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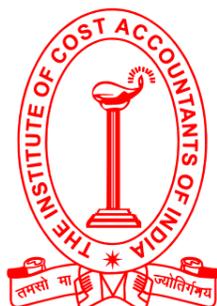
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CMA Student **E - Bulletin**

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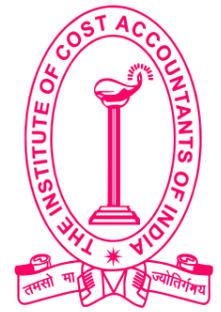
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Behind every successful business decision, there is always a CMA

Message from The Chairman

CMA Biswarup Basu

Vice President & Chairman,
Training & Education Facilities
and Placement Committee



MESSAGE FROM THE CHAIRMAN

Dear Students,

Greetings!!!

The aim of education is to make a person intelligent enough to make decisions logically, knowledgeable enough to take up a right career path and skilled enough to be self-supportive.

According to the great legend, Mahatma Gandhi, "literacy in itself is no education". Only mugging up facts and developing an ability to read and write does not fulfil the real aim of education. Education is a never-ending process. It doesn't stop after earning a degree and starting a career. Through continuing education, career-minded individuals can constantly improve their skills and become more proficient at their jobs. Education gives you a competitive advantage that is very hard for competitors to duplicate, and lies at the very heart of success.

Getting a professional education is important for shaping your career to move towards a right direction. It is important to choose a right career as your every step in future depends on this decision. Professional education provides specialized training in professional areas through professional courses offered by institutions.

A genius, perhaps, can manage even without entering its portals. But, to a normally gifted student sympathetic and enlightened guidance is required in the early stages of his studies. This is a big responsibility on the part of the Institution. The Directorate of Studies is continuously trying to update your knowledge through various publications in soft versions like Mock Test Papers (MTPs), Work Books, monthly students E-bulletins etc. where eminent academicians and industrial personnel are contributing through their write up for your knowledge development. Being the Chairman of Training & Education Facilities and Placement Committee, I am really thankful to all of them.

Everything you do in your practice should be focused around education. "A man is the product of his thoughts. What he thinks he becomes"-M K Gandhi.

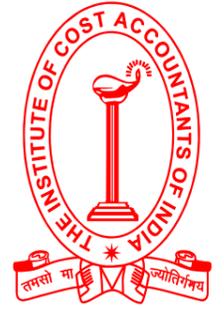
Keep up your spirit and march ahead!

Best wishes as always,

CMA Biswarup Basu
Chairman, Training & Education Facilities and Placement Committee



Be a CMA, be a Proud Indian



CONTENTS

Message from the Chairman -	i
Knowledge Update -	1
Paper: 1, Part: I - Fundamentals of Economics and Management (FEM) - Economics -	2
Paper: 1, Part: II - Fundamentals of Economics and Management (FEM) - Management -	6
Paper: 2 - Fundamentals of Accounting (FOA) -	9
Paper: 3 - Fundamentals of Laws and Ethics (FLE) -	14
Paper: 4 - Fundamentals of Business Mathematics and Statistics (FBMS) -	18
Practical Advice -	23
Submission -	24
Message from the Directorate of Studies -	25
Few Snapshots -	26

KNOWLEDGE Update



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



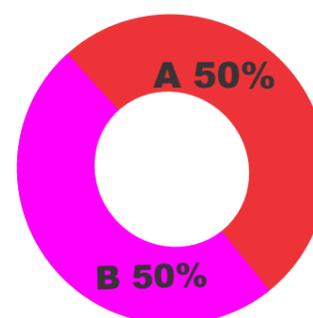
PAPER: 1, PART: I

FUNDAMENTALS

OF ECONOMICS & MANAGEMENT
(FEM) - ECONOMICS

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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Economics 50%
B Fundamentals of Management 50%

Learning Objectives:

- Studying economics, one will be able to develop the analytical skills needed to work successfully in the field, including the study of logical analysis.
- Students will be able to identify and explain economic concepts and theories related to the behaviour of economic agents, markets, industry and firm structures, legal institutions, social norms, and government policies.
- Students will be able to integrate theoretical knowledge with quantitative and qualitative evidence in order to explain past economic events and to formulate predictions on future ones.
- Students will be able to evaluate the consequences of economic activities and institutions for individual and social welfare.

ECONOMICS**MOCK TEST FOR THE MONTH OF FEBRUARY 2020**

Friends the month of January is virtually infested with a number of holidays. These holidays must have helped you to relax and conserve the energy and vitality of your brain. Now it is high time to flex the muscles of your brain to solve the problems given in the mock tests and prepare yourself for the exam. Please keep in mind that all the questions will come from your study materials given by your Institute. So it is imperative that you follow the study material thoroughly. Now get prepared for the next mock test in the series. Here we go!!!

I. Choose the correct answer

1. That economics is a science is reflected through its
 - A. Application
 - B. Methodology
 - C. Laws
 - D. None of the above
2. Deductive method is also known as
 - A. Prior method
 - B. Abstract method
 - C. Analytical method
 - D. All the above
3. Economics was termed as positive science by
 - A. Lionel Robbins
 - B. Alfred Marshall
 - C. John Maynard Keynes
 - D. John Stuart Mill
4. The first proponent of the law of diminishing marginal utility was
 - A. Alfred Marshall
 - B. Lionel Robbins
 - C. Hermann Heinrich Gossan
 - D. Arthur Cecil Pigou
5. Shift of the production possibility curve away from the origin is indicative of
 - A. Economic recession
 - B. Economic growth
 - C. Increasing opportunity cost
 - D. None of the above

6. Bandwagon effect
 - A. Establishes the law of demand
 - B. Violates the law of demand
 - C. Has got nothing to do with the law of demand
 - D. None of the above
7. In the stage III of the short run production process
 - A. Marginal productivity curve will be falling
 - B. Marginal productivity curve will be rising
 - C. Marginal productivity will remain the same
 - D. None of the above
8. Before the point of inflection, the total productivity curve indicates
 - A. Increasing trend of productivity
 - B. Decreasing trend of productivity
 - C. That the productivity remains the same
 - D. None of the above
9. Which one of the following does not go with the perfect competition?
 - A. Large number of sellers and buyers
 - B. Homogeneous commodities
 - C. Free entry and free exit
 - D. Firm is a price maker
10. In a monopoly market, the supply curve
 - A. Is upward rising
 - B. Is downward falling
 - C. Does not exist
 - D. None of the above

KEY: 1.B, 2.D, 3.A, 4.C, 5.B, 6.B, 7.A, 8.A, 9.D, 10.C

II. Fill in the blanks

1. The central bank is also called the of the last resort.
2. The main object of Industrial Finance Corporation of India is to extend medium and long term to the industrial units.
3. Members of IMF have to declare the par value of national currency in terms ofor American dollars.
4. The main purpose of the is regulating business in stock markets & other securities market.
5. Treasury bills are short term promissory notes issued by the GOI at discount generally for a period ofdays.

KEY: 1. Lender, 2.credit, 3.gold, 4.SEBI, 5. 91

III. True or False

1. CRR controls the credit creation by commercial banks
2. Deficit financing is a monetary policy
3. Under collusive oligopoly, firms form a cartel to maximise joint profit.
4. Under deductive method, logic proceeds from particular to general.
5. Production is a process through which utility is being created.

KEY: 1.True, 2.False, 3.True, 4.False, 5.True

IV. Matching

- | | |
|------------------------------------|-------------------------|
| 1. Necessary good | A. Alfred Marshall |
| 2. IMF | B. Capitalistic economy |
| 3. Ceteris Paribus | C. SDR |
| 4. Perfect competition | D. Inelastic demand |
| 5. Welfare definition of economics | E. Law of Demand |

KEY: 1.D, 2.C, 3.E, 4.B, 5.A

Dear friends, I hope you have enjoyed solving the problems in this mock test. Please do not look at the key first. Consult the key only when you have finished answering. You can keep a record of the scores in different mock tests. Honestly you mark your answers. This way you can come to know the progress of your preparation. Try to find out in which areas or chapters need more attention than others. I hope you will be able to improve your performance yourself. Best of luck !!!





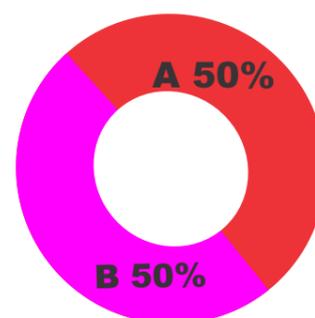
PAPER: 1, PART: II

FUNDAMENTALS

OF ECONOMICS & MANAGEMENT
(FEM) - MANAGEMENT

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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Economics 50%
B Fundamentals of Management 50%

Learning Objectives:

- ▶ Students will demonstrate their knowledge of business and management principles
- ▶ Students will reveal effective written and oral communication
- ▶ Students will exhibit an awareness of the global environment in which businesses operate
- ▶ Students will display the ability to recognize when change is needed, adapt to change as it occurs, and lead

MANAGEMENT**Authority, Responsibility & Accountability in Management**

There is a definite relationship between authority, responsibility and accountability. Without a clear understanding of this relationship, effective functional management, with clear lines of reporting and communication becomes a distinct improbability.

Authority requires the ability to give orders properly. Responsibility requires the ability to follow through, assuring that the orders are carried out properly. Authority must always equal responsibility, and must be sufficient to fulfil the requirements of the job. But never more than what is necessary to get the job done. Authority and responsibility must never be dual, shared or overlapping. One person, and only one person, is responsible for the successful completion of every assignment. As long as there is singular delegation of authority and responsibility, the individuals with responsibility may be assigned accountability; however, when more than one person shares the authority and responsibility for something, neither can be held accountable for that which might go wrong

Authority is the right or power assigned to an executive or a manager in order to achieve certain organizational objectives.

'Authority' means 'Legal or rightful power, a right to command or to act'. Applied to the managerial jobs, the power of the superior to command the subordinate to act or not to act in a particular manner, is called the 'authority'.

Authority is the genesis of organizational framework. It is an essential accompaniment of the job of management. A manager will not be able to function efficiently without proper authority. Without authority, a manager ceases to be a manager, because he cannot get his policies carried out through others. Authority is one of the founding stones of formal and informal organisations. It indicates the right and power of making decisions, giving orders and instructions to subordinates. Authority is delegated from above but must be accepted from below i.e. by the subordinates. In other words, authority flows downwards.

Responsibility indicates the duty assigned to a position.

The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organisation, responsibility is the duty as per the guidelines issued.

Responsibility is an obligation of a sub-ordinate to perform assigned duties. It is always bonded between superior and sub-ordinate. When superior assigns any duty or work to sub-ordinate by his authority it becomes a responsibility on the part of sub-ordinate to perform that duty.

The essence of responsibility is the obligation of a subordinate to perform the duty assigned. It always originates from the superior-subordinate relationship. Normally, responsibility moves upwards, whereas authority flows downwards. Responsibility is in the form of a continuing obligation. Responsibility cannot be delegated. The person accepting responsibility is accountable for the performance of assigned duties. It is hard to conceive responsibility without authority.

Accountability is the liability created for the use of authority.

Accountability is the obligation to carry out responsibility and exercise authority in terms of performance standards established. Accountability is most meaningful if standards for performances are predetermined and if they are fully understood and accepted by the subordinates.

Every employee/manager is accountable for the job assigned to him. He is supposed to complete the job as per the expectations and inform his superior accordingly. When authority is delegated to a subordinate, the person is accountable to the superior for performance in relation to assigned duties. If the subordinate does a poor job, the superior cannot evade the responsibility by stating that poor performance is the fault of the subordinate. A superior is normally responsible for all actions of groups under his supervision even if there are several layers down in the hierarchy. Simply stated, accountability means that the subordinate should explain the factors responsible for non-performance or lack of performance

Authority, Responsibility and Accountability are Inter-related

In management science authority, responsibility and accountability are three terms around which the whole set of managerial activities cluster. Beyond these three terms managerial activities may be reduced to a farce. These three terms are positively correlated and are at the same time not understood in their proper perspective. They need proper consideration while introducing delegation of authority within an Organisation. In the process of delegation, the superior transfers his duties/responsibilities to his subordinate and also give necessary authority for performing the responsibilities assigned. At the same time, the superior is accountable for the performance of his subordinate.

Managers that cannot, or will not, shoulder the responsibility and accountability for the economic, efficient and effective operation of their department, deserves neither the title of manager, nor the salary of a manager.

When designing the various management and team roles within a project, careful thought needs to be given as to each individual's knowledge, skills and experience. But each individual also needs to understand how they are to interact with those within the project as well as other stakeholders.

This is where the balance and definition of each individual in terms of their level of authority, what their responsibilities are, and their accountability.

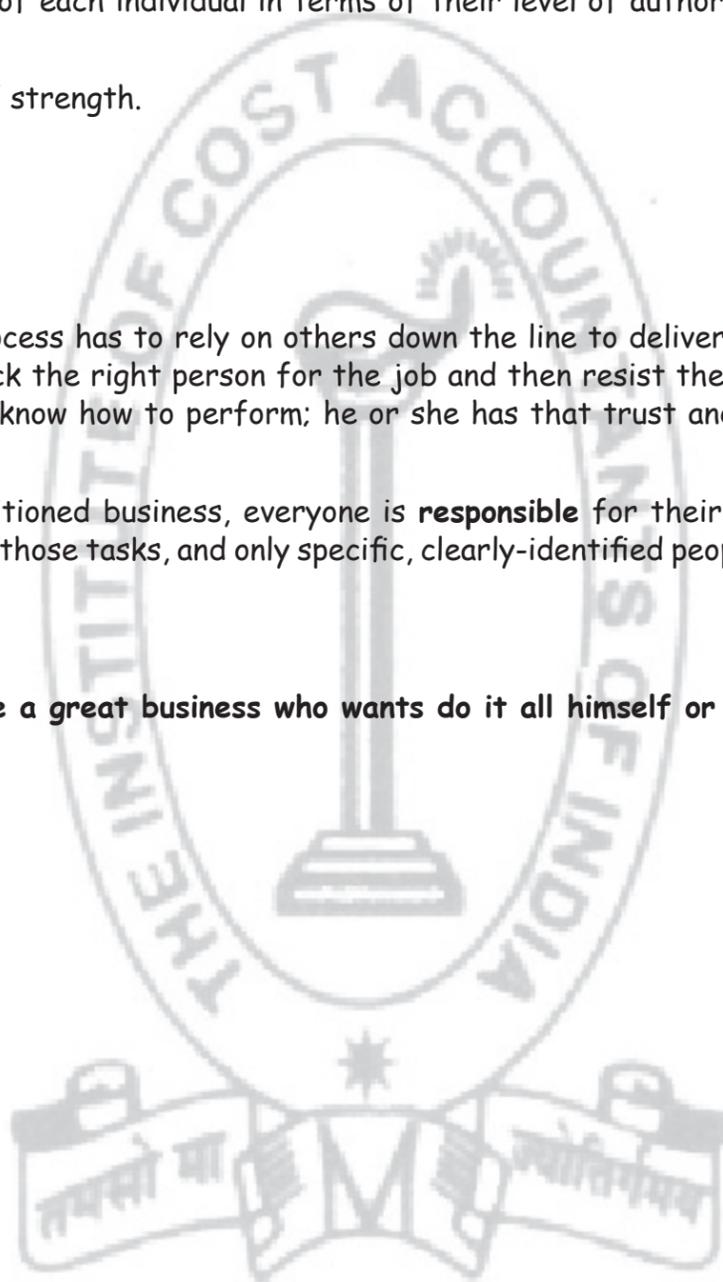
An organization stands on three pillars of strength.

- Responsibility,
- Authority and
- Accountability.

Everybody involved in an organisation process has to rely on others down the line to deliver results. The best organizational heads know the benefits of delegation. They pick the right person for the job and then resist the temptation to micro-manage. Once the person have been delegated the task to know how to perform; he or she has that trust and support, a successful outcome can be expected.

In an effective, successful and well-positioned business, everyone is **responsible** for their assigned tasks, but only one person is **accountable** to the results or progress of those tasks, and only specific, clearly-identified people have the **authority** to make decisions around these tasks.

“ No person will make a great business who wants do it all himself or get all the credit”.



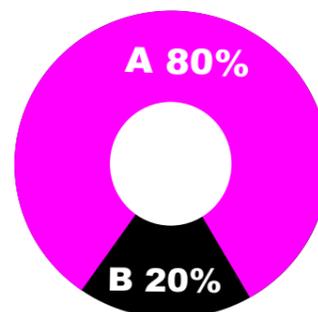


PAPER: 2

FUNDAMENTALS OF ACCOUNTING (FOA)

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Your Preparation Quick Takes



Syllabus Structure

- A Fundamentals of Financial Accounting 80%
- B Fundamental of Cost Accounting 20%

Learning Objectives:

In order to internalize the concepts of subjects like accountancy one has to have an understanding of the learning objectives of the chapters. Try to go through the Statement of Objects and Reasons issued for every topics as it would give you a background to your study.

SECTION : A 1 (d) JOURNAL, LEDGER AND TRIAL BALANCE

INTRODUCTION:

In the last issue we have discussed the concept of accounting equation. This will be right now to highlight the cases of Journal which is absolutely based on Accounting Equation.

We know Accountancy is an art of recording classifying and condensed reporting of transactions. There are various spaces where to write these transactions. The first such area where a transaction is recorded daily is called Journal. It is called the book of Prime Entry. Here the transactions are recorded without proper classification. From journal the transactions are therefore posted to individual ledgers to classify them in separate heads. Ledger is called the book of final entry. After the ledger accounts are balanced before proceeding further the arithmetical accuracy needs to be checked. Trial balance is a tool to check that accuracy. It is not a part and parcel of main accounts however it helps a lot to see the balances at a glance and helps to prepare the final accounts. Let us discuss the different areas one by one.

JOURNAL:

It is based on double entry system i.e. where there is a debit there must be a corresponding credit. The rules of making debit and credit are explained below:

Step I: first see whether it is a transaction or not. If it is not a transaction the accountant will not be interested to make any entry.

Step II: find two items from the list: asset/liability/expenses/losses/incomes/gains

Step III: apply the rule of debit /credit with the help of the following chart: (refer to the accounting equation)

Item	Change	Effect
Asset	+	Dr
	-	Cr
Liability	+	Cr
	-	Dr
Exp/Loss	+	Dr
	-	Cr
Inc/Gain	+	Cr
	-	Dr

Example:

Journalise the following transaction with proper explanation:

1.1.18	Business started with cash	₹1,00,000
2.1.18	Bank Account opened	₹20,000
5.1.18	Machinery bought	₹20,000
6.1.18	Conveyance paid	₹500
7.1.18	Goods purchased	₹10,000
8.1.18	Goods sold	₹12,000
20.1.18	Rent paid	₹200
30.1.18	Goods bought in credit	₹500
31.1.18	Interest credited by bank	₹50

JOURNAL:

DATE	PARTICULARS	AMOUNT (DR)	AMOUNT (CR)	EXPLANATION	EFFECT
1.1.18	CASH	1,00,000		ASSET	+
	CAPITAL		1,00,000	LIABILITY	+
2.1.18	BANK	20,000		ASSET	+
	CASH		20,000	ASSET	-
5.1.18	MACHINERY	20,000		ASSET	+
	CASH		20,000	ASSET	-
6.1.18	CONVEYANCE	500		EXPENSES	+
	CASH		500	ASSET	-
7.1.18	PURCHASE/GOODS	10,000		ASSET	+
	CASH		10,000	ASSET	-
8.1.18	CASH	12,000		ASSET	+
	SALES		12,000	INCOME	+
20.1.18	RENT	200		EXPENSES	+
	CASH		200	ASSET	-
30.1.18	PURCHASE	500		EXPENSES	+
	CREDITOR		500	LIABILITY	+
31.1.18	BANK	50		ASSET	+
	INTERSET		50	INCOME	+

LEDGER:

It is a place where the entries made in journal are posted in a classified form. For example in the above journal there are ten heads-cash, bank, capital, sales, purchase, rent, interest, conveyance, creditor and machinery. While posting to the ledger the journal of 1.1.18 should be read as: Cash A/c is debited to Capital A/c and Capital A/c is credited by Cash A/c. That is in cash ledger capital will appear in the debit side and in the capital ledger cash will appear in the credit side. Similarly entries of all dates should be read like this and to be posted to the corresponding ledgers.

The entries will be posted in the following way:

CASH ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount	Date	Particulars	Amount
1.1.18	TO CAPITAL	1,00,000	2.1.18	BY BANK	20,000
8.1.18	TO SALES	12,000	5.1.18	BY MACHINERY	20,000
			6.1.18	BY CONVEYANCE	500
			7.1.18	BY PURCHASE	10,000
			20.1.18	BY RENT	200
			31.1.18	BY BALANCE C/D	61,300
		1,12,000			1,12,000

BANK ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount	Date	Particulars	Amount
2.1.18	TO CASH	20,000			
31.1.18	TO INTEREST	50	31.1.18	BY BALANCE C/D	20,050
		20,050			20,050

MACHINERY ACCOUNT

Dr. Cr.

Date	Particulars	Amount	Date	Particulars	Amount
5.1.18	TO CASH	20,000			
			31.1.18	BY BALANCE C/D	20,000
		20,000			20,000

CAPITAL ACCOUNT

Dr. Cr.

Date	Particulars	Amount	Date	Particulars	Amount
31.1.18	TO BALANCE C/D	1,00,000	1.1.18	BY CASH	1,00,000
		1,00,000			1,00,000

CONVEYANCE ACCOUNT

Dr. Cr.

Date	Particulars	Amount	Date	Particulars	Amount
6.1.18	TO CASH	500	31.1.18	BY BALANCE C/D	500
		500			500

INTEREST ACCOUNT

Dr. Cr.

Date	Particulars	Amount	Date	Particulars	Amount
			31.1.18	BY BANK	50
31.1.18	TO BALANCE C/D	50			
		50			50

PURCHASE ACCOUNT

Dr. Cr.

Date	Particulars	Amount	Date	Particulars	Amount
7.1.18	TO CASH	10,000			
30.1.18	TO CREDITOR	500	31.1.18	BY BALANCE C/D	10,500
		10,500			10,500

RENT ACCOUNT

Dr. Cr.

Date	Particulars	Amount	Date	Particulars	Amount
20.1.18	TO CASH	200			
			31.1.18	BY BALANCE C/D	200
		200			200

CREDITOR ACCOUNT

Dr. Cr.

Date	Particulars	Amount	Date	Particulars	Amount
			30.1.18	BY PURCHASE	500
31.1.18	TO BALANCE C/D	500			
		500			500

SALES ACCOUNT

Dr.

Cr.

Date	Particulars	Amount	Date	Particulars	Amount
31.1.18	TO BALANCE C/D	12,000	8.1.18	BY CASH	12,000
		12,000			12,000

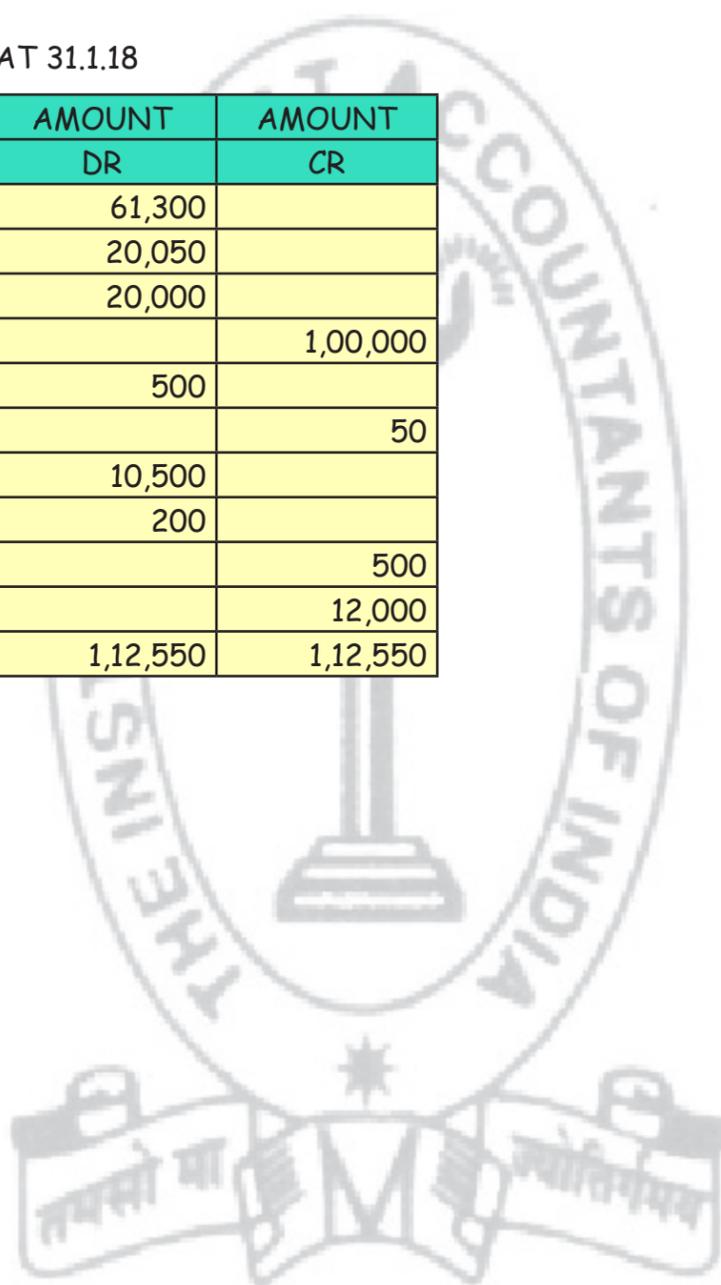
TRIAL BALANCE:

It is a statement taking up all ledger balances to crosscheck the arithmetical accuracy of the entries done earlier.

The ledger balances as derived above are now posted to the following trial balance to check such accuracy and it is found that the entries done above are arithmetically correct.

TRIAL BALANCE AS AT 31.1.18

PARTICULARS	AMOUNT	
	DR	CR
CASH	61,300	
BANK	20,050	
MACHINERY	20,000	
CAPITAL		1,00,000
CONVEYANCE	500	
INTEREST		50
PURCHASE	10,500	
RENT	200	
CREDITOR		500
SALES		12,000
TOTAL	1,12,550	1,12,550



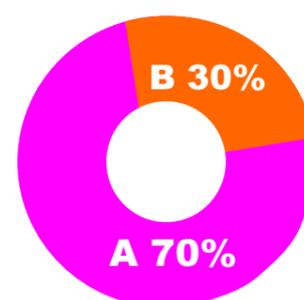


PAPER: 3

FUNDAMENTALS OF LAWS AND ETHICS (FLE)

CA Partha Ray
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Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Commercial Laws 70%
B Fundamentals of Ethics 30%

Learning Objectives:

- Read the Study Material minutely.
- For details or if you don't understand Study Material or the section is important to identify the topic, then refer to Bare Act, otherwise reference to Bare Act is not necessary. For Company Law, book by Avtar Singh is recommended. For other laws Institute Study Material is sufficient.
- The words used in any of the texts as mentioned above should be understood by immediate reference to the Dictionary.
- The main points coming out in any of the provisions should be either underlined or written in separate copy which has to be repeated again and again.
- Theoretical knowledge should be adequate and clear before solving practical problems.
- Don't write wrong English. It changes the meaning and therefore answer may be wrong even when the student's conception is clear. Also don't make spelling mistakes.

LAWS & ETHICS

In the previous issues, you have read about 'Ethics' and in the immediately preceding issue, a set of very useful questions and answers were laid for your reading and recapitulation.

Now, let us understand why this paper is really very important for all of you who are aspiring to be true professionals and are all eager to proudly proclaim aloud that - **Yes, behind every successful decision, there is a CMA.**

It is not just that this subject- Ethics, carries a weightage of 30% and scoring 25 marks from this subject is not as difficult as it is to score from Section A subjects, the fact is that you can start with an initial lead by completing Section B first before concentrating on the Acts and their interpretations in Section A. So, keeping that in mind, let us discuss a little more about the Fundamentals of Ethics in this issue of the E-Bulletin, with a totally new approach.

The first TIP is that you must start thinking like A Teacher. You must start studying the subject and raise questions to yourself and find your own answers.

Please remember that **Ethics is truly the pillar** on which you, - the would-be professionals will be expected by the society and the world-at-large, to stand, during your professional career.

Right from the day an individual is born, the world accepts him/her as a member of a Society, a Clan, a Culture and a Tradition and each of those categories are governed by respective Standards and Ethics. We may therefore, explain that **Ethics are such standards that are consistently followed over the years depending on the philosophy that, that system has been following based on the terms of right, obligations and the benefits derived by the society depending on their geographical location and demographic characteristics.**

It is known that, right after his/her birth, from the day a person, begins to see, hear, understand and realize the customs, beliefs, traditions and culture into which he/she is born, he/she is told to do or not to do something, to speak or not to speak something, to wear or not to wear certain dresses, to eat or not to eat certain foods and vegetables or to behave in a certain manner, etc. However, **we must never be confused but should be able to distinguish between Morals and Ethics.**

It must be appreciated that all ethical traditions and customs are generally followed based on systematic and scientific reasons depending on how much the individual has bonded and established his relationship within that category where he/she belongs or interacts with, but such reasons may not be always known to every individual existing within that system. Let us take an example. When you enter or pass through a place where the environment is good, peaceful and congenial, you tend to prolong your stay over there, but in a reverse situation, you will definitely either avoid such place or quickly leave that place. In the former case, the individuals gathered there have not breached their ethics but in the latter case, the ethics have been definitely breached and violated.

That prompts us to raise a question - should ethics be rigid or does it need changes? The answer is that we must remember that **ethics is something which is generally prompted by your conscience. Ethics, helps us to realize what is right and wrong and what we should refrain from doing.** Moreover, since the time machines keeps ticking and changes are bound to take place depending on situations and circumstances, ethics actually guides us to study and analyze an existing system first before showing the path towards development and fine-tuning of an existing system that needs a change.

Moral and Ethics, depends on how we interpret the meaning. **Morals**, deal with customs and practiced principles followed by certain groups, depending on religion, culture and traditions. **Ethics**, on the other hand, lays emphasis on character, conduct and individual behavior. What is ethically moral, may not be morally wrong. For example, eating fish on Saturdays may not be ethically wrong but it may be morally wrong for certain community members.

Ethics and Morals are certain laid practices which reminds the members of the society about their duties and restrictions, so that those community members stay within set acceptable limits. Breaching the restrictions cause conflicts and disturbs human peace and harmony between different social relationships such as - father and son, husband and wife, between friends and relatives and even between communities.

Ethics, demands that we follow certain disciplines, standard practices and conventions more than what is prescribed by law. It all depends on how we apply and practice ethics in our daily life and general practices.

Ethics in general life must be followed differently. Ethics in office must not be mixed with ethics at home. For example, watching television (TV) during working hours in office may not be permitted but, at home it is allowed. However, playing a TV at home while a student is studying there is ethically wrong if it disturbs or distracts the attention of that student there. This is called Value-based Ethics and discipline.

Ethics is linked to Principles and principles are aimed at bringing methods, systems, procedures, orderliness, happiness and for leading the path towards good mutual co-existence between individuals and their way of life. These are Social Ethics, but what the society expects from the businessman can be called Professional Principles and Practices.

Having understood the above, let us remember the points laid as Guiding Principles to be followed in our daily Public Life, with the help a Slogan -

I Should Organize And Operate with Honest Leaders, where -

- I = Integrity while discharging duties
- S = Selflessness without personal gains and bias
- O = Openness and transparency
- A = Accountability for decisions taken
- O = Objectivity and focused approach
- H = Honestly in discharging Public Duties
- L = Leadership with sound principles and practices

To sum up, Ethics and Law are both complementary and inter-related in order to link social rules, customs, regulations and restrictions prescribed by Society through social customs and beliefs. That is perhaps why it is said that Convention is more than law.

Business Ethics is applicable within the periphery of a business circle and environment. It encompasses the behavior of individuals within business organizations, giving top priority to Business Interests. In this context, one must remember the 3 C's of Business Ethics, which are - a) Compensation, b) Competency and c) Character.

One must accept and appreciate that- Ethical Business Profit, is a reward to the businessman for - investing in business, for generating employment, for contributing to the growth of business at large, by abiding by the Laws of the Land and the ethical practices followed in the trade and business.

Ethics applies to all accepted activities of the people, including those engaged in business. However, one must ethically refrain from too much greed and profiteering and from corruption at any stage. Ethics must promote healthy practices and standards in the political, social and economic arena for bring Value-addition among individuals in the society at all walks of life while maintaining good Work-Life Balance.

Business Ethics must proceed with - Skill, efficiency and diligence.

Good Business Ethical practices must -

- a) Avoid Indulgence in malpractices,
- b) Help workers to work with Self-Confidence,
- c) Encourage customer satisfaction and confidence,
- d) Promote business,
- e) Protect consumer rights,
- f) Look into the interests of the Employees as well as the Owner/Stakeholders and also
- g) Enable steady growth of the organization amid of healthy completion.

Now, let us deal with the Sale of Goods Act, 1930

In respect of such papers, the students are reminded that since they are taking an exam, they must first focus on securing marks. For that, they must study the relevant Sections of the Act, write what the question wants and then attempt to elaborate by analyzing and commenting on the interpretations of the Act.

At the very start, let us be clear that Sale of Goods Act relate to sale and purchase of goods, but the contract of sale is regulated by the Indian Contracts Act, 1872.

At the very start, we must clear our conception about the following terms - Goods, Specific Goods, Unascertained goods, Future goods and Contingent goods.

The immediate question coming to mind is - What are goods? It is clarified that every kind of movable property is goods but - Actionable Claims and Money are excluded. (All things attached to the earth are not movable and are therefore not goods under the Act. However, standing crops, grass and fruits on trees that can be separated are covered under the definition of movable goods).

So, the question arises - What are Actionable Claims? Actionable claims are debt or a claim for money which a person may have from another person, which may be recovered by suit.

So, what is Money? Money here simply means legal tender.

Specific Goods are goods that can be clearly identified and recognized

Unspecific Goods are those goods that can be indicated by description but cannot be separately identified. For example, as long as the bags of sugar, kept in a godown for sale, are not identified with any specific buyer, they remain Unspecified Goods. As soon as some bags are brought out, marked, separated and issued to a buyer, they become identifiable and become Specific goods.

Future Goods are goods which have not yet been manufactured or produced or acquired by the seller after entering into a contract of sale. For example, X agrees to sell Apples to Z that he will grow in his orchard in the coming fruit season. Such a contract is for sale of future goods.

Contingent Goods, are goods that can be sold only depending on the happening of an uncertain event, called a Contingency. For example, M enters into a contract to sell a particular watch to N if M manages to buy it from C - the current owner of the watch. The watch here is considered - Contingent Goods.

That makes us raise a question - there is a contract of sale between a buyer and a seller, but when does the property, pass on from the seller to the buyer in a contract for the sale of such goods? You will find the answer in Sec.18 to 25 of the Sale of Goods Act. You have to reply keeping in mind each type of goods.

1. In case of Specific Goods, where there is an unconditional contract for sale of specific goods in a deliverable state, the property passes as soon as the contract is made. The time of payment or the time of delivery is not material.
2. In case of Unspecified/Unascertained Goods, the property is not transferred until the goods are ascertained. For example, there are bags of cement in a godown. The property gets transferred to the buyer only when the requisite number of bags are separated, taken out and kept aside for delivery to that buyer.
3. The Intention of the Parties is very important in case of sale of Specific goods. The property passes when the parties to the contract intend it to pass as stated in the terms of the contract.
4. In case of sale of Specific Goods, if there is something which the seller has to do, before making the goods ready in a deliverable condition, the property passes only after the seller has done that thing. For example, M agrees to sell 1000 tins of milk powder to N and promises to pack them in Card Board Boxes before delivery, the property passes only after those tins are properly packed and made ready for delivery.
5. In case of Specific goods, where the seller has to measure, weigh or test the goods, for the purpose of ascertaining the price, the property does not pass to the buyer as long as that thing has been done and the buyer is intimated.
6. Property in the goods is transferred to the buyer when the goods is delivered to the carrier. However, in case of conditional delivery, the property is transferred only if that condition is fulfilled. For example if M -the seller, sends goods by courier to N -the buyer, the property is transferred as soon as the goods are handed over to the courier, but if there is a condition of Cash on Delivery (COD), the property passes only after N -the buyer pays the requisite Cash before collecting delivery of the goods.
7. Where goods are sent on Approval or on Sale or Return Basis, the property in the goods is transferred only - I) when the buyer informs his approval or acceptance of the goods; II) In another case, if the buyer does not intimate his approval or acceptance of the goods, or his rejection of the same, but still retains those goods, the property passes after expiry of a reasonable time.

As long as the property in the goods is not transferred to the buyer, the goods remain at the risk of the seller. After the ownership passes to the buyer, the goods are at the Buyer's Risk, since Risk follows ownership.

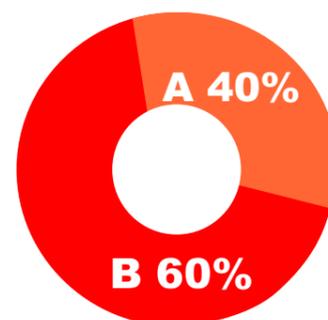


PAPER: 4

FUNDAMENTALS OF BUSINESS MATHEMATICS AND STATISTICS (FBMS)

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

Your Preparation Quick Takes



Syllabus Structure

A Fundamentals of Business Mathematics 40%
B Fundamentals of Business Statistic 60%

Learning Objectives:

- | To understand the basic concepts and needs of Business Mathematics.
- | To Know the reasonableness and explanation in calculation.
- | To know the application of various mathematical techniques.

BUSINESS MATHEMATICS

In this issue we will discuss some conventional problems on Arithmetic Progression.

Question 1:

A man saved ₹16500 in 10 years. In each year after the first he saved ₹100 more than he did in the preceding year. How much did he save in the first year?

Answer:

Let in the first year he saved x . So by question we can write

$$16500 = x + (x + 100) + (x + 200) + (x + 300) \dots \dots \dots 10 \text{ terms}$$

This is an AP series where first term is x , common difference is 100 and number of terms (n) = 10 and sum of n terms = 16500

$$\text{So } S_{10} = 10/2[2 \times x + (10 - 1) \times 100]$$

$$\text{Or, } 16500 = 5[2x + 900]$$

$$\text{Or, } 3300 = 2x + 900$$

$$\text{Or, } 2x = 2400.$$

$$\text{Or } x = 1200$$

Question 2:

A piece of equipment costs a certain factory of ₹6,00,000. If it depreciates in value, 15% the first year, 13.5% the next year, 12% the third year and so on, what will be its value at the end of the 10th years, all percentages applying to the original cost?

Answer:

$$\text{The depreciation in the first year} = 600000 \times 0.15 = 90000.$$

$$\text{The depreciation in the second year} = 600000 \times 0.135 = 81000$$

$$\text{The depreciation in the third year} = 600000 \times 0.12 = 72000$$

In this way if we proceed for ten years the value of the machine will be:

$$600000 - 600000 (0.15 + 0.135 + 0.12 + \dots \dots \dots \text{ten terms})$$

$(0.15 + 0.135 + 0.12 + \dots \dots \dots \text{ten terms})$ forms an AP series wherein first term is 0.15 and common difference is $(-)$ 0.015.

$$\text{So we can write } S_{10} = 10/2[2 \times 0.15 + (10-1) \times (-)0.015]$$

$$\text{Or, } S_{10} = 5[0.3 + (10 - 1) \times (-)0.015]$$

$$\text{Or, } S_{10} = 5[0.3 - 0.135]$$

$$\text{Or, } S_{10} = 0.825$$

So value of the machine at end of 10th year =

$$600000 - 600000 (0.15 + 0.135 + 0.12 + \dots \dots \dots \text{ten terms}) = 600000 - 600000 \times 0.825 = 105000$$

Question 3:

The rate of monthly salary for a person is increased annually in AP. It is known that he was drawing ₹400 a month during the 11th year of his service and ₹760 during the 29th year. Find his starting salary and the rate of annual increment. What should be his salary at the time of retirement just on the completion of 36th years of service?

Answer:

Let the salary per month in the 1st year is x and in every year it increased by amount d .

So by question we can write:

$$t_{11} = x + (11 - 1)d = 400 \dots\dots\dots(1)$$

$$t_{29} = x + (29 - 1)d = 760 \dots\dots\dots(2)$$

So from (1) & (2) above we can write

$$x + 10d = 400 \dots\dots\dots(3) \quad \& \quad x + 28d = 760 \dots\dots\dots(4)$$

By (4) - (3) we get $18d = 360$. So $d = 20$.

Putting this value of d in equation (3) we get $x = 400 - 10 \times 20 = 200$

We have to find out $t_{36} = x + (36 - 1)d = 200 + 35 \times 20 = 900$

Question 4:

Mr. X takes a loan of ₹2000 from Mr. Y and agrees to repay in number of installments, each installment (beginning with the second) exceeding the previous one by ₹10. If the first installment is ₹5, find how many installments will be necessary to wipe out the loan completely?

Answer:

Let x be the first installment. Then by question $x + 10, x + 20 \dots$ are the installments for 2nd year, 3rd year and so on.

Therefore by question we can write $x + (x + 10) + (x + 20) \dots\dots\dots n$ terms = 2000

$$\text{Or } n/2 [2x + (n - 1) \times d] = 2000, \text{ where } x = 5 \text{ and } d = 10$$

$$\text{Or, } n/2 [2 \times 5 + (n - 1) \times 10] = 2000$$

$$\text{Or, } n [10 + (n - 1) \times 10] = 4000$$

$$\text{Or, } n [10 + 10n - 10] = 4000$$

$$\text{Or, } 10n^2 = 4000$$

$$\text{Or, } n = 20$$

Question 5:

A moneylender lends ₹1,000 and charges an overall interest of ₹140. He recovers the loan and interest by 12 monthly installments each less by ₹10 than the preceding one. Find the amount of the first installment?

Answer:

Let the first installment is x and by question we can write

$$x + (x - 10) + (x - 20) + \dots\dots\dots 12 \text{ terms} = 1000 + 140 = 1140$$

$$\text{Or } 12/2 [2x + (12 - 1) \times (-) 10] = 1140$$

$$\text{Or, } 6 [2x + 11 \times (-)10] = 1140$$

$$\text{Or, } 2x - 110 = 190$$

$$\text{Or, } 2x = 300$$

$$\text{Or, } x = 150$$

Question 6:

To verify cash balances, the auditor of a certain bank, employs his assistant to count cash in hand of ₹4,500. At first he counts quietly at the rate of ₹150 per minute for 10 minutes only but at the end of that time he begins to count at the rate of ₹2 less every minute than he could count in the previous minute. Ascertain how much time he will take to count this sum of ₹4,500.

Answer:

At the rate of ₹150 per minute for 10 minutes, total amount counted = $150 \times 10 = 1500$

So balancing amount = $4500 - 1500 = 3000$

So by question we can write $x + (x - 2) + (x - 4) + \dots + n \text{ terms} = 3000$

Or $n/2 [2x + (n - 1) \times (-2)] = 3000$

Or, $3000 = n/2 [2x - 2n + 2]$

Now by question we could write $x = 150 - 2 = 148$

So $3000 = n/2 [2 \times 148 - 2n + 2]$

Or, $6000 = n [296 - 2n + 2]$

Or, $6000 = n [298 - 2n]$

Or $2n^2 - 298n + 6000 = 0$

Or $n^2 - 149n + 3000 = 0$

Or, $n = 24$ or 125

So total time required = $24 + 10 = 34$ minute. 125 is the infeasible answer

Question 7:

Eighty coins are placed in a line on the ground. The distance between any two consecutive coins is 10 meters. How far must a person travel to bring them, one by one, to a basket placed 10 meters behind the first coin.

Answer:

To pick up the first coin the person has to travel 10 meters. For picking up the 2nd coin he has to travel 20 meters. So for 80 coins total distance (one side) travelled is the sum of the following AP series:

10, 20, 30.....upto 80 terms

So by question we required to find $S_{80} = 10 + 20 + 30 + \dots$ upto 80 terms

Or, $S_{80} = 80/2 [2 \times 10 + (80 - 1) \times 10]$

Or, $S_{80} = 40 [20 + 790] = 40 \times 810 = 32400$ meters

So total distance travelled 64800 meters

Question 8:

A man saved ₹16,500 in 10 years. In each year after the first he saved ₹100 more than he did in the preceding year. How much did he save in the first year?

Answer:

Let he saved x in the first year. So by question we could write:

$16500 = x + (x + 100) + (x + 200) + \dots + 10 \text{ terms}$

Or, $16500 = 10/2 [2x + (10 - 1) \times 100]$

Or, $33000 = 10 [2x + 900]$

Or, $3300 = 2x + 900$

Or, $2x = 2400$

Or $x = 1200$

Question 9:

An enterprise produced 600 units in the 3rd year of its existence and 700 units in its 7th year, what was the initial production in the first year?

Answer:

Let the producer produces following an AP series with first term x and common difference d

Then by question we could write:

$$600 = x + 2d \dots\dots\dots (1)$$

$$\& 700 = x + 6d \dots\dots\dots (2)$$

By (2) - (1) we get : $100 = 4d$. So $d = 25$

So from (1) we could write $x = 600 - 2 \times 25 = 550$

Question 10:

A man secures an interest free loan of ₹14,500 from a friend and agrees to repay it in 10 installments. He pays ₹1,000 as first installment and then increases each installment by equal amount over the preceding instalment. What will be his last installment?

Answer:

Let each installment is increased by d from its preceding amount. So by question we can write:

$$14500 = 1000 + (1000 + d) + (1000 + 2d) + \dots 10 \text{ terms}$$

$$\text{Or, } 14500 = 10/2 [2 \times 1000 + (10 - 1) \times d]$$

$$\text{Or, } 14500 = 5 [2000 + 9d]$$

$$\text{Or, } 2900 = 2000 + 9d$$

$$\text{Or, } d = 100$$

$$\text{Last Instalment} = 1000 + 9d = 1000 + 9 \times 100 = 1900$$

Suggestions:

The study material needs to be read thoroughly. Supplementary readings could be made from other resources. This issue is based totally on study material issued by the institute. Standard books could be referred for additional expertise to attend the short questions. This lesson is an extension of discussion on the topic in study material. Detailed discussions on different formulas are not done here to avoid repetition. This lesson is purely an aid to study material on paper 4 - Fundamentals of Business Mathematics and Statistics written and issued by Institute on Syllabus -16.

Suggestions:

The study guide needs to be read thoroughly. Supplementary readings could be made from other resources. This issue is based totally on study guide issued by the institute. Standard books on business mathematics could be referred for additional expertise to attend the short questions. This lesson is an extension of discussion on the topic in guide book. Students should try to understand the illustrations considered. This is purely an aid to study guide on paper 4- Fundamental of Business mathematics and Statistics written and issued by Institute on Syllabus -16.



PRACTICAL Advice

ABOUT YOUR STUDIES - FOUNDATION COURSE

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

START

01

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

**Solve Exercises
given in Study Note**

02

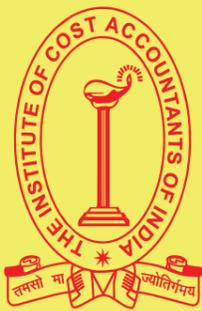
03

Assess Yourself

Appear For Examination

04

FINISHED



SUBMISSIONS



Dear Students,

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

We have noted your queries and your requests will definitely be carried out. Further, requesting you to go through the current edition of the bulletin. All the areas will be covered gradually. Expecting your responses further to serve you better as we believe that there is no end of excellence! One of the mails received is acknowledged below.

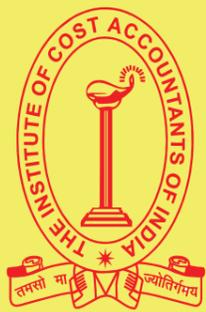
Please put your opinions so that we can make your e-bulletin everything that you want it to be.

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Send your Feedback to:
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Updation of E-Mail Address/Mobile:

Students are advised to update their E-Mail id and Mobile Numbers timely so that important communications are not missed as the same are sent through bulk mail/SMS nowadays. Student may update their E-Mail id/ Mobile Number instantly after logging into their account at www.icmai.in at request option.



Message from Directorate of Studies

Dear Students,

Greetings !!!

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

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

"You must be the Change you wish to see in the World",

Let us observe his memory, following the above message.

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

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

Please refer the links mentioned below :

For Mock Test Papers (MTP) : http://icmai.in/studentswebsite/mtp2016_j19_fnd.php

For PPT on "Achieve your GOAL : <http://icmai.in/studentswebsite>

Recorded Webinar Link: http://icmai.in/Webinar_Portal/Students/StudentLogin.aspx

Ebulletin Link : <https://icmai.in/studentswebsite/E-Bulletin.php>

- Don't give up
- Don't give in
- Don't give out

You can win!

GOOD LUCK

Be Prepared and Get Success;



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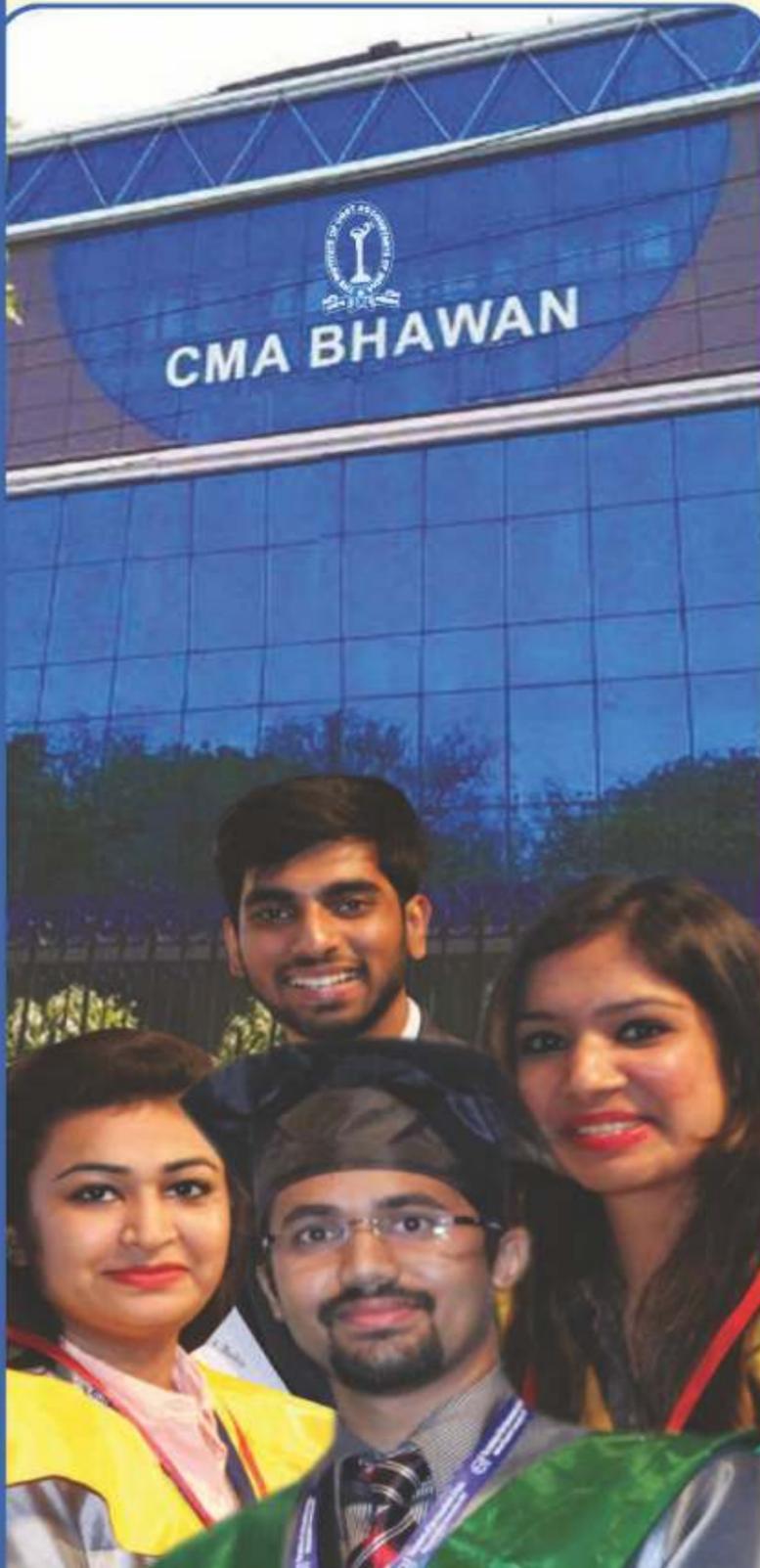
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Few Snapshots



Glimpses of Symposium on Global Summit organised by the Institute of Cost Accountants of India, New Delhi on 9th to 11th January 2020, CMA Balwinder Singh, President with Piyush Goyal, Hon'ble Member of Parliament and the Minister of Railways & Commerce and CMA Biswarup Basu, Vice President along with other dignitaries of the Institute



CMA Balwinder Singh, Hon'ble President of the Institute with Shri Anurag Singh Thakur, Hon'ble Member of Parliament and Minister of State for Finance and Corporate Affairs along with CMA P. Raju Iyer and other dignitaries of the Institute



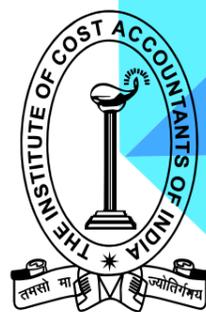
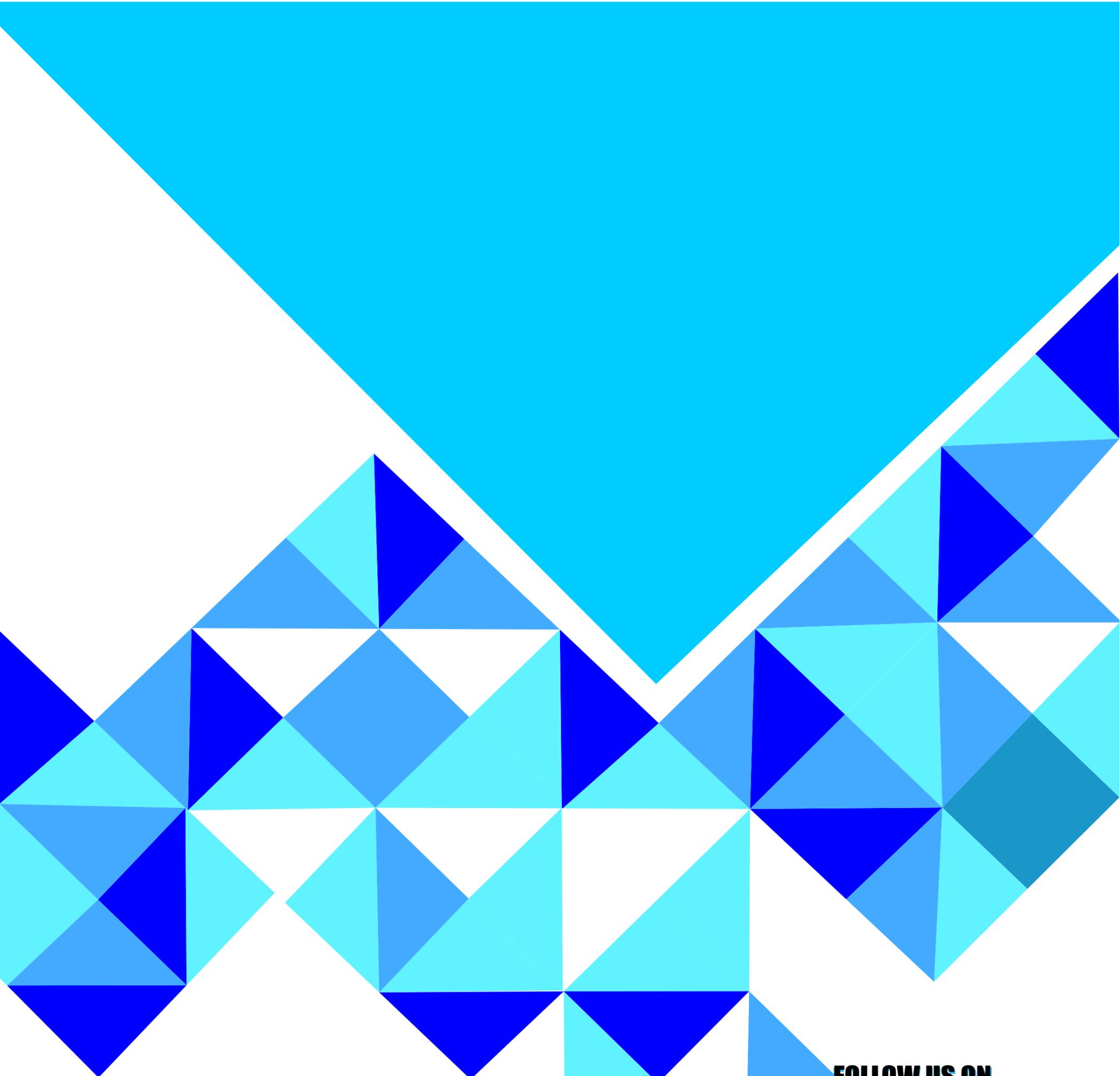
Global Summit (GS-2020) on 11th January, 2020 at New Delhi, Valedictory Session



CMA Balwinder Singh, President of the Institute, CMA Biswarup Basu, Vice President of the Institute and other dignitary publish a Research Bulletin of the Institute



Global Summit (GS-2020) on 10th January, 2020 at New Delhi, Technical Session V



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