



Paper 1: Fundamentals of Economics and Management (FEM)

GROUP DYNAMICS

Group dynamics contains two terms: **group** and **dynamics**.

Group is basically a collectivity of two or more persons. Dynamics comes from Greek word meaning **FORCE**.

Thus, "Group dynamics is concerned with the interactions of forces among group members in a social situation."

What is Group?



Classification of groups:

The groups are of many types as:

✚ Psychological Group :

It may be defined as one in which the two or more persons who are interdependent as each members nature influences every other person, members share an ideology and have common tasks. (e.g. Families, friendship circles)

✚ Social Group :

It may be defined as integrated system of interrelated psychological groups formed to accomplish a defined function or objective. (e.g. political party)

✚ Formal Group :

It refers to those which are established under the legal or formal authority with the view to achieve a particular end result (e.g. people making up the airline flight crew)

✚ Informal Group :

It refers to the aggregate of the proposal contacts and the interaction and the network of relationships among the individuals obtained in the formal groups.



✦ **Primary Group :**

The primary groups are characterized by small size, face to face interactions and intimacy among the members. The examples are family groups.

✦ **Secondary Group :**

The secondary group is characterized by large size and individual's identification with the values and beliefs prevailing in them rather than actual interactions. (e.g. occupational association and ethnic groups)

✦ **Membership Group :**

The membership group is those where the individual actually belongs.

✦ **Reference Group :**

The reference is one which they would like to belong.

✦ **Command Group :**

The command group is formed by subordinates reporting directly to the particular manager and is determined by the formal organizational chart.

(e.g. an assistant regional transport officer and his two transport supervisors form a command group .

✦ **Task Group :**

The task group are composed of people who work together to perform a task but involve a cross command relationship.

✦ **Interest Group :**

The interest group involves people who come together to accomplish a particular goal with which they are concerned. (e.g. office employees)

✦ **Friendship Group :**

The friendship group is formed by people having one or more common features

Why do people Join group??

The people often join groups since the groups give the members stability and enhance their achievement capacity. The main reasons to join a group are:

- ✓ Have a sense of security
- ✓ Have a status
- ✓ Develop Self-esteem
- ✓ Power
- ✓ Goal achievement

Group structure

Four different aspects of group structure are:

- Norms
- Roles
- Status
- Cohesiveness

Group norms

Set of beliefs, feelings, and attitudes commonly shared by group members. These are also referred to as rules or standards of behaviour that apply to group members. Norms serve three functions namely



Relation-some norms define relationships

Control-regulate the behavior of others

Predictive-basis for understanding the behavior of others

Group norms Characteristics

- ▶ Represents characteristics of group
- ▶ Basis for predicting and controlling behaviour of others
- ▶ Related to behaviours considered important for their grp
- ▶ They are applied to all memebtrs.

Role

-various parts played by group members.

There are two elements that define this role identity-

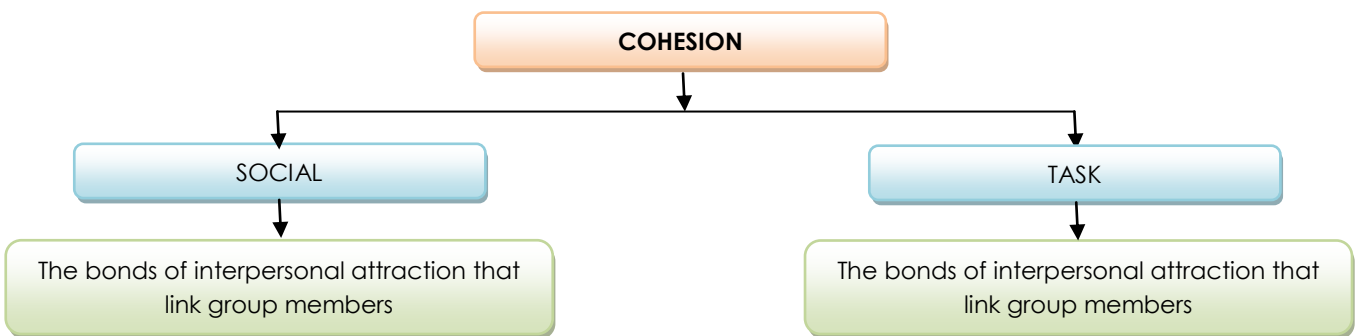
- Role Perception-An individual is expected to behave according to his own perception in the group.
- Role Expectation-It is defined as how others believe one should behave in a given situation.

Status

Status is "a socially defined position or rank given to groups or group members by others." Group members get high status or low status in the Group based on their authority and performance.

High status members of the group have more freedom to deviate from the norms. This facility enables them to have the discriminatory powers in decision making. Low status members of the group should not have freedom to deviate from the norms as it leads to status inequality.

Group Cohesiveness



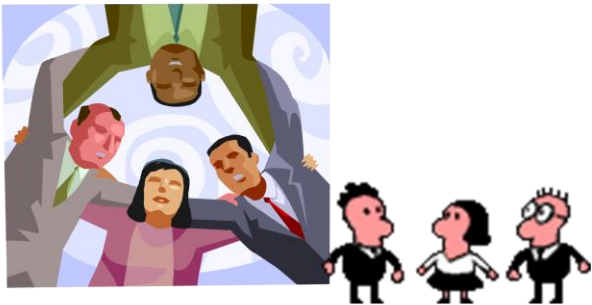
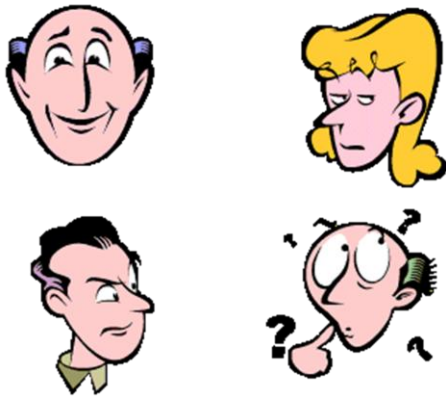


Results

Who won, and why?

Did your group act like this...

... Or like this?



Groups with High Cohesiveness Get Better Results!

Importance of High Cohesiveness

■ **High Cohesiveness**

- Unity
- Interactive
- Positive Feelings
- Ability to Cope with Problems
- More Productive

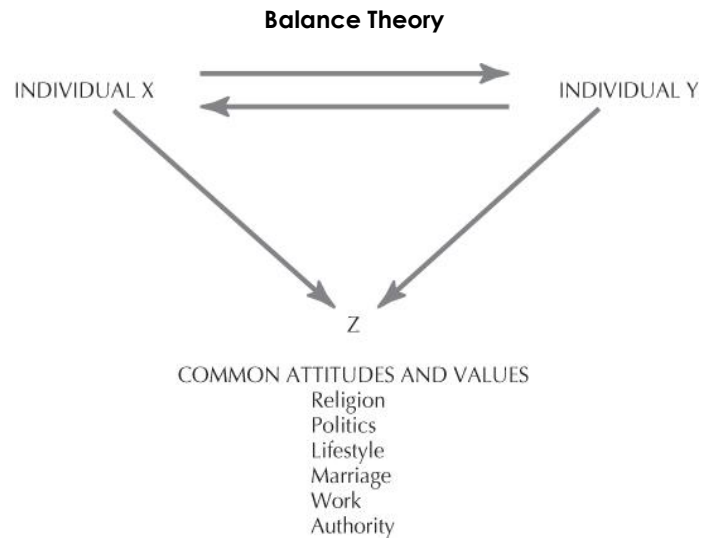
■ **Low Cohesiveness**

- Negative Feelings
- More Problems
- Less Productive

Theories of Group Formation

● **Balance Theory:**

Propounded by "Theodore New-Comb" which states that- "Persons are attracted with one another on the basis of similar attitudes towards commonly relevant objectives and goals."



Exchange Theory

- ✿ Propounded by “Thaibaunt and Kelly”. This theory is based on reward-cost outcomes of interaction between employees.
- ✿ The intraction between people is reward.

STAGES OF GROUP FORMATION





PRINCIPLES OF THE GROUP DYNAMICS

- ✚ The members of the group must have a strong sense of belonging to the group .The barrier between the leaders and to be led must be broken down.
- ✚ The more attraction a group is to its members, the greater influence it would exercise on its members.
- ✚ The grater the prestige of the group member in the eyes of the member in the eyes of the members , the grater influence he would exercise on the theme.
- ✚ The successful efforts to change individuals sub parts of the group would result in making them confirm to the norms of the group.
- ✚ The pressures for change when strong can be established in the group by creating a shared perception by the members for the need for the change.

FEATURES OF GROUP DYNAMICS

- Concerned with group
- Changes
- Rigidity or flexibility
- Continuous process

CONCLUSION:

The groups operate on a common task and common attitudes. The group dynamics is concerned with the interaction between the group members in a social situation. This is concerned with the gaining in the knowledge of the group, how they develop and their effect on the individual members and the organization in which they function.

The group dynamics is essential to study since it helps to find how the relationships are made within a group and how the forces act within the group members in a social setting. This helps to recognize the formation of group and how a group should be organized, lead and promoted.



Paper 2: Fundamentals of Accounting (FOA)

COST SHEET

- A Cost Sheet is a statement which shows the break-up of cost,
- It is a document which provides for the assembly of the detailed cost of a cost centre or a cost unit.

Contents of Cost Sheet

A Cost sheet shows:

- (a) Different components of Total Cost (Say Primary cost, Factory cost, Cost of Goods produced)
- (b) Total Cost
- (c) Cost Per Unit
- (d) Previous year's figures or Budgeted figures or Standard figures to facilitate comparison if the management so desires.
- (e) Other information which may be incorporated into a cost sheet in accordance with the requirements of the business are:
 - Name of the product, cost centre or cost unit
 - Period to which the statement relates
 - Output for the period
 - Details of various components of total cost
 - Item-wise cost per unit
 - Changes in stock position
 - Cost of goods sold
 - Profit or loss position

Periodicity

- Cost Sheet may be prepared weekly, monthly, quarterly, half-yearly or yearly.

Uses of Cost Sheet

The Cost Sheet serves the following purposes:

- It helps in ascertaining the total cost, the different components of total cost, and cost per unit of output.
- It helps in fixing selling prices or quotations.
- It facilitates the comparison of actual costs with the standard costs, of actual costs of one period with that of another period.
- It helps in controlling the costs.
- It helps in the preparation of estimates for submission of tenders.

Cost Sheet is prepared on the basis of:

- Historical Cost Sheet
- Estimated Cost Sheet



- ❖ **Historical Cost Sheet:** Cost Sheet prepared on the basis of actual costs after the actual costs have been incurred is called Historical Cost Sheet.
- ❖ **Estimated Cost Sheet:** Cost sheet prepared on the basis of estimated costs before the actual commencement of production, is called Estimated Cost Sheet.

Format of Cost Sheet

Particulars	Amount	Amount
Opening Stock of Raw Material	xxx	xxx
Add: Cost of Raw materials (CAS 6)	xxx	xxx
Less: Closing stock of Raw Materials	xxx	xxx
Raw Materials Consumed	xxx	xxx
Direct Wages (Labour) (CAS 7)	xxx	xxx
Direct Expenses (CAS 10)	xxx	xxx
Prime Cost	xxx	xxx
Add: Factory Overheads:-		
Indirect Material	xxx	xxx
Indirect Wages	xxx	xxx
Indirect Expenses	xxx	xxx
Depreciation & Amortization (CAS 16)	xxx	xxx
Repairs & Maintenance (CAS 12)	xxx	xxx
Work Cost Incurred	xxx	xxx
Add: Opening Stock of WIP	xxx	xxx
Less: Closing Stock of WIP	xxx	xxx
Work Cost	xxx	xxx
Add: Administration Overheads:- (CAS 11)	xxx	xxx
Office Rent	xxx	xxx
Depreciation	xxx	xxx
General Charges	xxx	xxx
Audit Fees	xxx	xxx
Bank Charges	xxx	xxx
Other Office Expenses	xxx	xxx
Cost of Production	xxx	xxx
Add: Opening stock of Finished Goods	xxx	xxx
Less: Closing stock of Finished Goods	xxx	xxx
Cost of Goods Sold	xxx	xxx
Add: Selling and Distribution Overheads:- (CAS 15)	xxx	xxx
Salesman Commission	xxx	xxx
Salesman salary	xxx	xxx
Travelling Expenses	xxx	xxx
Advertisement	xxx	xxx
Delivery man Expenses	xxx	xxx
Sales Tax	xxx	xxx



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Vol.6A: March 31, 2016

Cost of Sales	xxx	xxx
Profit (balancing figure)	xxx	xxx
Sales	xxx	xxx

Notes:-

- ❖ **Factory Over Heads** are recovered as a percentage of direct wages
- ❖ **Administration Over Heads, Selling and Distribution Overheads** are recovered as a percentage of Works cost.

Example: 1 Calculate Prime Cost from the following particulars for a product unit.

Cost Items	Amount (₹)
Stock as on 1.1.2014	
Raw Materials	25,000
Work-in-progress (at Prime Cost)	30,000
Raw Materials Purchased	2,00,000
Freight on Raw Materials	10,000
Chargeable Expenses	50,000
Factory Wages for direct labour	2,70,000
Stock as on 31st December, 2014	
Raw Materials	45,000
Work-in-Progress (at prime cost)	45,000

Answer:

Statement showing the Prime Cost

Cost Items	Amount (₹)	Amount (₹)
Raw Material Consumed		
Opening Stock	25,000	
Purchases	2,00,000	
Freight on Purchases	10,000	
	2,35,000	
Less: Closing Stock	(45,000)	1,90,000
Factory Wages		2,70,000
Chargeable Expenses		50,000
		5,10,000
Adjustment for Work-in-progress (at prime cost)		
Opening	30,000	
Closing	(45,000)	(15,000)
Prime Cost		4,95,000

Example: 2 From the following information calculate the Work Cost:

Cost Items	Amount (₹)
Direct Material	80,000
Direct Labour	22,000
Direct Expenses	5,000



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Factory Overheads	15,000
Work-in-progress: (at factory cost)	
Opening Stock	13,000
Closing Stock	8,000

Answer:

Statement showing the Prime Cost

Cost Items	Amount (₹)
Direct Material: Material Consumed	80,000
Direct Labour	22,000
Direct Expenses	5,000
Prime Cost	1,07,000
Factory Overheads	15,000
Factory Cost (Gross)	1,22,000
Add: Opening Stock of Work-in-progress	13,000
	1,35,000
Less: Closing Stock of Work-in-progress	8,000
Work or Factory Cost (Net)	1,27,000

Example: 3

From the following information calculate the total cost of production	(₹)
Direct material	90,000
Direct labour	32,000
Direct expenses	9,000
Factory overheads	25,000
Office and administration overheads	20,000

Answer:

Statement showing total cost of production	
Details	Amount (₹)
Direct Material: Material Consumed	90,000
Direct Labour: Productive wages	32,000
Direct Expenses	9,000
Prime Cost	1,31,000
Factory overheads	25,000
Factory Cost	1,56,000
Office and administration overheads	20,000
Total Cost of Production	1,76,000



Example:4

From the following information calculate the total cost.	(₹)
Direct material	1,50,000
Direct Labour	50,000
Direct Expenses	20,000
Factory overheads	40,000
Office & administration overheads	30,000
Selling & distribution overheads	25,000

Answer:

Statement showing total cost	(₹)
Direct material	1,50,000
Direct Labour	50,000
Direct Expenses	20,000
Prime Cost	2,20,000
Factory overheads	40,000
Factory Cost	2,60,000
Office & administration overheads	30,000
Total Cost of Production	2,90,000
Selling & distribution overheads	25,000
Total Cost = Cost of sales	3,15,000

Example: 5

Cost is 10,000 and profit on cost 10%. Calculate the total value of Sales.

Answer:

Cost is ₹10,000 and profit on cost 10%. Assume the cost is ₹100 and profit on cost is ₹10.

Hence Profit on cost of ₹10,000 is

$$=10,000 \times 10/100 = ₹1,000$$

Thus the sales value is ₹11000 (10,000 + 1000)



Paper 3: Fundamentals of Laws and Ethics (FLE)

BASICS OF SALE OF GOODS ACT, 1930

Introduction

The sale of goods is the most common of all commercial contracts. A knowledge of its main principles is of the utmost importance. Contracts of sale of goods are subject to the general legal principles applicable to contracts, such as offer and acceptance, capacity of the parties, free consent, consideration and legality of object.

Sale and Agreement to sell u/s 4

Where under a contract of sale, the property in goods is transferred from the seller to the buyer, the contract is called "Sale". But where the transfer of the property in goods is to take place at a future time or subject to some conditions thereafter to be fulfilled, the contract is called "agreement to sell". This may be explained as follows:

1. A contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price. There may be a contract of sale between one part-owner and another.
2. A contract of sale may be absolute or conditional.
3. Where under a contract of sale the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell.
4. An agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.

What are "Goods"

Goods is defined, as per section 2(7) of the Act.

To be classified as goods, two conditions are required to be met

- (i) It must be movable property
- (ii) It should not be actionable claim and money

Explanations:

Must be a moveable property:

Growing crops, grass and things attached to or forming part of the land are not goods by themselves unless they are agreed to be severed before sale. If they are not to be cut or severed from the land they are not goods. Trade mark, copy right, patents, goodwill, electricity, water, gas etc have been treated goods as per various judgments.



Should not be actionable claim:

Actionable claims and money excluded from the definition of goods. Actionable claim has not been defined in the Act. As per section 3 of the Transfer of Property Act, 'an actionable claim means a claim to any debt or any beneficial interest in moveable property not in possession'. It is something which can only be enforced in a court of law. A debt due from one person to another is an actionable claim as the same cannot be brought or sold.

Should not be money:

Money means current currency note and not old rate currency coins which are considered to be goods.

Price

- The 'price' in a contract of sale means the money consideration for sale of goods [Sec. 2(10)].
- Unless goods are sold for some price there cannot be sale.
- Transfer of ownership without any consideration is not a sale but merely a gift. Goods must be sold for some price.
- In a contract of sale 'price' is the consideration for sale of goods and is expressed in terms of money.
- It forms an essential part of contract and any contract of sales/agreement to sell without price is void ab initio.
- The price can be partly in money terms and partly in goods.
- Where goods are exchanged for goods, it is not a case of sale but a case of barter which is not within the scope of this Act.
- Similarly if there is no price, it is not a sales but a case of gift.
- If any consideration other than money is given/ to be given for the goods purchased/sold it is not a case of sale.

How price can be ascertained

The Act provides different ways in which price can be ascertained. Provisions regarding determination of price are contained in section 9 and 10 of the Act.

- (a) The price in a contract of sale may be fixed by the contract or may be left to be fixed in manner thereby agreed or may be determined by the course of dealing between the parties. [Sec 9(1)]
- (b) Where the price is not determined in accordance with the foregoing provisions, the buyer shall pay the seller a reasonable price. What is a reasonable price is a question of fact dependent on the circumstances of each particular case. [Sec 9(2)]

Thus, we can say that as per section 9 of the Act, the parties to the contract have **four ways of fixing price:**

- Fixing in the contract itself,



- In a manner of fixation provided in the contract itself,
- Or to be fixed in the course of dealing between the parties
- Where the price cannot be determined in any of the above manner the buyer is required to pay a reasonable price.

It may further be noted that where the price is agreed to be whatever the sum the seller is offered by the third party or buyer or where the price is left to be fixed by one of the party to the contract like buyer or seller only the agreement would be uncertain as to the price and would be void to that extent.

Note: Section 10 of the Act provides another way of fixation of price. As per section 10 the parties may agree to sell and buy the goods on terms and condition that the price is to be fixed by the valuation of a third party. Quite possible if the third party fails to determine the price the contract becomes void. But if the third part is prevented by any party to the contract from fixation of price the aggrieved party may file a suit for damages against the party in default. The relevant provisions of section 10 regarding valuation by third party are as under.

Practical Examples:

Question 1:

Arvind sells his old furniture in exchange of new furniture. Is this a contract of sell.

- ➡ This is not a sale but a case of exchange or barter out of the purview of the Act.

Question 2:

Arnold agrees to deliver his car to Yusuf for his use on Yusuf agreeing to pay him user charges. Is this a contract of sell.

- ➡ This is not a case of sale as there is no transfer of property in goods but merely transfer of possession.

Question 3:

Mr. Bakshi left his car in BMW Motors workshop for repair. Is this a contract of sell.

- ➡ Not a case of sale but only a case of bailment.

Question 4:

Mr. David gives his expensive watch to his son Rahul. Is this a contract of sell.

- ➡ Not a case of sale but only a case of gift from father to son. There is no money consideration in it.

Question 5:

Asha sold her car in exchange of a new scooter and cash ₹25,000. Is this a contract of sell.

- ➡ This is a case of sale. Price may be paid partly in kind and partly in money.



Paper 4: Fundamentals of Business Mathematics and Statistics (FBMS)

Percentages (%)

When we say "Percent" we are really saying "per 100"

One percent (1%) means 1 per 100.



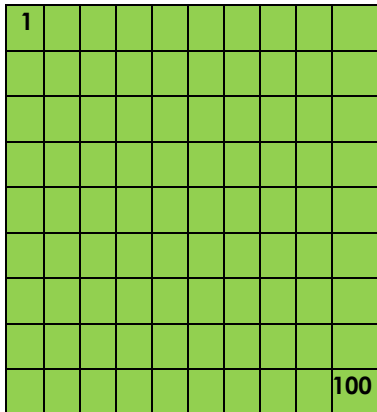
1% of this line is shaded green: it is very small isn't it?

1																50% means 50 per 100 (50% of this box is green)
																50
																100

1																25% means 25 per 100 (25% of this box is green)
																25
																100



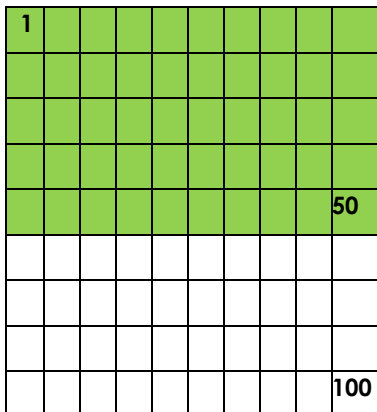
Examples:



100% means all.

Example:

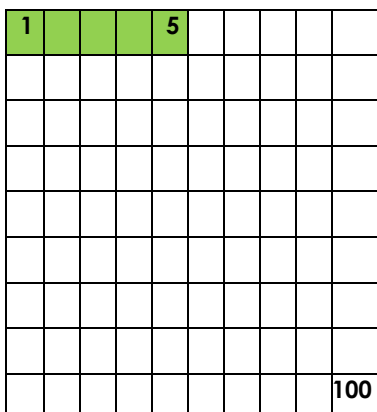
$$100\% \text{ of } 80 \text{ is } \frac{100}{100} \times 80 = 80$$



50% means half.

Example:

$$50\% \text{ of } 80 \text{ is } \frac{50}{100} \times 80 = 40$$



5% means 5/100ths.

Example:

$$5\% \text{ of } 80 \text{ is } \frac{5}{100} \times 80 = 4$$



Using Percent

When 100% = 80 then:

75% = 60

Because "Percent" means "per 100" think:

"this should be divided by 100"

So **75%** really means $\frac{75}{100}$

And **100%** is $\frac{100}{100}$, or exactly **1** (100% of any number is just the number, unchanged)

And **200%** is $\frac{200}{100}$, or exactly **2** (200% of any number is twice the number)

A **Percent** can also be expressed as a **Decimal** or a **Fraction**



A Half can be written...

As a percentage: 50%

As a decimal: 0.5

As a fraction: $\frac{1}{2}$

Some Worked Examples:

Example: Calculate 25% of 80

$$25\% = \frac{25}{100}$$

$$\text{And } \frac{25}{100} \times 80 = \mathbf{20}$$

Example: 15% of 200 apples are bad. How many apples are bad?

$$15\% = \frac{15}{100}$$

$$\text{And } \frac{15}{100} \times 200 = 15 \times \frac{200}{100} = 15 \times 2 = \mathbf{30} \text{ apples are bad.}$$



Example: if only 10 of the 200 apples are bad, what percent is that?

As a fraction, $10/200 = 0.05$

As a percentage it is: $(10/200) \times 100 = 5\%$

5% of those apples are bad



Example: A Skateboard is reduced 25% in price in a sale.

The old price was ₹120.

Find the new price.

First, find 25% of ₹120:

$$25\% = \frac{25}{100}$$

$$\text{And } \frac{25}{100} \times ₹120 = ₹30$$

25% of ₹120 is ₹30

So the **reduction** is ₹30

Take the reduction from the original price

$$₹120 - ₹30 = ₹90$$

The Price of the Skateboard in the sale is **₹90**

The Word

"Percent" comes from the latin *Per Centum*. The latin word Centum means 100, for example a Century is 100 years.

Percent vs Percentage

My Dictionary says "Percentage" is the "result obtained by multiplying a quantity by a percent". So 10 **percent** of 50 apples is 5 apples: the 5 apples is the **percentage**.

But in practice people use both words the same way.