



# CMA विद्यार्थी

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

## Hardwork And Determination Shaping Careers for a Successful Future!

Success is not just a destination; it's a journey paved with dedication, and hard work. Every step on your career path has led to this remarkable achievement.



**Behind Every Successful Business Decision, There is always a CMA**

Follow Us On:     

[www.icmai-wirc.in](http://www.icmai-wirc.in)

# Table Of Content

**From The Chairman's Desk... (3)**

**Chief Editor's Communique... (4)**

**Student's Corner... (5)**

**Western Region Rank Holder (Final) ... (6)**

**Western Region Rank Holder (Inter.) ... (7)**

**Student's Corner (9)**

- Understanding Cost Audits : A Comprehensive Overview ... (9)
- Tax Savings in India ... (11)
- Significant Changes in GST ... (13)
- Strategic Cost Accounting for IT Infrastructure and Development ... (16)
- Poem: Life Is a Journey ... (17)
- CASO1: Clarification on Cost: Understanding the Concept and Its Importance ... (18)
- India Facing Current Economic Issues ... (20)
- Activity Based Costing ... (23)
- Competitive Advantage Starts with Cost Management ... (27)
- The Evolution of Cost Accounting and the Role of CMAs in Modern Business ... (29)
- Embracing the Future- Rise of a Cashless Society ... (30)
- Uses of AI in Costing ... (32)
- Predictive Analytics and AI: Shaping the Future of Cost Management in Accounting ... (34)
- HML Analysis in Inventory Management: Optimizing Operations for Sustainable Success ... (37)
- The Crucial Role of Cost and Management Accountants in India's Banking and Finance Sector ... (39)
- Tax Planning for Startup's: A Cost Accounting Perspective ... (42)
- The Impact of Digitalization on Cost Structures: A Study of Industry 4.0 ... (45)

**MCQ: Foundation ... (48)**

**MCQ Intermediate ... (56)**

**MCQ Final ... (73)**

# Editorial Board

**Chief Editor:**

- CMA Mihir Narayan Vyas

**Editorial Team:**

- CMA Chaitanya Laxmanrao Mohrir
- CMA Dr. Marzun Jokhi
- CMA Hemendrakumar Shah
- CMA Sanvedi Parag Rane
- CMA Arunabha Saha
- CMA Hemant Deshpande
- CMA Neeraj Kumar Jangid
- CMA Kaushlendra Kumar Jha
- CMA Abhisek Bhowmik

## 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 Arindam Goswami**  
Chairman, ICMAI-WIRC

**“The journey of a thousand miles begins with a single step.  
Keep stepping forward with courage and determination.”**

Dear Students,

As Chairman, it is a great pleasure for me to establish a connection with all of you through this edition of CMA Vidyarthi. This bulletin is evidence of our dedication to developing the most talented individuals in the field of management and cost accounting.

First and foremost, I want to sincerely congratulate each and every student who passed the Foundation, Intermediate, and Final exams. You are now ready to move on to the next phase of your career because of your diligence, commitment, and persistence. I implore those who have completed the Foundation or Intermediate levels to enrol right away in the next phase. You are getting closer to becoming a Cost Accountant and making a remarkable influence in the finance industry with each step you take.

Here at WIRC, we work hard to make sure you have access to the best tools possible so you can achieve academic success. With great pleasure, I notify you that since last month, WIRC has been publishing an MCQ Corner, which is intended to help you prepare for the nearing exam. I urge you to make the most of this important resource along with the other resources and materials that are a part of our ongoing efforts to support CMA student community.

Looking ahead, WIRC has several fascinating events in store for you. We are pleased to present the Students' Regional Cost Convention, which will take place in January 2025 at Baroda and provide you with an opportunity to learn more and connect with professionals in the field. In addition, on the fourth Sunday in December, we are hosting a Sports Day for the first time ever. This will have a great chance to unwind, participate in friendly competition, and promote friendship.

Additionally, I would like to draw attention to the CMA Pre-Placement Orientation Programme, which will be held at Mumbai from September 18 to 28, 2024, for the newly qualified CMAs of June 2024. This program is a great way to get ready for the upcoming campus placements in Mumbai, which are set for September 30, 2024, and October 1, 2024 among your peers.

Lastly, as we celebrate the joyous occasion of Ganesh Chaturthi, I wish all of you a happy and prosperous festival. May Lord Ganesha bless you with wisdom, success, and good fortune.

With regards,

**CMA Arindam Goswami**

Chairman,

Western India Regional Council of

The Institute of Cost Accountants of India

# Chief Editor's Communique



## CMA Mihir Narayan Vyas

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

**“True teamwork happens when individual ideas come together to create something bigger, making the impossible possible”**

Dear Students,

Greetings!

It gives me immense pleasure to connect with you once again as the Chief Editor of WIRC Bulletin & Chairman of the Students Coordination Committee through this edition of the CMA Vidyarthi. Our journey together continues to be marked by determination, growth, and a shared passion for excellence. This edition is brimming with updates, opportunities, and insights crafted to support your journey in the CMA profession.

First and foremost, I extend my heartfelt congratulations to all students who have successfully cleared the Foundation, Intermediate, and Final in June 2024 examinations. Your hard work and perseverance have paid off, and you have made us all proud. I encourage you to take the next step in your CMA journey without delays to stepping into the professional world with confidence.

We are also excited to inform you that we are planning to host the Students Regional Cost Convention in January 2024 at Baroda. This event will be a great platform for learning, networking, and sharing knowledge.

Last month, we introduced an exciting new feature in the form of the MCQ Corner, designed to support your exam preparations. I encourage all of you to make the most of this resource, which will greatly assist you in enhancing your knowledge and exam readiness. Your success is our primary goal, and we are here to support you at every step.

Please be reminded that the last date for submitting exam forms for the December 2024 term is 10th October for Intermediate and Final students, and 15th October for Foundation students. Ensure that you complete this important step in time.

I'm pleased to announce that WIRC will be conducting revisionary sessions in the month of November for Intermediate & Final level students, and in the first week of December for Foundation students. These sessions are designed to reinforce your knowledge and boost your confidence as you approach the exams.

Continuing with our success, we have launched the second season of the Rising Stars of CMA Series, where we highlight the inspiring journeys of successful CMAs. Last Sunday, we went live with one of our rising stars, and I invite you to stay tuned for more motivational stories.

WIRC Organised the Drawing Competition on the occasion of the Ganesh Festival at the WIRC office on 10th September, 2024 at 11.00 am . I urge all students to showcase their creativity and participate enthusiastically.

The Career Counselling & Placement Committee of ICMAI is organizing the Pre-Placement Orientation Programme at Mumbai from 18th to 28th September 2024, for the newly qualified Cost Accountants from the June 2024 term. Following this, the Mumbai Campus Placements will be held on 30th September and 1st October 2024 at Mumbai.

This edition of the bulletin is packed with 18 insightful articles, along with the MCQ Corner, which I hope will serve as valuable resources in your journey. I also encourage you to contribute your own articles, insights, and experiences to this bulletin—your voice matters, and your contributions can inspire and guide your peers. Together, we've embarked on a journey to make the CMA Vidyarthi Bulletin a beacon of knowledge and inspiration for all CMA students. Wishing you all a very Happy Ganpati Festival! May Lord Ganesha bless you with success and knowledge.

With Warm Regards,

**CMA Mihir Narayan Vyas**

Vice Chairman

Chairman, Editorial Board & Students Coordination Committee

Western India Regional Council of

The Institute of Cost Accountants of India

Heartiest congratulations on your remarkable achievement in the CMA Final Examination! Your dedication, hard work, and determination have truly paid off. Wishing you continued success and a bright future ahead!

## Western Region Rank Holders (Final June 2024 Examination)



**Tahiruddin Sirajuddin Shaikh**  
AIR 2, Mumbai



**Pratham Mehta**  
AIR 15, Baroda



**Om Naresh Potalwad**  
AIR 17, Aurangabad



**Srishti Haleangadi**  
AIR 21, Mumbai



**Padmesh Jain**  
AIR 25, Bhilai



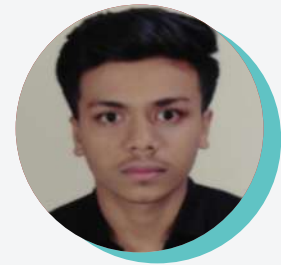
**Yash Dhabhai**  
AIR 30, Bilaspur



**Siddhi Manihar**  
AIR 32, Surat



**Shyam Mehta**  
AIR 38, Surat



**Vansheet Patel**  
AIR 38, Kalyan



**Priyam Assudani**  
AIR 40, Bhopal



**Siddhesh Bhor**  
AIR 45, Pune



**Het Patel**  
AIR 50, Ahmedabad

## Western Region Rank Holders (Intermediate June 2024 Examination)



**Nikita Bansal**  
AIR 1, Surat



**Prachi Mundhra**  
AIR 5, Surat



**Deshna Jain**  
AIR 10, Surat



**Sahil Mehta**  
AIR 13, Surat



**Shyam Sahu**  
AIR 15, Bhilai Mahasamund



**Ankit Pandey**  
AIR 15, Durg-Bhilai Nagar



**Daksha Baliram Madhavi**  
AIR 16, Kalyan



**Pooja Soni**  
AIR 17, Surat



**Rahul Bhoir**  
AIR 17, Navi Mumbai



**Supan Gandhi**  
AIR 22, Surat



**Nitesh Sipani**  
AIR 25, Surat



**Juhi Bharwani**  
AIR 31, Vadodara



Siddharthsinh Jadeja  
AIR 32, Adipur-Kutch



Prayush Chatterjee  
AIR 37, Pune



Ria Chhaira  
AIR 37, Surat



Khushboo Tulsani  
AIR 43, Surat



Anuj Satra  
AIR 46, Mumbai



Aastha Rupapara  
AIR 48, Surat



Priyanka Prajapati  
AIR 50, Surat

“

**Achievement is not measured by the destination, but by the challenges you overcome along the way. True success lies in the journey of perseverance and growth.**

”



# Student's Corner



## Understanding Cost Audits: A Comprehensive Overview

**Pranali Fattarfode**  
CMA Intermediate

### What is a Cost Audit?

A cost audit involves a detailed review and examination of a company's expenditures. The aim is to verify that all expenses are accurate, justified, and properly recorded according to the company's budget and accounting principles. This ensures that financial reports reflect the true cost of operations and that the company is managing its finances effectively.

### Purpose of a Cost Audit

The cost audit serves several important purposes:

#### 1. Accuracy Verification:

**Ensuring Correctness:** The primary goal is to confirm that the recorded costs are accurate. This involves cross-checking financial records with actual transactions to ensure that the figures are correct and complete.

**Error Identification:** It helps in spotting any errors or discrepancies in cost recording, which might be due to mistakes or oversight.

#### 2. Compliance:

**Adherence to Policies:** Cost audits ensure that expenses are managed according to the company's internal policies and procedures.

**Regulatory Requirements:** It verifies compliance with external regulatory standards and laws to prevent legal issues and ensure proper governance.

#### 3. Efficiency Improvement:

**Cost Management:** By analyzing where and how money is spent, the audit identifies areas where

costs are higher than necessary. This can reveal inefficiencies and opportunities for cost reduction.

**Process Optimization:** It helps in streamlining operations and processes to make them more efficient, which can lead to significant savings.

#### 4. Fraud Detection:

**Identifying Irregularities:** The audit can uncover signs of fraudulent activities by detecting unusual or unexplained costs.

**Preventive Measures:** Early detection of discrepancies helps in preventing or addressing potential fraud.

### Cost Audit Process

The process of conducting a cost audit typically includes several key steps:

#### 1. Planning:

**Developing an Audit Plan:** This involves setting objectives for the audit, determining the scope, and outlining the procedures to be followed.

**Identifying Key Areas:** Focus is placed on critical cost areas that need thorough examination, such as high-value expenses or high-risk areas.

**Gathering Documentation:** Collecting relevant records, reports, and documentation necessary for audit.

#### 2. Fieldwork:

**Data Collection:** This involves gathering information through various methods such as interviews with employees, inspections of physical assets, and

review of financial records. Verification: Ensuring that the collected data aligns with documented evidence and actual expenditures.

### 3. Analysis:

Comparing Costs: Analyzing actual costs against budgeted amounts to identify any variances.

Assessing Variances: Evaluating the reasons for differences between actual and budgeted costs, and determining if they are justified.

### 4. Reporting:

Documenting Findings: Preparing a detailed report that summarizes the findings of the audit, including any discrepancies or issues identified.

Recommendations: Providing actionable suggestions for improving cost management and addressing any problems found during the audit.

### 5. Follow-Up:

Implementation Monitoring: Reviewing how the company implements the audit recommendations to ensure that corrective actions are taken.

Effectiveness Assessment: Evaluating whether the changes made have effectively resolved the issues and improved cost management.

## **Benefits of Cost Audits**

Cost audits provide several advantages:

### 1. Enhanced Accuracy:

Financial Reporting: Accurate cost records lead to more reliable financial reports, which are crucial for decision-making by management and stakeholders.

### 2. Cost Control:

Expense Management: Identifying and eliminating unnecessary expenses helps in maintaining better control over financial resources and improving the overall financial health of the company.

### 3. Regulatory Compliance:

Avoiding Penalties: Ensuring adherence to legal and regulatory requirements helps in avoiding fines, penalties, and legal complications.

### 5. Operational Efficiency:

Process Improvements: Gaining insights from the audit can lead to improved operational processes and reduced waste, enhancing overall efficiency.

## **Challenges and Considerations**

While cost audits are beneficial, they come with their own set of challenges:

### 1. Complexity:

Intricate Cost Structures: Analyzing complex cost structures and detailed transactions can be challenging and require specialized knowledge.

### 2. Resistance:

Employee Concerns: Employees might resist audits due to concerns about increased scrutiny or potential changes in procedures that could affect their work.

### 3. Cost:

Resource Intensive: Conducting a thorough audit requires significant resources, including time and financial investment, which can be a burden for some organizations.

### 4. Data Accuracy:

Dependence on Quality Data: The effectiveness of the audit depends on the accuracy and completeness of the data provided. Poor-quality data can lead to incorrect conclusions.

## **Conclusion**

Cost audits are essential for managing a company's expenses effectively and ensuring that financial practices align with overall goals. By thoroughly examining cost records and processes, businesses can achieve greater accuracy in financial reporting, better control over expenses, and improved operational efficiency. Despite the inherent challenges, the benefits of regular cost audits make them a crucial component of sound financial management and corporate governance.





## Tax Savings in India

**Rutuja Joshi**  
CMA Intermediate

Financially prudent taxpayer in the country must make use of all legally accepted options available to save taxes. This article attempts to provide a quick lowdown on how you can do so.

It is extremely painful to see your hard-earned money get deducted in taxes, the good use it is put to notwithstanding. A financially prudent taxpayer in the country must make use of all legally accepted options available to him to save taxes.

### Tax Saving in India: A Comprehensive Guide

Tax saving is an essential aspect of personal finance in India. With the country's tax laws and regulations constantly evolving, it's crucial to stay informed about the various tax-saving options available. In this article, we'll delve into the different ways to save tax in India, exemptions, deductions, and more.

### Understanding Tax Slabs in India

Before we dive into tax saving, it's essential to understand the tax slabs in India. The country follows a progressive tax system, with tax rates increasing as income rises. From past few years government has two tax scheme options, both has some benefits and some cons.

Tax saving in India can be achieved through various deductions and exemptions under the Income Tax Act, 1961. Here are some key options:

### Tax-Saving Options under Section 80C

Section 80C offers a deduction of up to ₹1.5 lakhs from taxable income. Invest in:

**Public Provident Fund (PPF)**- These are government-backed investments with a minimum lock-in period of 15 years. You can partially withdraw funds after 7 years, and earn an interest of around 8%.

**Employee Provident Fund (EPF)** - This is a retirement benefit scheme for salaried employees. Here, 12% of the basic salary and Dearness Allowance (DA) is deducted by the employer. This fund is then deposited in government-recognised provident fund schemes.

### National Savings Certificate (NSC)

### Tax-saving Fixed Deposits (FDs)

**Equity Linked Savings Scheme (ELSS)** - These are tax saving mutual fund schemes providing the twin benefits of tax saving along with high market-linked returns. These have a minimum lock-in period of 3 years.

### Life Insurance Premiums

### Other Tax-Saving Options

**Section 80D:** Medical Insurance Premiums (up to 25,000 for self and family, ₹50,000 for parents)

**Section 80E:** Interest on education loans for higher studies

### Section 24:

- Home loan interest (up to 2 lakhs)
- Standard Deduction- 30% of NAV (Net Annual Value)

Not all your rental income is taxable.

From the rent received/ receivable for the property, you are allowed to deduct the municipal taxes payable for the property. As the rent is taxable on accrual basis, the law allows you to claim deduction for the rent which you have not been able to realise, subject to the fulfilment of certain conditions. After deducting the above two items, what you get is the annual value, from which you are allowed a standard deduction of 30% of the annual value, to cover the expense for repairs, etc.

Note that the deduction of 30% is a standard deduction, irrespective of whether you have actually incurred any expenditure for repairs or renovation for the property, during the year under review.

Also, in case you have borrowed any money for purchase, construction, repair/renovation of a rental property, you are allowed to claim deduction for the interest payable on money borrowed. The money can be borrowed from any person and not necessarily as a home loan. There is no restriction on the amount of interest which you can claim against your rental income.

**Section 80G:** Donations to registered charities

**NPS (National Pension System):** Contribute up to ₹50,000 and claim deduction under Section 80CCD(1B)

Exemptions

HRA (House Rent Allowance) exemption

LTA (Leave Travel Allowance) exemption

Conveyance Allowance exemption

A Few Tips - How To Save Taxes in India

Whenever the question of how to reduce taxable income comes in, there are some predominant sections under which you can save tax; they include 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80CCG, and 80G.

Enlisted below are the sections and exemption limits for each. If you are a salaried person, availing of the benefits of these sections is probably the best fit for you.

However, many other exemptions are available in various unique situations, but these are the significant exemptions that people usually prefer.

However, as it's evident, most of these exemptions cannot cover only your basic needs and expenses. Understanding these allowances and exemptions is the first step while planning your finances.

There are a lot of tips to save taxes in India.

The first tip is not to purchase gold and other precious metals. Gold is taxed at a high rate, and it's not an investment that can generate much income.

Another way to save taxes is by ensuring you have a valid PAN card. Getting a PAN card is easy, but you must do it correctly. Again, you should contact the Income Tax Department (and not just any office) for help.

You can also save money by using your deductions correctly and claiming them on your tax returns. For example, if you paid for your child's education, you should claim this expense as a tax deduction.

Start early: Invest regularly to maximize tax benefits

Diversify: Spread investments across different tax-saving options

Consult a tax professional: Ensure you're optimizing tax savings based on your individual circumstances

## Conclusion

Tax saving in India requires a thorough understanding of the country's tax laws and regulations. By investing in tax-saving instruments, claiming deductions and exemptions, and consulting a tax professional, you can minimize your tax liability and maximize your savings. Remember to stay informed about changes in tax laws to ensure you're always optimizing your tax savings.





## Significant Changes in GST/ Income Tax

**Suyog Malpure**  
CMA Final

### Significant Changes in GST

#### Introduction of GSTR-1A :

After introducing such facilities Taxpayers could amend their outward supplies reported in GSTR-1 of current month (regular scheme), or for 1st & 2nd month of quarter (QRMP scheme). It is an extension to GSTR-1 or we can easily say that the existing GSTR-1 form is bifurcated in two separate forms which allows to rectify and amend GST on Invoice value whatever the case may be. Such for is activated or allowed to file only after filing of GSTR-1 and before filing of GSTR-3B for that particular period, i.e. between 11th to 20th of subsequent return period. Same has been applicable from return period of July or 2nd Quarter of FY 2023-24. Amendments through GSTR-1A will reflect in simultaneously reflect in GSTR-2B like earlier in amendments section.

Earlier Interface:

Interface after introduction of GSTR-1A:

#### Reduction in TCS Rate:

Earlier E-commerce Operators (ECO) were supposed to collect TCS @ 1% on the total value of taxable supplies. But in 53rd GST council meeting it was suggested to reduce @ 0.5% and the same has been effective vide Notification no. 15/2024 dt. 10th July 2024. It gives benefits up to 50% as compared with the old tax rate which ultimately affects the Cash flow of any business unit.

#### Relief on penalty and interest component:

GST Council recommended waiver for interest and penalties for the demand u/s 73 of CGST Act, 2017 for Financial Years of 2017-18, 2018-19 & 2019-20 only. Subject to payment of full demand amount must be paid on or before 31st March 2025. Same was enacted through law by inserting new section 128A through Finance Bill (2), 2024 (Interim Budget).

#### Increase in time limit:

Taxpayers got an 100% additional time for paying the tax demanded along with interest and penalty from 30 days to 60 days, despite of notice under fraud or non-fraud as per section 73 & 74 of CGST Act, 2017

#### Decrease in Monetary limit:

Taxpayers are required to report B2C category in two types i.e. B2C(Large) & B2Cs (small), which means if total invoice value is above 2.5 lacs than such invoice shall be reported under B2C (large) category and all other under B2Cs. Such limit has been decreased to Rs. 1 lakh.

#### Taxability of Insurance:

Commission for Renewal Insurance & payment of co-insurance will no longer treated as an taxable supply onwards it will be as an "no supply" through making amendment in schedule III

### Relief in Interest (Rule 28B):

The GST council recommended and brought amendment to rule 88B in respect to the calculation of interest and its payment will be eliminated if tax payable amount is deposited or available on or before the due date. In other terms only the remaining amount excluding the amount available in Electronic Cash Ledger.

### Compulsion filing of GSTR-7:

Person deducting tax at source (TDS) is required to file GSTR-7 but if such person has no supply or transaction in any particular return period then he is supposed to file nil return & no interest or late fees will be implied for nil returns.

### Monetary limits for appeals & Pre-deposits:

GST council recommended and sets monetary limit for GST Appeals & pre-deposits as follows:

Appeals level	Limit amount
GST Appellate Tribunal (GSTAT)	Rs. 20 Lakhs
High Court	Rs. 1 Crore
Supreme Court	Rs. 2 Crores

Appeals level	Earlier Limit amount	New Limit amount
GST Appellate Authorities	Rs. 25 Crores	Rs. 20 Crores
GST Appellate Tribunal (GSTAT)	Rs. 50 Crores	Rs. 20 Crores

### Exemption for filing annual return:

As usual from past 7 years of GST every year's typical notification of GST also came in this bunch of recommendation, notification and annual interim budget viz. taxable person having turnover less than Rs. 2 Crores are not supposed file Annual Return i.e. GSTR-9 and taxable person having turnover less than Rs. 5 Crores are exempt from filing GSTR-9C.

### Additional Responsibility to GSTAT:

The 53rd GST Council Meeting had concluded with the discussion of winding-up the anti-profiteering committee. Now onwards all existing cases will be passed and new issues will be handled by Goods & Services Tax Appellate Tribunal (GSTAT)

### Aadhar Authentication:

Applicants can have the option of biometric based Aadhaar authentication which will be processed by the GST Suvidha Kendra, currently this pilot project is rolled out in a few states after looking at its success and failure government soon to expand and imply in other states from time to time.

### Significant Changes in Income Tax

The Finance Bill 2024 introduces several significant direct tax proposals that impact various aspects of taxation, including business taxation, personal taxation, and compliance procedures. These changes reflect the government's ongoing efforts to enhance tax efficiency, promote economic growth, and streamline administrative processes.

#### Enhanced Limit of Standard Deduction and Family Pension Deduction:

Under New Regime, the standard deduction for salaried individuals has been increased to Rs. 75,000 from Rs. 50,000. Similarly, a deduction on family pension for persons having pension income has been increased to Rs. 25,000 from Rs. 15,000 if they file taxes under the new regime.

#### Changes in Tax Structure under the New Regime:

Under the New tax regime, the tax structure is revised as follows:

Tax Slab	Tax Rate
Upto Rs. 3 Lakhs	Nil
Rs. 3 Lakhs to Rs. 7 Lakhs	5%
Rs. 7 Lakhs to Rs. 10 Lakhs	10%
Rs. 10 Lakhs to Rs. 12 Lakhs	15%
Rs. 12 Lakhs to Rs. 15 Lakhs	20%
Above Rs. 15 Lakhs	30%

Note: As a result of the above changes, a salaried employee in the new tax regime can save up to Rs. 17,500 in taxes.

## Simplification of Taxation of Capital Gains:

For classifying assets into long-term and short-term, there will only be two holding periods: 12 months and 24 months. The 36-month holding period has been removed. The holding period for all listed securities is 12 months. All listed securities with a holding period exceeding 12 months are considered Long-Term. The holding period for all other assets is 24 months. Unlisted bonds and debentures are brought in line with the taxation on debt mutual funds and market-linked debentures. They will attract tax on capital gains at applicable slab rates. (i.e., they will be treated as short-term irrespective of the period of holding.)

The taxation of Short-Term Capital Gain for the listed equity shares, a unit of an equity-oriented fund, and a unit of a business trust has been increased to 20% from 15%. Other financial and non-financial assets which are held for a short term shall continue to attract the tax at slab rates.

For the benefit of the lower and middle-income classes, the limit on the exemption of Long-Term Capital Gains on the transfer of equity shares or equity-oriented units or units of Business Trust has increased from Rs.1 Lakh to Rs.1.25 lakh per year. However, the rate at which it is taxed has increased from 10% to 12.5%. The exemption limit to Rs. 1.25 lakhs has been increased for the whole of the year, whereas the tax rate changed on 23rd July 2024. The tax on long-term capital gains on other financial and non-financial assets is reduced from 20% to 12.5%. While on the other hand, the indexation benefit that previously was available on sale of long-term assets, has now been done away with. So, any sale of long term assets made from 23rd July, 2024, will attract a tax rate of 12.5% only without indexation benefit.

However, it is to be noted that the provision regarding availing the FMV of asset as on 01.04.2001 as cost while selling the asset, is still available even after the recent changes.

## Abolishment of Angel Tax

The Angel tax provisions of Section 56(2)(viib) have been proposed to be removed. Angel Tax is a tax levied on companies that issue fresh shares to investors at a price above the company's Fair Market Value. The excess of the Issue Price over and above the FMV was made taxable u/s 56(2)(viii) as an angel tax in the hands of the Company. This provision is proposed to be removed.

The startup ecosystem will benefit considering the frequent fund raise that can happen in startups and the compliance cost and the time that is consumed by the said provision while conducting a fund raise in a startup.

## Corporate Taxes on Foreign Companies

Corporate taxes are imposed on the company's net income or profit. In the Budget 2024, Finance Minister Nirmala Sitharaman has proposed to reduce the corporate tax on foreign companies from 40% to 35%.

## Increased Deduction on Employer's Contribution to Pension Scheme

Section 80CCD provides a deduction for the employer's contribution to the Pension scheme up to 10%. Budget 2024 has now increased the limit deduction limit to 14% of the salary of the employee during the previous year.

## STT on Futures and Options

The Securities Transaction Tax (STT) on futures has been increased from 0.0125% to 0.02% and STT on options has been increased from 0.0625% to 0.1%.

## Other Direct Tax Updates Reopening of ITR.

Only if the escaped income is Rs 50 lakh or more can an assessment be reopened beyond three years from the end of the assessment year, up to a maximum period of five years from the end of the assessment year. In the case of search cases, the time limit of 10 years is reduced to six years.

Income Tax Appeals—To reduce the number of pending cases, the monetary limits for filing tax dispute appeals in tax tribunals, high courts, and supreme courts have been raised to Rs.60 Lakh, Rs.1 Crore, and Rs.2 Crore.

## Vivaad se Vishwas Scheme

This scheme has been reintroduced to facilitate the settlement of income tax disputes and eliminate litigation.

In conclusion, the Finance Bill 2024 has unveiled a comprehensive set of direct tax proposals, aimed at transforming the taxation landscape in India. These proposals have far-reaching implications for businesses, individuals, and the economy as a whole. It is essential for taxpayers to understand these proposals and their implications to ensure compliance and maximize benefits.



## Strategic Cost Accounting for IT Infrastructure and Development

**Tejas Hemant Chaudhari**  
CMA Intermediate

In the Corporate Structure the cost accounting is a process that involves the tracking, recording, and analysis of all costs associated with the production of goods or services.

In the context of IT, this includes costs related to hardware, software, development, cloud services, cyber security, and more. The goal is to allocate these costs accurately to specific projects or products, enabling better decision-making and resource allocation.

### Key Components of IT Cost Accounting:

**Direct Costs:** These are costs that can be directly attributed to a specific IT project or product, such as the salaries of software developers or the cost of a specific piece of hardware.

**Indirect Costs:** These are overhead costs that support multiple projects or operations, such as the cost of maintaining a data center or general IT support services.

**Cost Allocation and Amortization:** Allocating costs accurately to specific projects or departments is essential for understanding the true and fair cost of IT services. For long-term IT projects, such as software development, costs can be amortized over the expected useful life of the asset, and make the process system based.

**Cloud Computing and Subscription Services:** The shift to cloud-based services has introduced a new layer of complexity to IT cost accounting. Subscription-based models, where costs are tied to usage or service levels, require careful monitoring to avoid overuse or unexpected expenses.

**Cyber security and Compliance Costs:** The data and security compliances of any organization are the most significant part of the organization, and with the increasing importance of data security and regulatory compliance, businesses must account for the costs of cybersecurity measures and compliance-related activities. These costs can be substantial and are essential for protecting the company's assets and reputation.

### Benefits of Strategic Cost Accounting in IT

**Enhanced Financial Visibility:** With the help of cost accounting approach the financial visibility and system control can gain clear understanding of the IT expenditure.

**Cost Optimization:** Strategic cost accounting helps identify areas where costs can be reduced or optimized, such as by renegotiating vendor contracts, optimizing cloud usage, or eliminating redundant services.

**Improved Resource Allocation:** Understanding the true and fair cost of IT projects and services enables businesses to allocate resources more effectively, ensuring that investments are directed towards the most impactful initiatives.

**Increased Accountability:** With a clear understanding of IT costs, departments and teams can be held accountable for their spending, leading to more responsible and efficient use of resources.

**Better Decision-Making:** Accurate cost data allows business leaders to make more informed decisions about IT investments, such as whether to build or buy software, expand IT infrastructure, or outsource certain services.



## Implementing Strategic Cost Accounting in IT

**Collaborate across Departments:** Work closely with IT, finance, and operations teams to ensure that cost data is accurate and comprehensive. Collaboration is key to understanding the full scope of IT costs and making informed decisions.

**Invest in the Right Tools:** Utilize cost accounting software and tools that are capable of tracking and analyzing IT-related expenses. Enterprise resource planning (ERP) systems are easily used to identify such errors.

**Train and Educate Staff:** The cost accounting system can monitor the expenses for training and educating staff related to their job posting.

**Regularly Review and Adjust:** Regularly review your cost accounting processes and data to ensure they remain aligned with your business objectives.

### Conclusion:

In a world where technology is impacted by business success, strategic cost accounting for IT infrastructure and development is more important than ever. By taking a systematic and fair approach to managing IT costs, businesses can not only reduce expenses but also drive greater value from their technology investments. Cost accounting enables businesses to stay competitive in a surrounding world of business, which helps to sustain for a long-term basis.



**Shubham Tela**  
CMA Final Completed

Poem

## Life Is A Journey

Take each day as it comes,  
As if there is no tomorrow  
Life is just a journey,  
That we travel through.  
Be always smiling,  
As it has positive effect,  
On you and those around you.  
You can always be positive.  
Take life's trials as challenges.  
Set a goal and accomplish it too.  
Remain steadfast in prayer.  
Life is just a journey,  
That we travel through.  
Life is precious,  
For you and your beings.



## CAS01: Clarification on Cost: Understanding the Concept and Its Importance

**Bhagyashri Dinkar Shinde**  
CMA Intermediate

In accounting and finance, "cost" is a fundamental concept that can sometimes be complex. This article aims to provide a comprehensive explanation of what cost means, the various types of costs, and why understanding them is crucial for effective financial management.

### What is Cost?

Cost refers to the monetary value or resources expended to acquire, produce, or maintain an item or service. It encompasses various types of expenses, including those for labor, materials, and overhead.

### Types of Costs

**Direct Costs:** These are expenses directly attributable to the production of goods or services. They include

- Raw Materials: Inputs that are physically incorporated into the final product.
- Direct Labor: Wages for employees who directly work on the production.
- Direct Equipment: Costs associated with machinery or tools used in the production process.

**Indirect Costs:** These are costs that are not directly linked to the production of a specific product but are necessary for the overall operation of the business. Examples include:

- Rent: For facilities used in production or administration.
- Utilities: Such as electricity and water.
- Administrative Salaries: Wages for staff who support production but aren't directly involved.

**Fixed Costs:** These costs remain constant regardless of the level of production or sales. They include:

- Salaries: For permanent employees.
- Rent: For office or factory space.
- Insurance: Premiums for property or liability coverage.

**Variable Costs:** These costs fluctuate with changes in production or sales volume. Examples are:

- Raw Materials: Costs increase with higher production volumes.
- Direct Labor: Overtime pay or additional workforce as production scales.
- Sales Commissions: Which vary with sales performance.

**Semi-Variable Costs:** These costs have both fixed and variable components. Examples include:

- Electricity Bills: Fixed minimum charge plus variable cost based on usage.
- Transportation Costs: Fixed costs for maintaining a fleet plus variable costs for mileage.

### Additional Cost Categories

**Opportunity Costs:** The value of the next best alternative foregone when a decision is made. It is crucial for evaluating the cost of potential decisions.

**Marginal Costs:** The additional cost incurred for producing one more unit of a product. This is important for pricing and production decisions.

**Sunk Costs:** Costs that have already been incurred and cannot be recovered. These should not affect future decisions but often do.

**Incremental Costs:** Additional costs associated with a specific decision or action, helping in evaluating project feasibility or changes in operations.

## Why is Cost Classification Important?

**Informed Decision-Making:** Understanding various costs aids businesses in setting appropriate pricing strategies, making investment decisions, and allocating resources effectively.

**Budgeting and Forecasting:** Clear cost understanding facilitates the creation of accurate budgets and financial forecasts, enabling better financial planning and control.

**Financial Reporting:** Accurate cost reporting is essential for maintaining transparency, accountability, and compliance with financial regulations. It provides stakeholders with a true picture of the company's financial health.

**Cost Control and Reduction:** By identifying and understanding costs, businesses can implement measures to reduce expenses, improve efficiency, and enhance profitability.

**Profitability Analysis:** Detailed cost analysis helps in determining the profitability of products or services, identifying high-cost areas, and assessing the impact on overall financial performance.

**Cost-Volume-Profit Analysis:** This analysis helps in understanding the relationship between cost, sales volume, and profit, aiding in strategic planning and decision-making.

## Conclusion

Understanding cost and its various types is crucial for effective financial management. By gaining clarity on costs, businesses can make better-informed decisions, optimize resource allocation, and achieve greater financial transparency. This not only leads to improved financial performance but also supports cost reduction efforts and enhances overall profitability.



## Foundation Course Examination

(Multiple Choice Questions through Offline OMR based from Centre)

Date & Time	Foundation Course Examination Syllabus-2022	
	Time 10.00 A.M. to 12.00 Noon. - IST Paper – 1 & 2 (200 Marks)	Time 02.00 P.M. to 04.00 P.M. IST Paper – 3 & 4 (200 Marks)
Sunday, 15 <sup>th</sup> December, 2024	<b>Paper 1:</b> Fundamentals of Business Laws & Business Communication (100 Marks 50 Multiple Choice Questions)  <b>Paper 2:</b> Fundamentals of Financial & Cost Accounting (100 Marks 50 Multiple Choice Questions)	<b>Paper 3 :</b> Fundamentals of Business Mathematics & Statistics (100 Marks 50 Multiple Choice Questions)  <b>Paper 4 :</b> Fundamentals of Business Economics & Management (100 Marks 50 Multiple Choice Questions)

Last date for receipt of Examination Application Forms is 15th October, 2024. There will be no extension in the last date of receipt of examination application forms for December 2024 examination.



## India Facing Current Economic Issues

**Rutuja Deepak Vispute**  
CMA Intermediate

India, one of the world's fastest-growing economies, is facing several significant economic challenges in 2024. Despite its remarkable growth trajectory in recent years, various structural, cyclical, and global factors have converged, putting pressure on the Indian economy. This article explores the current economic issues India faces, their underlying causes, and the solutions for decreasing the inflation rate in India.

Very firstly, we need to understand that India's current economic issues are crucial not just for policymakers but for anyone interested in the future of global markets

### Challenges

#### Inflationary Pressures

One of the most pressing issues confronting India today is rising inflation. The consumer price index (CPI) has seen a consistent upward trend, with food and fuel prices being the primary contributors. The inflation rate has exceeded the Reserve Bank of India's (RBI) target range of  $4\% \pm 2\%$ , making it difficult for the central bank to strike a balance between controlling inflation and promoting growth.

Several factors have contributed to this inflationary trend. Global supply chain disruptions, particularly due to the Russia-Ukraine conflict, have led to increased commodity prices, especially crude oil, which India heavily imports. Additionally, erratic monsoons and climate change have impacted agricultural productivity, driving up food prices.

#### Unemployment and Underemployment

India continues to grapple with high unemployment rates, particularly among the youth. Despite being one of the world's largest labor markets, the country struggles to create enough jobs to absorb its

growing workforce. The unemployment rate has remained stubbornly high, and many of those who are employed find themselves in low-paying or informal sector jobs, leading to significant underemployment.

The pandemic exacerbated this issue, with many small and medium-sized enterprises (SMEs) shutting down or scaling back operations. Even as the economy recovers, job creation has not kept pace with the number of job seekers entering the market.

#### Agrarian Distress

Agriculture remains a crucial sector for India, employing nearly half of the population. However, the sector is plagued by low productivity, fragmented landholdings, and inadequate infrastructure. Farmers face issues such as lack of access to credit, poor irrigation facilities, and volatility in crop prices.

Recent government attempts to reform the agricultural sector, such as the controversial farm laws introduced in 2020, led to widespread protests and were eventually repealed. However, the underlying issues persist, and without significant reforms, agrarian distress will continue to be a drag on India's economy.

#### Fiscal Deficit and Public Debt

India's fiscal deficit has been a longstanding concern, and the situation has worsened due to the pandemic. The government has had to increase spending on healthcare, welfare schemes, and stimulus packages to support the economy, leading to a rise in public debt.

The fiscal deficit is projected to remain high in the short term, limiting the government's ability to undertake new public investment projects.

Additionally, high levels of public debt could lead to higher borrowing costs and reduce the space for private sector credit, hampering economic growth.

### Banking Sector Challenges

India's banking sector, particularly public sector banks (PSBs), continues to face significant challenges. Non-performing assets (NPAs) have been a major issue, affecting the ability of banks to lend. Although the government and RBI have taken steps to recapitalize banks and clean up their balance sheets, the sector's health remains fragile.

The emergence of new issues, such as rising defaults in the retail loan segment and the impact of digital lending platforms, has further complicated the scenario. Strengthening the banking sector is crucial for ensuring the smooth flow of credit to support economic growth.

### Global Economic Uncertainty

The global economic environment remains uncertain, with potential risks such as geopolitical tensions, protectionism, and climate change posing challenges to India's economic outlook. The ongoing Russia-Ukraine conflict has led to volatility in global commodity markets, which has impacted India's import bill and trade balance.

Moreover, the global shift towards green energy and sustainability presents both opportunities and challenges for India. While there is potential for growth in sectors such as renewable energy, India must also navigate the transition away from fossil fuels, which could disrupt existing industries and jobs.

### Digital Divide and Technological Disruption

While India has made significant strides in digitalization, there remains a substantial digital divide between urban and rural areas. Access to high-speed internet and digital infrastructure is uneven, limiting the ability of rural populations to participate in the digital economy fully.

Technological disruption also poses challenges, particularly in traditional industries and services. Automation and artificial intelligence (AI) could lead to job losses in certain sectors, exacerbating the unemployment issue unless there is a concerted effort to reskill the workforce.

## **My View on how can Indian government overcome from day-to-day increasing inflation rate**

To combat inflation and other economic issues, the Indian government has several tools and strategies at its disposal. Here are some potential solutions that are explained in my view:

### **Monetary Policy Measures**

**Interest Rate Adjustments:** The Reserve Bank of India (RBI) can raise interest rates to reduce money supply in the economy, which helps curb demand-driven inflation. Higher interest rates make borrowing more expensive, reducing consumer spending and investment.

**Open Market Operations (OMOs):** The RBI can sell government securities to absorb excess liquidity from the banking system, reducing inflationary pressures.

### **Supply-Side Interventions**

**Improving Agricultural Productivity:** By investing in better irrigation, modern farming techniques, and cold storage facilities, the government can boost agricultural output, reducing food prices, which are a significant component of inflation.

**Reducing Import Duties on Essential Goods:** Temporarily lowering import duties on essential goods like food and fuel can help reduce their prices domestically, easing inflation.

**Encouraging Domestic Production:** Incentives for domestic production of goods can reduce dependence on imports, making the economy less vulnerable to global price fluctuations.

### **Fiscal Policy Measures**

**Reducing Public Spending:** The government can cut back on non-essential public spending to reduce the fiscal deficit, which can help control inflation. However, this needs to be done carefully to avoid stifling economic growth.

**Subsidy Reforms:** A gradual reduction of subsidies, particularly on fuels, can help align prices with market rates, reducing the fiscal burden and inflationary pressures.

**Targeted Cash Transfers:** Direct cash transfers to the most vulnerable sections of society can help them cope with rising prices without the need for blanket subsidies that fuel inflation.

### Strengthening Supply Chains

**Infrastructure Development:** Investing in transportation, logistics, and storage infrastructure can reduce bottlenecks and inefficiencies in supply chains, helping to lower costs and control inflation.

**Promoting Competition:** Encouraging competition in sectors like agriculture, retail, and fuel distribution can help lower prices by reducing monopolistic practices.

### Regulating Speculative Activities

**Monitoring and Controlling Hoarding:** The government can crack down on hoarding and black-marketing of essential commodities, which artificially inflates prices.

**Regulating Commodity Markets:** Strengthening regulations in commodity markets to prevent excessive speculation can help stabilize prices.

### International Trade Agreements

**Securing Long-Term Import Agreements:** For critical imports like crude oil, securing long-term agreements at stable prices can help shield the economy from global price shocks.

**Diversifying Import Sources:** Reducing reliance on a few countries for essential imports can help mitigate the impact of global supply chain disruptions on domestic inflation.

### Encouraging Public Savings

**Incentivizing Savings:** By offering attractive interest rates on savings schemes, the government can encourage people to save rather than spend, reducing demand-pull inflation.

**Public Awareness Campaigns:** Educating the public on the benefits of saving and prudent financial management can also help reduce consumer spending, thereby lowering demand-driven inflation.

## Coordination Between Central and State Governments

**Harmonized Tax Policies:** Coordinating tax policies between central and state governments, such as the Goods and Services Tax (GST), can help avoid cascading taxes that contribute to inflation.

**Collaborative Inflation Control Measures:** Central and state governments can work together to implement inflation control measures, especially in areas like food distribution and public transport.

## Managing Expectations

**Communication Strategies:** The RBI and the government can use clear and consistent communication to manage inflation expectations among the public and businesses. If people expect inflation to be under control, they are less likely to demand higher wages or increase prices, which can help keep actual inflation in check.

## Conclusion

Combating inflation requires a multifaceted approach, combining monetary and fiscal policies with supply-side interventions and regulatory measures. The Indian government, in coordination with the RBI, must carefully balance these tools to control inflation while ensuring that economic growth is not stifled. By addressing the root causes of inflation and implementing targeted measures, the government can create a stable economic environment conducive to sustained growth.

While I am researching for this topic google created following image showing India's current economic problems





## Activity Based Costing

**Prerak Vani**  
CMA Intermediate

### What Is Activity Based Costing?

Activity based costing (ABC) is a system you can use to find production costs. It breaks down overhead costs between production-related activities. The ABC system assigns costs to each activity that goes into production, such as workers testing a product.

Some manufacturing businesses with high overhead costs use activity-based costing to get a clearer picture of where money is going. Because ABC is giving a specific production cost breakdown, you can see which products are actually profitable.

By using activity-based costing you can:

- Take into consideration both the direct and overhead costs of creating each product.
- Recognize that different products require different indirect expenses.
- More accurately set prices.
- See which overhead costs you might be able to cut back on.

### There is some difference between Activity-based Costing vs. Traditional Costing.

ABC provides an alternative to traditional costing. Traditional costing applies an average overhead rate to direct production costs based on a cost driver (i.e., hours or volume).

However, some production-related activities use more overhead expenses than others. As a result, traditional costing gives an inaccurate cost of making each product.

Traditional costing is simpler but less specific than activity-based costing. You might consider going with traditional costing if you only make a few products.

You may also use traditional costing for reporting externally (e.g. to investors) and activity-based costing for reporting internally (e.g. to a manager).

### There are some advantages and disadvantages of using activity-based costing.

ABC is concerned with all overhead costs, including such 'non-factory floor' costs as quality control and customer services, and so it takes cost accounting beyond its 'traditional' factory floor boundaries.

ABC gives a meaningful analysis of cost, which should provide a suitable basis for decisions about pricing, product mix, design, and production.

ABC recognizes the increased complexity of modern businesses with its multiple cost drivers, many of which are transaction based rather than volume based.

ABC can be used in conjunction with Customer Profitability Analysis (CPA) to determine more accurately the profit earned by serving particular customers.

ABC can be used by service and retail organizations. Many service and retail businesses have characteristics very similar to those required for the successful application of ABC in the modern manufacturing industry.

### Some Dis-advantages of ABC Analysis.

The cost of obtaining and interpreting the new information may be considerable. ABC should not be introduced unless it can provide additional information for management to use in planning or control decisions.

Many overheads relate neither to volume nor to complexity. The ability of a single cost driver to fully explain the cost behavior of all items in its associated pool is questionable.

There will have to be a trade-off between accuracy, the number of cost drivers, and complexity.

ABC does not encourage the identification and removal of constraints creating delays and excess. An overemphasis on cost reduction without regard to constraints does not create an environment for learning about problems and their management.

Identification of suitable cost drivers becomes difficult for certain activities.

### Features of ABC

ABC is a two-stage product costing method that assigns cost to activities undertaken to manufacture products, at the first stage and then charges the cost of activities to various cost objects based on their consumption of activities as reflected through the number of activity cost drivers.

Its principal emphasis has been on improved assignment of overhead to cost objects. Instead of allocating overhead in terms of unit-based or volume-related measures such as direct labor hours, machine hours, material cost, etc., ABC uses non-volume-related measures, which are much larger in number than the base adopted in conventional costing and more logical in linking the overheads to end-products.

The ABC approach helps an organization in bringing accuracy in distributing overhead costs to final product or cost units and avoids product-cost cross-subsidization, i.e., overcosting of some products at the cost of undercosting of some other products. More accuracy in determining product costs is brought about by enhancing the understanding of cost behavior.

Identification of cost to various activities and their causes not only helps in computation of more accurate cost of a product or a job but also eliminates non-value-added activities. The elimination of non-value-added activities would help in bringing down the cost of the product.

The ABC approach has provided a methodology for costing product lines and for directing managerial attention to areas where action may result in cost benefit to the organization concerned. It is intended to provide cost information for strategic design and operational control decisions.

### Key Terms Used in Activity Based Costing

**Cost object:** It is an item for which cost measurement is required e.g. a product, a job, a process, a service etc.

**Activity:** An activity is a unit of work with a specific purpose. Activities are actions, movements, or work sequences. In other words, activity represents any discrete task that an organization undertakes to make products or deliver services. Activities consume resources. It is in the activities that costs are accumulated and hence, appropriately referred to as cost pools or cost buckets.

The activities can be classified as follows:

**(a) Unit Level** – This type of activity must be performed for each unit of production. Costs, which vary with the units, are related to such activities.

**(b) Batch Level** – These activities must be performed for each batch of products rather than each unit. Such activities include machine setup, quality assurance, packing activity, material handling, etc.

**(c) Product sustaining level** – This type of activity includes activities that are required to support an entire product line but are not performed every time a new unit or batch of products is produced. For example, engineering design costs, advertising, R&D costs, customer satisfaction, etc.

**(d) Facility (or general operations) level** – Such activities are required for the entire production process to occur. For example, plant management salaries, plant depreciation, rent and insurance, etc.

This classification is called a cost hierarchy

**Cost Pool** – As mentioned while describing activity, costs are grouped into pools according to the activities that cause them. For instance, all the costs associated with the procurement of materials, such as ordering, receiving, and inspection costs, would be included in the cost pool of procurement activity.

**Cost driver** – In an ABC system, the bases of applying or linking costs of the cost pool to the products, services, jobs, or processes are called cost drivers. It is a factor that causes a change in the activity and is to be identified for each activity.



For example, R&D costs will be influenced either by the number of research projects or personnel hours on a project. A list of cost drivers for specified activities is given in the following table:

Activity	Cost driver
Machine set-up	Number of production runs
Purchase of material	<ul style="list-style-type: none"> <li>• Number of orders placed</li> <li>• Number of Receipts</li> </ul>
Customer Service	<ul style="list-style-type: none"> <li>• Hours spent on servicing products</li> <li>• Number of service calls or Number of visits</li> </ul>
Quality Testing	<ul style="list-style-type: none"> <li>• Hours of test time</li> <li>• Number of products for testing</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>• Number or weight of Items distribute</li> <li>• Number of customers</li> </ul>
Research & Developme	<ul style="list-style-type: none"> <li>• Number of research projects</li> <li>• Personnel hours on a project</li> </ul>

Cost drivers may be mainly of two types i.e.

- Resource cost driver
- Activity cost driver

**Resource cost driver:** It is a measure of the quantity of resources consumed by an activity. A resource cost driver is used to relate the overhead costs to an activity, thus creating a cost pool.

**Activity cost driver:** It is a measure of the frequency and intensity of demand placed on the activities by the cost object. Higher is the frequency and more intensity of demand placed by the cost object for an activity; higher will be the share of overhead costs to be assigned to the cost object. Thus, an activity cost driver is used to apply the cost of a cost pool (activity cost) to the cost object.

## Steps Involved in the Process of Activity Based Costing (ABC)

**Inventorisation and screening of various activities within the organisation:** Focus on activities is the distinctive feature of ABC. This is because the root cause of cost incurrence is activities being undertaken. The first step in ABC, therefore, is comprehensive inventorization of all the activities for the entire process of a firm's operations, from product development to marketing. For this purpose, many companies rely upon grass-roots employees, as they may provide more accurate information than senior managers, who are away from daily operations. After identification of activities, a final list should be prepared after going through the screening process based on the following questions:

- Is the activity mandatory, or is it possible to discontinue or outsource the activity?
- Is it creating any value or not?
- Is it possible to club the activities?

The final list of activities, however, should be limited to a reasonable figure, at least in the beginning. The presence of too many activities will give rise to problems during implementation.

**Creating cost pools or cost buckets** that means relating the overheads to the activities using resource cost drivers. For creating cost pools, activities are classified in such a way that they correspond to manageable segments of the production process. Costs are associated with each of these segments, and homogeneous cost pools are created. A homogeneous cost pool is a collection of overhead costs that are logically related to the activities undertaken and for which cost variations can be explained by a single cost driver.

### Apportioning the costs of support activities over the primary activities on a sustainable basis.

**Determining the activity cost driver for each activity and computing the activity cost driver rate:** As the cost driver is the factor that causes or drives the incurrence of specific costs, it is the causal factor that explains the consumption of resources and affects a change in the cost of an activity. To find a cost driver for a particular cost pool, it is ensured that overhead activities must be logically related and have the same consumption ratio for all products.

Activity cost driver rates are computed for each activity just like overhead absorption rates in the traditional approach.

Activity cost driver rate = Total cost of activity/Total number of activity cost drivers

Thus, cost per unit of the cost driver is computed for each cost pool.

### Tracing the overheads of each pool to products or cost objects by means of activity cost drivers' rate:

Once an activity cost driver rate or pool rate is obtained, the costs of a particular cost pool are charged to cost objects as follows:

Applied or absorbed overheads = cost driver rate x number of cost drivers in cost objects

Thus, how much cost of a cost pool is recovered from a particular cost object depends on the quantity of cost driver used by each cost object or end product.

## Conclusion

The activity-based costing system was developed more than two decades ago. Many firms in the USA, the UK, Canada, and Japan have been increasingly switching over to ABC from conventional approaches of assignment of overheads. In India, implementation of the ABC approach is comparatively limited.

In a global scenario, Indian firms have to operate in a competitive environment because of changes in economic policies and many other consequential changes. There is no scope for inefficiency and inaccuracy now. So, many large Indian companies need to switch over to the ABC System from the conventional costing approach, which leads to arbitrary allocation of overheads.



**ICMAI**  
The Institute of  
Cost Accountants of India

Statutory Body under an Act of Parliament



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

**DIRECTORATE OF STUDIES**

*in association with*

**CAREER COUNSELLING & PLACEMENT COMMITTEE AND CAT DIRECTORATE**



**CMA NYCO 2024 NATIONAL YOUTH COMMERCE OLYMPIAD**

*Unveil Your Innate Management Accounting Skills*

### CATEGORY

**A**

Class VIII - X

**B**

Class XI - XII / Pursuing CMA Foundation / CAT

**C**

Pursuing Graduation / CMA Inter / CMA Final

### REGISTRATION STARTS



16<sup>th</sup> August 2024

### NYCO 2024 ONLINE EXAM



Sunday, 17<sup>th</sup> November 2024



REGISTRATION FEE: ₹50

1<sup>st</sup> Rank - ₹1,00,000

2<sup>nd</sup> Rank - ₹50,000

3<sup>rd</sup> Rank - ₹20,000

(Under each category)

Consolation Prize of ₹500 for Next 100 Participants from each category

Digital Certificate of Participation for All

ICMAI invites students from all over India to register for the CMA National Youth Commerce Olympiad (NYCO 2024). The aim of organizing NYCO 2024 is to unearth hidden Management Accounting talents and ignite a deep appreciation for the subject among young minds.



**CMA Bibhuti Bhusan Nayak**  
President, ICMAI



**CMA TCA Srinivasa Prasad**  
Vice President, ICMAI



**CMA Vinayranjan P.**  
Chairman - TEF and CC & Placement Committee, ICMAI



**CMA Rajendra Singh Bhati**  
Chairman - Committee for Accounting Technicians & PR, ICMAI



## Competitive Advantage Starts With Cost Management

**Vaidik Shahane**  
CMA Intermediate

### Overview

In the ever-evolving landscape of business, gaining a competitive advantage is paramount for long-term success and sustainability. Competitive advantage, in essence, is what allows a company to outperform its rivals and secure a superior market position. While numerous factors contribute to this advantage, cost management stands out as a fundamental pillar. In this article I have tried assessing the intricacies of competitive advantage and cost management, their interrelation, and their implications for businesses and consumers alike.

### Understanding Competitive Advantage

Competitive advantage refers to the edge that a company has over its competitors, allowing it to generate greater sales or margins and retain more customers than its competitors. Michael Porter, a renowned strategic management scholar, identifies two main types of competitive advantage: cost leadership and differentiation. Cost leadership involves becoming the lowest-cost producer in the industry, while differentiation involves offering unique products or services that justify a premium price.

Achieving competitive advantage often requires a blend of various strategies, but cost management is a crucial aspect of cost leadership. This approach focuses on minimizing costs without compromising quality, thereby enabling a company to offer lower prices or enjoy higher margins.

### Defining Cost and Cost Management:

Cost (generally) is a broad term encompassing all expenditures incurred in the production of goods or services. Costs can be direct, such as raw materials and labour, or indirect, such as overhead expenses. Effective cost management involves a systematic

approach to planning and controlling these costs to enhance profitability.

Cost Management is the process of planning and controlling the costs incurred by a business. It includes the activities of budgeting, cost estimation, cost control, and cost reduction. The goal is to optimize resource allocation and ensure that spending aligns with the company's strategic objectives. Effective cost management can lead to improved financial performance, operational efficiency, and competitive advantage.

### The Interrelation Between Competitive Advantage and Cost Management

The relationship between competitive advantage and cost management is symbiotic. On one hand, robust cost management strategies enable a company to achieve and sustain a competitive advantage. On the other hand, maintaining a competitive edge can provide a company with the resources and motivation to pursue more refined and sophisticated cost management techniques.

Companies pursuing cost leadership aim to become the lowest-cost producer in their industry. Achieving this involves rigorous cost management practices, such as streamlining production processes, negotiating better terms with suppliers, and reducing waste. By controlling costs effectively, a company can offer lower prices, attracting price-sensitive customers and capturing a larger market share.

Techniques such as activity-based costing, lean manufacturing, and total quality management are integral to effective cost management. These methods help companies identify and eliminate inefficiencies, optimize resource usage, and ultimately reduce costs.

## Impact on P&L Statements:

Cost management has a direct impact on a company's Profit and Loss (P&L) statements, which are key financial statements that summarize revenues, costs, and expenses over a specific period:

- By controlling costs, a company can improve its profit margins. Lower costs relative to revenue result in higher gross and net profits, enhancing overall financial performance.
- Efficient cost management reduces the COGS, which directly impacts the gross profit margin. Lower COGS means that a higher percentage of revenue contributes to gross profit.
- Effective cost management also involves controlling operating expenses, such as salaries, rent, and utilities. Reduced operating expenses lead to improved operating margins and profitability.
- Ultimately, better cost management translates into higher net income. By keeping both direct and indirect costs under control, companies can improve their bottom line and provide better returns to shareholders.

## Overall Growth Outlook

Companies that master cost management can scale their operations more efficiently. With controlled costs, businesses can expand their operations without proportionally increasing their expenses, allowing for more sustainable growth.

Additionally, strong financial performance driven by effective cost management can attract investors. Companies with a track record of profitability and efficient cost control are more likely to secure investment and funding for future growth initiatives. Further, effective cost management builds financial resilience. Companies that manage their costs well are better equipped to handle economic downturns, industry disruptions, and other challenges, ensuring their continued growth and sustainability.

## Walmart: The Master of Cost Leadership

Overview: Walmart is often cited as a textbook example of cost leadership. The retail giant has built its competitive advantage around its ability to offer products at lower prices than its competitors.

Cost Management Strategies:

Supply Chain Efficiency  
Negotiating Power  
Private Label Products

Impact:

Walmart's ability to offer consistently lower prices attracts a vast customer base, particularly in price-sensitive segments.

The company's efficient cost management contributes to high profit margins despite low prices, which fuels its growth and expansion.

Strategic Implications:

Solidified its position as a leading retailer globally. Rapid expansion, both domestically and internationally, while maintaining profitability.

Conclusion

Competitive advantage often starts with effective cost management. By controlling costs and optimizing resource allocation, companies can achieve cost leadership, enhance profitability, and improve their overall market position. This not only benefits the company but also provides advantages to consumers through competitive pricing, quality products, and innovation.

As businesses navigate the complexities of the modern market, a strategic focus on cost management will remain a critical element in sustaining a competitive edge and driving long-term growth.





## The Evolution of Cost Accounting and the Role of CMAs in Modern Business

**Shakira Shahidhussain Khan**  
CMA Foundation

Origins of cost accounting Modern cost Originated during the industrial revolution when the complexities of running large scale businesses led to the development for recording cost and tracking costs to help business owner. Cost Accounting is a form a managerial accounting that aims to captures a company's total cost of production by assessing both its variable and Fixed Costs. There are different types of cost Accounting including Standard costing, activity-based costing (ABC, lean accounting and marginal, Costing)

### How many companies are approaching cost accountant CMA?

Leading multinational corporation including to AMAZON, TOUBRO AND LARSEN, HPE, Accenture, Cyrix and WIPRO, ZEBRONICS have worked with IMA to recruit skilled MA - certified Candidates for career offers and apprenticeships throughout India, Thus, catering to the demand of searching for MNC CMA Jobs.

### Will AI Artificial Intelligence replace CMA in future?

NO AI will Not replace CMA in Future. They will work together for different field like cost, management internal controls, audit and other financial planning systems. Due to AI, efficient and accuracy will improve here we can specialize CMA to sent in foreign companies it will increase our national income.

### In how many fields CMA cost accountant can work?

CMA can also work in a variety of industries. Even non commerce field required cost accountant. Nowadays CMA IS globally recognised. Many foreign companies hiring worldwide. CMA USA and CMA inland CMA USA is for 1 year whereas CMA INLAND for 3 years. Any candidate is eligible for the honoured courses.

The CMA USA is considered as globally while CMA inland in India and some other countries. Higher earning, global recognition, more money are the benefits of CMA. COST ASCERTAINMENT, COST CONTROL, COST ANALYSIS, COST CONTROLS are the scope of cost accounting. Companies like INFOSYS, PHILIPS, CAPITA etc are hiring the CMA.

Cost accounting has evolved significantly since its origins during the industrial revolution, becoming an essential tool for businesses to manage and optimize their operations. As the complexity of global markets grows, the role of Certified Management Accountants (CMAs) continues to expand, with companies around the world recognizing their expertise in cost management and financial planning. The collaboration between CMAs and advanced technologies like AI promises to enhance the accuracy and efficiency of financial operations, rather than replace the human element. CMAs remain invaluable across a wide range of industries, with their certifications offering global recognition and opportunities for career growth. As businesses continue to seek out skilled professionals, the demand for CMAs is set to rise, ensuring their place at the forefront of the financial world.





## Embracing the Future- Rise of a Cashless Society

**Devyani Malvadkar**  
CMA Intermediate

On November 8, 2016, Prime Minister Shri Narendra Modi announced immediate cancellation of all 500 and 1000 rupee bank notes. This resulted in wiping out 86% of currency in circulation. He declared a note ban without waiting for RBI's approval. A clear blackout where, these 500 and 1000 rupee notes will be just a piece of paper. This move was claimed to wipe out the black money and fake currency and also to combat terror financing. On the other hand, the government realized that this decision of demonetization wasn't going to impact the black money or economy. To get out of this embarrassing situation, within two weeks of this initial announcement, it reflected and directed us towards making the economy cashless. Also, it persuaded us that a cashless society would be more efficient.

However, it was perceived that most advanced economies in the world also use a lot of currency, so India wasn't going to be cashless so early. Soon it came to light of the government that the cashless economy wasn't going to lead in the market so early. Hence the objective for the country diverted towards becoming a 'less cash economy.' On the other hand, there are also two critical and basic requirements missing: the huge infrastructure of banks and good internet connectivity. Money is cumbersome for the consumer and, of course, for the banks too. It's inconvenient to carry all the way we travel anywhere. Humans evolve because adapting to change is crucial for progress and improvement.

Consequently, somewhere in the near future, physical money will convert itself in many various forms. Relics of different ages of hard cash will be replaced and will get converted into electronic. Despite the numerous security protocols in place, instances of bank fraud continue to occur, and obviously this situation is not going to change any

time. We must get secured, understand, and change accordingly. Regardless of being such a recognizable threat, many countries are fast moving towards digital payment methods. Sweden is one of them. It is leading towards the adoption of digital payments with a significant reduction in cash transactions. Also, the number of retail cash transactions per person has fallen by 80% in the past 10 years. India has been making significant strides towards becoming a cashless economy, especially since the demonetization event in 2016. As they have realized that electronic money trails and allows government and private companies to access and harvest personal data.

Operating cash costs countries about 0.5% of their GDP every year. But this cost isn't the only incentive to move towards a cashless future in India, especially. Demand is rising, primarily from the young generation, who are looking for fast, easy and convenient ways for the means of payment. This is only possible with all the latest technology-based working in all sectors. People must upgrade themselves, start accepting change, trust in the online payment system, etc. Is it the right time to completely eliminate cash and go for digital payments now? What if the dream of a 100% cashless economy were envisioned? What challenges will we face while enduring this faceless-paperless-cashless journey?

The more cashless our society becomes, the more our moral compass slips. We are all aware of the UPI transaction, aren't we? The growth of UPI is crucial for transforming India into a more digitally inclusive, efficient, and transparent economy. Since the circulation and awareness of UPI in India, we have become global leaders in the realm of digital payment. These are easy to perform and understand.

An online system of payment designed especially for each and every individual from poor class to rich class. As we all know, "Every rose has its thorn." Similarly, digital payment technologies can't be made 100% safe and secure. Cash isn't good for any economy so far as concerned. This doesn't mean that a 100% cashless economy is beneficial for each and every individual. While hedging towards a cashless economy, let us understand all the pros and cons. What will happen if everyone starts using UPI? What are the essential requirements?

Demonetization as it was implemented in India led to an immediate crisis, as explained. India has become a case study for economists all over the world to understand what happens when an unplanned demonetization is carried out in a large, well-functioning economy. Due to such unexpected decisions, the economy suffered intensely. There was a cash shortage in the economy. Small traders, small-scale businesses, daily wage workers, elderly and illiterate people, artisans, informal sector workers, and last but not least, consumers. This made these sectors divide between themselves. The move towards a cashless society will further enhance the division. Those who accepted the change moved on to Digital Payments, UPI transactions, PhonePe, Bharat Pe, Visa, etc. Anyway, most people, and especially the businesses, don't trust the checks, DD, and any such mode of payment. It is not accessible.

took time for such system acceptance. Many more challenges were in front of the government. Like financial inclusion, financial literacy amongst people, cyber security, etc. Along with these all-drawbacks, there are some merits too. Due to such a system and the new cashless economy, it has

benefited individuals by saving them time and money. It helped in decreasing cash-related crimes. All the illegal activities take place with the exchange of paper money. This leads to crashes in financial and capital markets. Therefore, PM Modi encouraged the online payment system. He took the boldest decision in the financial history of Independent India and gave a tagline, "Ab ATM nahi PAYTM karo." He also mentioned making or accepting payments using Paytm and making the country go cashless. At the beginning, the public and corruption. The cost that is incurred in making notes and coins is reduced.

These digital payments help to secure more data and reserve less cash. This made our country's economic growth more progressive. A year later, hence the era of demonetization, the RBI announced that 99% of the old currency notes had been deposited with it. India continues to grapple with the effect of this move. The trend towards online payment systems continues to grow. Many businesses and consumers are increasingly adopting digital payment methods due to their convenience and efficiency. This shift includes the use of mobile payment apps, online banking, and digital wallets. The COVID-19 pandemic accelerated this transition, and it remains a significant aspect of financial transactions globally. The government needs to ensure that as cash is phased out, the vulnerable in society have access to digital payment methods and the necessary support to adapt to these changes, such as providing financial literacy programs and ensuring equitable access to technology. Digital payment systems, or going cashless, are just the latest evolution of money in the modern economy. Along with this, it also raises a fundamental question over here: What is the value of money if it doesn't exist physically?





## Uses of AI in Costing

**Swarali Sandip Pandit**  
CMA Final

Artificial Intelligence (AI), it refers to the simulation of human intelligence in machines. It enables computers to act like humans in performing tasks such as reasoning, problem-solving, decision-making, etc.

AI (Artificial Intelligence) is a technology that allows machines to:

- Think, learn and act like humans.
- Understand and respond to language.
- Recognize images.
- Make various decisions and solve problems.

AI helps us to Increase efficiency, productivity, authenticity, safety and security, Improve accuracy, capabilities and decision-making, Enhance customer experiences, Automate the repetitive tasks, Faster the data analysis, Economic growth, Innovation.

Overall, AI has the potential to transform industries and improve our works and lives!

It's like a computer brain that can help us with many tasks!

In the field of Cost and Management Accounting (CMA), Costing plays a very crucial role in:

1. Informed Decision making about pricing, investments and resource allocation.
2. Cost Control areas to find where costs can be reduced or optimized.
3. Performance Evaluation of departments, products, and processes.
4. Budgeting, Pricing, Cost Reduction, Resource Allocation.
5. Financial Reporting, Strategic Planning, Ensure Compliance with accounting standards and regulatory requirements.

In summary, costing is essential in CMA as it provides a foundation for decision-making, cost management, and performance evaluation.

Artificial intelligence (AI) is transforming the field of costing, enabling businesses to make more accurate predictions, optimize resources, and improve profitability.

Here are some ways AI is being used in costing:

1. Predictive Costing: AI algorithms analyze historical data and market trends to predict future costs, enabling businesses to make informed decisions.
2. Automated Cost Estimation: AI helps estimate costs based on project requirements and specifications, reducing the need for manual calculations.
3. Cost Optimization: AI identifies areas where costs can be reduced or optimized, leading to increased efficiency and profitability.
4. Real-Time Cost Tracking: AI tracks costs in real-time, enabling more accurate forecasting and decision-making.
5. Identification of Cost Drivers: AI helps identify factors that drive costs, allowing businesses to address root causes.
6. Cost Risk Analysis: AI analyzes potential risks and their impact on costs, enabling proactive mitigation strategies.
7. Automated Budgeting: AI creates budgets based on historical data and forecasts, streamlining the budgeting process.
8. Cost Allocation: AI allocates costs to specific projects or departments, ensuring accurate cost attribution.
9. Identification of Cost Savings Opportunities: AI identifies areas where costs can be reduced, leading to increased profitability.



10. Continuous Cost Improvement: AI continuously monitors and improves costing processes, ensuring ongoing optimization.

AI technologies used in costing include:

1. Machine Learning,
2. Natural Language Processing,
3. Predictive Analytics,
4. Regression Analysis, 5. Neural Networks,
6. Deep Learning.

AI can be applied in various stages of the actual costing process, including:

1. Data Collection: AI can automate data collection from various sources, such as invoices, receipts, and timesheets.
2. Cost Classification: AI can classify costs into different categories, such as labor, materials, and overheads.
3. Cost Estimation: AI can estimate costs based on historical data, market trends, and other factors.
4. Cost Allocation: AI can allocate costs to specific products, departments, or projects.
5. Cost Analysis: AI can analyze costs to identify trends, anomalies, and areas for improvement.
6. Reporting: AI can generate cost reports, providing insights and recommendations.

By applying AI in the actual costing process, organizations can:

- Reduce manual errors.
- Increase accuracy and Improve efficiency.
- Enhance decisions.
- Gain real-time insight.
- Saves time and money.

Here are some examples of AI in actual costing include:

- Automated invoice processing.
- AI-powered cost forecasting.
- Machine learning-based cost classification.
- Predictive analytics for cost optimization.
- Natural Language Processing (NLP) for cost reporting.

By leveraging AI in costing, organizations can:

1. Reduce costs.
2. Improve profitability.
3. Enhance and Support Strategic decision-making with data- driven insights.
4. Increase efficiency
5. Gain competitive advantage.
6. Make data driven decisions.
7. Enhance cost transparency and visibility.
8. Streamline cost reporting and compliance.
9. Detect and prevent cost fraud and errors.

In these ways AI playing Vital role in Costing and transforming it!!





## Predictive Analytics and AI: Shaping the Future of Cost Management in Accounting

**Kunal Namdev Ghuge**  
CMA Final

### Introduction

Cost management is a crucial aspect of any organization's financial health, focusing on controlling and reducing expenses to maximize profitability. Predictive analytics, enhanced by artificial intelligence (AI), offers a transformative approach to managing costs more effectively. By leveraging historical data and advanced algorithms, organizations can anticipate future financial needs, make more informed decisions, and achieve greater accuracy in their budgeting processes. This article explores how predictive analytics, driven by AI, revolutionizes cost management and enables smarter financial decisions.

**Importance of Cost Management:** Effective cost management is a critical component of financial health for any organization. It involves planning, controlling, and monitoring costs to ensure that resources are used efficiently and budgetary goals are met. By managing costs effectively, companies can improve their profitability, maintain competitive pricing, and ensure long-term sustainability. Proper cost management helps in mitigating risks associated with financial instability and provides a solid foundation for strategic planning and decision-making.

**Role of Predictive Analytics and AI:** Predictive analytics and artificial intelligence (AI) have revolutionized cost management by enabling organizations to anticipate future financial conditions and make data-driven decisions. Predictive analytics uses historical data and statistical models to forecast future trends, while AI leverages advanced algorithms and machine learning to enhance these predictions. Together, these technologies provide deeper insights into cost patterns and potential financial challenges, allowing businesses to proactively address issues and optimize their cost structures.

### Definition of Predictive Analytics

What is Predictive Analytics?: Predictive analytics involves using statistical techniques and machine learning algorithms to analyze historical data and make predictions about future events. This field combines data mining, predictive modeling, and machine learning to identify patterns and trends that can forecast future outcomes. By analyzing past behavior and identifying correlations, predictive analytics helps businesses make informed decisions and anticipate potential issues before they arise.

**How it Applies to Cost Management:** In cost management, predictive analytics is used to forecast future costs, identify trends, and optimize budgeting processes. For instance, businesses can analyze historical expense data to predict future spending patterns, enabling more accurate budget forecasts. Predictive models can also identify potential cost overruns or savings opportunities by examining trends in spending and operational efficiency, allowing organizations to adjust their strategies proactively.

### AI and Predictive Analytics

**Overview of AI Technologies in Predictive Analytics:** AI technologies, including machine learning, natural language processing (NLP), and data mining, play a significant role in enhancing predictive analytics. Machine learning algorithms can analyze vast amounts of data to identify patterns and make predictions with high accuracy. NLP enables the analysis of unstructured data, such as texts or social media, to extract relevant insights. Data mining techniques uncover hidden relationships and trends in large datasets, further improving the predictive capabilities of analytics.

**Benefits of Integrating AI:** Integrating AI into predictive analytics offers several benefits,

including increased accuracy, efficiency, and scalability. AI-driven models can process large volumes of data rapidly, providing real-time insights and predictions. This enhances decision making by offering more precise forecasts and reducing the reliance on manual analysis. Additionally, AI systems can continuously learn and adapt to new data, improving their predictive accuracy over time and offering valuable insights for cost management.

### Application in Cost Management

**Forecasting and Budgeting:** Predictive analytics and AI significantly enhance forecasting and budgeting processes. By analyzing historical financial data and identifying trends, these technologies provide more accurate forecasts of future costs and revenues. This allows organizations to create more precise budgets and financial plans, reducing the risk of cost overruns and financial mismanagement. Predictive models can also simulate various scenarios and their potential impact on budgets, helping businesses prepare for different financial outcomes and adjust their strategies accordingly.

**Expense Analysis and Optimization:** In expense analysis, predictive analytics and AI help identify spending patterns and potential areas for cost reduction. By examining historical expense data and applying predictive models, businesses can pinpoint inefficiencies and recommend strategies for optimizing spending. AI can also automate expense tracking and analysis, providing real-time insights into cost drivers and enabling more effective cost control measures. This helps organizations reduce unnecessary expenditures and improve overall financial performance.

### Case Studies and Examples

**Real-World Applications:** Several companies have successfully implemented predictive analytics and AI for cost management. For example, a major retail chain used predictive analytics to optimize its supply chain management, resulting in reduced inventory costs and improved stock levels. Similarly, a manufacturing company leveraged AI to analyze maintenance data and predict equipment failures, leading to decreased downtime and maintenance costs. These real-world applications demonstrate

the practical benefits of using predictive technologies for cost management.

**Outcomes and Benefits:** The outcomes of implementing predictive analytics and AI in cost management include significant cost savings, improved budgeting accuracy, and enhanced financial performance. Businesses that have adopted these technologies often report better forecasting precision, reduced operational inefficiencies, and more informed decision making. The benefits extend beyond cost savings, as predictive analytics and AI also contribute to strategic planning and long-term financial stability.

### Challenges and Considerations

**Data Quality and Availability:** The effectiveness of predictive analytics and AI relies heavily on the quality and availability of data. Inaccurate, incomplete, or outdated data can lead to unreliable predictions and misguided decisions. Ensuring data quality involves implementing robust data governance practices and investing in data management systems. Additionally, organizations must address challenges related to data integration and accessibility to fully leverage the potential of predictive analytics and AI.

**Implementation and Costs:** Implementing predictive analytics and AI solutions can be costly and complex. Expenses may include purchasing software, investing in infrastructure, and training personnel. Organizations must also consider ongoing costs associated with maintaining and updating these systems. While the long-term benefits often outweigh the initial investment, businesses should carefully evaluate their needs and resources to ensure a successful implementation and achieve a positive return on investment.

**Summary of Benefits:** Predictive analytics and AI offer numerous benefits for cost management, including enhanced forecasting accuracy, improved expense analysis, and more effective budgeting. These technologies enable organizations to anticipate financial challenges, optimize spending, and make data-driven decisions. By integrating

predictive analytics and AI into their cost management strategies, businesses can achieve greater financial control and long-term success.

Future Outlook and Trends: The future of predictive analytics and AI in cost management is promising, with ongoing advancements in technology and methodology.

Emerging trends include the integration of advanced AI algorithms, increased use of real-time data analytics, and greater emphasis on predictive modelling for strategic planning. As technology continues to evolve, businesses can expect even more sophisticated tools and techniques for managing costs and improving financial performance.

### Intermediate & Final Examination Time Table & Programme (December '24)

Day & Date	FINAL (Time: 10.00 A.M. to 01.00 P.M. - IST)	INTERMEDIATE (Time: 2.00 P.M. to 5.00 P.M. IST)
Tuesday, 10th Dec, 2024	Corporate and Economic Laws (P-13)	Business Laws and Ethics (P-05)
Wednesday, 11th Dec, 2024	Cost and Management Audit (P-17)	Operations Management and Strategic Management (P-09)
Thursday, 12th Dec, 2024	Strategic Financial Management (P-14)	Financial Accounting (P-06)
Friday, 13th Dec, 2024	Corporate Financial Reporting (P-18)	Corporate Accounting and Auditing (P-10)
Saturday, 14th Dec, 2024	Direct Tax Laws and International Taxation (P-15)	Direct and Indirect Taxation (P-07)
Sunday, 15th Dec, 2024	Indirect Tax Laws and Practice (P-19)	Financial Management and Business Data Analytics (P-11)
Monday, 16th Dec, 2024	Strategic Cost Management (P-16) Cost	Cost Accounting (P-08)
Tuesday, 17th Dec, 2024	Electives (Any one of three Papers) : (i) Strategic Performance Management and Business Valuation (P-20A) (ii) Risk Management in Banking and Insurance (P-20B) (iii) Entrepreneurship and Start up (P-20C)	Management Accounting (P-12)

**Attention: Intermediate & Final Examination (Dec '24 Term) will be held on alternative dates for each group. Last date for receipt of Examination Application Forms is 15th October, 2024. There will be no extension in the last date of receipt of examination application forms for December 2024 examination.**



## HML Analysis in Inventory Management: Optimizing Operations for Sustainable Success

**PRATHIK M**  
CMA Final

### Introduction:

Inventory management plays a pivotal role in the success of any business, influencing both financial performance and customer satisfaction. Among various methods, High-Medium-Low (HML) analysis has gained popularity as a strategic tool for managing inventory effectively. In this comprehensive article, we will delve into the intricacies of HML analysis, its applications, benefits, and also draw comparisons with ABC costing to highlight their unique contributions to inventory management.

### High-Medium-Low (HML) Analysis:

**Definition and Methodology:** HML analysis categorizes inventory items into three groups based on their importance and value. These categories are High, Medium, and Low, with each group demanding a different level of attention and control. The classification is typically based on factors such as demand frequency, unit cost, and criticality to operations.

### Application in Inventory Management:

**High-Value Items:** High-value items are those with significant financial implications for the business. These items often have lower demand but contribute substantially to revenue. Managing these items efficiently is crucial to maintaining profitability.

**Medium-Value Items:** Medium-value items have moderate importance in terms of both cost and demand. Balancing the inventory levels for these items is essential to avoid overstocking or stockouts, ensuring optimal operational efficiency.

**Low-Value Items:** Low-value items are characterized by their relatively low cost and often

contribute significantly to revenue, their collective impact on operations is noteworthy. Streamlining the management of low-value items is key to preventing unnecessary costs.

### Benefits of HML Analysis:

**Cost Optimization:** HML analysis enables businesses to allocate resources and efforts efficiently, focusing on high-value items that significantly impact the bottom line.

**Improved Customer Service:** By ensuring the availability of high and medium-value items, customer satisfaction is enhanced, as these items are often critical to fulfilling customer orders.

**Enhanced Forecasting:** Categorizing items based on their importance aids in more accurate demand forecasting, allowing for better inventory planning and risk mitigation.

**Streamlined Operations:** HML analysis streamlines operations by directing attention to items that need it the most, preventing unnecessary tie-up of resources on low-value items.

### Difference between ABC Costing and HML Analysis

#### ABC Costing:

**Definition:** Activity-Based Costing (ABC) is a costing method that assigns costs to products based on the activities they require. It provides a detailed breakdown of costs associated with various processes in the production and distribution chain.

**Application:** ABC costing is primarily used to understand the true cost of production and identify areas where costs can be reduced or eliminated. It provides insights into the cost drivers associated with each activity.

### Comparison:

#### Focus:

- HML Analysis: Focuses on categorizing items based on their importance and value to the business.
- ABC Costing: Focuses on understanding the cost structure of activities within the production and distribution process.

#### Scope:

- HML Analysis: Primarily used for inventory management and demand forecasting.
- ABC Costing: Applied across the entire production and distribution process to identify cost drivers and optimize resource allocation.

#### Key Metrics:

- HML Analysis: Uses factors like demand frequency, unit cost, and criticality to categorize items.
- ABC Costing: Utilizes activity-based metrics to allocate costs to specific products or processes.

#### Decision-Making:

- HML Analysis: Guides decisions related to inventory levels and resource allocation based on the importance of items.
- ABC Costing: Informs decisions related to process improvement and cost reduction by identifying activities with high-cost implications.

### **Conclusion**

In conclusion, HML analysis is a valuable tool in inventory management, helping businesses prioritize items based on their significance. When compared to ABC costing, which focuses on cost allocation within processes, HML analysis concentrates on the strategic management of inventory items. Integrating both methods can provide a holistic approach to optimizing operations, improving customer satisfaction, and ensuring sustainable success in today's competitive business environment. As businesses continue to evolve, embracing innovative inventory management strategies becomes paramount, and HML analysis stands out as a crucial component in achieving these objectives.





## The Crucial Role of Cost and Management Accountants in India's Banking and Finance Sector

**Aliasgar Bhinderwala**  
CMA Final

### Introduction:

The banking and finance sector in India stands as a cornerstone of the nation's economic framework, playing a pivotal role in facilitating growth, investment, and financial stability. Amidst its dynamic evolution, the integration of Cost and Management Accountants (CMAs) has proven instrumental in shaping operational efficiency, strategic decision-making, and regulatory compliance within financial institutions. This article delves into the significant contributions CMAs make to the banking and finance sector, highlighting their key responsibilities, skills, and impact.

### Overview of the Banking and Finance Sector in India:

**Historical Evolution:** From the establishment of the Reserve Bank of India in 1935 to liberalization reforms in the 1990s, India's banking sector has undergone significant transformations, expanding its reach and scope across diverse financial services.

**Key Players and Institutions:** Major players include nationalized banks, private sector banks, cooperative banks, and non-banking financial companies (NBFCs), each contributing uniquely to India's financial landscape.

### Key Responsibility of CMA in Banking & Finance Sector

**Cost Analysis and Management:** CMAs play a crucial role in analyzing cost structures, optimizing resource allocation, and enhancing operational efficiency across banking operations. Their expertise in cost accounting principles ensures that financial institutions can minimize expenses while maximizing returns. CMAs meticulously analyze and manage costs within banks and financial institutions. This involves tracking expenses,

identifying cost-saving opportunities, and ensuring that resources are allocated efficiently across various departments and projects.

#### Example: Cost Reduction in Branch Operations

- CMAs analyse branch-level expenses, such as rent, utilities, and staff salaries.
- By recommending process improvements (e.g., digitization of paperwork), they reduce operational costs.
- Result: Increased profitability and better resource allocation.

**Financial Planning and Forecasting:** CMAs contribute to strategic financial planning, budgeting, and forecasting within banks and financial institutions. They develop robust financial models, assess capital allocation strategies, and provide insights that guide long-term investment decisions. They are instrumental in financial planning processes, developing budgets, and forecasting financial outcomes based on market trends, their insights help banks allocate resources effectively and make informed decisions.

#### Example: Annual Budget Preparation

- CMAs collaborate with department heads to create detailed budgets.
- They consider loan disbursements, interest income, and operating expenses.
- Result: Aligned financial goals and efficient resource allocation.

**Risk Management and Compliance:** In an increasingly regulated environment, CMAs ensure adherence to regulatory frameworks such as Basel III norms and SEBI guidelines. They conduct risk assessments, implement internal controls, and monitor compliance measures to mitigate financial risks effectively.

### Example: Basel III Compliance

CMAAs track capital adequacy ratios, liquidity requirements, and risk-weighted assets.

They prepare accurate regulatory

Result: Enhanced transparency and regulatory compliance.

## Challenges and Opportunities in the Sector

**Technological Advancements:** The adoption of fintech solutions, digital banking platforms, and artificial intelligence presents both opportunities and challenges for traditional banking models. CMAAs play a crucial role in leveraging technology to enhance operational efficiency and customer experience.

**Regulatory Environment:** In a modern world where compliance and regulatory requirements demand keeping pace with evolving regulatory requirements and compliance standards remains a key challenge. CMAAs contribute by ensuring that banking operations align with legal frameworks and regulatory guidelines, fostering trust and transparency.

## Future Outlook and CMA's Role

**Innovation and Adaptability:** As the banking sector embraces digital transformation and innovation, CMAAs will play a pivotal role in integrating financial insights with technological advancements. Their ability to adapt to changing landscapes will be crucial in navigating future challenges and opportunities.

**Professional Development:** Continuous learning and professional development are essential for CMAAs to stay ahead of industry trends, regulatory changes, and technological advancements.

## A Case study in managing Banking operations

### Journey of the Bank

Yes Bank started its operation in January 2004 with Ashok Kapoor as Chairman and Rana Kapoor as Chief Executive Officer. In June 2005, the bank floated its IPO of Rs 300 crore, which was oversubscribed 30 times.

The bank rose to popularity very fast because it was never averse to risky lending. In ten years, it rose to become one of the top five private banks in the country. There were instances of setbacks also in this journey. The biggest setback was related to the regulatory audit for FY 2015-16, FY 2016-17, and FY 2018-19, when the regulator reprimanded the bank for underreporting the non-performing assets and underprovisioning. In January 2019, the regulator turned down the extension of the managing director, Mr. Rana Kapoor, citing reasons of mismanagement. Finally, on 5th March 2020, the bank was placed under moratorium for failing to meet the regulatory requirement.

### THE RISE AND FALL OF YES BANK

On 5th March 2020, Yes Bank, the fourth largest private sector bank in the country in terms of asset size, was placed under a moratorium by the regulator, sending shockwaves among the depositors and investors. From Rs 400 per share, the share price tumbled to Rs 5, inflicting heavy losses on shareholders. The withdrawals from the account were capped at Rs 50,000, only creating panic for depositors. The Enforcement Directorate arrested the Managing Director of the bank, Mr. Rana Kapoor, on charges of money laundering to the tune of Rs 4300 crores. This case attempts to analyze the operational and governance issues that led to the failure of the bank and, in that process, imparts a glimpse of operations management in a bank.

### Case Analysis & Discussion

The Yes Bank story is on chasing high growth, relying on wholesale lending with a sole focus on technology and a high-risk, high-return game supported by heavy borrowings. The bank was not focused on retail business, so it did not concentrate on increasing retail branches and ATM networks. Since the bank lacked a retail network, it relied on bulk borrowing for resource mobilization instead of retail deposits, which are cheaper and more stable. The attempt to increase the portfolio of retail deposits through the B2B2C model by utilizing the network of franchisees failed because customers prefer keeping deposits in a bank directly rather than investing through franchisees or through



online mode. The bank aspired to become a digital-savvy bank, oblivious to the fact that the majority of customers may not be digital-savvy. Since the cost of funds was high, the bank was constrained to lend to high-risk clients for better margins. It followed the high-risk, high-return model by aggressive borrowing and lending. This model is sustainable only when credit checks are very stringent and the bank continues to receive timely repayment. Once there was default in repayments, the bank ran into liquidity problems and faced difficulty in repaying high interest obligations that arise from borrowings. It also continued to give a higher dividend payout instead of preserving cash to

solve the liquidity crisis. The bank failed in governance measures as well. Bank duped its investors and shareholders by underprovisioning and reporting inflated profit in its annual report. The Kapoor family was the single largest shareholder in the bank. Allegations were made that the family-owned businesses received gratification from corporations who got loans from the bank. The same is under probe by the investigating agencies. The Managing Director, Rana Kapoor, was arrested on charges that he obtained gratification or pecuniary advantage from various companies who were otherwise not eligible for a loan, thereby causing huge losses to Yes Bank.



“

**True achievement comes not from reaching the goal, but from the lessons learned and the persistence shown in getting there.**

”



## Tax Planning for Startup's: A Cost Accounting Perspective

**Mithilesh Prashant Pathak**  
CMA Intermediate

As a startup, navigating the complex world of taxation can be daunting. However, effective tax planning is crucial to minimize tax liabilities, maximize cash flow, and ensure sustainable growth. From a cost accounting perspective, tax planning involves identifying and leveraging tax incentives, optimizing tax structures, and managing tax risks. In this article, we will explore the key aspects of tax planning for startups from a cost accounting perspective.

Starting a new business is an exhilarating venture that involves numerous challenges, one of which is managing taxes effectively. Tax planning is a crucial aspect of running a startup, and incorporating cost accounting principles into this planning can significantly impact a startup's financial health. This article explores how startups can leverage cost accounting to optimize their tax planning strategies, offering practical insights and strategies to navigate the complexities of taxes while fostering business growth.

### Understanding Tax Planning for Startups

Tax planning is the process of organizing your financial affairs in a way that minimizes tax liabilities while ensuring compliance with tax laws. For startups, this involves strategic planning to manage expenses, investments, and revenues in a manner that takes full advantage of available tax benefits and deductions.

Effective tax planning is essential for startups due to the unique financial pressures they face. Limited resources, fluctuating revenues, and the need to reinvest profits into the business make it crucial to manage taxes efficiently. By integrating cost accounting principles into tax planning, startups can make informed decisions that align with their financial goals and regulatory requirements.

### Understanding Tax Incentives

Tax incentives are a vital component of tax planning for startups. These incentives can significantly reduce tax liabilities, providing much-needed cash flow for growth and expansion. Common tax incentives for startups include:

**Research and Development (R&D) Tax Credits:** Many countries offer tax credits for R&D expenses, encouraging innovation and entrepreneurship.

**Start-up Tax Exemptions:** Some countries provide tax exemptions for startups, reducing tax liabilities in the initial years.

**Accelerated Depreciation:** Startups can claim accelerated depreciation on assets, reducing tax liabilities and improving cash flow.

### Optimizing Tax Structures

A well-structured tax plan can minimize tax liabilities and maximize cash flow. Startups should consider the following:

**Entity Structure:** Choosing the right entity structure (e.g., sole proprietorship, partnership, corporation) can impact tax liabilities.

**Tax Residency:** Understanding tax residency rules can help startups minimize tax liabilities and avoid double taxation.

**Transfer Pricing:** Startups with international transactions must ensure arm's length pricing to avoid tax disputes.

### Managing Tax Risks

Tax risks can significantly impact startups' cash flow and reputation. Effective tax risk management involves:

**Tax Compliance:** Ensuring timely and accurate tax filings to avoid penalties and interest.

**Tax Audits:** Preparing for tax audits by maintaining proper documentation and records.

**Tax Disputes:** Resolving tax disputes through effective communication and negotiation.

## Cost Accounting Strategies

Cost accounting is a branch of accounting focused on capturing and analyzing the costs associated with producing goods or services. Unlike financial accounting, which provides an overview of financial performance, cost accounting delves deeper into specific cost components, helping businesses understand where money is being spent and identify opportunities for cost savings.

Cost accounting plays a crucial role in tax planning for startups. The following strategies can help:

**Cost Segregation:** Segregating costs to maximize tax deductions and credits.

**Inventory Management:** Optimizing inventory levels to minimize tax liabilities.

**Expense Tracking:** Accurately tracking expenses to ensure tax compliance and minimize tax risks.

Key elements of cost accounting include:

**Cost Allocation:** Assigning costs to specific departments, projects, or products.

**Cost Behavior Analysis:** Understanding how costs change in relation to business activities. Accurate cost allocation is essential for effective tax planning. Startups must allocate costs to the appropriate categories—such as production, administration, and marketing to ensure that they are claiming the correct deductions. For instance, costs related to research and development (R&D) can often be deducted or credited, providing significant tax benefits. Properly identifying and allocating these costs can maximize deductions and lower taxable income.

**Budgeting and Forecasting:** Projecting future costs and revenues to make informed financial decisions.

Effective budgeting and forecasting are crucial for tax planning. Startups can use cost accounting data to develop detailed budgets that account for both fixed and variable costs. Accurate forecasting helps predict future expenses and revenues, allowing startups to plan for tax liabilities and make informed decisions about capital investments. For example, understanding future cash flows can help in timing capital expenditures to take advantage of depreciation deductions.

**Variance Analysis:** Comparing budgeted costs to actual costs to identify discrepancies.

**Inventory Management:** For startups that deal with inventory, cost accounting principles play a vital role in tax planning. Proper inventory management ensures that costs are accurately accounted for and that the correct inventory valuation method (e.g., FIFO, LIFO, or weighted average) is used. This impacts the cost of goods sold (COGS) and, consequently, taxable income. Efficient inventory management helps minimize tax liabilities by ensuring that inventory-related deductions are correctly applied.

**Capital Investment Planning:** Cost accounting can assist startups in planning capital investments by analyzing the potential tax implications of various investment options. For instance, different assets may have varying depreciation schedules, affecting the timing and amount of tax deductions. By evaluating the cost and benefit of capital investments using cost accounting data, startups can make strategic decisions that optimize their tax position.

By applying these principles, startups can not only manage their costs more effectively but also leverage cost data for strategic tax planning.

Practical Steps for Implementing Cost Accounting in Tax Planning

### Establish a Robust Cost Accounting System

Implementing a cost accounting system involves setting up processes and tools for tracking and analyzing costs.

Startups should invest in accounting software that offers features for cost allocation, budgeting, and reporting. This system should be integrated with other financial systems to provide a comprehensive view of the business's financial health.

### Develop Detailed Cost Categories

Create detailed cost categories that align with the startup's operations and financial goals. This includes direct costs (e.g., raw materials, labor) and indirect costs (e.g., overhead, administrative expenses). Categorizing costs accurately helps in precise allocation and identification of tax benefits.

### Maintain Accurate Records

Maintain accurate and up-to-date records of all costs and expenses. This includes receipts, invoices, and financial statements. Accurate record-keeping is essential for substantiating tax deductions and credits and ensuring compliance with tax regulations.

### Collaborate with Tax Professionals

Engage with tax professionals or consultants who can provide expertise in tax planning and compliance. Cost accounting data can be used to inform discussions with tax advisors, ensuring that tax strategies are aligned with financial goals and regulatory requirements.

### Regularly Review and Update Tax Strategies

Regularly review and update tax strategies based on cost accounting data and changes in tax laws. Conduct periodic audits to assess the effectiveness of current tax planning strategies and make adjustments as needed.

### Educate the Team

Educate the startup team about the importance of cost accounting and its role in tax planning. Ensure that key personnel understand how their roles impact cost management and tax outcomes. This can foster a culture of financial awareness and accountability within the organization.

### Conclusion

Effective tax planning is crucial for the success of startups, and integrating cost accounting principles into this planning can provide significant advantages. By accurately allocating costs, managing expenses, and leveraging tax credits and deductions, startups can optimize their tax position and support their growth objectives. Implementing a robust cost accounting system, maintaining accurate records, and collaborating with tax professionals are key steps in ensuring that tax planning aligns with the startup's financial goals and regulatory requirements. As startups navigate the complexities of taxes and financial management, cost accounting provides valuable insights that can drive informed decision-making and enhance overall financial performance.

This article provides a comprehensive overview of tax planning for startups from a cost accounting perspective. It covers the importance of tax planning, understanding cost accounting, and practical strategies for leveraging cost accounting in tax planning. The article also provides practical steps for implementing cost accounting in tax planning, including establishing a robust cost accounting system, developing detailed cost categories, maintaining accurate records, collaborating with tax professionals, regularly reviewing and updating tax strategies, and educating the team.





## The Impact of Digitalization on Cost Structures: A Study of Industry 4.0

**Aditya Yogesh Wagh**  
CMA Intermediate

The advent of Industry 4.0 has brought about a significant transformation in the way businesses operate, with digitalization being a key driver of this change. As companies increasingly adopt digital technologies such as artificial intelligence, blockchain, and the Internet of Things (IoT), their cost structures are being profoundly impacted. This article explores the effects of digitalization on cost structures, examining the opportunities and challenges that arise from this shift.

### Cost Structure Transformation

Digitalization is revolutionizing cost structures in several ways:

**Reduced Labor Costs:** Automation and AI-powered systems minimize labor requirements, leading to lower personnel expenses.

**Increased Efficiency:** Digital technologies streamline processes, reducing waste and enhancing productivity.

**New Cost Categories:** Digitalization introduces new cost categories, such as software development, data analytics, and cybersecurity.

**Shift from CAPEX to OPEX:** Digitalization enables companies to transition from capital-intensive investments (CAPEX) to operational expenses (OPEX).

### Opportunities and Challenges

While digitalization presents numerous opportunities for cost optimization, it also poses challenges:

**Initial Investment Costs:** Implementing digital technologies requires significant upfront investments.

**Skills Gap:** The need for specialized digital skills can lead to training costs and talent acquisition challenges.

**Cybersecurity Risks:** Digitalization increases exposure to cyber threats, necessitating additional security measures.

**Data Management Complexity:** Managing vast amounts of data generated by digital technologies can be complex and costly.

### Industry 4.0 Case Studies

Several industries are already experiencing the impact of digitalization on their cost structures:

**Manufacturing:** Companies like Siemens and GE Appliances are leveraging digital twins and predictive maintenance to reduce costs.

**Logistics:** Digitalization is optimizing supply chain management, with companies like DHL and UPS investing in AI-powered route optimization.

**Healthcare:** Telemedicine and electronic health records are transforming healthcare cost structures, with companies like Teladoc and Epic Systems leading the way.

### Conclusion

Digitalization is profoundly impacting cost structures across industries, offering opportunities for optimization and efficiency gains. However, it also presents challenges that must be addressed. As companies navigate this shift, they must carefully consider the implications of digitalization on their cost structures and develop strategies to mitigate risks and capitalize on benefits. By doing so, they can unlock the full potential of Industry 4.0 and thrive in a digitalized world.



## Title: CMA Internship: Small Firm vs. PSU/Government Company

**Uday R. Gupta**  
CMA Final

### Introduction

Internships are a crucial part of the CMA journey, providing practical experience and exposure to real-world scenarios. As a CMA student, you may find yourself deciding between interning at a small-sized firm or a Public Sector Undertaking (PSU)/government company. Both options offer unique advantages and challenges. This article compares these two paths, helping you choose the one that aligns best with your career goals, based on my personal experience.

### Exposure to Different Work Environments

#### Small-Sized Firms

Small firms often provide interns with a broad range of responsibilities. With fewer employees, you may find yourself involved in multiple areas of the business, from accounting and taxation to client management. This can offer a holistic view of how businesses operate and the role of cost management accountants in smaller organizations. Additionally, the close-knit environment allows for direct mentorship from senior professionals, enhancing your learning experience.

#### PSU/Government Companies

On the other hand, PSUs and government companies offer a more structured work environment. These organizations operate on a larger scale, often dealing with significant public projects and resources. Interns in PSUs are likely to work within established protocols, gaining experience in a highly regulated environment. This exposure is particularly valuable if you are interested in understanding public finance, compliance, and large-scale operations.

### Learning Opportunities and Skill Development

#### Small-Sized Firms

In a small firm, the variety of tasks you handle will help you develop a wide range of skills. From technical accounting to management and even client interaction, the scope of learning is broad. This environment encourages creative problem solving and adaptability, as you may frequently switch between different types of work.

#### PSU/Government Companies

In contrast, PSUs offer a more focused learning experience. The training you receive is likely to be specialized, with access to extensive resources and tools. This setting is ideal for learning the intricacies of compliance, regulations, and public sector accounting. The experience gained here is valuable for those considering a career in government or large corporate environments.

### Networking and Professional Growth

#### Small-Sized Firms

Interning at a small firm often means working closely with the entire team, including senior management. This proximity can lead to strong professional relationships and mentorship opportunities, which are invaluable for your career growth. Additionally, the smaller team size allows for more visibility, making it easier to showcase your talents and contributions.

#### PSU/Government Companies

In PSUs, the networking opportunities may be broader but less personal. Working in a large organization allows you to connect with a wide range of professionals across different departments and levels. Moreover, PSUs often have significant industry influence, which can be beneficial for your long-term career, especially if you aspire to remain in the public sector.

## Career Prospects and Long-Term Impact

### Small-Sized Firms

The experience gained at a small firm can be a strong selling point for future employers, particularly in the private sector. The diverse skill set you develop makes you adaptable and ready to take on various roles. Additionally, the hands-on experience can accelerate your career progression, as you're likely to take on more responsibility early on.

### PSU/Government Companies

Interning at a PSU offers stability and a prestigious start to your career. Experience in a government company can be a stepping stone to long-term roles within the public sector or large private corporations. Moreover, the reputation of PSUs can open doors to significant career opportunities, particularly if you aim to work in policy-making, public finance, or large-scale corporate roles.

## Compensation and Benefits

### Small-Sized Firms

Compensation at small firms can vary widely. While some may offer competitive stipends, others might provide limited monetary benefits. However, the experience and skills gained often outweigh the financial aspect. Small firms may also offer non-monetary benefits like flexible working hours, a casual work environment, and the chance to work closely with senior professionals.

### PSU/Government Companies

PSUs generally provide structured compensation packages, which may include additional benefits such as housing, transportation, and job security. These internships are often well-compensated and come with the added advantage of potential long-term employment opportunities within the government sector.

My Personal Experience: Small Firm vs. PSU Internship

Having interned at both a small-sized firm and currently at a Maharatna PSU, Steel Authority of India Limited (SAIL), I've gained first-hand insights into the pros and cons of each setting.

## Small-Sized Firm

**Pros:** The workload in a small firm is intense, but this can be an advantage for those eager to learn. The heavy workload exposed me to various aspects of our field, allowing me to develop a wide range of skills in a short time. This kind of hands-on experience is invaluable for understanding the practical applications of what we study.

**Cons:** However, the demanding nature of the work made it challenging to balance my internship with my studies. Late sittings were common, and the pressure to meet deadlines was high, leaving little time to focus on exam preparation or personal development.

### PSU's / Large-Sized / Government Companies

**Pros:** In contrast, my current internship at SAIL offers a more balanced approach. The work environment in a PSU is structured, with clear boundaries on work hours, which means no late sittings. This has allowed me sufficient time to manage my studies effectively. Additionally, the decent stipend provided by the PSU is a motivating factor, and the exposure to how a massive company operates in real life is an experience that smaller firms simply cannot offer.

**Cons:** While the experience in a PSU is enriching, it might not provide the same breadth of experience in different fields as a small firm would, given the more specialized roles within a large organization.

## Final Opinion

In my view, the choice between interning at a small-sized firm or a PSU/government company depends largely on your career aspirations. For those who are still exploring different areas of our field or planning to start their own practice after qualification, a small-sized firm is the best starting point. The broad exposure to various aspects of cost and management accounting will equip you with the diverse skill set needed to succeed independently.

On the other hand, if you are certain that you want to pursue a job after qualification, especially in a structured corporate environment, then targeting internships at larger firms, PSUs, or government companies would be more beneficial. These organizations offer specialized experience, stability, and a clear pathway to long-term career growth within the industry.

# MCQs: Foundation

## Foundation Paper 1:

### Fundamentals of Business Laws and Business Communication

#### 1. When was the Constitution of India passed by the Constituent Assembly?

- (a) 26<sup>th</sup> January 1950
- (b) 26<sup>th</sup> November 1949
- (c) 25<sup>th</sup> November 1949
- (d) 15<sup>th</sup> August 1947

#### 2. Which is the highest Court in India?

- (a) High Court
- (b) Supreme Court of India
- (c) International Court of Justice
- (d) Sessions Court

#### 3. Which Articles of the Constitution of India have the power to entertain petitions of violation of Fundamental Right?

- (a) Article 32
- (b) Article 226
- (c) Article 226 and Article 32
- (d) Article 356

#### 4. Which is the highest civil court in a district?

- (a) Sessions Court
- (b) Supreme Court of India
- (c) District Court
- (d) High Court

#### 5. Which Article of the Constitution of India empowers the legislature to make laws?

- (a) Article 12
- (b) Article 243
- (c) Article 141
- (d) Article 245

#### 6. A telephonic acceptance is complete when the offer is

- (a) Spoken into the telephone
- (b) Heard but not understood by the offeror
- (c) Heard and understood by the offeror
- (d) Is received, heard and understood by some person in the offeror's house

#### 7. With regard to the contractual capacity of a person of unsound mind, which one of the following statements is most appropriate?

- (a) A person of unsound mind can never enter into a contract
- (b) A person of unsound mind can enter into a contract
- (c) A person who is usually of unsound mind can contract when he is, at the time of entering into a contract, of sound mind
- (d) A person who is occasionally of unsound mind can contract although at the time of making the contract, he is of unsound mind

#### 8. While obtaining the consent of the promisee, keeping silence by the promisor when he has a duty to speak about the material facts, amounts to consent obtained by:

- (a) Coercion
- (b) Misrepresentation
- (c) Mistake
- (d) Fraud



**9. 'A' threatened to commit suicide if his wife did not execute a sale deed in favour of this brother. The wife executed the sale deed. This transaction is:**

- (a) Voidable due to under influence
- (b) Voidable due to coercion
- (c) Void being immoral
- (d) Void being forbidden by law

**10. A contract which is vitiated by undue influence is declared as which one of the following by the Indian Contract Act?**

- (a) Invalid
- (b) Void
- (c) Illegal
- (d) Voidable

**11. Under Sec.2(4) of the Sale of Goods Act, a delivery order enabling a person to obtain delivery on payment of price is**

- (a) Deemed as a Document of Title
- (b) Not a Document of Title
- (c) Document enabling title to Goods
- (d) Not a valid document at all

**12. A Share Certificate is a –**

- (a) Document of Title to Goods
- (b) Bill of Exchange
- (c) Document Showing Title to Goods
- (d) Instrument of Transfer

**13. A Bill of Lading is a –**

- (a) Bill of Exchange
- (b) Promissory Note
- (c) Cheque
- (d) Document of Title to Goods

**14. Section 19 of the Sale of Goods Act, deals with passing of property of.....goods.**

- (a) Unascertained Goods
- (b) Future Goods
- (c) Specific or Ascertained Goods
- (d) Contingent Goods
- (c) Cheque
- (d) Document of Title to Goods

**15. Voluntary transfer of possession from one person to another is called as**

- (a) Ownership
- (b) Delivery
- (c) Gift
- (d) License

**16. If an instrument may be construed either as a promissory note or bill of exchange, it is**

- (a) a valid instrument
- (b) an ambiguous instrument
- (c) a returnable instrument
- (d) none of the above

**17. If a minor draws, endorses, delivers or negotiates an instrument, such instrument binds**

- (a) all parties to the instrument including the minor
- (b) only the minor and not other parties to the instrument
- (c) all parties to the instrument except the minor
- (d) none of the above

**18. In a promissory note, the amount of money payable**

- (a) must be certain
- (b) may be certain or uncertain
- (c) is usually uncertain
- (d) none of the above

**19. A cheque is crossed ..... when it bears across its face an addition of the name of a banker, either with or without the words "not negotiable"**

- (a) Specially
- (b) General
- (c) Restrictive
- (d) None of the above

**20. Under section 118 of the Negotiable Instruments Act, 1881, it is presumed, until the contrary is proved, that every transfer of a negotiable instrument was made**

- (a) after its maturity
- (b) before its maturity
- (c) at its maturity
- (d) none of the above

### Answers

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

## Foundation Paper 2:

### Fundamentals of Financial Cost Accounting

#### 1. Provision for bad debt is made as per the

- (a) Entity Concept
- (b) Conservatism Convention
- (c) Cost Concept
- (d) Going Concern Concept

#### 2. Fixed Assets and Current Assets are categorized as per concept of

- (a) Separate Entity
- (b) Going Concern
- (c) Consistency
- (d) Time period

#### 3. Omission of paise and showing the round figures in Financial Statements is based on

- (a) Conservatism Concept
- (b) Consistency Concept
- (c) Materiality Concept
- (d) Realization Concept

#### 4. P & L Account is prepared for period of one year by following

- (a) Consistency Concept
- (b) Conservatism Concept
- (c) Accounting Period Concept
- (d) Cost Concept

#### 5. An expenditure is capital in Nature when

- (a) The receiver of the amount is going to treat it
- (b) It increase the quantity of fixed assets for the purchase of fixed assets
- (c) It is paid as interests on loans for the business
- (d) It is maintains a fixed assets

#### 6. Out of the given option which cannot be treated as part of cost of purchase for valuing stock on hand

- (a) packing
- (b) octroi
- (c) delivery charges
- (d) freight

#### 7. X sends out 100 bags to Y costing `1,000 each. 60 bags were sold at 10% above cost price. Sale value will be

- (a) `66,000
- (b) `65,000
- (c) `60,000
- (d) `65,500

#### 8. The consignment accounting is made on the following basis

- (a) accrual basis
- (b) realization basis
- (c) cash basis
- (d) all of above

#### 9. Which of the following term is true about consignment?

- (a) sale of goods
- (b) hypothecation of
- (c) shipment of goods
- (d) mortgage of goods

#### 10. Which of these accounts are not opened in the books of consignor?

- (a) Consignment Account
- (b) Commission Account
- (c) Goods Send on Consignment Account
- (d) Consignees Personal Account

**11. A company wishes to earn a 20% profit margin on selling price. Which of the following is the profit mark upon cost, which will achieve the required profit margin?**

- (a) 33%
- (b) 25%
- (c) 20%
- (d) None of the above

**12. At the time of preparation of financial accounts, bad debts recovered account will be transferred to**

- (a) Debtors A/c
- (b) Profit & Loss A/c
- (c) Profit & loss Adjustment A/c
- (d) Profit & loss Appropriation A/c

**13. Depreciation appearing in the Trial Balance should be**

- (a) Debited to P & L A/c
- (b) Shown as liability in balance sheet
- (c) reduced from related asset in balance sheet
- (d) both (a) and (c) above

**14. Gross profit is equal to**

- (a) sales – cost of goods sold
- (b) sales – closing stock + purchase
- (c) opening stock + purchases – closing stock
- (d) none of the above

**15. The profit and loss Account shows the**

- (a) financial results of the concern for a period
- (b) Financial position of the concern on particular date
- (c) financial results of the concern on a particular date
- (d) cost of goods sold during the period

**16. Costs are classified into fixed costs, variable costs and semi-variable costs, it is known as**

- (a) functional classification
- (b) behavioral classification
- (c) element wise classification
- (d) classification according to controllability

**17. Which method of costing is used for determination of costs for printing industry?**

- (a) process costing
- (b) operating costing
- (c) batch costing
- (d) job costing

**18. Over which of the following costs, management is likely to have least control**

- (a) wages cost
- (b) building insurance cost
- (c) machinery breakdown cost
- (d) advertisement cost

**19. Variable costs are fixed**

- (a) for a period
- (b) per unit
- (c) depends upon the entity
- (d) for a particular process of production

**20. In behavioral analysis', costs are divided into**

- (a) production and non-production costs
- (b) controllable and non-controllable costs
- (c) direct and indirect costs
- (d) fixed and variable costs

### Answers

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

## Foundation Paper 3:

### Fundamentals of Financial Cost Accounting

**1. Find the compounded ratio of: 15: 8 and 18: 5**

- (a) 27: 4
- (b) 4: 27
- (c) 27: 8
- (d) 8: 27

**2. Find the third proportional to 1 6 4 and 5**

- (a) 1 9 2
- (b) 13 5
- (c) 4
- (d) 8

**3. Find the Duplicate ratio of : 8: 4 a b**

- (a) 2 2 64 : 2 a b
- (b) 2 2 16 : a b
- (c) 2 2 32 : 4 a b
- (d) 2 2 32 :8 a b

**4. If  $1 A B \propto$  and  $A = 7$  when  $B = 3$ , then when  $B = 1 2 3$ ,  $A$  is**

- (a) 3 7
- (b) 3
- (c) 9
- (d) 1

**5. Using the properties of proportion, solve the following equation for  $y$ , given  $3 2 3 4 1 3 9 1 3 1 y y + = +$**

- (a) 14
- (b) 11
- (c) 12
- (d) 10

**6. The word 'Statistics' has been derived from the Latin word 'Status' which means**

- (a) A numerical state
- (b) A mathematical state
- (c) A neutral state
- (d) A political state

**7. Which one of the following has synonymous words?**

- (a) Status, Staistik, Statista
- (b) Staistik, Statista, Stats
- (c) Statistic, Statistia, Stats
- (d) Statistic, Statistia, Status

**8. Which one of the following is not a characteristic of Plural form of Statistics?**

- (a) Statistics should be collected for a pre-determined purpose
- (b) Statistics should be enumerated or estimated
- (c) Statistics are always graphically expressed
- (d) Statistics are affected by a large number of causes

**9. Statistics in singular sense has**

- (a) 5 stages
- (b) 6 stages
- (c) 2 stages
- (d) 4 stages

**10. Measurement of skewness is**

- (a) Analysis of data
- (b) Presentation of data
- (c) Organisation of data
- (d) Interpretation of data

**11. The sum of the deviations of a certain number of observations measured from 4 is 72 and the sum of the deviations of the observations from 7 is -3. Mean of the observations is**

- (a) 6.88
- (b) 25
- (c) 3.63
- (d) Cannot be ascertained with given data;

**12. The mean of a certain number of items is 42. If one more item 64 is added to the data, the mean becomes 44. The no of items in the original data is**

- (a) 20
- (b) 10
- (c) 43
- (d) 440

**13. 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

**14. 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

**15. 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

**16. If  $r = 0.52$ ,  $\sigma_X = 4.6$  &  $\sigma_Y = 36.8$  then  $b_{XY}$  is equal to**

- (a) 0.24
- (b) 4.16
- (c) +1
- (d) 0.065

**17. If  $b_{XY}$  &  $b_{YX}$  are regression coefficients between X on Y and Y on X respectively then**

- (a)  $1 > b_{XY} > b_{YX}$
- (b)  $1 < b_{XY} < b_{YX}$
- (c)  $1 > b_{XY} > b_{YX} = -$
- (d)  $1 < b_{XY} < b_{YX}$

**18. If  $r^2 = 0.3$  &  $b_{XY} = -1.5$  then  $b_{YX}$  is equal to**

- (a) +1
- (b) -0.2
- (c) -1
- (d) -0.45

**19. In a bivariate regression analysis  $\Sigma XY = 1355.25$ ,  $(\Sigma X)(\Sigma Y) = 6396$ ,  $\Sigma X^2 = 591.50$  &  $\Sigma Y = 52$ . If there are 5 items then  $b_{YX}$**

- (a) 1
- (b) 0.97
- (c) 0.667
- (d) 1.5

**20. In a bivariate regression analysis the difference between actual value of dependent variable and the predicted value of the dependent variable is called**

- (a) Outlier
- (b) Slope
- (c) Residual
- (d) Scattered point

### Answers

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

## Foundation Paper 4:

### Fundamentals of Financial Cost Accounting

#### 1. Point elasticity was propounded by:

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

#### 2. The demand for salt is inelastic, because

- (a) of low price
- (b) absence of it makes food tasteless
- (c) no substitutes
- (d) All the three

#### 3. Price elasticity demand of product will be more elastic if it \_\_\_\_\_

- (a) has no substitutes
- (b) has number of substitutes
- (c) is an item of necessity
- (d) is life saving product

#### 4. If the price of burger rises from ₹ 12 per piece to ₹ 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity of demand can be estimated as:

- (a) 0.5
- (b) 0.8
- (c) 0.25
- (d) 2.10

#### 5. If the price elasticity of demand for wine is estimated to be -6, then a 20% increase in price of wine will lead to ..... in quantity demanded of wine at that price

- (a) 12% increase
- (b) 12% decrease
- (c) 19.6% increase
- (d) 20.6% decrease

#### 6. Means absence of competition

- (a) Perfect Competition
- (b) Monopoly
- (c) Imperfect Competition
- (d) Discrimination

#### 7. In the long-run, a firm in perfect competition earns

- (a) Normal Profit only
- (b) Abnormal profit
- (c) Average profit of past 5 years
- (d) 12.33 percent, profit on capital employed

#### 8. Oligopoly means

- (a) Single seller
- (b) Few sellers
- (c) Large numbers of sellers
- (d) No buyers

#### 9. Penetration Pricing is adopted by following a

- (a) Low Price
- (b) High Price
- (c) Dual Price
- (d) Support Price

#### 10. Which of the following does not characterize monopolistic competition?

- (a) Product differentiation
- (b) Many producers
- (c) Absence of advertising
- (d) Partial control over price

**11. Who considered co-ordination as a permeating function of management passing through the managerial functions of planning, organizing, staffing, leading and controlling?**

- (a) George Terry and Theo Haimann
- (b) Henry Fayol
- (c) Haynes and Massie
- (d) Hicks and Gullet

**12. Which is inherent in managerial job and embodied in all the functions of management?**

- (a) Planning
- (b) Organising
- (c) Control
- (d) Co-ordination

**13. According to Mary Parker Follett which one is not the principle for achieving effective coordination?**

- (a) Continuity
- (b) Early beginning
- (c) Self-coordination
- (d) Managerial Audit

**14. Who emphasized harmony of objectives is crucial to the success of direction?**

- (a) F.W.Taylor
- (b) Henry Fayol
- (c) Peter Drucker
- (d) George Terry

**15. A manager has to exhibit the style of leadership depending on the**

- (a) Performance
- (b) Time
- (c) Situation
- (d) Period

**16. Which of the following statements is not correct?**

- (a) Management is a goal-oriented process
- (b) Management is a universal process
- (c) Management is a continuous process
- (d) Management is a rigid process

**17. Which of the following is not a function of managers?**

- (a) Designing
- (b) Organizing
- (c) Leading
- (d) Planning

**18. Which of the following does not corroborate the concept of 'Management as a Science'?**

- (a) Cause & Effect Relationship
- (b) Test of Validity
- (c) Personal Skill
- (d) Experimentation & Observation.

**19. \_\_\_\_\_ involves missions and objectives.**

- (a) Organizing
- (b) Planning
- (c) Staffing
- (d) Coordination

**20. Management is what a manager does\_\_\_\_\_.**

- (a) Peter F. Drucker.
- (b) Terry.
- (c) Louis Allan.
- (d) Henry Fayol.

**Answers**

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

# MCQs: Intermediate

## Intermediate Paper 5:

### Business Laws and Ethics

#### 1. Right to property is a

- (a) Fundamental Right
- (b) Fundamental Duty
- (c) Constitutional Right
- (d) None of the Above

#### 2. A contract is a combination of

- (a) agreement and free consent
- (b) agreement and consideration
- (c) agreement and enforceability
- (d) agreement and competence of parties

#### 3. Which of the following agency is irrevocable under The Indian Contract Act, 1872?

- (a) Agency for fixed period
- (b) Agency for single transaction
- (c) Agency coupled with interest
- (d) Continuing agency

#### 4. Under Sale of Goods Act, which of the delivery of goods is called as delivery by attornment?

- (a) Actual
- (b) Symbolic
- (c) Constructive
- (d) Physical

#### 5. A contract creates

- (a) jus in personam.
- (b) jus in rem.
- (c) only rights and no obligations.
- (d) only obligations and no rights.

#### 6. The first endorsement of an instrument can be made by the

- (a) Banker
- (b) Payee
- (c) Holder in due course
- (d) Agent

#### 7. A bearer instrument is negotiated by

- (a) delivery only
- (b) delivery and endorsement
- (c) endorsement
- (d) stamping and attestation

#### 8. ESI Fund consists of

- a) Contribution;
- b) Grants from governments;
- c) Donations;
- d) All the above.

#### 9. The fee payable for registration of LLP whose contribution exceeds Rs. 10 lakhs are

- (a) Rs. 500/-
- (b) Rs. 2000/-
- (c) Rs. 4000/-
- (d) Rs. 5000/-

#### 10. A person who has ultimate control over the affairs of the factory under Factories Act, 1948 is called as:

- (a) Occupier
- (b) Manager
- (c) Chairman
- (d) Managing Director



**11. Under Factories Act, 1948, where work of the same kind is carried out by two or more sets of workers during different period of the day, each of such period is called**

- (a) Relay
- (b) Shift
- (c) Recess
- (d) Overtime

**12. Gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than**

- (a) three years
- (b) five years
- (c) seven years
- (d) ten years

**13. The amount of gratuity payable to an employee shall not exceed**

- (a) Ten months' pay
- (b) Twelve months' pay
- (c) Twenty months' pay
- (d) Twenty-five months' pay

**14. The Employees Provident Funds Act, 1952 is applicable to every establishment mentioned in schedule 1 and employed**

- (a) 10 persons or more
- (b) 100 or more persons
- (c) 20 or more persons
- (d) 50 or more persons

**15. Workers will be entitled to overtime wages if they have worked for more than**

- (a) Forty-eight hours in any four weeks
- (b) Forty-eight hours in any three weeks
- (c) Forty-eight hours in any two weeks
- (d) Forty-eight hours in any week

**16. The annual return of an OPC shall be signed by**

- (a) the company secretary
- (b) the director
- (c) the chief accountant
- (d) the auditor

**17. A company cannot remove a director appointed**

- (a) at the annual general meeting
- (b) at the extra ordinary general meeting
- (c) by the promoter
- (d) by the tribunal

**18. The appointment of an independent director shall be approved by the**

- (a) Board meeting
- (b) General meeting
- (c) Registrar of Companies
- (d) Central Government

**19. Meta ethics deal with the nature of \_\_\_\_**

- (a) external influences
- (b) moral judgement
- (c) material facts
- (d) animal rights

**20. Business ethics is based on well accepted**

- (a) Moral and Social Values
- (b) Social Values only
- (c) Moral Values only
- (d) None of the above

### Answers

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

## Intermediate Paper 6:

### Financial Accounting

#### 1. Accounting standard in India are issued by

- (a) Government of India
- (b) Reserve Bank of India
- (c) The Institute of Chartered Accountants of India
- (d) The Institute of Accounting Standard of India

#### 2. Which of the following errors is not disclosed by a Trial Balance?

- (a) Errors of Omission
- (b) Errors of Commission
- (c) Compensating Errors
- (d) All of the above

#### 3. Which of the following is/ are the basic features of a Joint Venture

- (a) The profit or loss on joint venture is shared between the co-venturers in the agreed ratio;
- (b) The co-venturers may or may not contribute initial capital;
- (c) The JV is dissolved once the purpose of the business is over;
- (d) All of the above.

#### 4. The Accommodation bill is drawn

- (a) to finance actual purchase or sale of goods.
- (b) to facilitate trade transmission.
- (c) when both parties are in need of funds.
- (d) None of the above

#### 5. As on 31st March, 2017 debtors and additional bad debts are Rs. 8,00,000 and Rs. 10,000 respectively. If the provision for bad debts is made at 5% on debtors then amount of such provision will be

- (a) Rs. 40,000
- (b) Rs. 50,000
- (c) Rs. 39,500
- (d) Rs. 40,500

#### 6. If any stock is taken by a co-venturer, it will be treated as

- (a) an income of the joint venture.
- (b) an expense of the joint venture.
- (c) to be ignored from joint venture.
- (d) it will be treated in the personal books of the co-venturer.

#### 7. As per AS - 1, which of the following is not a Fundamental Accounting Assumptions?

- (a) Conservatism
- (b) Going Concern
- (c) Consistency
- (d) Accrual

#### 8. Which of the following is an example of Capital Expenditure?

- (a) Inventory of raw materials, work-in-progress and finished goods;
- (b) Insurance premium;
- (c) Taxes and legal expenses;
- (d) None of the above.

#### 9. The main objective of average clause contained in a fire insurance policy is to

- (a) Encourage full Insurance
- (b) Discourage full Insurance
- (c) Encourage under Insurance
- (d) Encourage full Insurance and Discourage under Insurance

#### 10. The out flow of funds to acquire an asset that will benefit the business for more than one accounting period is referred to as –

- (a) Miscellaneous Expenditure
- (b) Revenue Expenditure
- (c) Capital expenditure
- (d) Deferred Revenue Expenditure

**11. Contingent Liability would appear**

- (a) on the liabilities side of the Balance Sheet.
- (b) on the assets side of the Balance Sheet.
- (c) as a note in the Balance Sheet.
- (d) None of the above

**12. Goods are sent to the Branch at cost plus 25%. The loading on invoice price is: 88**

- (a) 20%;
- (b) 25%;
- (c) 30%;
- (d) None of the above.

**13. If Ram's acceptance which was endorsed by us in favour of Saleem is dishonoured, then the amount will be debited in our books to**

- (a) Saleem
- (b) Ram
- (c) Bills Receivable Account
- (d) None of the above

**14. Income & Expenditure A/c shows subscriptions Rs.10,000; Subscriptions accrued in the beginning of the year and at the end of the year were Rs.1,000 and Rs.1,500 respectively. The figure of subscription received appear in receipts and payments account will be: 95**

- (a) Rs.9,500
- (b) Rs.10,000
- (c) Rs.10,500
- (d) Rs.12,000

**15. Materiality Principle is an exception to the**

- (a) Consistency principle
- (b) Full disclosure Principle
- (c) Accounting Period Assumption
- (d) Prudence Principle

**16. \_\_\_\_\_ represents a potential obligation that could be created depending on the outcome of an event.**

- (a) Internal Liability
- (b) Current Liability
- (c) Contingent Liability
- (d) Non-current Liability

**17. Operating Lease is a**

- (a) Revocable Contract
- (b) Non Revocable Contract
- (c) Operating contract
- (d) None of the above

**18. Which of the following account is mainly prepared at the time of dissolution of the firm?**

- (a) Revaluation A/c
- (b) Goodwill A/c
- (c) Realization A/c
- (d) Memorandum Revaluation A/c

**19. The Full form of GAAP**

- (a) Generally Accepted Accounting Principles.
- (b) Generally Accepted Accountancy Principles
- (c) Globally Accepted Accounting Principles
- (d) Global Accounting Accepted Principles

**20. The IRDA issued a circular under \_\_\_\_\_ of the Insurance Act, 1938, which mandates insurers to comply with IND AS and its implementation Roadmap issued by the MCA**

- (a) Section 35
- (b) Section 34
- (c) Section 36
- (d) Section 40

**Answers**

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

## Intermediate Paper 7:

### Direct and Indirect Taxation

#### 1. On salary, tax is required to be deducted at the time of:

- (a) Payment or crediting the employee, whichever is earlier
- (b) Crediting the employee
- (c) Payment
- (d) Retirement of employee

#### 2. The basic exemption limit for a resident super senior citizen above the age of 80 is

- (a) Rs. 2,00,000
- (b) Rs. 2,50,000
- (c) Rs. 5,00,000
- (d) None of the above

#### 3. New plant and machinery acquired and put to use by an assessee engaged in transmission of power is eligible for additional depreciation at \_\_\_ of actual cost.

- (a) 10%
- (b) 12.5%
- (c) 15%
- (d) 20%

#### 4. TDS u/s 194 in respect of dividend, if payee furnish PAN is:

- (a) 10%
- (b) 20%
- (c) 30%
- (d) None of above

#### 5. A winning from lotteries is Rs. 50,000 and expenses incurred to earn such income is Rs. 5,000. Its taxable income is

- (a) Rs. 50,000
- (b) Rs. 45,000
- (c) Nil
- (d) None of above

#### 6. Amount of deduction in respect of donation to approved scientific research institution u/s 80GGA is:

- (a) 100% of such donation
- (b) 200% of such donation
- (c) 175% of such donation
- (d) None of above

#### 7. Agricultural land located in rural area is:

- (a) Capital asset
- (b) Not a capital asset
- (c) Exempted capital asset
- (d) None of above

#### 8. Stake money on owning and maintaining race horses is Rs. 70,000 and expenses incurred is Rs. 20,000. Its taxable income is:

- (a) Rs. 70,000
- (b) Rs. 50,000
- (c) Nil
- (d) None of above

#### 9. Mr. Laxman occupied his apartment till December 2015 and thereafter occupied the quarters provided by the employer. The apartment of Mr. Laxman was let out at Rs. 20,000 per month from 1st January, 2016. The annual value of the property would be

- (a) Rs. 60,000
- (b) Rs. 2,40,000
- (c) Rs. 1,80,000
- (d) NIL

#### 10. Mr. Raj (age 62) is Karta of HUF which is engaged in textile trade. The total income of the HUF is Rs. 3,40,000. The tax liability of the HUF would be \_\_\_\_\_

- (a) Rs. 9,270
- (b) Rs. 4,120
- (c) Nil
- (d) Rs. 1,05,060

**11. On Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural Gas and Aviation Turbine Fuel:**

- (a) GST is not levied at all
- (b) GST will be levied from a date to be notified on the recommendations of the GST Council.
- (c) GST is levied, but exempt
- (d) None of the above

**12. What is the time of supply of service if the invoice is issued within 30 days from the date of provision of service?**

- (a) Date of issue of invoice
- (b) Date on which the supplier receives payment
- (c) Date of provision of service
- (d) Earlier of (a) & (b)

**13. A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income Tax Act, 1961. The supplier can**

- (a) Avail only 50% of the said tax component as ITC
- (b) not avail ITC on the said tax component
- (c) avail 100% ITC of the said tax component
- (d) avail only 25% of the said tax component as ITC

**14. Balance in electronic credit ledger under SGST can be used against which liability?**

- (A) SGST Liability only
- (B) SGST and IGST liability
- (C) SGST, IGST and CGST Liability
- (D) None of the above

**15. Zero rated supply includes supplies made-**

- (A) By SEZ unit in India
- (B) to SEZ unit in India
- (C) Both (a & b) above
- (D) None of the above

**16. In case of customs valuation, if air freight is not given, it is to be considered as:**

- (a) 20% of FOB value
- (b) 1.125% of FOB value
- (c) 15% of FOB value
- (d) 10% of FOB value

**17. In Customs, warehouse means:**

- (a) A public warehouse
- (b) A private warehouse
- (c) Special warehouse
- (d) All of the above

**18. The Chairperson of GST Council is**

- (A) Prime Minister of India
- (B) Finance Minister of India
- (C) Minister of State for Finance
- (D) None of the above

**19. The Safeguard duty imposed shall be in force for a period of \_\_\_\_\_ from the date of its imposition and can be extended with the total period of levy not exceeding \_\_\_\_\_.**

- (A) 4 years, 10 years
- (B) 3 years, 5 years
- (C) 1 year, 5 years
- (D) 5 years, 10 years

**20. Basic custom duty on imported goods is levied at the rates specified in the**

- (A) First Schedule of the Customs Tariff Act, 1975.
- (B) Second Schedule of the Customs Tariff Act, 1975.
- (C) Customs Act, 1962.
- (D) Customs Manual, 2001

**Answers**

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

## Intermediate Paper 8:

### Cost Accounting

**1. At the economic ordering quantity level, the following is true:**

- (a) The ordering cost is minimum
- (b) The carrying cost is minimum
- (c) The ordering cost is equal to the carrying cost
- (d) The purchase price is minimum

**2. The following is an example of direct expenses as per CAS-10:**

- (a) Special raw material which is a substantial part of the prime cost.
- (b) Travelling expenses to site.
- (c) Overtime charges paid to direct worker to complete work before time.
- (d) Catalogue of prices of finished products.

**3. When you attempt a reconciliation of profits as per Financial Accounts and Cost Accounts, the following is done:**

- (a) Add the under absorption of overheads in Cost Accounts if you start from the profits as per Financial Accounts.
- (b) Add the under absorption of overheads in Cost Accounts if you start from the profits as per Cost Accounts.
- (c) Add the over absorption of overheads in Cost Accounts if you start from the profits as per Financial Accounts.
- (d) Add the over absorption of overheads in Cost Accounts if you start from the profits as per Cost Accounts.

**4. In the context of Contract a/c, work completed and not yet certified will be shown**

- (a) at cost plus + 2/3rd of the notional profit under 'Completed Work'.
- (b) at cost plus notional profit less retention money under 'Completed Work'.
- (c) at cost under 'Completed Work'.
- (d) at cost under WIP a/c.

**5. If sales are Rs. 90,000 and variable cost to sales is 75%. Contribution is**

- (a) Rs. 21,500
- (b) Rs. 22,500
- (c) Rs. 23,500
- (d) Rs. 67,500

**6. Sales Budget is a-**

- (a) Expenditure budget
- (b) Functional budget
- (c) Master budget
- (d) None of the above

**7. In Reconciliations Statements Expenses shown only in financial accounts are.**

- (a) Added to financial profit
- (b) Deducted from financial profit
- (c) Ignored
- (d) Added to costing profit

**8. In a process 8000 units are introduced during a period. 5% of input is normal loss. Closing work in progress 60% complete is 1000 units. 6600 completed units are transferred to next process. Equivalent production for the period is:**

- (a) 9000 units
- (b) 7440 units
- (c) 5400 units
- (d) 7200 units

**9. Standard cost of material for a given quantity of output is Rs. 15,000 while the actual cost of material used is Rs. 16,200. The material cost variance is:**

- (a) Rs. 1,200 (A)
- (b) Rs. 16,200 (A)
- (c) Rs. 15,000 (F)
- (d) Rs. 31,200 (A)

**10. What entry will be passed under integrated system for purchase of stores on credit?**

- (a) Dr. Stores Cr. Creditors
- (b) Dr. Purchases Cr. Creditors
- (c) Dr. Stores Ledger Control A/c Cr. Creditors
- (d) Dr. Stores Ledger Control A/c Cr. General Ledger Adjustment A/c

**11. Which of the following is considered as accounting record?**

- (a) Bin Card
- (b) Bill of material
- (c) Store Ledger
- (d) None of these

**12. In which of the following incentive plan of payment, wages on time basis are not guaranteed?**

- (a) Halsey plan
- (b) Rowan plan
- (c) Taylor's differential piece rate system
- (d) Gantt's task and bonus system

**13. A manufacturing Industry produces product P, Royalty paid on sales is Rs. 23,500 and design charges paid for the product is Rs. 1,500. Compute the Direct Expenses.**

- (a) 25,000
- (b) 22,000
- (c) 26,500
- (d) None of these

**14. Standard deals with the principles and methods of determining the manufacturing Cost of excisable goods-**

- (a) CAS 12
- (b) CAS 15
- (c) CAS 22
- (d) CAS 2

**15. Fixed cost is 30,000 and P/V ratio is 20%. Compute breakeven point.**

- (a) Rs. 160,000
- (b) Rs. 150,000
- (c) Rs. 155,000
- (d) Rs. 145,000

**16. Budgets are shown in ..... Terms**

- (a) Qualitative
- (b) Quantitative
- (c) Materialistic
- (d) both (b) and (c)

**17. The most suitable cost system where the products differ in type of material and work performed is**

- (a) Process Costing
- (b) Batch Costing
- (c) Job Costing
- (d) Operating Costing

**18. Which of the following items is not included in preparation of cost sheet?**

- (a) Purchase returns
- (b) Carriage inwards
- (c) Sales commission
- (d) Interest paid

**19. The main purpose of Cost Accounting is**

- (a) to maximise profit.
- (b) to help in inventory valuation.
- (c) to help in the fixation of selling price.
- (d) to provide information to management for decision making.

**20. Which of the following best describes a fixed cost?**

- (a) It may change in total where such change is unrelated to changes in production.
- (b) It may change in total where such change is related to changes in production.
- (c) It is constant per unit of change in production.
- (d) It may change in total where such change depends on production within the relevant range.

**Answers**

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

## Intermediate Paper 9:

### Operations Management & Strategic Management

#### 1. Which one is NOT an index of Productivity?

- (a) Man-hour output
- (b) Productivity ratio
- (c) TQM
- (d) Use of Financial Ratios

#### 2. MRP stands for:

- (a) Material requirement planning
- (b) Material reordering planning
- (c) Material requisition procedure
- (d) Material recording procedure

#### 3. One of the important charts used in programme control is:

- (A) Material chart
- (B) Gantt chart
- (C) Route chart
- (D) Inspection chart

#### 4. Linear Programming is a technique used for determining:

- (a) Production Programme
- (b) Plant Layout
- (c) Product Mix
- (d) Manufacturing Sequence.

#### 5. The example of worker involvement, as a recent trend in production/operations management is

- (A) SCM
- (B) Just-in-Time
- (C) Quality Circle
- (D) MRP

#### 6. Inventory cost per product in intermittent production is:

- (A) Higher,
- (B) Lowest,
- (C) Medium,
- (C) Abnormal.

#### 7. With reference to the characteristics of a good product design, which one of the following is referred to "the ease of manufacture with minimum cost"?

- (A) Reliability
- (B) Productibility
- (C) Specification
- (D) Simplification

#### 8. In a network diagram, the activity that must be completed prior to the start of an activity is called as

- (a) Successor activity
- (b) Predecessor activity
- (c) Concurrent activity
- (d) Dummy activity

#### 9. Which one of the following establishes time sequence of operations?

- (a) Routing
- (b) Sequencing
- (c) Scheduling
- (d) Dispatching

#### 10. The most powerful and popular method for solving linear programming problem is

- (a) Simplex method
- (b) Graphical method
- (c) Transportation method
- (d) Assignment method



### 11. Benchmarking is

- (a) The analytical tool to identify high cost activities based on the 'Pareto Analysis'.
- (b) The search for industries best practices that lead to superior performance.
- (c) The simulation of cost reduction schemes that helps to build commitment and improvement of actions.
- (d) The process of marketing and redesigning the way a typical company works.
- (e) The framework that earmarks a linkage with suppliers and customers.

### 12. Innovation strategy is

- (a) Defensive strategy
- (b) Offensive strategy
- (c) Responding to anticipating customers and market demands
- (d) Guerrilla strategy
- (e) Harvesting strategy

### 13. For an entrepreneur

- (a) Vision is before the mission
- (b) Mission is before the vision
- (c) Both are developed simultaneously
- (d) Vision or mission are un-important issue
- (e) Profitability is most crucial

### 14. The BCG growth matrix is based on two dimensions:

- (a) Market size and competitive intensity
- (b) Relative market share and market/industry growth rate
- (c) Profit margins and market size
- (d) Market size and market share

### 15. Delphi Technique:

- (a) is an attempt to describe a sequence of events that demonstrates how a particular goal might be reached
- (b) is a method of obtaining a systematic refined consensus from a group of experts (c) is assessing the desirability of future goals and thereafter selecting those areas of development that are necessary to achieve the desired goals
- (d) is concentrating on the impact which various forecasted technological developments might have on particular industries

### 16. SAIL's famous advertising campaign of "there is a bit of steel in everyone's life was meant to:

- (A) gain buyers awareness about its versatile product range
- (B) create an image of superior performance
- (C) inform new buyers about its special products
- (D) enhance product quality perception
- (E) achieve its mission

### 17. 'Niche' is similar to the

- (a) Growth strategy
- (b) Milking strategy
- (c) Flanking strategy
- (d) Survival strategy

### 18. Blue Ocean Strategy is concerned with

- (a) moving into new market with new products
- (b) creating a new market places where there is no competition
- (c) developments of products and markets in order to ensure survival
- (d) making the product unique in terms of attributes

**19. Strategic Business Unit (SBU) structure does NOT experience one of the following as an advantage:**

- (a) Higher career development opportunities
- (b) Better control of categories of products manufacturing, marketing and distributions
- (c) High cost approach
- (d) Help in expanding in different related and unrelated businesses

**20. Which of the following analyses 'products and businesses by market share and market growth'?**

- (A) SWOT Analysis
- (B) BCG Matrix
- (C) PEST Analysis
- (D) Portfolio Analysis

**Answers**

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

“

**Achievement is the result of relentless effort and the courage to keep going despite obstacles. It's the journey that defines success.**

”

## Intermediate Paper 10:

### Corporate Accounting and Auditing

#### 1. Segment Reporting is covered under

- (a) AS 16
- (b) AS 17
- (c) AS 18
- (d) AS 19

#### 2. On redemption of Debentures, the amount lying in Debenture Redemption Reserve, which is no longer necessary to be retained, should be transferred to

- (a) Revaluation Reserve
- (b) Securities Premium Reserve
- (c) Capital Reserve
- (d) General Reserve

#### 3. Balance of Interest Accrued on Security Deposit A/c of an Electricity company should be shown

- (a) under Current Liability
- (b) under Non-current Liability
- (c) under Current Asset
- (d) under Non-current Asset

#### 4. Which of the following is/are the source/s of bonus issue of shares?

- (a) Free Reserves
- (b) Securities Premium Account
- (c) Capital Redemption Reserve Account
- (d) All of the above

#### 5. When a shareholder fails to pay calls, the company, if empowered by its articles, may \_\_\_\_\_

- (a) Surrender the shares
- (b) Forfeit the shares
- (c) Reissue the shares
- (d) All of the above

#### 6. X Ltd. holds 51% of Y Ltd., Y Ltd. holds 51% of W Ltd., Z Ltd. holds 49% of W. Ltd. As per AS 18, Related Parties are:

- (a) X Ltd., Y Ltd. & W Ltd.
- (b) X Ltd. & Z Ltd.
- (c) Y Ltd. & Z Ltd.
- (d) X Ltd. & Y Ltd. Only

#### 7. The Electricity Act, 2003 replaced which of the following three existing legislations?

- (a) The Indian Electricity Act, 1910
- (b) The Electricity (Supply) Act, 1948
- (c) The Electricity Regulatory Commissions Act, 1998
- (d) All of the above

#### 8. A Banking Company needs to transfer a minimum of \_\_\_\_\_ its profit to reserve fund.

- (a) 10%
- (b) 15%
- (c) 20%
- (d) 25%

#### 9. Underwriting commission payable on the shares taken up by the promoters is

- (a) 2.5%
- (b) 2%
- (c) 5%
- (d) Nil

#### 10. As per Section 52 of Companies Act 2013, Securities Premium A/c cannot be used

- (a) to issue fully paid up bonus shares
- (b) to pay interim dividend
- (c) to write off the discount on issue of debentures
- (d) to write off the premium on redemption of preference shares

### 11. A Cost Auditor submits his report to

- (a) Board of Directors
- (b) Government
- (c) Shareholders
- (d) Statutory Auditor

### 12. The first Auditor of a Company shall be appointed by the Board of Directors within 6

- (a) 30 days from the date of registration
- (b) 90 days from the date of registration
- (c) 30 days from the date of first AGM
- (d) 1 year from the date of registration

### 13. SA 230 stands for \_\_\_\_\_.

- (a) Quality control for an audit of financial Statements
- (b) Agreeing the terms of Audit engagements
- (c) Audit Documentation
- (d) Responsibility of Joint Auditor

### 14. The meetings of Audit committee should be \_\_\_\_\_ in a year.

- (a) 4
- (b) 5
- (c) 3
- (d) 2

### 15. Maximum term of Individual Auditor

- (a) 1 term of 5 years
- (b) 2 term of 5 years
- (c) 3 term of 5 years
- (d) None of the above

### 16. SA-700 stands for \_\_\_\_\_.

- (a) Audit Planning
- (b) Joint Auditor
- (c) Forming an opinion and reporting on Financial Statement
- (d) None of the above

### 17. Remuneration of Auditors is covered under the following section of Companies Act, 2013:

- (a) Section 142
- (b) Section 148
- (c) Section 139
- (d) Section 143

### 18. Which of the following is not included in the Current Audit File?

- (a) Memorandum and Articles of Association
- (b) Current year's audit programme
- (c) Internal Control Questionnaire
- (d) Copies of budget

### 19. Declaration of dividend is covered under section \_\_\_\_\_ of the Companies Act, 2013.

- (a) 122
- (b) 123
- (c) 124
- (d) 125

### 20. Form for Secretarial Audit Report is-

- (a) MR-2
- (b) MR-3
- (c) MR-4
- (d) MR-5

## Answers

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

## Intermediate Paper 11:

### Corporate Accounting and Auditing

#### 1. Time value of money explains that

- (a) a unit of money received today is worth more than a unit received in future
- (b) a unit of money received today is worth less than a unit received in future
- (c) a unit of money received today and at some other time in future is equal
- (d) none of the above

#### 2. If the nominal rate of interest is 10 per cent per annum and frequency of compounding is 4 i.e. quarterly compounding, the effective rate of interest will be

- (a) 10.25% per annum
- (b) 10.38% per annum
- (c) 10% per annum
- (d) none of the above

#### 3. If annual effective rate of interest is 10.25 % per annum and nominal rate of return is 10% per annum what is the frequency of compounding

- (a) 1
- (b) 3
- (c) 2
- (d) 4

#### 4. Which of the following is the main objective of financial management?

- (a) Revenue Maximisation
- (b) Profit Maximisation
- (c) Wealth Maximisation
- (d) Cost Minimisation

#### 5. Assets Management company is formed

- (a) To manage bank's assets
- (b) To manage mutual funds investments
- (c) To construct infrastructure projects
- (d) To run a stock exchange

#### 6. SPO refers to \_\_\_\_\_, the second and subsequent time a company raises money from the public directly.

- (a) Second Public Offering
- (b) Subsequent Public Offering
- (c) Subsequent Public Offer
- (d) Seasonal Public Offering

#### 7. If the RBI intends to reduce the supply of money as part of an anti-inflation policy, it might

- (a) Lower Bank rate
- (b) Increase Cash Reserve Ratio
- (c) Buy Govt. securities in open market
- (d) Decrease Statutory Liquidity Ratio

#### 8. The face value of a 364-day T-bill is Rs. 100. If the purchase price is Rs. 86 then the yield on such a bill is

- (a) 12.45%
- (b) 13.36%
- (c) 16.32%
- (d) 16.56%

#### 9. Eurodollar deposit means :

- (a) Dollar deposit outside USA
- (b) Dollar deposit beyond the control of monetary authority
- (c) Dollar Deposit in the US and outside US
- (d) None of the above

#### 10. Net Profit Ratio Signifies:

- (a) Operational Profitability
- (b) Liquidity Position
- (c) Big-term Solvency
- (d) Profit for Lenders

**11. The treatment of interest and dividends received and paid depends upon the nature of the enterprise. For this purpose, the enterprises are classified as**

- (a) (i) Financial enterprises, and  
(ii) Operating enterprises.
- (b) (i) Financial enterprises, and  
(ii) Other enterprises.
- (c) (i) Financial enterprises, and  
(ii) Non-Financial enterprises.
- (d) (i) Trading enterprises, and  
(ii) Non - Trading enterprises

**12. Maps may be used for displaying**

- (a) Pincode
- (b) Country name
- (c) State abbreviation
- (d) All of the above

**13. Following are the scope of DPA**

- (a) Defining significant meaning (relevant information) required by each audience member in every scenario.
- (b) Obtaining the proper data (focus area, historic reach, extensiveness, level of detail, etc.)
- (c) Determining the needed frequency of data refreshes (the currency of the data)
- (d) All of the above

**14. Binomial distribution applies to attributes**

- (a) that are categorised into two mutually exclusive and exhaustive classes
- (b) that are categorised into three mutually exclusive and exhaustive classes
- (c) that are categorised into less than two mutually exclusive and exhaustive classes
- (d) that are categorised into four mutually exclusive and exhaustive classes

**15. The geometric distribution is a discrete distribution that assesses**

- (a) the probability of the occurrence of the first success
- (b) the probability of the occurrence of the second success
- (c) the probability of the occurrence of the third success
- (d) the probability of the occurrence of the less success

**16. The descriptive data may be deciphered as**

- (a) May be deciphered in the form of qualitative information
- (b) May be deciphered in the form of quantitative information
- (c) May be deciphered in the form of information from informal sources
- (d) All of the above

**17. To make the data turn into user friendly information, it should go one/more of following core steps**

- (a) Collection of data
- (b) Organising the data
- (c) Data processing
- (d) All of the above

**18. At Indifference level of EBIT, different capital have-**

- (a) Same EBIT
- (b) Same EPS
- (c) Same PAT
- (d) Same PBT

**19. Spontaneous financing consists of\_\_**

- (a) a line of credit
- (b) short-term loans
- (c) accounts receivable
- (d) accounts payable

**20. Data science plays an important role in**

- (a) Risk analytics
- (b) Customer data management
- (c) Consumer analytics
- (d) All of the above

**Answers**

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

## Intermediate Paper 12:

---

### Management Accounting

#### 1. The main objective of management accounting is \_\_\_\_\_

- A. To maintain the accounting records
- B. To know the amount due from customers and suppliers
- C. To ascertain analyse and interpret the results of business operations
- D. To record all the business transactions

#### 2. Who stated the definition of management accounting as "Management Accounting is concerned with accounting information which is useful to management"?

- A. Robert Anthony
- B. Michael Porter
- C. J. Batty
- D. James H Bliss

#### 3. Creation of value through effective use of resources is the focus area of the \_\_\_\_\_

- A. 1st stage
- B. 2nd stage
- C. 3rd stage
- D. 4th stage

#### 4. In an ABC system, which of the following is likely to be classified as a batch level activity?

- A. Machine set-up
- B. Product design
- C. Inspection of every item produced
- D. Production manager's work

#### 5. Under a traditional costing system, which of the following costs would likely be classified as indirect with respect to the various products manufactured?

- A. Plant maintenance
- B. Factory supplies
- C. Machinery depreciation
- D. All of the above

#### 6. A homogeneous cost pool is one that:

- A. Does not change over time
- B. Needs many activity drivers to be allocated to a cost object
- C. Can be explained with a single activity driver
- D. Has only one type of material assigned to it

#### 7. The salaries of a manufacturing plant's management are said to arise from:

- A. Unit Level Activities
- B. Batch Level Activities
- C. Product Sustaining Activities
- D. Facility Level Activities

#### 8. Under marginal costing system, the contribution margin discloses the excess of

- A. Revenue over fixed costs
- B. Projected revenues over the break-even point
- C. Revenues over variable costs
- D. Variable costs over fixed costs

#### 9. The profit/volume ratio in marginal costing can be improved by:

- A. Lowering fixed cost
- B. Increasing the selling price
- C. Increasing variable cost
- D. None of the above

#### 10. Another name for 'Contribution' is:

- A. Marginal Income
- B. Gross Profit
- C. Net Income
- D. None of the above

#### 11. Relevant costs are:

- A. unavoidable, future and measured by cash
- B. avoidable, future and measured by cash
- C. avoidable, future and measured by profit
- D. unavoidable, future and measured by profit

**12. Division P transfers its output to Division Q at variable cost. Once a year P charges a fixed fee to Q, representing an allowance for P's fixed costs. This type of transfer pricing system is commonly known as:**

- A. Dual pricing
- B. Negotiated transfer pricing
- C. Opportunity cost based transfer pricing
- D. Two-part tariff transfer pricing

**13. Which of the following equations can be used to calculate a material price variance?**

- A.  $(AQ \times AP) - (AQ \times SP)$
- B.  $(AP \times SP) - (AQ \times SP)$
- C.  $(AQ \times SP) - (SQ \times SP)$
- D.  $(AQ \times SP) - (AQ \times AP)$

**14. The scare factors is also known as**

- A. Key factor
- B. Abnormal factor
- C. Linking factor
- D. None of the above

**15. According to Kaplan & Norton, which of the balanced scorecard perspectives is first in the chain of cause and effect relationships?**

- A. Financial.
- B. Customer.
- C. Internal business processes.
- D. Learning & growth

**16. The performance of investment centre is based on.....**

- A. Cost of the centre
- B. Profit of the centre
- C. Profit and investment of the centre
- D. Revenue of the centre

**17. The minimum expected opportunity loss (EOL) is**

- A. Equal to EVPI
- B. Minimum regret
- C. Equal to EMV
- D. Both (A) and (B)

**18. The sequence of possible managerial decisions and their expected outcome under each set of circumstances can be represented and analysed by using**

- A. The minimax regret criterion.
- B. A decision tree.
- C. A payoff matrix.
- D. Simulation

**19. A strategy that yields an expected monetary payoff of zero is called a**

- A. Risk-neutral strategy.
- B. Fair game.
- C. Zero-sum game.
- D. Certainty equivalent

**20. The decision-maker's knowledge and experience may influence the decision-making process when using the criterion of**

- A. Maximax
- B. Maximax regret
- C. Realism
- D. Maximin

### Answers

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



# MCQs: Final

## Final Paper 13:

### Corporate and Economic Laws

#### 1. Certificate of incorporation is issued by:

- a) Regional director
- b) Registrar of companies
- c) Central Govt.
- d) None of the above

#### 2. Section 8 companies cannot

- a) Generate surplus
- b) Make profit
- c) Distribute dividend
- d) Profit is to given to Govt

#### 3. Once a company is converted into LLP, intimation to ROC has to been made within

- a) 10 days
- b) 15days
- c) 20 days
- d) 30 days

#### 4. Fully convertible debenture is a :

- a) debt instrument
- b) equity instrument
- c) hybrid instrument
- d) None of the above

#### 5. Once declared, the amount of dividend shall be transferred to special dividend A/c within

- a) 3 days
- b) 5 days
- c) 10 days
- d) 15 days

#### 6. A statutory Auditor shall be

- a) ACS
- b) CMA
- c) Practicing CA
- d) Any of the above

#### 7. A women director has to be there is the company is:

- a) A listed company
- b) With turnover of `300 crore or more
- c) Either of the above
- d) None of the above

#### 8.A company may remove a director with

- a) Board Resolution
- b) Ordinary resolution of shareholders
- c) Special Resolution of shareholders
- d) Approval of ROC

#### 9. For Board meeting, quorum as per the Act is:

- a) One third of the total no. of directors .
- b) Two third of the total no. of directors
- c) One third of the total no. of director or two, whichever is higher
- d) Half of the total no. of directors

#### 10. If \_\_\_\_\_ of the directors require that a resolution under circulation be placed in the Board meeting for decision, it has to be complied with.

- a) All director
- b) Two-third
- c) One-third
- d) Three-fourth

**11. The Insolvency and Bankruptcy Code passed by the Parliament in the year:**

- a) 2014
- b) 2015
- c) 2016
- d) 2017

**12. In normal course, the corporate insolvency resolution process shall be completed within a period of..... days from the date of admission of the application.**

- a) 120
- b) 180
- c) 210
- d) 240

**13. The adjudicating authority in case of personal insolvency is:**

- a) NCLT
- b) Debt Recovery Tribunal
- c) RBI
- d) SEBI

**14. Insolvency and Bankruptcy code 2016 is not applicable on:**

- a) Financial Service Providers
- b) Partnership Firms and Individuals
- c) Limited Liability Partnership (LLP)
- d) Companies Incorporated under Companies Act.

**15. With the introduction of IB code, the following laws have been repealed:**

- a) Chapter XIX and Chapter XX of Companies Act, 2013
- b) Part VIA, Part VII and Section 391 of Companies Act, 1956
- c) SICA Act, 1985
- d) All the above

**16. The ideal implementing agency of CSR projects, should be:**

- a) section 8 company
- b) trust
- c) society
- d) one of the above

**17. Economic approach to sustainability relates to:**

- a) planet
- b) profit
- c) people
- d) none of the above

**18. CG ratings are done by :**

- a) commercial banks
- b) RBI
- c) Credit Rating Agencies
- d) SEBI

**19. 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 meetings

**20. Which of the following is the advantage of the family business over non-family business?**

- a) Staff recruitment
- b) Raising funds for growth
- c) Ownership vs. Management
- d) Deep industry insight

**Answers**

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

## Final Paper 14:

### Strategic Financial Management

**1. The following information is available in case of an investment proposal:  
NPV at discounting rate of 10% = 1250 and  
NPV at discounting rate of 11% = ` (-) 200.  
The IRR of the proposal is \_\_\_\_\_**

- A. 11.86%
- B. 10.86%
- C. 9.87%
- D. 11.96%

**2. From the following information calculate the MIRR of the project. Initial Outlay `50,000, cost of capital 12% p.a., Life of the project 4 years, Aggregate future value of cash flows `1,04,896.50.**

- A. 20.35%
- B. 21.53%
- C. 31.25%
- D. 12.25%

**3. 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

**4. The NPV of a 4-year project is ` 220 lakh and PVIFA at 12% for 4 years is 3.037. The Equivalent Annual Benefit of the project is \_\_\_\_\_**

- A. 66.52 lakh
- B. 94.74lakh
- C. 66.96 lakh
- D. 76.65 lakh

**5. Coefficient of variation**

- A. Is an absolute measure of risk
- B. Is a relative measure of risk
- C. Is given by mean expected return by standard deviation
- D. Is given by the product of mean return and standard deviation

**6. The concept of securitisation is associated with \_\_\_\_\_.**

- A. Capital market
- B. Money market
- C. Debt market
- D. Foreign exchange market.

**7. \_\_\_\_\_ certificate under securitisation have multiple maturity structure.**

- A. Pass through certificate
- B. Pay through certificate
- C. Preferred stock certificate
- D. Interest only certificate

**8. Under "securitisation process", original borrower is known as;**

- A. SPV
- B. Obligor
- C. Originator
- D. Credit enhancer

**9. The price-earnings ratio of a stock reflects the**

- a. Growth of the company
- b. Market mood for the company stock
- c. Earnings retained and invested in the company
- d. Dividend paid out for the company's stock

**10. The growth in book value per share shows the**

- a. Rise in the share price
- b. Increase in the physical assets of the firm
- c. Increase in the net worth
- d. Growth in reserves

**11. An industry in the growth stage of its life cycle is indicated by**

- a. High P/E ratios
- b. High dividend payout ratios
- c. High dividend yield
- d. High investment in R&D

**12. Degree of financial leverage (DFL) expresses the relationship between**

- a. EPS and EAIT
- b. EPS and P/E
- c. EPS and EBIT
- d. EPS and Sales

**13. Liquidity of a company generally measures**

- a. The ability of a company to pay its employees in a timely manner
- b. The ability to pay interest and principal on all debt
- c. The ability to pay dividends
- d. The ability to pay current liabilities

**14. The definition "the promised compounded rate of return an investor will receive from a bond purchased at the current market price and held to maturity" pertains to**

- a. Yield to maturity
- b. Realized yield
- c. Current yield
- d. Yield to call

**15. Which among the following is/are the determination of price - earnings ratio?**

- a. Dividend payout ratio
- b. Growth rate in dividends
- c. Required rate of return
- d. All of (a), (b) and (c) above

**16. Following is/are the advantages of investing in mutual funds**

- (a) Diversified investment
- (b) Professional management
- (c) Tax benefits
- (d) All of (a), (b) and (c)

**17. The greater the beta, the security involved**

- a. Greater the unavoidable risk
- b. Greater the avoidable risk
- c. Less the unavoidable risk
- d. Less the avoidable risk

**18. Modern portfolio theory \_\_\_\_\_ the relationship between risk and return**

- a. Maximizes
- b. Minimizes
- c. Quantifies
- d. Does not assume

**19. \_\_\_\_\_ Risk is the possibility that borrowers repay debt ahead of schedule.**

- a. Liquidity
- b. Inflation
- c. Prepayment
- d. Investment

**20. Which of the following is not a common risk factor?**

- a. Market Risk
- b. Promotional Risk
- c. Interest Rate Risk
- d. Inflation Risk

**Answers**

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

## Final Paper 15:

### Direct Tax Laws and International Taxation

#### 1. MAT shall not apply to any income accruing or arising to a company from

- Life insurance business
- Banking business
- Business of transmission of electricity
- All of the above

#### 2. Book profit for the purposes of section 115JB means net profit as shown in the Statement of the Profit and Loss prepared in accordance with \_\_\_\_\_ of the Companies Act as increased and decreased by certain items prescribed in this regard.

- Schedule V
- Schedule IV
- Schedule III
- Schedule II

#### 3. Every company to whom the provisions of MAT apply is required to obtain a report from a chartered accountant in Form No. \_\_\_\_\_ on or before the due date of filing the return of income

- 29
- 29A
- 29B
- 29C

#### 4. What is the due date of filing the return of income in case of a company who is required to furnish a report in Form No. 3CEB under section 92E?

- September 30 of the assessment year
- November 30 of the assessment the year
- July 31 of the assessment year
- June 30 of relevant assessment the year

#### 5. Return filed under following sections can be revised u/s 139(5)

- 139(1)
- 139(4)
- 139(5)
- All of the above

#### 6. When an assessee has paid advance tax more than the tax due on the returned income and the return is filed before the 'due date' specified in section 139(1), the refund amount is eligible for interest @ –

- 1% per month
- ½% per month
- ¾% per month
- 1.50% per month

#### 7. Assessment under following section is termed as scrutiny assessment

- 143(3)
- 144
- Both of the above
- None of the above

#### 8. Prosecution can be launched and the taxpayer can be punished if he commits wilful failure to produce before the tax authorities the accounts and documents as demanded u/s \_\_\_\_\_.

- 154
- 147
- 143(1)
- 142(1)

#### 9. If a person fails to comply with the provisions relating to PAN (i.e. obtaining PAN, quoting PAN, etc.), then penalty can be levied under section \_\_\_\_\_

- 270A
- 272
- 272A
- 272B

#### 10. If during any proceeding, it is found that in the books of account maintained by any person there is a false entry or an omission of any entry which is relevant for computation of total income of such person, to evade tax liability, penalty u/s 271AD or ..... is levied

- A sum equal to the aggregate amount of such false or omitted entry.
- ₹ 5,000 (subject to maximum of ₹ 1,00,000)
- 2% of the amount of such entry
- None of the above

**11. Principal Commissioner or Commissioner of Income-tax is empowered to grant relief from penalty to taxpayers in genuine cases. Such power is granted under section 273A and section \_\_\_\_\_.**

- A. 273B
- B. 273AA
- C. 273
- D. 274

**12. 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

**13. 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

**14. Sec. 130 deals with**

- A) Faceless jurisdiction of the income-tax authority
- B) Jurisdiction of the income-tax authority
- C) Jurisdiction of the CBDT
- D) None of the above

**15. As per section 178(3), the \_\_\_\_\_ of a company has to intimate the tax authority before he parts with any of the assets of the company or the properties in his hands and has to set aside the amount if any intimated to him by the tax authorities.**

- A. Managing Director
- B. Manager
- C. Chartered Accountant
- D. Liquidator

**16. Equalisation levy shall be payable @ \_\_\_\_\_**

- A. 6%
- B. 5%
- C. 2%
- D. None of the above

**17. ICDS VIII deals with**

- A. Government Grants
- B. Revenue recognition
- C. Construction Contract
- D. Securities

**18. 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

**19. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 extends to**

- A. Whole of India
- B. Whole of India excluding Jammu and Kashmir
- C. Whole of India excluding Jammu and Kashmir and Arunachal Pradesh
- D. None of the above

**20. The rate of tax provided by the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 is**

- A. 30%
- B. 60%
- C. 50%
- D. None of the above

### Answers

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

## Final Paper 16:

### Strategic Cost Management

**1. 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

**2. Which of the following is not suitable for a JIT production system?**

- (A) Batch production
- (B) Jobbing production
- (C) Process production
- (D) Service production

**3. Which of the following is NOT a method of transfer pricing?**

- (A) Cost plus transfer price
- (B) Internal price transfer price
- (C) Market-based transfer price
- (D) Two part transfer price

**4. When is market skimming pricing appropriate?**

- (A) If demand is very elastic
- (B) If the product is new and different
- (C) If there is little chance of achieving economies of scale
- (D) If demand is inelastic
- (E) If there is little competition and high barriers to entry

**5. Which of the following is a recognised method of arriving at the selling price for the products of a business?**

**(A) Life cycle pricing (B) Price skimming (C) Penetration pricing (D) Target costing**

- (A) (A) and (B) only
- (B) (A), (B) and (C) only
- (C) (B) and (C) only
- (D) (A), (C) and (D) only
- (E) (A), (B), (C) and (D)

**6. A company has estimated the selling prices and variable costs of one of its products as follows: Selling Price Per Unit Variable Cost Per Unit ₹ Probability ₹ Probability 40 50 60 0.30 0.45 0.25 20 30 40 0.55 0.25 0.20 The company will be able to supply 1,000 units of its product each week irrespective of the selling price. Selling price and variable cost per unit are independent of each other. The probability that the weekly contribution will exceed ₹20,000 is \_\_\_\_% (round to the nearest whole %)**

- (A) 40%
- (B) 42%
- (C) 45%
- (D) 55%

**7. Company B uses a throughput accounting system. The details of product X per unit are as follows: ₹ Selling Price 50 Material Cost 16 Conversion Costs 20 Time on bottle neck resource 8 minutes The return per hour for product X is:**

- (A) ₹105
- (B) ₹225
- (C) ₹255
- (D) ₹375

**8. Stock Control data for Material P are: Annual usage: 3600 units; Cost per unit: ₹100; Cost of placing an order: ₹40; Stockholding Cost: 20% of the overall stock volume; Lead time: One month The EOQ based on the above data is:**

- (A) 210 units
- (B) 175 units
- (C) 90 units
- (D) 120 units

**9. A company has the capacity of production of 80000 units and presently it sells 20000 units at ₹100 each. The demand is sensitive to selling price and it has been observed that every reduction of ₹10 in selling price the demand is doubled. What should be the target cost at full capacity if profit margin on sales is taken at 25%?**

- (A) ₹58 lakhs
- (B) ₹52 lakhs
- (C) ₹48 lakhs
- (D) ₹50 lakhs

**10. Backflush costing is most likely to be used when:**

- (A) Management desires sequential tracking of costs
- (B) A Just-in-Time inventory philosophy has been adopted
- (C) The company carries significant amount of inventory
- (D) Actual production costs are debited to work-in-progress

**11. The preparation and use of standard cost, their comparison with actual costs and the measurement and analysis of variances to originating causes is defined as:**

- (A) Marginal Costing
- (B) Standard Costing
- (C) Throughput Costing
- (D) Kaizen Costing

**12. A company produces a product which is sold at a price of ₹80. Its Variable cost is ₹32. The company's Fixed cost is ₹11,52,000 p.a. The company operates at a margin of safety of 40%. The total sales of the company is:**

- (A) 4,000 units
- (B) 40,000 units
- (C) 30,000 units
- (D) 20,000 units

**13. The P/V ratio of a firm dealing in Electrical equipment is 50% and the margin of safety is 40%. BEP of the firm at a sales volume of ₹50,00,000 will be**

- (A) ₹25,00,000
- (B) ₹35,00,000
- (C) ₹30,00,000
- (D) ₹36,00,000

**14. ABC Limited has current PBIT of ₹19.20 lakhs on total assets of ₹96 lakhs. The company has decided to increase assets by ₹24 lakhs, which is expected to increase the operating profit before depreciation by ₹8.40 lakhs. There will be a net increase in depreciation by ₹4.80 lakhs. This will result in ROI**

- (A) to increase by 1%
- (B) to decrease by 1%
- (C) to decrease by 1.5%
- (D) to remain the same

**15. For a Learning Curve percentage of 72%, the time to be taken to complete the 4th unit of a 12-unit job involved in the assembly line, if the initial unit requires 80 hours, will be**

- (A) 43.50 hrs
- (B) 41.47 hrs
- (C) 46.71 hrs
- (D) 40.95 hrs

**16. Marketing department of an organisation estimates that 40,000 of new mixers could be sold annually at a price of ₹60 each. To design, develop and produce these new mixers an investment of ₹40,00,000 would be required. The company desires a 15% return on investment (ROI). Given these data, the target cost to manufacture, sell, distribute and service one mixer will be**

- (A) ₹37.50
- (B) ₹40.00
- (C) ₹45.00
- (D) ₹48.60



**17. When you wait until the manufacture of a product has been completed and then record all of the related issuances of inventory from stock that were required to create the product, it is called**

- (A) Forensic Accounting
- (B) Back-flush Accounting
- (C) Tax Accounting
- (D) Lean Accounting

**18. If the direct labour cost is reduced by 20% with every doubling of output, what will be the cost of labour for the sixteenth unit produced as an approximate percentage of the cost of the first unit produced?**

- (A) 51.2%
- (B) 40.96%
- (C) 62%
- (D) None of these

**19. A company determines its selling price by marking up variable costs 60%. In addition, the company uses frequent selling price mark down to stimulate sales. If the mark down average 10%, what is the company's contribution margin ratio?**

- (A) 30.6%
- (B) 44%
- (C) 86.4%
- (D) None of these

**20. B Ltd. Has earned net profit of ₹1 lakh, and its overall P/V ratio and margin of safety are 25% and 50% respectively. What is the total fixed cost of the company?**

- (A) ₹2,50,000
- (B) ₹2,00,000
- (C) ₹3,00,000
- (D) ₹1,00,000

**Answers**

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

## Final Paper 17:

### Cost and Management Audit

**1. Cost Accounting Standard 8 is a Cost Accounting Standard on \_\_\_\_\_**

- (A) Employee Cost
- (B) Utilities Cost
- (C) Pollution Control Cost
- (D) Selling and Distribution Cost

**2. As per the Central Excise Valuation Rules 2000, the assessable value of goods used for captive consumption is \_\_\_\_\_.**

- (A) At actual cost of production of such goods
- (B) at marginal cost of production of such goods
- (C) at 110% of cost of production of such goods
- (D) at market price of such goods

**3. A company, engaged in construction business, is covered under the Companies (Cost Records and Audit) Rules, 2014 but does not include \_\_\_\_**

- (A) Outsourcing by a sub-contracting company
- (B) a company working on BOT (Build, Operate, Transfer) mode
- (C) a company working in a Special Economic Zone
- (D) a project undertaken as EPC (Eng., Procurement, Constn.) contract

**4. As per CAS 2 Actual Capacity utilization shall be presented as a percentage of \_\_\_\_\_ capacity.**

- (A) Installed Capacity
- (B) Practical Capacity
- (C) Abnormal Loss (%)
- (D) Actual Production

**5. The Balance Sheet of X Ltd As on 31st March 2017 showed the following information: Capital - ₹1500 lacs, Reserves - ₹696 lacs, Loans - ₹600 lacs, Sundry Creditors ₹774 lacs, Total assets - ₹3570 lacs. For the year 16-17, PBT - ₹900 lacs, Provision for tax is ₹ 360 lacs and proposed dividend is ₹300 lacs. Return on Net worth is:**

- (A) 30.41 %
- (B) 29.41 %
- (C) 28.41 %
- (D) 27.41 %

**6. A cotton textile mill had cumulative waste percentage of 8% in Blow Room, 6% in Carding, 4% in Drawing, 4% in Simplex and 9% in Ring Frame. For an input of 1000 kg. Of cotton in Blow Room, the output at Ring Frame is**

- (A) 735.27 Kg
- (B) 725.27 Kg
- (C) 745.27 Kg
- (D) 755.27 Kg

**7. XBRL is a language based on:**

- (A) XBL family of languages
- (B) XRL family of languages
- (C) XML family of languages
- (D) XGL family of languages

**8. Any casual vacancy in the office of a cost auditor, shall be filled by the Board of Directors within \_\_\_\_\_ days of occurrence of such vacancy.**

- (A) 180
- (B) 90
- (C) 30
- (D) 60

**9. The abridged cost statement (CRA 3) need not be separate for**

- (A) each product with separate (CTA) CETA heading
- (B) each product having separate industry specific expenses
- (C) each product having different unit of measure
- (D) self/captive consumption of each product

**10. Shyan Ltd has a machine of productive capacity of 1500 unit per hour. It runs 3 shifts with 1 weekly off and 12 holidays per year, each shift has one hour stoppage due to lunch, change shift etc., Maintenance is done in running time. The Normal Capacity of the plant as per CAS-2 will be**

- (A) 131.40 lakh units
- (B) 94.815 lakh units
- (C) 108.36 lakh units
- (D) None of the above

**11. Which one of the following KPI (Key Performance Indicator) is used to measure efficiency of manufacturing performance?**

- (A) Production per Machine Hour
- (B) Operating Cycle of Materials turnover
- (C) Material as % of Total Cost
- (D) % of idle time to total available time

**12. Before submission to the Auditor for Report, the Form CRA 3 should be signed by\_\_\_.**

- (A) The Secretary and the Chief Finance Officer of the company
- (B) The Secretary and the Cost Accounts Officer of the company
- (C) The Secretary and one Director of the company
- (D) The Chief Finance Officer and the Managing Director of the company

**13. Operational Audit is a \_\_\_\_\_ Level Management Audit.**

- (A) Macro
- (B) Micro
- (C) Depends on situation
- (D) None of the above

**14. Product and Profitability Statement (For audited products/services) is shown under \_\_\_\_\_ of Annexure to Cost Audit Report.**

- (A) Part A
- (B) Part B
- (C) Part C
- (D) Part D

**15. Royalty paid on sales ₹30,000; Royalty paid on units produced ₹20,000, Hire Charges of equipment used for production ₹2,000, Design charges ₹15,000, Software development charges related to production ₹22,000. The Direct Expenses amount is:**

- (A) ₹88000
- (B) ₹89000
- (C) ₹99000
- (D) ₹98000

**16. Which one of the followings in an example of "Solvency Ratio"**

- (A) Capital turnover Ratio
- (B) Debt Equity ratio
- (C) Debtors Turnover Ratio
- (D) None of above

**17. What is the first step to conduct Hospital Audit?**

- (A) Check the letter of appointment
- (B) Study Trust Deed
- (C) Examine Records
- (D) Physical Verification

**18. Zero base budget (ZBB) system was modelled by \_\_\_\_\_**

- (A) Peter A Woodcock
- (B) Peter A Phyrh
- (C) P F Ducker
- (D) None of them

**19. There are no fixed items of evidence to be checked by Management Auditor**

- (A) The statement is true
- (B) The statement is false
- (C) The statement is partly true
- (D) The statement is partly false

Kaizen Costing & Lean Manufacturing (Management Accounting Tool) are used as \_\_\_\_\_

- (A) Cost Reduction Tool
- (B) Cost Computation Tool
- (C) Performance Measure Tool
- (D) Control Tool

**Answers**

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

## Final Paper 18:

### Corporate Financial Reporting

**1. In case of amalgamation in the nature of purchase, Fixed Assets; Current Assets; Total Debts; Debit balance of Profit and Loss A/c and Purchase Consideration are ₹25,60,000; ₹12,50,000; ₹11,30,000; ₹2,20,000; and ₹24,00,000 respectively. The amount of Capital Reserve of Goodwill will be**

- (A) Goodwill ₹60,000
- (B) Goodwill ₹2,80,000
- (C) Capital Reserve ₹60,000
- (D) Capital Reserve ₹1,60,000

**2. Roshan Ltd agreed to absorb Richa Ltd. For this purpose Richa Ltd's 5000, 9% Preference shares are valued at ₹124.50 each and 65,000 Equity shares are valued at ₹32 each. If Roshan Ltd discharged purchase consideration by issuing its Equity shares of ₹10 each which is having intrinsic value of ₹46 each. No. of Equity shares issued by Roshan Ltd to Richa Ltd will be**

- (A) 45214
- (B) 270250
- (C) 58750
- (D) 70000

**3. ABC Ltd has equity capital of ₹40,00,000 consisting of fully paid equity shares of ₹10 each. The net profit for the year 2017-18 was ₹60,00,000. It has also issued 36,000, 10% convertible debentures of ₹50 each. Each debenture is convertible into five equity shares. The tax rate applicable is 30%. The diluted earnings of 2017-18 are**

- (A) ₹61,80,000
- (B) ₹61,26,000
- (C) ₹60,00,000
- (D) ₹62,34,000

**4. Kaa Ltd absorbs Baa Ltd and shares are issued by Kaa Ltd using swap ratio 3:7. The face value of each share is ₹10 for both the companies. The intrinsic value of each shares of Kaa Ltd is ₹14. Total purchase consideration is equal to**

- (A) ₹4,20,000
- (B) ₹6,82,000
- (C) ₹3,78,000
- (D) None of the above

**5. What is super profit?**

- (A) Capital employed – Average capital employed
- (B) Normal profit
- (C) Actual profit – Normal profit
- (D) Capitalized value of profit – Intangible Assets

**6. How do you calculate the value of the option?**

- (A) No. of option exercise \*(market price – exercise price)
- (B) No. of option exercise \*(market price – fair price)
- (C) No. of option granted \*(market price – exercise price)
- (D) No. of option granted \*(market price – fair price)

**7. Which institution is not under XBRL?**

- (A) RBI
- (B) SEBI
- (C) IRDAI
- (D) None of these

**8. M. Chandra Ltd has provided the following information: Depreciation as per accounting records ₹12,00,000, Depreciation as per income tax records ₹30,00,000. Unamortized preliminary expenses as per income tax records ₹1,80,000, Tax rate 40%. There is adequate evidence of future profit sufficiency. As per AS 22 Deferred Tax Asset/ Liability to be recognized will be**

- (A) ₹7,20,000 (DTA)
- (B) ₹6,48,000 (DTL)
- (C) ₹72,000 (Net DTL)
- (D) None of these

**9. Miss Dumpty purchased 2,000 shares in M Ltd at ₹600 per share in 2014. There was a rights issue in 2016 at one share for every two held at price of ₹150 per share. If Miss Dumpty subscribed to the rights, what would be carrying cost of 3,000 shares as per AS-13.**

- (A) ₹12,00,000
- (B) ₹13,50,000
- (C) ₹14,00,000
- (D) Data insufficient

**10. What is not a part of sustainability?**

- (A) Social sustainability
- (B) Political sustainability
- (C) Economic sustainability
- (D) Economic sustainability

**11. Net Assets of the Transferor Company: ₹20 lakhs. If Purchase Consideration is ₹23 lakhs & amalgamation is in the nature of purchase, then**

- (A) 3 lakhs will be treated as Capital Reserve
- (B) 3 lakhs will be treated as Goodwill
- (C) 20 lakhs will be treated as Capital Reserve and 3 lakhs will be Goodwill
- (D) None of the above

**12. Which of the policy is/are not in accordance with AS-15 policies for retirement benefits as under?**

- (A) Contribution to pension fund is made based on actuarial valuation at the year end In respect of employees who have opted for pension scheme
- (B) Contribution to the gratuity fund is made based on actuarial valuation at the year end
- (C) Leave encashment is accounted for on PAY-AS-YOU-GO method
- (D) None of the above

**13. In case of amalgamation in the nature of purchase, Fixed Assets, Current Assets, Total Debts, Debit balance of Profit and Loss Account and Purchase consideration are - ₹5120000, ₹2500000, ₹2260000, ₹440000, ₹4800000 respectively. The amount of capital reserve or Goodwill will be**

- (A) ₹560000 (Capital Reserve)
- (B) ₹1000000 (Capital Reserve)
- (C) ₹120000 (Capital Reserve)
- (D) ₹1940000 (Goodwill)

**14. Which was the year of articulation of the Triple Bottom Line concept?**

- (A) 1998
- (B) 1997
- (C) 1996
- (D) 1994

**15. N Ltd acquire 60% of T Ltd's shares on April 2, 2015, the price paid was ₹2,80,000. T Ltd's Shareholder equity shares are as follows:**

	₹
<b>Equity Shares (Paid up)</b>	<b>1,00,000</b>
<b>Share premium</b>	<b>3,00,000</b>
<b>Retained Earning</b>	<b>1,00,000</b>
	<b>5,00,000</b>

**The Minority interest will be**

- (A) ₹2,00,000
- (B) ₹3,00,000
- (C) ₹3,10,000
- (D) ₹2,10,000

**16. What are the challenges for implementation of Triple Bottom Line reporting?**

- (A) Awareness of relevant issue of TBL
- (B) Understanding stakeholder requirement
- (C) Determining performance indicators
- (D) All of these

**17. What is Hedging?**

- (A) Reduce uncertainty
- (B) Increase uncertainty
- (C) Increase liability
- (D) None of these

**18. What is PE ratio?**

- (A) MPS/EPS
- (B) EPS/MPS
- (C) MPS/Profit
- (D) EPS/Net Profit

**19. How can Employee Stock Option be offered?**

- (A) A special resolution in the general meeting
- (B) An ordinary resolution in the general meeting
- (C) A resolution in the board meeting
- (D) None of these

**20. What are the types of share based payment transaction?**

- (A) Equity settled share based payment transaction
- (B) Cash settled share based payment transaction
- (C) Share based payment transaction with cash alternatives
- (D) All of these

**Answers**

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

## Final Paper 19:

### Indirect Tax Laws & Practice

#### 1. Anti-dumping duty payable by a SEZ in respect of an import is

- (A) Nil
- (B) 5% of the customs duty
- (C) 7.5% of the customs duty
- (D) 10% of the customs duty

#### 2. GST is payable on the services provided by the employee to the employer in the course of employment on:

- (A) Regular basis
- (B) Contract basis as employed by the company
- (C) Contract basis as employed by a contractor
- (D) None of the above

#### 3. If a person, opting for composition scheme is liable to be registered on 1st Oct. 2017 and he has applied for registration on 17th Nov. 2017 and registration granted on 20th Nov. 2017, then the effective date of registration will be:

- (A) 20th Nov. 2017
- (B) 1st Oct. 2017
- (C) 17th Nov. 2017
- (D) 1st April, 2018

#### 4. Mr. C of Chennai supplied goods to M/s Smart Jet Airlines of Chennai flying between Delhi-Mumbai. The goods are loaded in the aircraft in Delhi. The place of supply of goods will be:

- (A) Chennai
- (B) Delhi
- (C) Mumbai
- (D) None of the above

#### 5. The type of bill of entry which is used for ex-bond clearance for home consumption from the warehousing, is

- (A) Form I (white)
- (B) Form II (yellow)
- (C) Form III (green)
- (D) None of the above

#### 6. In computation of aggregate turnover for composition levy, which of the following item should be excluded from the aggregate turnover?

- (A) The value of exported goods/services
- (B) Inter-state supplies between distinct persons having same PAN
- (C) Compensation Cess
- (D) Supply on own account and on behalf of principal

#### 7. In cases of change in rate of tax and amount is credited to the bank account after 4 working days from the date of change in rate of tax, the date of receipt of payment will be:

- (A) Date of book entry or date of bank entry, whichever is earlier
- (B) Date of bank entry
- (C) Date of book entry
- (D) Date of book entry or date of bank entry, whichever is later

#### 8. Under GST Act a supply of assortment of sweets, chocolates and firecrackers packed in a gift hamper is

- (A) Joint supply
- (B) Composite supply
- (C) Mixed supply
- (D) Assorted supply



**9. Under Foreign Trade Policy export and import goods are broadly categorized Which of the following statements is correct?**

- (A) Free i.e. general goods are allowed to be imported without payment of any customs duty
- (B) Restricted goods are banned and not allowed to import or export
- (C) Restricted goods are allowed to be imported only if used for re-export
- (D) Restricted goods are allowed to be imported or exported only with authorization

**10. The GST return form to be filed by a Composition dealer/supplier is \_\_\_\_\_ and the same had to be furnished \_\_\_\_\_.**

- (A) GSTR-1, Monthly
- (B) GSTR-1, Quarterly
- (C) GSTR-4, Monthly
- (D) GSTR-4, Quarterly

**11. A manufacturer who is a registered person under GST has purchased 10000 kgs of raw material during February, 2019, on which IGST of ₹1,00,000 has been paid He has taken 100 kgs for personal use. 200 kgs were stolen from the factory. Only 80% of the raw materials were consumed during the month for production. The input tax credit available to him for February, 2019 is**

- (A) ₹99,000
- (B) ₹97,000
- (C) ₹98,000
- (D) ₹1,00,000

**12. The term 'casual taxable person' includes**

- (A) A person occasionally supplying goods or services or both in a State or an Union Territory where he has no fixed place of business
- (B) A person occasionally supplying goods or services or both in a State or an Union Territory where he has fixed place of business
- (C) Both (A) and (B)
- (D) None of the above

**13. Time limit to pay the value of supply with taxes to avail the input tax credit is**

- (A) Three months
- (B) Six months
- (C) One hundred and eighty days
- (D) Till the date of filing annual return or 30th September of following year whichever is earlier

**14. Following is not a part of the contents of a bill of supply:**

- (A) Description of Goods or Services or both
- (B) Consecutive Serial number
- (C) Signature or digital signature if registered of the recipient
- (D) Signature or digital signature of the supplier or his authorized representative

**15. The due date for filing GSTR - 6 (Return for input Service distributor) is \_\_\_\_\_ of the succeeding month.**

- (A) 10
- (B) 13
- (C) 18
- (D) 20

**16. For filing an appeal before the Commissioner (Appeals), the amount of p re-deposit required under the Customs Act, 1962 is**

- (A) 5% of the demand, subject to a maximum of ₹5 crore
- (B) 5% of the demand, subject to a maximum of ₹7.5 crore
- (C) 7.5% of the demand, subject to a maximum of ₹7.5 crore
- (D) 7.5% of the demand, subject to a maximum of ₹10 crore

**17. Subbu, a registered supplier based at Erode coached the staff of a software company in Hyderabad, which is registered The classes were held at Erode. The place of supply is:**

- (A) As mutually agreed upon
- (B) As decided by the Department, whichever is more favourable to them
- (C) Erode
- (D) Hyderabad

**18. A new supplier has taxable intra-State sales, exempt intra-State sales and export sales of goods. He should get himself registered under GST law, where**

- (A) the aggregate value of taxable intra-State goods exceeds ₹20 lakhs
- (B) the aggregate value of taxable as well as exempt intra-State goods exceeds ₹20 lakhs
- (C) the aggregate value of all the three items exceeds ₹20 lakhs
- (D) the aggregate value of taxable intra-State goods as well as export sales exceeds ₹20 lakhs

**19. The form of application for registration, used by a non-resident taxable person is:**

- (A) GST REG-01
- (B) GST REG-02
- (C) GST REG-05
- (D) GST REG-09

**20. If a case involves a substantial question of law and doesn't not involve any issue relating to place of supply, an appeal against orders passed by the State Bench or Area Bench of the Appellate Tribunal shall lie to:**

- (A) Supreme Court
- (B) High Court
- (C) Appellate Authority
- (D) None of the above

**Answers**

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

## Final Paper 20 (A):

### Strategic Performance Management & Business Valuation

**1. Performance management is a key concept in the field of \_\_\_\_\_**

- A. Human resource management
- B. Financial management
- C. Technical analysis

**2. The \_\_\_\_\_ ratios are used to compare financial statements of different size companies or the same company over different periods.**

- A. Common size
- B. DuPont
- C. Liquidity
- D. P/E

**3. The top key performance indicators (KPIs) of the Order to Cash (O2C) are**

- A. Process cycle time
- B. Days sales outstanding (DSO)
- C. On-time delivery performance
- D. All of the above

**4. What is the missing item in this formula? Return on Equity (ROE) = \_\_\_\_\_ × Equity multiplier**

- A. Asset turnover
- B. Financial leverage
- C. Return on Assets
- D. Net profit margin

**5. Mura and Muri refer to \_\_\_\_\_ and \_\_\_\_\_ respectively.**

- A. Unevenness, waste
- B. Unevenness, overburden
- C. Overburden, waste
- D. Overburden, poka -yoke

**6. Six Sigma is a business-driven, multi-dimensional structured approach to**

- A. Reducing process variability
- B. Lowering Defects
- C. Improving Processes
- D. All of the above

**7. Pareto improvement is an action that makes**

- A. Both the person better off
- B. At least one person worse off
- C. At least one person worse off without making anyone better off
- D. At least one person better off without making anyone worse off.

**8. The goal of ERM as provided in Committee of Sponsoring Organisation's (COSO) ERM -Integrated Framework is to provide companies with**

- A. key principles and concepts
- B. common language
- C. clear direction and guidance regarding the management enterprise risks
- D. All of the above

**9. A colour coded version of the risk map is known as**

- A. Red - Blue risk map
- B. Red -Yellow map
- C. Heat Map
- D. None of the above

**10. The valuation approach, inputs and assumptions applied are highly \_\_\_\_\_ on the selected premise of value**

- A. Dependent
- B. Independent
- C. Slightly Dependent
- D. none of the above

## Final Paper 20 (B):

### Risk Management In Banking And Insurance

**1. What is the amount of minimum Tier 1 and Tier 2 to support the Credit and Operational Risk?**

- a) Rs. 900 Crores, Rs 900 Crores
- b) Rs.600 Crores, Rs 900 Crores
- c) Rs.450 Crores, Rs 450 Crores
- d) Rs.300 Crores, Rs 450 Crores

**2. When the risk of losses in on- or off-balance sheet positions arising from movement in market prices, it is called as ---**

- (a) Operational Risk
- (b) Market Risk
- (c) Liquidity Risk
- (d) Account Risk

**3. Par Value of The Bond Is Not the Price of The Bond As**

- (a) It Fluctuates
- (b) It Is Traded in The Market
- (c) Other Factors Are Responsible
- (d) All of the Above

**4. Price Sensitivities Are**

- (a) Higher For Longer Tenor Bonds
- (b) Lower For Longer Tenor Bonds
- (c) Same For All Tenor Bonds
- (d) Higher For Shorter Tenor Bonds

**5. In foreign financial markets, the growth is represented by the factors such as-----.**

- (a) Savings in foreign countries.
- (b) Investment Opportunities.
- (c) Accessible Information.
- (d) All of the above.

**6. The model that combines five financial ratios using reported accounting information and equity values to produce an objective measure of borrower's financial health is ----.**

- a) Altman's Z Score.
- b) 'Credit Metrics'.
- c) Credit Risk+.
- d) None of the above

**7. In India, settlement risk is largely mitigated by settlements through \_\_\_\_\_.**

- (a) Clearing Corporation of India (CCIL).
- (b) FIMMDA.
- (c) Both of the above.
- (d) None of the above

**8. As per the Insurance Act, every insurer has to prepare at the end of financial year**

- a) Balance Sheet
- b) Profit and Loss Account
- c) Revenue Account for each class of Insurance business
- d) Accounts of receipts and payments in respect of shareholders' funds
- e) All of the above

**9. The risk which arises because of change in major economic, social, cultural and political factors are**

- a) Particular Risk
- b) Fundamental Risk
- c) Speculative Risk
- d) Dynamic Risk

**10. The \_\_\_\_\_ is formed with four subsidiary companies.**

- (a) Life insurance Corporation of India
- (b) ICICI Prudential Life Insurance Company
- (c) General Insurance Corporation of India
- (d) Bajaj Allianz General Insurance Company

## Final Paper 20 (C):

### Entrepreneurship and Start up

#### 1. Entrepreneurs can follow the rules:

- Accept failure and take it as a lesson for future moves.
- Stick to something and stay on course despite difficulties.
- Tolerance is the most essential component of an entrepreneur.
- All of the above

#### 2. When platforms like Facebook, Instagram and LinkedIn are used for marketing it is known as?

- Social Media Marketing
- Video Marketing
- Voice Marketing
- None of the above

#### 3. Full form of ASPIRE is

- A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship
- A Scheme for Promotion of Industries, Rural Innovation and Entrepreneurship
- A Scheme for Promotion of Innovation, Rural Industries and Enterprise
- None of the above

#### 4. Data analytics is the science of integrating \_\_\_\_\_ data from diverse sources, drawing inferences, and making predictions to enable innovation, gain competitive business advantage, and help strategic decision-making.

- Heterogeneous
- Homogeneous
- Static
- Dynamic

#### 5. \_\_\_\_ tracks data over time and solidifies the relationship between the value of a data point and the occurrence of the data point. This data analysis technique is usually used to spot cyclical trends or to project financial forecasts.

- Regression analysis
- Factor analysis
- Time Series Analysis
- Cohort Analysis

#### 6. Innovative ideas come from several sources, including -

- Unreasonable demands
- Goals and time pressures
- Unreasonable demands or goals and time pressures
- Reasonable demands or goals and time pressures

#### 7. \_\_\_\_\_ is the example of crowdfunding.

- Donation Crowdfunding
- Debt Crowdfunding
- Rewards Crowdfunding
- All of the above

#### 8. Steps of Elevator Speech consists of

- Purpose of identifying
- Explanation of what makes
- Unique selling proposition of identification
- All of the above

#### 9. Market risks include:

- Equity risk, the risk that stock or stock indexes (e.g., Euro Stoxx 50, etc.) prices and/or their implied volatility will change.
- Interest rate risk, the risk those interest rates (e.g., LIBOR, MIBOR etc.) and/or their implied volatility will change.
- Currency risk, the risk that foreign exchange rates (e.g. EUR/USD, EUR/GBP, etc.) and/or their implied volatility will change.
- All of the above

#### 10. Hierarchy of Strategic Intent:

- Vision > Mission > Goals > Objectives > Plans
- Mission > Vision > Goals > Objectives > Plans
- Plans > Vision > Mission > Goals > Objectives
- Goals > Vision > Mission > Objectives > Plans

**Answers**

**Final Paper 20(A)**

1 (a) 2 (a) 3 (d) 4 (c) 5 (b) 6 (d) 7 (d) 8 (d) 9 (c) 10 (a)

**Answers**

**Final Paper 20(B)**

1 (c) 2 (b) 3 (d) 4 (d) 5 (a) 6 (d) 7 (a) 8 (e) 9 (b) 10 (c)

**Answers**

**Final Paper 20(C)**

1 (d) 2 (a) 3 (a) 4 (a) 5 (c) 6 (c) 7 (d) 8 (d) 9 (d) 10 (a)

# Inauguration of WIRC Oral Coaching Classes 12th August 2024



# 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)



### Western India Regional Council

Office No. 32, Rohit Chambers, 4th Floor, Janmabhoomi Marg,  
Fort, Dist. Mumbai 400 001, Maharashtra.

Call: +91 93720 45191, +91 88280 61444, +91 93720 36890

E-mail: [wirc.admin@icmai.in](mailto:wirc.admin@icmai.in)

Website: [www.icmai-wirc.in](http://www.icmai-wirc.in)

Follow Us On:     