase by 27.5%
- (b) Increase by 9.375%
- (c) Decrease by 9.375%
- (d) Increase by 37.5%

18) A feasible solution of LPP -

- (a) Must satisfy all the constraints simultaneously.
- (b) Need not satisfy all the constraints, only some of them.
- (c) Must be a corner point of the feasible region
- (d) All the above

19) A PERT activity has an optimistic time of 3 days, pessimistic time of 15 days and an expected time of 7 days. What is the most likely time of the activity?

- (a) 10 days
- (b) 6 days
- (c) 5 days
- (d) None of the above

20) MR is

- (a) First order derivative of TC
- (b) Second order derivative of TR
- (c) First order derivative of TR
- (d) Second order derivative of TC

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (c)  | 2 (c)  | 3 (d)  | 4 (c)  | 5 (b)  | 6 (a)  | 7 (a)  | 8 (b)  | 9 (d)  | 10 (a) |
| 11 (d) | 12 (b) | 13 (d) | 14 (b) | 15 (a) | 16 (c) | 17 (b) | 18 (a) | 19 (c) | 20 (c) |

## Final Paper 17:

### Cost and Management Audit

**1) The form in which cost records shall be maintained:**

- (a) CRA -1
- (b) CRA -2
- (c) CRA -3
- (d) CRA -4

**2) The Cost Auditing Standard which deals with Cost Audit Documentation:**

- (a) 101
- (b) 102
- (c) 103
- (d) 104

**3) The cost auditor of the company who is in default in compliance with section 148 shall be punishable in the manner as provided in:**

- (a) Section 139 of Companies Act, 2013
- (b) sub-sections (1) to (3) of section 148 of Companies Act, 2013
- (c) Section 143 of Companies Act, 2013
- (d) sub-sections (2) to (5) of section 147 of Companies Act, 2013

**4) The applicability of cost audit under Companies (Cost Records & Audit) – Rules, 2014 for regulated industries having overall annual turnover during immediate preceding financial year is:**

- (a) ₹25.00 crores
- (b) ₹35.00 crores
- (c) ₹50.00 crores or more
- (d) None of the above

**5) A shoe manufacturing company has a plant capacity of producing 700 shoes per shift. During the year of 300 working days, 3 shifts of 8 hours with half-hour recess per shift, it produces 35.91 lakh shoes. The Normal Capacity Utilization percentage is**

- (a) 82%
- (b) 76%
- (c) 74%
- (d) 78%

**6) Remuneration of Non-Executive Director is treated as:**

- (a) Employee Costs
- (b) Administrative Overhead
- (c) Non-Cost item
- (d) Selling and Distribution Overhead

**7) Item appearing only in Cost Records is:**

- (a) Profit on Sale of Assets
- (b) Interest Received
- (c) Loss on Sale of Assets
- (d) Notional Interest on Capital

**8) CAS 21 deals with:**

- (a) Cost of Service Cost centre
- (b) Quality control
- (c) Capacity determination
- (d) Cost Classification

**9) Which one of the following KPI is used to measure productivity & efficiency of a machinery?**

- (a) % of Idle time to total available time
- (b) Machine downtime ratio
- (c) Production per man hour
- (d) Contribution per unit of material used

**10) Which of these reports is written before starting a new project?**

- (a) Feasibility report
- (b) Periodic report
- (c) Trouble report
- (d) Progress report

**11) Parallel runs are used:**

- (a) During regular operation of an information system.
- (b) When a system is initially implemented
- (c) Whenever errors are found in a computerized system
- (d) Whenever management insists

**12) Which of the following is not likely to be a fraud risk factor relating to management characteristics?**

- (a) Tax evasion
- (b) Failure to correct known weakness in internal control system
- (c) Adoption of conservative accounting principles
- (d) High management turnover

**13) C&AG has right to direct how company's accounts shall be audited by the auditor and to give such auditor instructions in regard to any matter relating to the performance of his functions as per section:**

- (a) 143 of the Companies Act, 2013
- (b) 134 of the Companies Act, 2013
- (c) 173 of the Companies Act, 2013
- (d) 44AB of the Income Tax Act, 1961

**14) As per the study of ACFE, the following category of individuals commit the highest frauds (in monetary terms):**

- (a) Low-level management
- (b) Mid-level management
- (c) Senior level management
- (d) All of the above

**15) "Payment System" as defined under the Prevention of Money Laundering Act, 2002 does include - (i) System enabling credit card operations, debit card operations (ii) smart card operations (iii) money transfer operations**

- (a) Only (i)
- (b) Only (iii)
- (c) Only (i) & (iii)
- (d) All the above

**16) A Cost Accountant who fails to comply with the provisions of sub-section (12) of Sec. 143 of the Companies Act, 2013, shall be punishable with fine of maximum \_\_\_\_\_**

- (a) 5.00 lakhs
- (b) 25.00 lakhs
- (c) 1.00 lakhs
- (d) 10.00 lakhs

**17) Which one of the below is not a regulated industry?**

- (a) Telecommunication
- (b) Electricity
- (c) Drugs & Pharmaceuticals
- (d) Automobile

**18) The Cost Auditing Standard which deals with Knowledge of business, its processes and the business environment:**

- (a) 101
- (b) 102
- (c) 103
- (d) 104

**19) CAS 9 deals with:**

- (a) Direct Expenses
- (b) Pollution Control Cost
- (c) Packing Material Cost
- (d) Employee Cost

**20) Which of the following is not a forming part of Cost of transportation?**

- (a) Cost of transport
- (b) Transit insurance
- (c) Demurrage Charge
- (d) Local Octroi charges

**Answers**

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

## Final Paper 18:

### Corporate Financial Reporting

1) Ind AS 113 deals with \_\_\_\_\_

- (a) Fair Value Measurement
- (b) Share Based payments
- (c) Joint Arrangements
- (d) Statement of Cash Flows

2) Ind AS 16 does not apply to which of the following?

- (a) Biological assets (other than bearer plants) related to agricultural activity
- (b) Assets in exploration for and evaluation of Mineral Resources
- (c) Mineral rights and mineral reserves such as oil, natural gas etc.
- (d) All of the above

3) Property Plant and Equipment (PPE) are initially recognized at

- (a) purchase price
- (b) fair value
- (c) cost
- (d) future economic benefits

4) X Ltd. borrowed \$6000 for construction of a qualifying asset at 3% interest p.a. on 01.04.2021 when \$1 = ₹60, which is due for payment on 31.03.2023. The company could borrow the amount in rupees at 12% interest p.a. Interest is payable on 31st 2023. Construction of asset will continue till 31.03.2023. If on 31.03.2022 \$1 = ₹70 which of the following statements is not true?

- (a) Exchange loss = ₹ (60 - 70) × \$6,000 = ₹60,000
- (b) Cost of borrowing in foreign currency = 3% × \$6,000 × ₹70 = ₹12,600
- (c) Cost of borrowing in functional currency = 12% × \$6,000 × ₹60 = ₹43,200
- (d) Cost of borrowing in foreign currency = 3% × \$6000 × ₹60 = ₹10,800

5) The following details relates to M/s XYZ, a firm:  
Average profit of last four years : ₹ 7,00,000  
Average capital employed by the firm : ₹55,00,000  
Normal rate of return : 10% Present value of annuity of ₹1 for 4 years @ 10% : 3.1699 Determine the value of goodwill on the basis of annuity of super profit.

- (a) ₹4,75,485
- (b) ₹4,85,585
- (c) ₹1,50,000
- (d) None of the above

6) Indian Accounting Standards relevant for recognition, measurement and disclosure of financial instruments are:

- (a) Financial instruments: Presentation (Ind AS 32)
- (b) Financial instruments: Disclosure (Ind AS 107)
- (c) Financial instruments: (Ind AS 109)
- (d) All of the above

7) Q Ltd. acquired a 75% interest in R Ltd. on January 1, 2021. Q Ltd. paid ₹ 900 Lakhs in cash for their interest in R Ltd. The fair value of R Ltd.'s assets is ₹2,000 Lakhs, and the fair value of its liabilities is ₹ 920 Lakhs. NCI valued at Fair Value and at Proportionate Value are:

- (a) ₹300 lakhs and ₹ 360 lakhs
- (b) ₹225 lakhs and ₹ 270 lakhs.
- (c) ₹300 lakhs and ₹ 270 lakhs.
- (d) ₹225 lakhs and ₹ 360 lakhs.

8) On March 31, 201X, A Ltd Absorbed B Ltd. A Ltd. issued 60,000 equity shares (₹10 par value) that were trading at ₹25 on March 31. The book value of B's net assets was ₹12,00,000, Equity Share Capital ₹5,00,000 and Other Equity ₹7,00,000 on March 31. The fair value of net assets of B Ltd. was assessed at ₹13,00,000. Compute purchase consideration as per Ind AS 103.

- (a) ₹15,00,000
- (b) ₹17,00,000
- (c) ₹20,00,000
- (d) ₹18,00,000



9) On 1 January 2021 A Ltd. Acquires 80 percent of the equity interests of B Ltd in exchange of cash of ₹ 600 lakhs. The identifiable assets are measured at ₹925 lakh and the liabilities assumed are measured at ₹150 lakh. The fair value of the 20 per cent non-controlling interest in P is ₹ 90 lakhs. The gain on bargain purchase will be:

- (a) ₹90 lakhs
- (b) ₹85 lakhs
- (c) ₹105 lakhs
- (d) ₹75 lakhs

10) Consolidated financial statements are required to be prepared by an Ind AS complied company if it holds shares in the investee company ---

- (a) Entailing 20% or more voting rights having significant influence over the investee company (called Associate as per Ind AS 28)
- (b) Entailing joint control over the investee company (called a Joint Venture as per Ind AS28)
- (c) Entailing control over investee company (called subsidiary company as per Ind AS 110)
- (d) All of the above

11) On the year ended 31st March, 2024, a Non-Banking Financial Company (NBFC) had following advances Assets Classification ₹ in lakhs Standard 1050 Sub - standard 750 Doubtful up to one year 200 Doubtful for one year to two year 220 The amount of provision which must be made against the advances will be-----

- (a) ₹254.70 Lakhs
- (b) ₹159 Lakhs
- (c) ₹163 Lakhs
- (d) ₹181 Lakhs

12) A Company takes a Machinery on lease for a term of 6 years at a lease rent of ₹4,00,000 p.a. payable at end of each year with guaranteed and unguaranteed residual value of ₹3,00,000. The gross investment will be -----

- (a) ₹24,00,000
- (b) ₹7,00,000
- (c) ₹1,00,000
- (d) ₹27,00,000

13) The three pillars of sustainability are often referred to as ----

- (a) Planet – People – Profit
- (b) People – Planet – Profit
- (c) People–Profit–Planet
- (d) People – Plant – Profit

14) NUPUR Ltd has equity share capital of ₹30 lakhs consisting of fully paid equity shares of ₹10 each. Net profit for the year 2023-24 was ₹45 lakhs. It has also issued 27,000, 10% convertible Debentures of ₹50 each. Each Debenture is convertible into 5 equity shares. The applicable tax rate is 30%. Compute the diluted earnings.

- (a) ₹46,35,000
- (b) ₹44,59,500
- (c) ₹45,94,500
- (d) ₹45,00,000

15) The Income approach for Valuation of Shares includes the models/Techniques:

- (a) Discounted Cash Flow
- (b) Dividend Discount Model
- (c) Maintainable Profits Basis
- (d) All of the above

16) Ind As 109 deals with -----

- (a) Recognition and measurement of financial instruments and hedge accounting
- (b) Presentation of financial instruments
- (c) Disclosure of financial instruments
- (d) None of the above

17) IND AS is applicable to NBFCs on and from ---

- (a) 1.4.2016
- (b) 1.4.2017
- (c) 1.4.2015
- (d) 1.4.2018

18) In business combination, control of business can be obtained by -----

- (a) acquiring assets and assuming liabilities (such assets and liabilities must constitute a business, otherwise it is not a business combination)
- (b) by acquisition of shares
- (c) by other legal process
- (d) All of the above

19) As per Ind AS 112: Disclosure of Interests in Other Entities, an entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- (a) that it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110, Consolidated Financial Statements
- (b) that it has joint control of an arrangement or significant influence over another entity
- (c) the type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle
- (d) All of the above

20) A Ltd acquires B Ltd by purchasing 70% of its equity for ₹ 17.5 lakh in cash. The fair value of non – controlling interest is determined as ₹12 lakh. The value of net identifiable assets and liabilities, as measured in accordance with Ind-AS 103 is determined as ₹ 8 Lakh. How much goodwill is recognized?

- (a) ₹21.5 Lakh
- (b) ₹19.5 Lakh
- (c) ₹12.7 Lakh
- (d) None

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (a)  | 2 (d)  | 3 (c)  | 4 (d)  | 5 (a)  | 6 (d)  | 7 (c)  | 8 (a)  | 9 (b)  | 10 (d) |
| 11 (a) | 12 (d) | 13 (b) | 14 (c) | 15 (d) | 16 (a) | 17 (d) | 18 (d) | 19 (d) | 20 (a) |

## Final Paper 19:

### Indirect Tax Laws & Practice

1) Under GST Act a supply of assortment of sweets, chocolates and firecrackers packed in gift hamper is

- (a) Joint supply
- (b) Composite supply
- (c) Mixed supply
- (d) Assorted supply

2) What happens if the turnover of a registered person paying taxes under composition scheme during the year 2022-23 crosses threshold limit?

- (a) He can continue under composition scheme till the end of the financial year.
- (b) He will be liable to pay tax at normal rates of GST on the entire turnover for the financial year 2022-23
- (c) He will cease to remain under the composition scheme with immediate effect
- (d) He will cease to remain under the composition scheme from the quarter following the quarter in which the aggregate turnover exceeds threshold limit

3) Mr. A has started intra-state supply of goods from Delhi. He is required to obtain registration if his aggregate turnover exceeds \_\_\_\_\_ during a financial year.

- (a) ₹10 lakh
- (b) ₹20 lakh
- (c) ₹30 lakh
- (d) ₹40 lakh

4) Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹1,60,000. Such performance is not for promotion of any product/services. Rate of CGST and SGST on such services is 9% each. Assuming the services supplied by him to be intra State supplies, which of the following statement are true?

- (a) GST liability of Kesar Maharaj is Nil
- (b) Kesar Maharaj is liable to pay CGST and SGST of ₹14,400 and ₹14,400 respectively.
- (c) Kesar Maharaj is liable to pay CGST and SGST of ₹900 and ₹900 respectively.
- (d) None of the above.

5) Calculate Free on Board value from following:  
Ex-factory price of exporter- ₹10,000; Expenses upto loading of goods by foreign exporter- ₹12,000. Post importation cost- ₹8000:

- (a) ₹30,000
- (b) ₹22,000
- (c) ₹18,000
- (d) ₹22,250

6) Is E-way bill mandatory in case of transport of the handicraft goods from one State to another State by a person who has been exempted from the requirement of obtaining registration?

- (a) E-way Bill is not required as the supplier is exempt from the requirement of obtaining registration.
- (b) E-way Bill is mandatory only if the value of consignment is more than ₹50,000
- (c) E-way Bill is mandatory even if the value of consignment does not exceed ₹50,000
- (d) None of the above

7) Mr. A purchase redeemable vouchers worth INR 8000/- on 1st January. The vouchers are redeemable against purchase of any goods. The vouchers are valid till 30th June. What will be the time of supply in case of such vouchers?

- (a) 1st January
- (b) 30th June
- (c) The date of redemption of vouchers
- (d) None of the above.

8) What is the time limit for taking ITC on invoices pertaining to a financial year?

- (a) 180 days
- (b) 1 year
- (c) Due date of filling return for the month of September of the next financial year or the date of filling annual return, whichever is earlier
- (d) No limit

9) Mr. Ram registered in Chennai has supplied goods to Kochi Fisheries Department, for total contract value of ₹2,65,000 inclusive of 18% IGST. The tax to be deducted at sources is (TDS on GST):

- (a) Nil
- (b) ₹2,650
- (c) ₹5,300
- (d) None of these

10) The due date for filling GSTR – 6 (Return for input Service distribution) is \_\_\_\_\_ of the succeeding month.

- (a) 10
- (b) 13
- (c) 18
- (d) 20

11) GST is payable by the recipient under reverse charge on:

- (a) Sponsorship services
- (b) Transport of good by rail
- (c) Transport of passengers by air
- (d) All of the above

12) If any doubt arises in respect of interpretation of FTP, the said doubt should be forwarded to \_\_\_\_\_

- (a) CBIC
- (b) DGFT
- (c) Government
- (d) Courts.

13) What is the General Free Allowance for passengers coming from Nepal by land route?

- (a) Nil
- (b) ₹50,000
- (c) ₹15,000
- (d) ₹25000

14) At present manufacture, and other operations in which bonded warehouse is not allowed?

- (a) Public Bonded Warehouse
- (b) Special Bonded warehouses
- (c) Only Private Bonded warehouse
- (d) Both (a) and (b)

15) Value of inputs covered by Advanced authorization ₹25 lakh. Export must be of \_\_\_\_\_ minimum value addition:

- (a) 100%
- (b) 15%
- (c) 20%
- (d) 50%

16) Flow of consideration is not a mandatory requirement under supply, in case of:

- (a) Imports
- (b) Activities specified under Schedule I of the CGST Act
- (c) Both
- (d) None of the above

17) What is the threshold limit of turnover in the preceding financial year for opting to pay tax under composition scheme for States other than special category States?

- (a) ₹20 lakh
- (b) ₹10 lakh
- (c) ₹50 lakh
- (d) ₹150 lakh

18) Mr. A has started intra-state supply of services from Delhi. He is required to obtain registration if his aggregate turnover exceeds \_\_\_\_\_ during a financial year.

- (a) ₹10 lakh
- (b) ₹20 lakh
- (c) ₹30 lakh
- (d) ₹40 lakh

19) Levy of GST on Priority Sector Lending Certificate (PSLC) under:

- (a) Exempted supply of goods
- (b) Reverse Charge Mechanism (RCM)
- (c) Partial Reverse Charge Mechanism
- (d) Forward Charge

20) Which of following deductions is allowed from value of imported goods vide rule 7 (deductive value)

- (a) commission on sales in India;
- (b) Transport from foreign port;
- (c) Both of the above
- (d) None of the above

### Answers

- |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 (c)  | 2 (d)  | 3 (d)  | 4 (b)  | 5 (b)  | 6 (c)  | 7 (c)  | 8 (c)  | 9 (a)  | 10 (b) |
| 11 (d) | 12 (b) | 13 (a) | 14 (c) | 15 (b) | 16 (b) | 17 (d) | 18 (b) | 19 (b) | 20 (a) |

## Final Paper 20(A):

### Strategic Performance Management & Business Valuation

1) \_\_\_\_\_ is the uncertainty of the purchasing power of the monies to be received, in the future?

- (a) Market risk
- (b) Physical risk
- (c) Purchasing power risk
- (d) Interest rate risk

2) Under perfect competition and at the point of equilibrium of firm:

- (a) MC curve must be falling
- (b) MC curve must be rising
- (c) MR curve must be falling
- (d) None of the above

3) Risk Management Strategies are:

- (a) Avoid Risk, Reduce Risk, Retain Risk, Combine Risk
- (b) Transfer Risk, Share Risk and Hedge Risk
- (c) Both (a) and (b)
- (d) None of the above

4) Benchmarking focuses on:

- (a) Production
- (b) Profit
- (c) Best Practices
- (d) Best performance

5) The \_\_\_\_\_ elements of Going Concern Value result from factors such as having a trained work force, an operational plant, the necessary licenses, marketing systems, and procedures in place etc.

- (a) Intangible
- (b) Tangible
- (c) Fixed Asset
- (d) Current Asset

6) Estimated fair value of an asset is based on the \_\_\_\_\_ value of operating cash flows.

- (a) Current
- (b) Discounted
- (c) Future
- (d) None of these

7) \_\_\_\_\_ is the yield actually earned by the investor on his investment and depends on the reinvestment rate and the holding period chosen by him.

- (a) Realised Yield
- (b) Yield to Maturity
- (c) Current Yield
- (d) None of the above

8) If the Value of target Co. is ₹ 500 Million and the value of acquiring company is ₹ 800 Million. Present value of cost savings if the two companies are merged together is ₹ 100 million. Acquiring company expects the cost of integration as ₹ 80 million and the shareholders of Target Co. are expecting a deal premium to be paid of 15 percent over their company's value. what is the value of Combined entity?

- (a) ₹1400 million
- (b) ₹1345 million
- (c) ₹1445 million
- (d) ₹1540 million

9) \_\_\_\_\_ are often done by Private Equities, Venture Capitalists and portfolio companies who acquirer a company purely for their value and normally do not make significant operational changes.

- (a) Financial Acquisition
- (b) Strategic acquisitions
- (c) Hostile takeover
- (d) None of these

10) 8% bond of Face Value ₹ 100 is selling for ₹ 96. What would be its Current Yield?

- (a) 8%
- (b) 12%
- (c) 8.33%
- (d) None of the above

## Final Paper 20(B):

### Risk Management In Banking And Insurance

1) Legal Risk is known as \_\_\_\_\_

- (a) When the actions can lead to the entire financial system coming to a standstill.
- (b) When there is a financial loss to the bank arising from legal suits filed against the bank or by a bank for applying a law wrongly.
- (c) When a bank chooses the wrong strategy or follows a long-term business strategy which might lead to its failure.
- (d) All of the above

2) If the 1- day VaR of a portfolio is ₹ 50,000 with a 97% confidence level. In a period of 1 year of 300 trading days, in how many days the loss on the portfolio may exceed ₹50,000?

- (a) 9 days
- (b) 3 days
- (c) 100 days
- (d) None of the above

3) When did India started implementing BASEL-I guidelines?

- (a) 1988
- (b) 1990
- (c) 1991
- (d) 1992

4) Bankruptcy reorganizations are used by management to

- (a) Forestall the inevitable liquidation in all cases.
- (b) Provide time to turn the business around.
- (c) Allow the courts time to set up an administrative structure.
- (d) All of the above.

5) \_\_\_\_\_ is a voluntary termination of the contract by the policy holders.

- (a) Report
- (b) Surrender
- (c) Prospectus
- (d) Cover note

6) \_\_\_\_\_ Policy matures on the assured death or on his attainment of a particular age whichever occurs earlier.

- (a) Endowment
- (b) Money back
- (c) Joint life
- (d) Single premium

7) The duty of disclosure of material facts arises in life insurance \_\_\_\_\_

- (a) only during the proposal stage
- (b) only during the policy period if there is a change in risk
- (c) only at the time of renewal
- (d) All of the above

8) \_\_\_\_\_ is the most famous tool of risk management.

- (a) Certainty risk
- (b) Insurance
- (c) Loss prevention
- (d) Uncertainty risk

9) \_\_\_\_\_ risks happen within a stable environment and are constant over an observed period of time.

- (a) Speculative
- (b) Pure
- (c) Dynamic
- (d) Static

10) Insurance companies manage risks by .

- (a) Diversification
- (b) Reinsurance
- (c) Matching and hedging of assets
- (d) All of the above



## Final Paper 20(C):

### Risk Management In Banking And Insurance

1) Which of the following characteristics make an entrepreneurship successful?

- (a) Risk-Bearing
- (b) Perseverance
- (c) Flexibility
- (d) All of the above

2) Which of the following factors does not affect the capital structure?

- (a) Company Life Cycle
- (b) Cost of Capital
- (c) Budget Estimates
- (d) Consideration of Stakeholder Interests

3) CGPDTM stands for -

- (a) Commerce General of Patent, Trademark and Design
- (b) Controller General of Patent, Trademark and Development
- (c) Controller General of Patent, Trademark and Design
- (d) Controller General of Patent, Tariff and Design

4) Important features of boot strapping are -----

- (a) no outside investment.
- (b) Depends on personal savings, personal debt
- (c) Flexibility in the early growth phased.
- (d) all of the above

5) A/An ----- process is a set of steps between an idea's conception and its implementation.

- (a) Innovation
- (b) Research
- (c) Startup
- (d) Conceptualisation

6) Scaling up people is not including -----

- (a) Leaders
- (b) Vendors
- (c) Teams
- (d) Manager

7) Market Risk does not include -----

- (a) Equity risk
- (b) Credit Risk
- (c) Interest rate risk
- (d) Currency risk

8) Hierarchy of Strategic Intent:

- (a) Vision>Mission>Goals>Objectives>Plans
- (b) Mission>Vision>Goals>Objectives>Plans
- (c) Plans>Vision>Mission>Goals> Objectives
- (d) Goals>Vision>Mission>Objectives>Plans

9) A social entrepreneur is a person who explores

- (a) Production opportunities
- (b) Loan opportunities
- (c) Business Opportunities
- (d) All of these

10) MSME sector contributes in export about

- (a) 50%
- (b) 40%
- (c) 70%
- (d) None of these



**Answers**

**Final Paper 20(A)**

1 (c) 2 (b) 3 (c) 4 (d) 5 (a) 6 (b) 7 (a) 8 (a) 9 (a) 10 (c)

**Answers**

**Final Paper 20(B)**

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

**Answers**

**Final Paper 20(C)**

1 (a) 2 (c) 3 (c) 4 (d) 5 (a) 6 (b) 7 (b) 8 (a) 9 (c) 10 (b)

## Glimpses of CMA Campus Placement Programme organised by Career Counselling & Placement Committee for Newly Qualified Cost Accountants of December 2023 Term

The Career Counselling and Placement Committee of the Institute of Cost Accountants of India conducted campus placement for the December 2023 final-passed students from April 23 to 25, 2024, at Aruna Manharlal Shah Institute of Management, Mumbai. A total of 20 companies participated on campus and selected or shortlisted more than 100 students. CMA Chaitanya Mohrir, Chairman, ICMAI-WIRC; CMA Arindam Goswami, Vice Chairman, ICMAI-WIRC; and CMA Mihir Vyas, Hon. Secretary & Chairman, Students Coordination Committee, were present on the occasion and motivated and guided Fresh CMAS.





## Campus Placement

Sr No	Company Name	No of Students Selected
1	L & T	7
2	Reliance Jio	3
3	Tata Motors	10
4	Vedanta	9
5	WNS	3
6	Marico	3
7	Nestle	1
8	Kalpataru	9
9	NAFED	2
10	Prism Jhonson	3
11	Accenture	7
12	Hinduja Renewables Energy	4
13	KD Practices	1
14	RSM	4
15	Sharp & Tannan Associates	9
16	Tech Mahindra Ltd.	7
17	Viraj Profiles	5
18	Accenture Solutions Pvt. Ltd	10
19	CITCO	2
20	Expound Technivo	2
<b>Total</b>		<b>101</b>



## Glimpses of Students Felicitation Programme organised for CMA Foundation, Intermediate & Final Completed in December 2023 term of Examination



Chief Guest CMA (Dr) Sriram Swaminathan, CFO Punjab Chemicals and Crop Protection Limited inaugurating the programme by lighting the lamp.



MA Chaitanya Mohrir, Chairman, ICMAI-WIRC felicitating Chief Guest CMA (Dr) Sriram Swaminathan, CFO Punjab Chemicals and Crop Protection Limited



CMA Mihir Vyas, Hon. Secretary & Chairman Students Co-ordination Committee, ICMAI-WIRC felicitating CMA Ashwin Dalwadi, President ICMAI



Mr. Aniruddha Shinde, AIR - 8 - Final Rank holder & 1st from WIRC - Syllabus 2016 along with Chief Guest CMA (Dr) Sriram Swaminathan and CMA Ashwin Dalwadi, President ICMAI



Mr. Akshat Ganesh Beriwal, AIR 1 - Intermediate Rank Holder - Syllabus 2022 along with CMA Mihir Vyas, Hon. Secretary & Chairman Students Co-ordination Committee, WIRC, Chief Guest CMA (Dr) Sriram Swaminathan, CMA (Dr.) Ashish Thatte, CCM-ICMAI



CMA Nanty Shah, Treasurer WIRC, CMA Chaitanya Mohrir, Chairman, WIRC, CMA Mihir Vyas, Hon. Secretary & Chairman Students Co-ordination Committee, WIRC, Chief Guest CMA (Dr) Sriram Swaminathan, CFO Punjab Chemicals and Crop Protection Limited, CMA Ashwin Dalwadi, President ICMAI, CMA Neeraj Joshi, CCM-ICMAI and CMA (Dr.) Ashish Thatte, CCM-ICMAI



View of Students



View of Students



View of Participants

WIRC successfully conducted Students Felicitation Programme of CMA Foundation, Intermediate and Final completed in December 2023 Examination on 10th April 2024 at Patkar Hall, Churchgate Mumbai. More than 300 students attended the ceremony at Mumbai.

CMA Mihir Vyas, Chairman Students Co-ordination Committee & Hon. Secretary, ICMAI - WIRC welcomed Guests and students and delivered his welcome address. CMA (Dr) Sriram Swaminathan, CFO Punjab Chemicals and Crop Protection Limited was the Chief Guest for the programme. Inaugural Session was started by lighting the lamp by all dignitaries on dais.

CMA Ashwin Dalwadi, President, ICMAI, CMA Chaitanya Mohrir, Chairman, ICMAI-WIRC, CMA Nanty Shah Treasurer - ICMAI-WIRC, CMA (Dr) Ashish Thatte, CCM- ICMAI, CMA Neeraj Joshi, CCM-ICMAI address the CMA Fraternity and guided the students about various options opening other than job opportunities and advised them to become entrepreneurs.

Chief Guest CMA (Dr) Sriram Swaminathan, CFO Punjab Chemicals and Crop Protection Limited, congratulated students and guide them on how to improve the Professional Skills and became a proud CMA.

CMA Harshad DeshCCM-ICMAI, Mahendra Bhombe, RCM, ICMAI-WIRC, CMA Manisha Agrawal, RCM, ICMAI-WIRC, CMA Vivek Bhalerao, RCM, ICMAI-WIRC graced the occasion

All the Central Council Members & Regional Council Members along with Chief Guest, congratulated & presented the mementos to the students. WIRC also felicitated all the Rank holders from the Western Region on this occasion. The programme concluded by the vote of thanks.



## 12 Days Pre-Campus Orientation Programme

The Members in Industry and Placement Committee of the Institute in association with Western India Regional Council (WIRC) organized a 12 days Pre-Campus Orientation Programme for December 2023 qualified Cost Accountants at Mumbai. Around 125 Students from all over the Region participated in the orientation programme.

Many eminent faculties gave detailed presentation on various topics during the scheduled days, which are useful to the participants in their professional career.

CMA L. Prakash, Head Supply Chain Management Platforms (Process Excellence) Hydrocarbon business, Reliance Industries Limited was the Chief Guest for the Valedictory Session programme. CMA (Dr.) Ashish Thatte, CCM and Chairman Career Counselling & Placement Committee, ICMAI, CMA Chaitanya Mohrir, Chairman- WIRC were present on the occasion.

The Participation Certificate were distributed to the participants who have successfully completed the 12 Days Pre- Campus Orientation Programme at the hands of dignitaries.





# CMA विद्यार्थी

Behind Every Successful Business  
Decision, There is always a CMA



## ICMAI

THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA  
(Statutory Body under an Act of Parliament)



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