



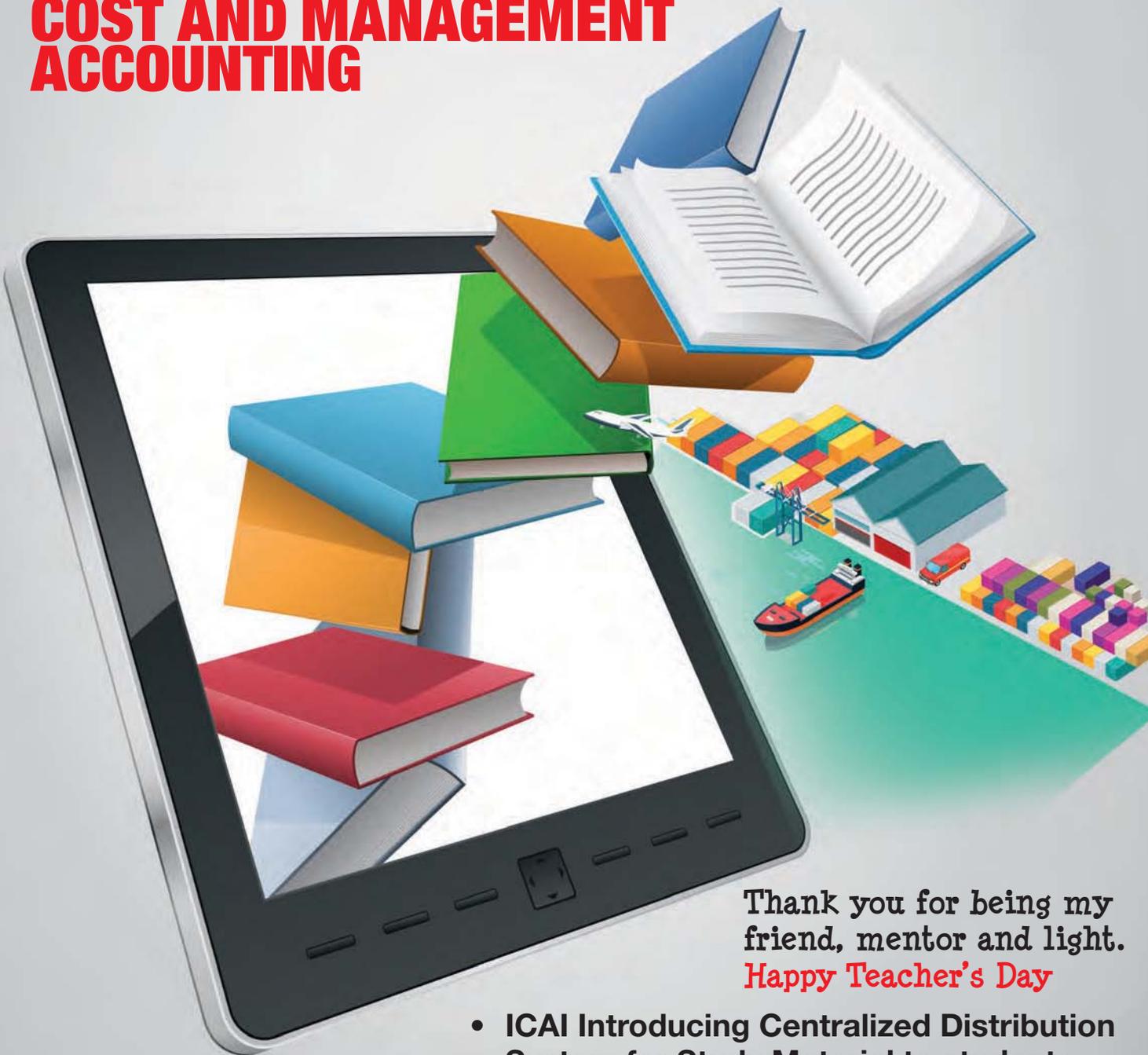
The Institute
of Chartered
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The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events

SPECIAL ISSUE ON **COST AND MANAGEMENT ACCOUNTING**



Thank you for being my
friend, mentor and light.
Happy Teacher's Day

- ICAI Introducing Centralized Distribution System for Study Material to students
- e Books to study anytime, anywhere



CA Students' Conference, Ghaziabad : ICAI President, CA. Nilesh S. Vikamsey, Board of Studies Chairman, CA. Atul K. Gupta and Central Council Member, CA. Mukesh Singh Kushwah with the paper presenters at the Conference. Chairman, Ghaziabad Branch, CA. Sachinder Garg, Vice Chairman, CA. Puneet Sakhuja, and CICASA Chairman, CA. Nitesh Garg also seen.



ICAI Vice President, CA. Naveen N. D. Gupta lighting the lamp at the Students' Conference at Ghaziabad in the presence of Shri Atul Garg, Uttar Pradesh Minister of State and Central Council Member, CA. Mukesh Singh Kushwah.



CA Students' Conference, Indore: ICAI Past President, CA. Manoj Fadnis, Board of Studies Chairman, CA. Atul K. Gupta, Vice Chairman, CA. Mangesh Kinare and Central Council Member, CA. Kemisha Soni at the inaugural ceremony. Chairman, Indore Branch, CA. Som Singhal, branch CICASA Chairman, CA. Pankaj Shah and Vice Chairman, Mr. Yash Mehta also seen.



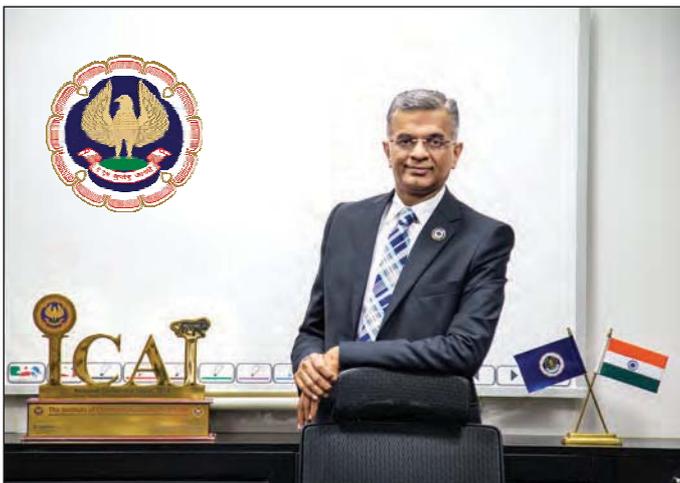
ICAI Past President, CA. Amarjit Chopra addressing the Students' Conference at Indore.



ICAI Central Council Member, CA. Jay Chhaira addressing the Students' Conference at Indore.



Board of Studies Chairman, CA. Atul K. Gupta at an interaction programme with the students at Ahmednagar. Branch Chairman, CA. Prasad Bhandari and Vice Chairman, CA. Dnyanesh Kulkarni also seen.



My Dear Students,

Heartily congratulations to the successful students of May 2017 CA IPC exams - especially the rank holders who performed exceedingly well. You must now focus on the next rung of the ladder - **Practical Training and CA-Final**. As you enter the most important phase of your course, you need to pursue practical training as your core focus and commitment, taking each practical assignment as a learning opportunity.

Those of you, who were not lucky this time, should not feel disheartened. Remember what Winston Churchill has said, *"Success is not final, failure is not fatal; it is the courage to continue that counts."* You must intensify your efforts and indulge in preparation with renewed vigor and determination. With a sound strategy, disciplined regimen and focused approach, I am sure you will certainly meet with success. See that concentration distracting activities like internet and social media etc. is kept at a distance while you are studying.

Teacher's Day Greetings

I convey my greetings to all the students and members on the auspicious occasion of Teacher's Day, observed on **5th September** every year, in memory of birthday of past President of India **Dr. Sarvepalli Radhakrishnan**, a renowned scholar, noted educationist, a true statesman and above all a devoted teacher. The day holds special significance for students and teachers. Students felicitate teachers for their profound contribution not just in academics, but shaping their personalities to evolve into conscientious and compassionate human beings.

Drawing analogy from the age old tradition of *Guru and Shishya*, relationship between a **Principal and an Articled Trainee** can be examined from the same perspective. Similar to the tradition, this association is formally for a period of 3 years but goes much beyond. A Principal can be likened to a *Guru*, Articled assistant to *Shishya* and firm to *Gurukul* where trainee learns the ropes of the profession including practical application of the concepts learned theoretically. The Principal not only imparts technical knowledge, but also soft skills and professional conduct and also responsible for inculcating moral values, ethical principles and discipline and most importantly the passion for learning. Thus, Principal plays a significant role as a mentor and guide like an ideal *Guru*. The shloka aptly praises the Guru:

*Gurur Brahma, Gurur Vishnu, Gurur Devo Maheshwara,
Gurur Sakshat Parabrahma, Tasmai Shri Gurve Namah*

BOS: Your Learning companion

Digital Learning Hub: The Institute through the Board of Studies is continuously engaged in upgrading procedures leveraging technology to reach out to students at large. In its endeavor to further facilitate learning anytime anywhere, the Board of Studies has launched **Digital Learning Hub** where **e-Books** for all levels of the Revised Scheme of syllabus including Foundation, **Intermediate and Final** have been uploaded with reflowable (adjustable according to screen size) contents compatible to be viewed on different devices for convenient study. You can annotate while studying and can even self-assess your learning through online quizzes. This would facilitate complete mobility and agility in preparation.

Centralized Distribution System: The institute has also introduced centralized distribution system to deliver study material at your doorstep, alleviating distribution problems faced by students at large and adding to the array of online systems/resources, rendering best services to our students. You can now order books online as per your requirement. The facility is available free of cost once for Foundation and twice for Intermediate/Final level students. You can access the service at <https://icai-cds.org>

Webcasts: BOS organized webcasts for CA students on the topic **"How to prepare for CA examination"** on 4th August, 2017. The same is available on the link <http://estv.in/icai/04082017/>. Large number of students benefitted from the webcast.

Live Webcasts and Mock Test Papers are being organized for Final and Intermediate (IPC) Course students on **"How to prepare for respective subjects for November, 2017 examination"**. These webcasts aim to mentor students on the strategy to prepare for the respective subjects. The schedule is uploaded on the website on the link: <http://resource.cdn.icai.org/46080bos36240.pdf>. I genuinely hope that maximum number of students will make good use of these services/facilities to supplement learning.

Practical Training: Your Learning Turf

Practical training is the vital link between theoretical knowledge base and the profession. While knowing theoretical concepts is important for examinations, knowing their practical application certainly gives you the winning edge in professional career. You must make concerted efforts to learn diverse aspects of the profession during practical training to prepare yourself for a wide array of professional profiles, enhancing your employability. Take every task as an opportunity to learn, mixing theoretical knowledge with practical skills to deliver the best. During articleship training, you must learn from observation, experience and exposure.

Irrespective of the career path you choose, you will have to exhibit utmost integrity, sincerity and thorough professionalism to be able to succeed in your endeavors. Remember- **Success is simple to achieve, do what is right, the right way at the right time.**

Wishing you all the best,

CA. NILESH S. VIKAMSEY
PRESIDENT
ICAI, NEW DELHI



Dear Students,

I am greatly privileged to communicate with all of you through this medium once again. At the outset, I heartily congratulate those who have been successful in the Intermediate (IPC) examination for which, the results have been declared recently. I convey my best wishes to the rank holders also. I would also like to advise the students who are preparing for the next examinations to be consistent, sincere and dedicated in your studies. Make use of the exhaustive study materials provided to you by the Board of Studies of the Institute.

Before writing further, I would like to extend my warm greetings and felicitation to the teaching community on the occasion of Teachers' Day (5th September). We have great faith and devotion towards our teachers. It has been said, *"A good teacher is like a candle- it consumes itself to light the way for others"*. Teachers are important pillars of our society. They mould the present generation to take up the challenges they encounter in life.

While mentioning about the life challenges, some other thoughts suddenly came into my mind. I think, it would be appropriate if I share those issues with you all. It is about taking up the right job after you qualify as a Chartered Accountant. As you know, getting into a job of your taste and desire is not so easy. Among the conventional careers, the profession of Chartered Accountancy occupies a high and respectable position. In this era of cut-throat competition, you have to face several challenges to get into the job of your choice. If you are interested in business, finance or knowledge management, Chartered Accountancy is the right profession. Globalization has opened up a huge demand for Chartered Accountants in almost all the sectors. Comparing to other conventional careers, a chartered accountancy professional gets very attractive packages. This is because of the expertise and

capabilities a Chartered Accountant possesses. Today, the business entities, both national and multinationals started realizing and recognizing the knowledge of best business practices that are being followed by the Chartered Accountants.

The accounting professional of today has to face a variety of challenges and opportunities, which requires them to have skills across number of areas. Chartered Accountants work in many areas of business and public sector, in roles ranging from Chief Finance Officer to Chief Executive Officer of multinational companies within and outside of the country.

Another option is starting own practice. This requires a lot of courage and monetary wise; you should be very sound. In own practice, you can be your own boss. Own practice, even though, would be hectic, it would not be monotonous considering the variety of assignments. The respect you get from the society will also be high. Consultancy work is a major chunk of own practice. Consultancy work is becoming more and more profitable nowadays. Even though the earning potential from own practice is very attractive, you have to invest a lot to launch your own firm.

Finally, the success and failure of your venture is purely depending upon the way you handle it. To succeed in your career, you should have a passion for your profession. The Chartered Accountants of today and tomorrow are creating a very strong career for themselves. The chartered accountancy has been considered as a preferred career choice because of the professional prospects, social responsibility, financial reward and the peer value.

Wishing you all the best,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Naveen N. D. Gupta'.

CA. NAVEEN N. D. GUPTA
VICE PRESIDENT, ICAI, NEW DELHI



Dear Students,

At the outset, our heartiest congratulations to students who recently qualified IPCC Examination of ICAI. Your all-round performance really motivates us. Your word of appreciation for ICAI classes, mock test encourages the team ICAI to further strengthen the process. This time we have a number of ranks from ICAI classes across India. Now the real challenge will start as you enter into Final Course with new scheme of education. It will evaluate your analytical capabilities through case study based examination especially in elective paper. Students are advised to give 100% focus on their practical training to equip themselves to face this challenge and convert the same into opportunity. Being new syllabus and study material of the same made available through Centralized Distribution System and e-Book, advise will be to concentrate your studies on the same.

Centralized Distribution System will enable you to send requisition of study material any time any where. In older provisions apart from your inconvenience to visit distances for procuring material, there was a common grievance that there is a time lag between procuring the material along-with registration and actual examination which is being held after 2^{1/2} for final students; which force them to buy again because of amendments or pursue outside material. This system enables student to order study material even in two installments based on requirement and without any charge.

Whereas e-Book or Soft Copy of Study Material on Cloud Campus of ICAI will enable you to study anytime anywhere. Study Material on e-book will be regularly updated. The portal so developed is responsive to modify the display of material based on the technology you use. You can read the same on Laptop, Mobile or even iPad. User Id and Password of the same are in process of distribution to students via email.

Dear Students, it is rightly said *“the mediocre teacher tells; the good teacher explains; the superior teacher demonstrates; and the great teacher inspires”*. Our Teacher is like a candle who consumes itself to light the

way for others. In our Profession, our members who act as principal for you put their heart and soul to see you as a bright star of times to come. At times, their hard words pinch us but as we rightly know that *“man can not remake himself without suffering, for he is both the marble and sculptor”*. To take the blessing of our principal and their contribution in your success, we need to develop an attitude of accountability and responsibility. As Pupil, if we will enter into their shoe to understand the responsibility what we do; no body can stop your success. Now, it's the time to convey regards and feeling oblige for their contribution in our life. 5th September is Teachers' Day. Your ICAI is organizing special programmes on that day in terms of mentorship programme, essay and photo competition to show your solidarity towards your principal. You are advised to contact your local branch or regional council to take details of the same.

Dear Students, as your Institute is set up under the Act of Parliament, it always promotes the social empowerment. Apart from very low fee for the entire course curriculum, we have instituted various schemes of scholarship. Meritorious, Merit cum needy and needy students can take the benefit of these **Scholarship Schemes of ICAI**. Details of these schemes are available on ICAI web site. In case you need any support or financial assistance, do contact your Board of Studies and together, we will achieve the dream of becoming a dynamic professional.

Goods and Services Tax and Ind-AS (IFRS) are the two important developments our country witnessed in the last one year. These topics are not only offering domestic challenges and opportunity, but also are a gateway to International endeavours. For our students who are second to none, we are launching a certificate course of 5 days each for GST and Ind-AS soon after your November 2017 examinations. We will host the details of the same soon on website and will share with branches. Take maximum benefit of these activities to build your global career.

Festivals are on the way. While we have to concentrate every single minute for quality education and training, give the best of your time to your family as well. This time Diwali festival will be very near to our exam and we have to complete our preparation by 15th October; accordingly, you need to plan.

Our best wishes for Ganesh Chaturthi, Navratra and Vijay Dashmi.

Warm Regards,

CA. ATUL K GUPTA
CHAIRMAN, BOARD OF STUDIES, ICAI

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Cost and Management Accounting - A Capsule for Quick Revision

In contemporary business environment, existence of an entity depends on the way it tackles the challenges posed by the competitive market conditions. Cost leadership being one of the competitive strategies, gives an added advantage to the entity. Cost being an important aspect for survival and growth in business, requires a mandatory awareness about the cost control and cost reduction. Fourth industrial revolution, also known as Industry 4.0, puts more emphasis on the digitization of information for effective decision-making, which enables an entity in keeping ahead in competition. Cost and Management accounting, a discipline of accounting, capacitates an entity in taking timely decisions by provisions of cost, profitability and other relevant information.

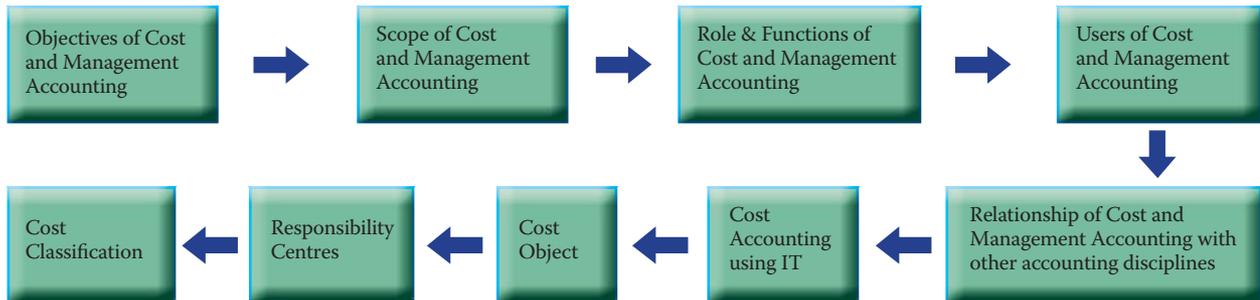
Chartered Accountants, as a global business solution provider, play an important role in business, have an onus by helping an entity to achieve its long-term objectives. In this direction, Cost and Management Accounting helps Chartered Accountants in taking timely and informed business decisions. In view of nobility of the objective to provide quality academic inputs to the students of CA course, the Board of Studies (BoS) of ICAI has decided to bring forth a capsule module of Cost and Management Accounting. Although, the capsule has been prepared keeping in view the new and revised Scheme of Education and Training of ICAI, the students of earlier Scheme may also be benefitted from it.

In the beginning, a chapter overview has been provided to present a holistic viewpoint on the topic's coverage. This capsule, though, facilitates the students in undergoing quick revision, under no circumstances; such revisions can substitute the detailed study of the material provided by the BoS.

Remember, "The expert in anything was once a beginner". Now, let us begin.

Introduction to Cost and Management Accounting

Chapter Overview



Meaning of Terms used in Cost and Management Accounting

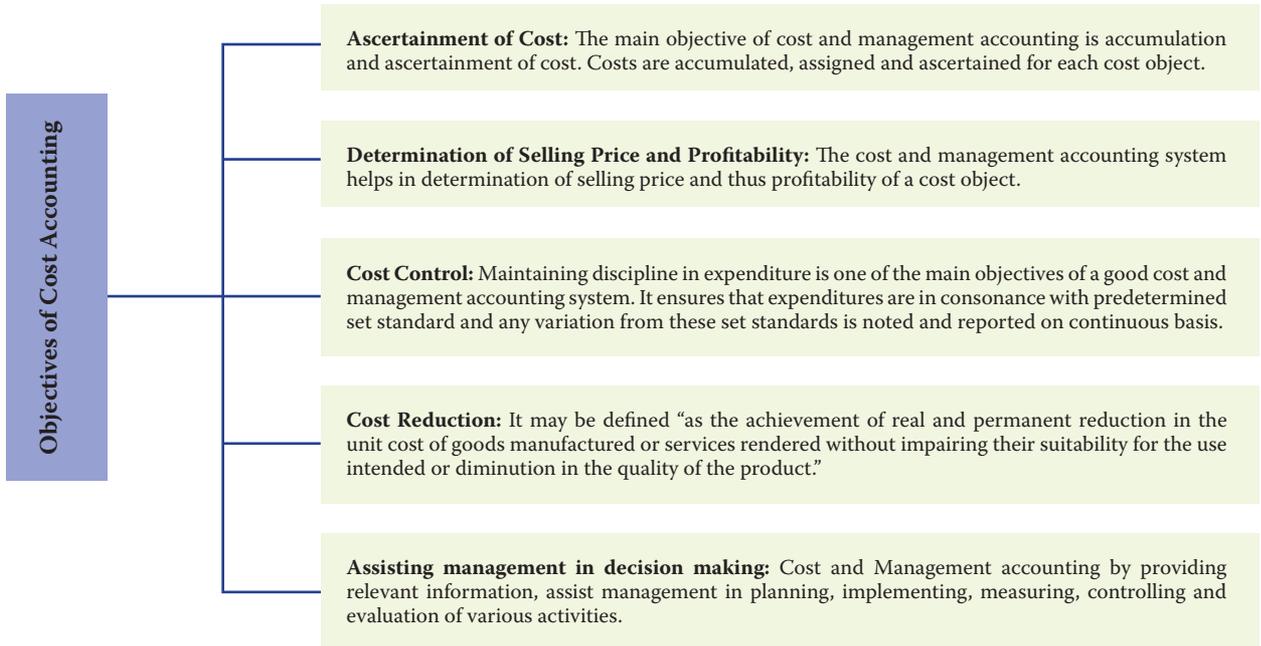
First of all, let us discuss the meaning of various terminologies used in Cost and Management Accounting to have a clear understanding about the subject.



COST AND MANAGEMENT ACCOUNTING ||

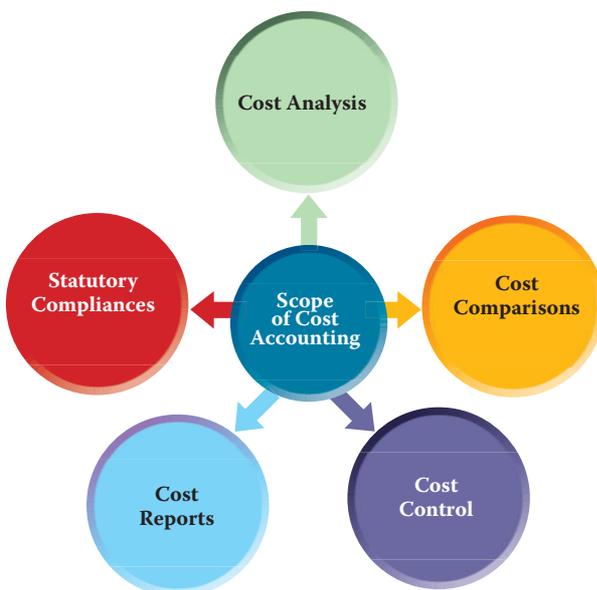
Objectives of Cost Accounting

There are many objectives of cost accounting. The main objectives are explained as below. We also need to keep our focus on understanding the difference between Cost Control and Cost Reduction.



Scope of Cost Accounting

We also need to know various scopes of cost accounting. Cost ascertainment and the process of cost accounting are the major scopes. The other scopes are presented.



Role and Functions of Cost and Management Accounting

Role of a Cost and Management Accounting system

Provide relevant information to management for decision making

Assist management for planning, measurement, evaluation and controlling of business activities

Help in allocation of cost to products and inventories for both external and internal users.



Functions of Cost and Management Accounting System

Collection and accumulation of cost for each element of cost

Assigning costs to cost objects to ascertain cost.

Sets budget and standards for a particular period or activity beforehand and these are compared with the assigned and ascertained cost.

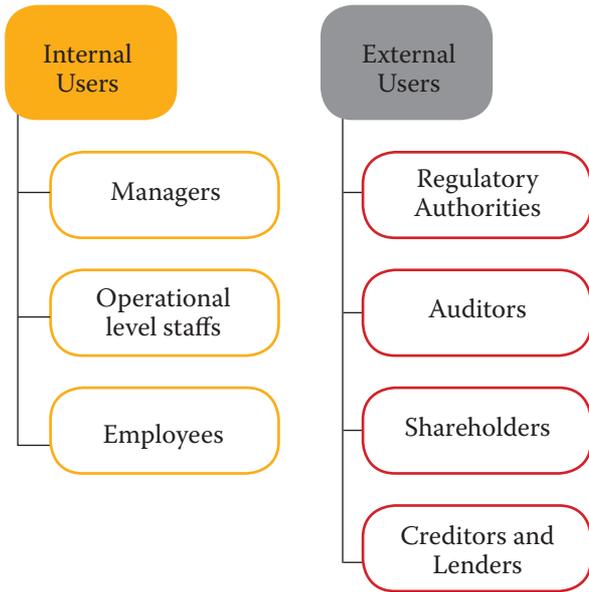
Provision of relevant information to the management for decision making.

To gather data like time taken, wastages, process idleness etc., analyse the data, prepare reports and take necessary actions

COST AND MANAGEMENT ACCOUNTING

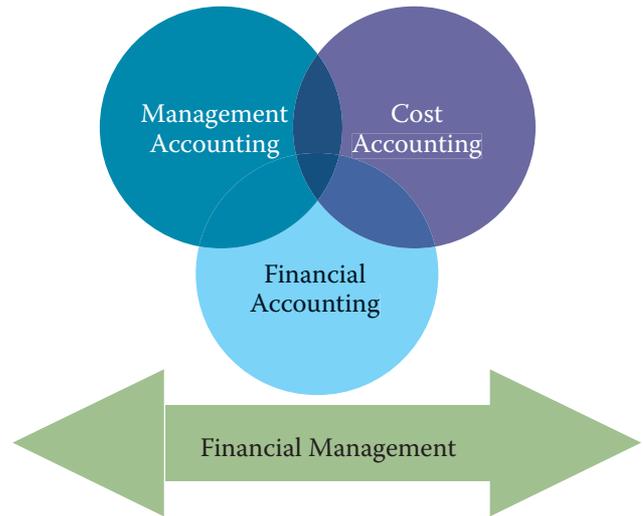
Users of Cost and Management Accounting

Cost and Management Accounting information which are generated or collected are used by various stakeholders. The users of the information can be broadly categorized as below:



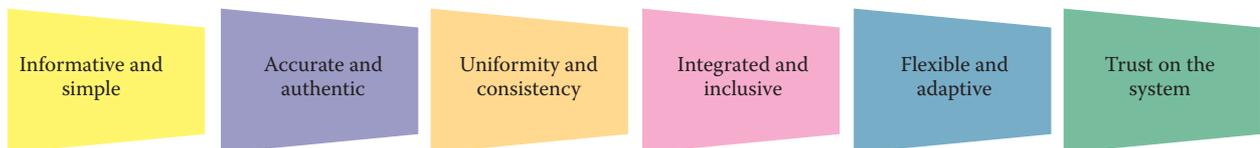
Relationship of Cost Accounting, Management Accounting, Financial Accounting and Financial Management

There is a close relationship between various disciplines like Cost Accounting, Management Accounting, Financial Accounting and Financial Management. Sometimes these disciplines are interrelated and dependent on each other also.



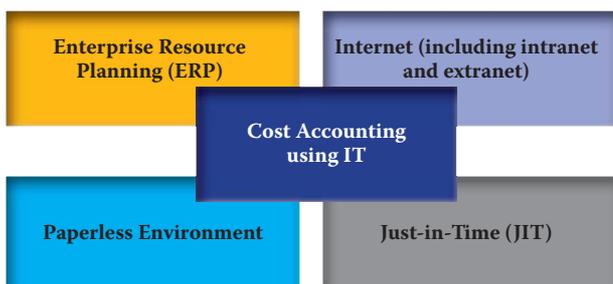
Essentials of a good Cost Accounting System

The essential features which a cost accounting system should possess are depicted as below:



Cost Accounting using Information Technology

With the use of information technology, the cost accounting system gets integrated and automated. The basic features are depicted as below:



Cost Objects

It is very important to understand the meaning of cost object, cost unit and cost driver. Their meaning along with examples are illustrated below.

Cost Object: Cost object is anything for which a separate measurement of cost is required. Cost object may be a product (book), a service (airline), a project, a customer, a brand category etc.

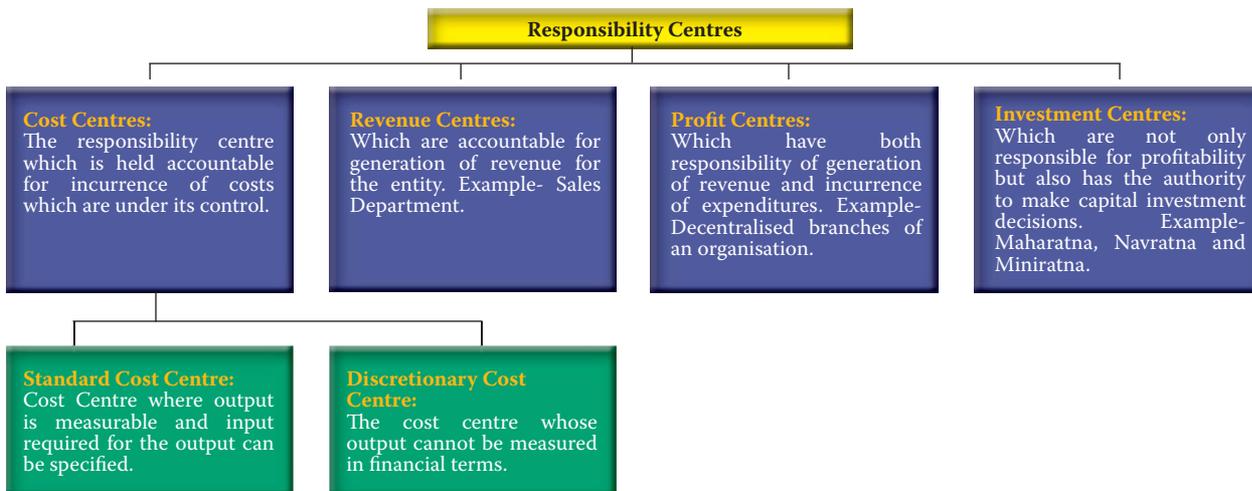
Cost Units: It is a unit of product, service or time (or combination of these) in relation to which costs may be ascertained or expressed. Example for power industry is kilo Watt hour (kWh).

Cost Drivers: A Cost driver is a factor or variable which effect level of cost. Example for a purchase department is number of purchase orders.

COST AND MANAGEMENT ACCOUNTING ||

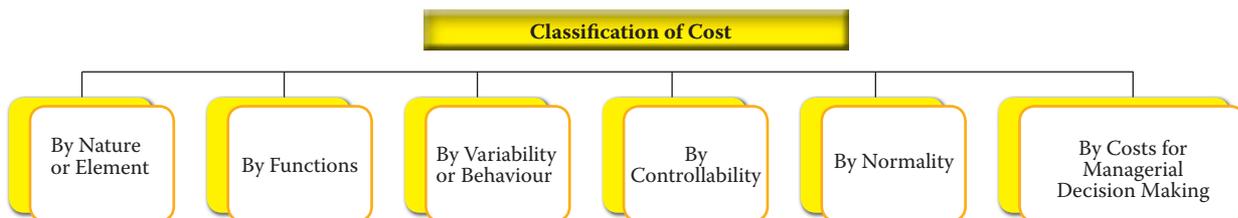
Responsibility Centres

To have a better control over the organisation, management delegates its responsibilities and authorities to various departments or persons, which are known as responsibility centres. There are four types of responsibility centres as discussed below:

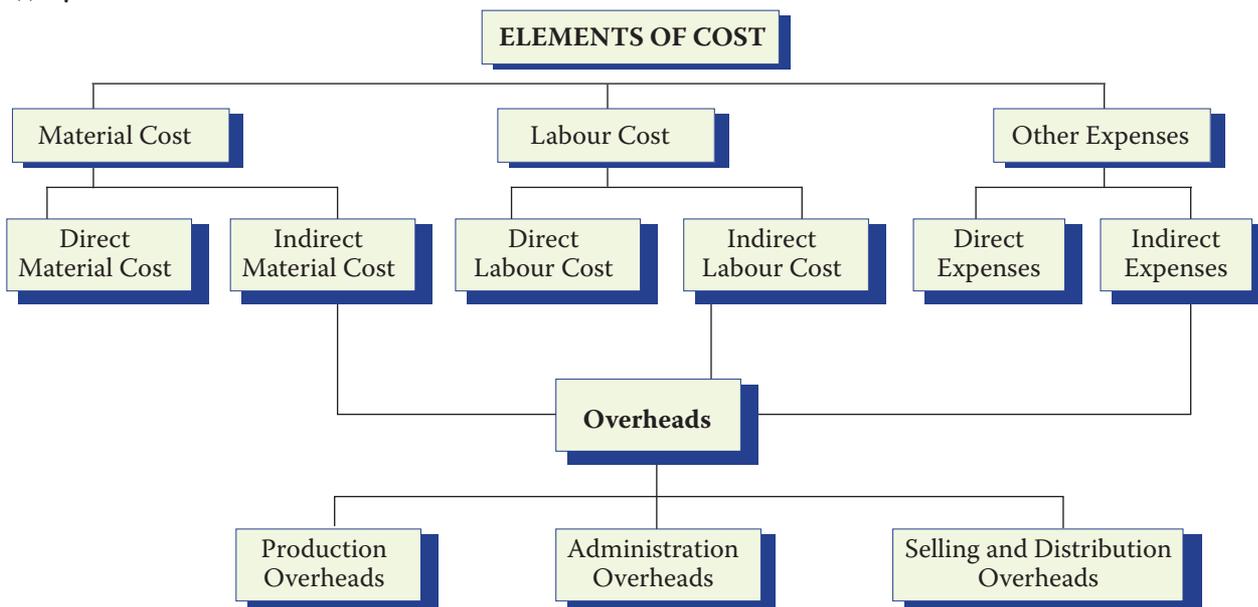


Classification of Cost

Classification of cost basically means grouping of cost according to their common features. The important ways of classification of cost are illustrated as below:



(i) By Nature or Element



COST AND MANAGEMENT ACCOUNTING

(ii) By Functions



(iii) By Variability or Behaviour



(vi) By Cost for Managerial Decision Making

- (a) **Pre determined Cost** - A cost which is computed in advance before production or operations start
- (b) **Standard Cost** - A pre-determined cost, which is calculated from managements 'expected standard of efficient operation' and the relevant necessary expenditure
- (c) **Marginal Cost** - The amount at any given volume of output by which aggregate costs are changed if the volume of output is increased or decreased by one unit
- (d) **Estimated Cost** - The expected cost of manufacture, or acquisition, often in terms of a unit of product computed on the basis of information available in advance of actual production or purchase
- (e) **Differential Cost** - It represents the change (increase or decrease) in total cost (variable as well as fixed) due to change in activity level, technology, process or method of production, etc.
- (f) **Imputed Costs** - These costs are notional costs which do not involve any cash outlay
- (g) **Capitalised Costs** - These are costs which are initially recorded as assets and subsequently treated as expenses.
- (h) **Product Costs** - These are the costs which are associated with the purchase and sale of goods (in the case of merchandise inventory).
- (i) **Opportunity Cost** - This cost refers to the value of sacrifice made or benefit of opportunity foregone in accepting an alternative course of action

(iv) By Controllability

- Controllable Costs:** Cost that can be controlled
- Uncontrollable Costs:** Costs which cannot be influenced or controlled

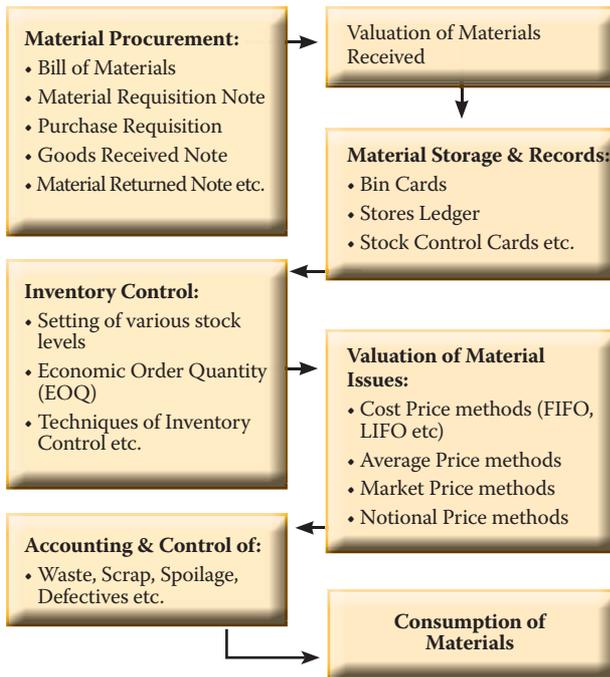
(v) By Normality

- Normal Cost** - It is the cost which is normally incurred
- Abnormal Cost** - It is the cost which is not normally incurred

- (j) **Out-of-pocket Cost** - It is that portion of total cost, which involves cash outflow
- (k) **Shut down Costs** - Those costs, which continue to be incurred even when a plant is temporarily shut-down e.g. rent, rates, depreciation, etc
- (l) **Sunk Costs** - Historical costs incurred in the past are known as sunk costs. They play no role in decision making in the current period.
- (m) **Absolute Cost** - These costs refer to the cost of any product, process or unit in its totality.
- (n) **Discretionary Costs** - Such costs are not tied to a clear cause and effect relationship between inputs and outputs.
- (o) **Period Costs** - These are the costs, which are not assigned to the products but are charged as expenses against the revenue of the period in which they are incurred.
- (p) **Engineered Costs** - These are costs that result specifically from a clear cause and effect relationship between inputs and outputs.
- (q) **Explicit Costs** - These costs are also known as out of pocket costs and refer to costs involving immediate payment of cash. Salaries, wages, postage and telegram, printing and stationery, interest on loan etc.
- (r) **Implicit Costs** - These costs do not involve any immediate cash payment.

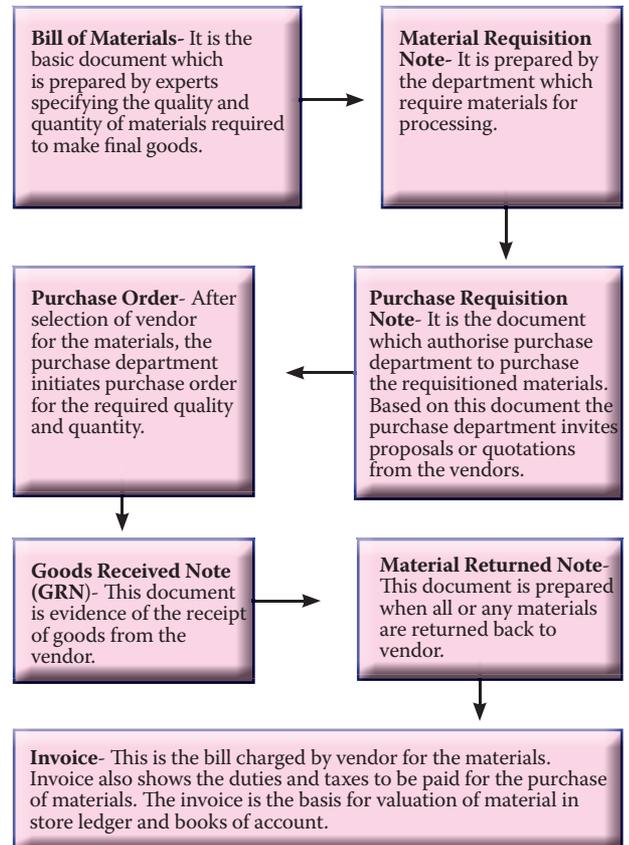
Material Cost

Chapter Overview



How Material is Procured?

Material requirement procedure can be understood with the help of the following diagram. We should focus on various documents in general required and also should keep in mind the departments who initiate these documents.



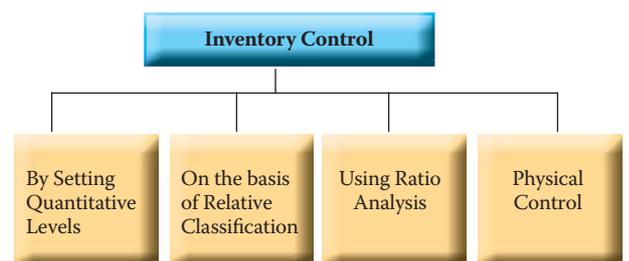
Value at Which Materials are Recorded in Stores Ledger

From the following table we can understand the procedure of calculating total value at which materials are to be recorded in stores ledger.

Particulars	Amount	Amount
Purchase Price		XXX
Additions/ Inclusions:		
Insurance charges	XXX	
Commission or brokerage	XXX	
Freight inward	XXX	
Cost of containers	XXX	
Wastage due to normal reasons	XXX	
Duties and Taxes for which no credit or refund is available	XXX	XXX
Deduction/ Exclusions:		
Discount, Rebate and Subsidy	XXX	
Duties and Taxes for which credit or refund is available	XXX	
Penalties and charges	XXX	
Other expenses not borne	XXX	(XXX)
		XXX

How Inventory is Controlled?

Inventory control is the function of ensuring that sufficient inventory is retained to meet all requirements. In inventory control, it is essential to balance between overstock and understock. Various techniques of inventory control are illustrated below:



(a) Inventory Control- By Setting Quantitative Levels



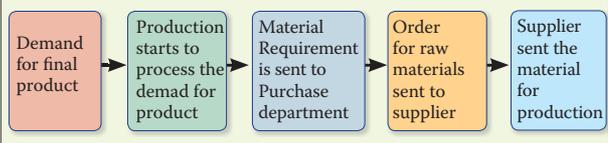
(i) Re-order Stock Level (ROL): Maximum Consumption × Maximum Re-order Period
 Or, ROL = Minimum Stock Level + (Average Rate of Consumption × Average Re-order period)

(ii) Re-Order Quantity/ Economic Order Quantity (EOQ):

$$EOQ = \sqrt{\frac{2x \text{ Annual Requirement (A)} \times \text{Cost per order (O)}}{\text{Carrying Cost per unit per annum (C)}}$$

Just in Time (JIT) Inventory Management

JIT is a system of inventory management with an approach to have a zero inventories in stores. According to this approach material should only be purchased when it is actually required for production.



(iii) Minimum Stock Level:

Minimum Stock Level = Re-order Stock Level - (Average Consumption Rate × Average Re-order Period)

(iv) Maximum Stock Level:

Maximum Stock Level = Re-order Level + Re-order Quantity - (Minimum Consumption Rate × Minimum Re-order Period)

(v) Average Inventory Level:

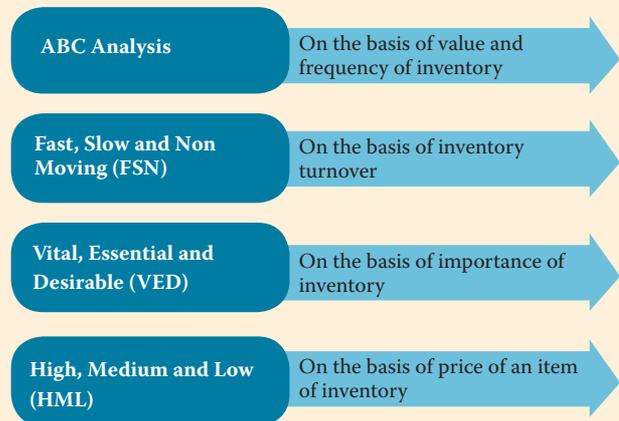
Average Stock Level = Minimum Stock Level + 1/2 Re-order Quantity

Or

Average Stock Level =

$$\frac{\text{Maximum Stock Level} + \text{Minimum Stock Level}}{2}$$

(b) On the basis of Relative Classification



(c) Using Ratio Analysis

(i) Input Output Ratio: Input-output ratio is the ratio of the quantity of input of material to production and the standard material content of the actual output.

(ii) Inventory Turnover Ratio:

Inventory Turnover Ratio =

$$\frac{\text{Cost of materials consumed during the period}}{\text{Cost of average stock held during the period}}$$

(d) Physical Control

(i) Two Bin System: Two Bin System is supplemental to the record of respective quantities on the bin card and the stores ledger card.

(ii) Establishment of system of budgets: Based on this, inventories requirement budget can be prepared. Such a budget will discourage the unnecessary investment in inventories.

(iii) Perpetual inventory records and continuous stock verification :

Perpetual inventory represents a system of records maintained by the stores department in the form of Bin cards and Stores ledger.

(iv) Continuous Stock Verification:

The system of continuous stock-taking consists of physical verification of items of inventory.

Valuation of Material Issue

Cost Price Methods

- Specific Price Method
- First-in First-out (FIFO) method
- Last-in-First-out (LIFO) method
- Base Stock Method

Average Price Methods

- Simple Average Price Method
- Weighted Average Price Method

Market Price Methods

- Replacement Price Method
- Realisable Price Method

Notional Price Methods

- Standard Price Method
- Inflated Price Method
- Re-use Price Method

Some of the techniques are discussed as follows:

(i) First-in First-out method (FIFO): The materials received first are to be issued first when material requisition is received. Materials left as closing stock will be at the price of latest purchases.

(ii) Last-in First-out method (LIFO): The materials purchased last are to be issued first when material requisition is received. Closing stock is valued at the oldest stock price.

(Accounting Standard- 2 and Ind AS-2 do not allow LIFO method for inventory valuation, however, for academic knowledge it may be studied).

(iii) Simple Average Method: Material Issue Price =

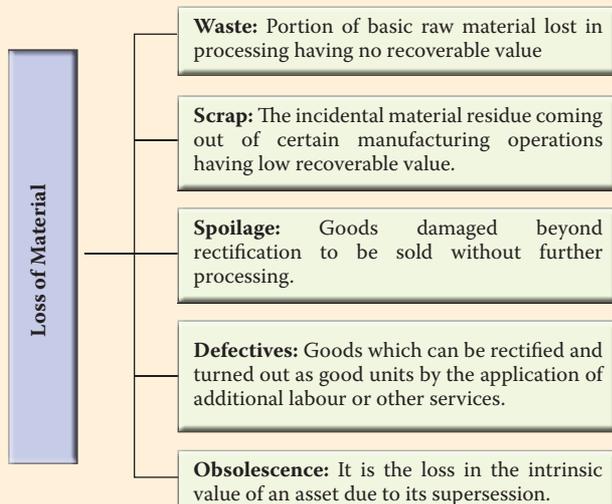
$$\frac{\text{Total of unit price of each purchase}}{\text{Total Nos of Purchases}}$$

(iv) Weighted Average Price Method: This method gives due weightage to quantities purchased and the purchase price to determine the issue price.

Weighted Average Price =

$$\frac{\text{Total cost of materials in stock}}{\text{Total quantity of materials}}$$

Normal and Abnormal Loss of Materials



Treatment of Loss of Material

(i) Treatment of Waste

Normal- Cost of normal waste is absorbed by good production units.

Abnormal- The cost of abnormal loss is transferred to Costing Profit and loss account.

(ii) Treatment of Scrap

Normal- The cost of scrap is borne by good units and income arises on account realisable value is deducted from the cost.

Abnormal- The scrap account should be charged with full cost. The credit is given to the job or process concerned. The profit or loss in the scrap account, on realisation, will be transferred to the Costing Profit and Loss Account.

(iii) Treatment of Spoilage

Normal- Normal spoilage (i.e., which is inherent in the operation) costs are included in costs either charging the loss due to spoilage to the production order or by charging it to production overhead so that it is spread over all products.

Abnormal- The cost of abnormal spoilage (i.e., arising out of causes not inherent in manufacturing process) is charged to the Costing Profit and Loss Account.

(iv) Treatment of Defectives:

Normal- The cost less realisable value on sale of defectives are charged to material cost of good production.

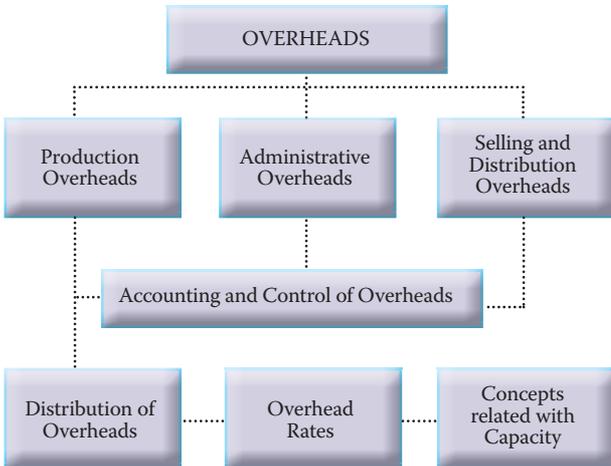
Abnormal- The material cost of abnormal loss is transferred to costing profit and loss account.

(v) Treatment of Obsolescence:

The value of the obsolete material held in stock is a total loss and immediate steps should be taken to dispose it off at the best available price. The loss arising out of obsolete materials on abnormal loss does not form part of the cost of manufacture.

Overheads

Chapter Overview



Classification of Overheads

Overheads are the expenditure which can not be identified with a particular cost unit. Overheads can be classified as under.

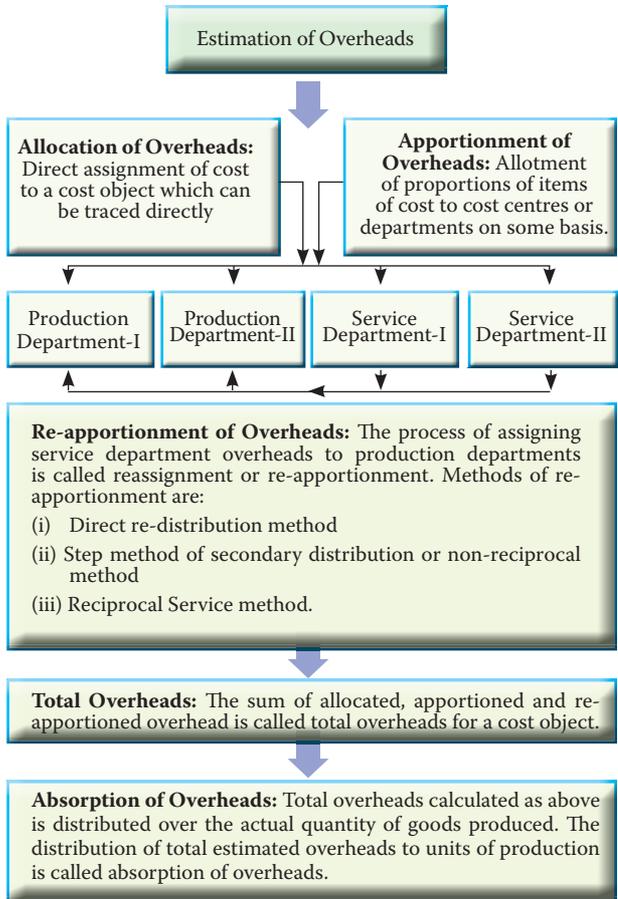
By Function	By Nature	By Element	By Control
<ul style="list-style-type: none"> Factory or Manufacturing or Production Overhead Office and Administrative Overheads Selling and Distribution Overheads 	<ul style="list-style-type: none"> Fixed Overhead Variable Overhead Semi-Variable Overheads 	<ul style="list-style-type: none"> Indirect materials Indirect employee cost Indirect expenses 	<ul style="list-style-type: none"> Controllable costs Uncontrollable costs

Functional Classification of Overheads

One of the most important ways of classifying overheads is as per their function. As per this classification overheads are classified as under.

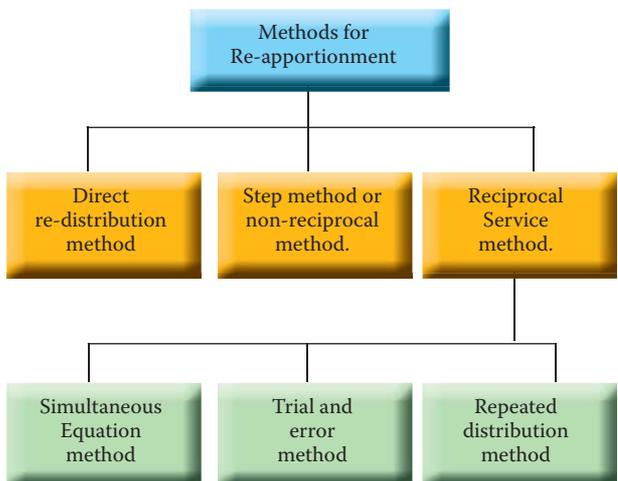
Factory or Manufacturing or Production Overhead	{	Indirect cost incurred for manufacturing or production activity in a factory. Manufacturing overhead includes all expenditures incurred from the procurement of materials to the completion of finished product.
Office and Administrative Overheads	{	Expenditures incurred on all activities relating to general management and administration of an organisation. It includes formulating the policy, directing the organisation and controlling the operations of an undertaking which is not related directly to production, selling, distribution, research or development activity or function.
Selling and Distribution Overheads	{	(i) Selling overhead: expenses related to sale of products and include all indirect expenses in sales management for the organisation. (ii) Distribution overhead: cost incurred on making product available for sale in the market.

Steps for Distribution of Overheads



Methods for Re-apportionment of Overheads

The re-apportionment of service department expenses over the production departments may be carried out by using any one of the following methods:



COST AND MANAGEMENT ACCOUNTING

Methods of Absorbing Overheads to various Products or Jobs

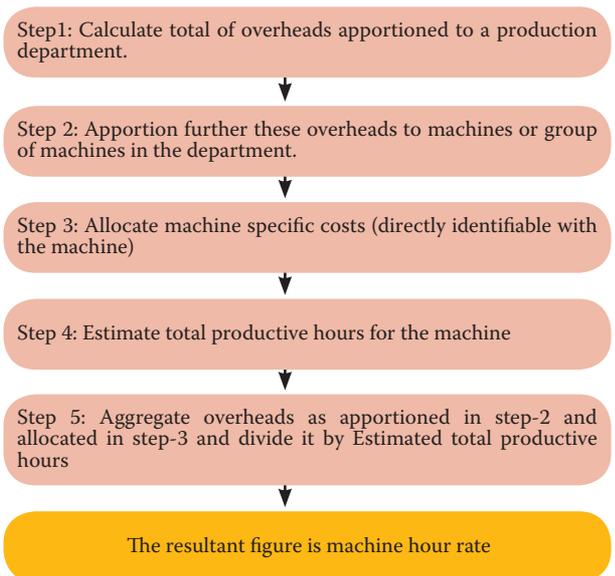
Several methods are commonly employed either individually or jointly for computing the appropriate overhead rate. The more common of these are:

Percentage of direct materials	Percentage of prime cost	Percentage of direct labour cost	Labour hour rate	Machine hour rate	Rate per unit of Output
--------------------------------	--------------------------	----------------------------------	------------------	-------------------	-------------------------

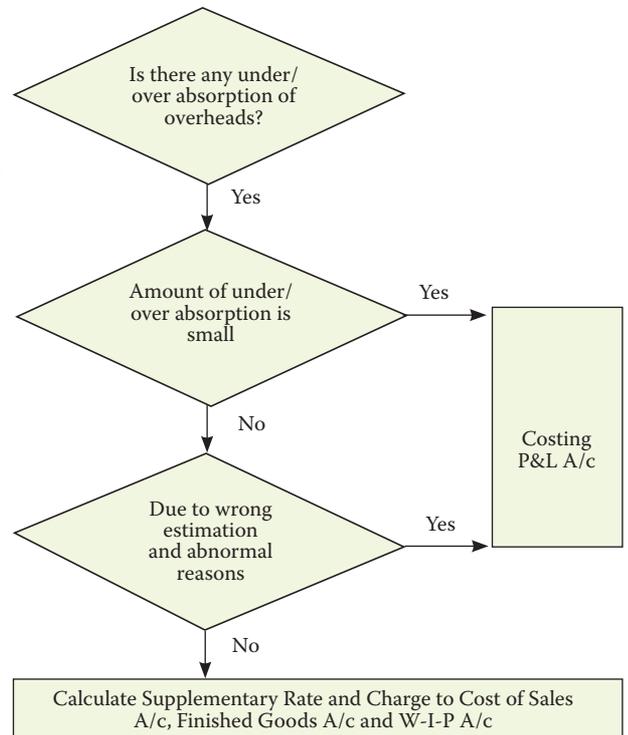
Machine hour rate

Machine hour rate implies, cost of running a machine for an hour to produce goods.

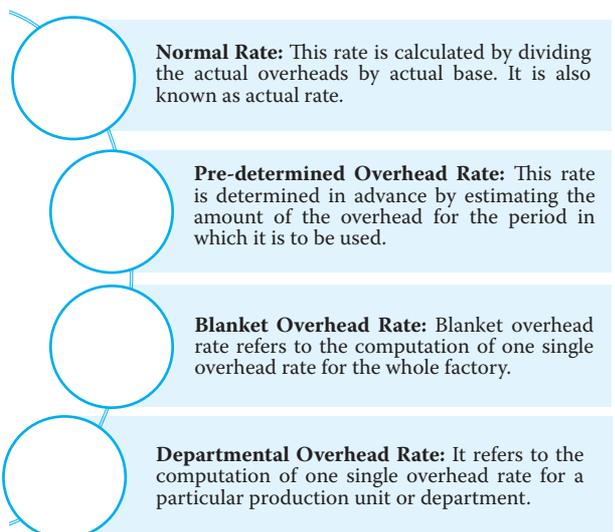
The steps involved in determining of Machine hour rate is as follows:



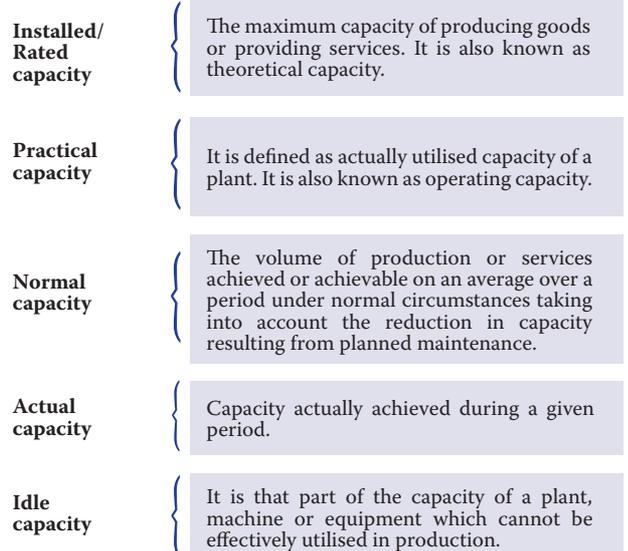
Treatment of Under-absorption and Over-absorption of overheads in Cost Accounting



Types of Overhead Rates



Concepts related with Capacity



Treatment of Certain Items in Cost Accounting

Interest and financing charges

It includes any payment in nature of interest for use of non-equity funds and incidental cost that an entity incurs in arranging those funds. Interest and financing charges shall be presented in the cost statement as a separate item of cost of sales.

Packing expenses

Cost of primary packing necessary for protecting the product or for convenient handling, should become a part of cost of production. The cost of packing to facilitate the transportation of the product from the factory to the customer should become a part of the distribution cost.

Fringe benefits

These indirect benefits stand to improve the morale, loyalty and stability of employees towards the organisation. If the amount of fringe benefit is considerably large, it may be recovered as direct charge by means of a supplementary wage or labour rate; otherwise these may be collected as part of production overheads.

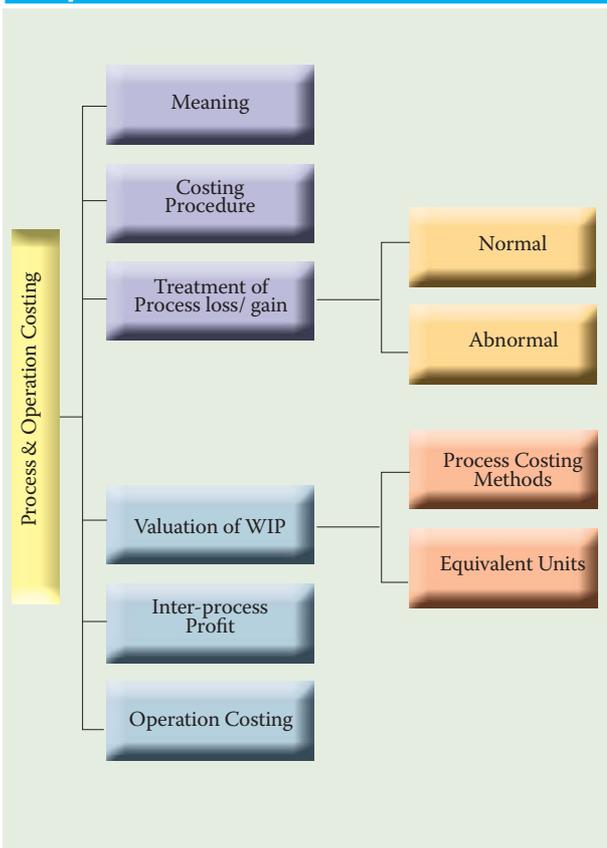
Research and Development Expenses

If research is conducted in the methods of production, the research expenses should be charged to the production overhead; while the expenditure becomes a part of the administration overhead if research relates to administration. Similarly, market research expenses are charged to the selling and distribution overhead.

Development costs incurred in connection with a particular product should be charged directly to that product. Such expenses are usually treated as "deferred revenue expenses," and recovered as a cost per unit of the product when production is fully established.

Process and Operation Costing

Chapter Overview



Meaning of Process Costing

Process Costing is a method of costing used in industries where the material has to pass through two or more processes for being converted into a final product. It is defined as "a method of Cost Accounting whereby costs are charged to processes or operations and averaged over units produced".

This can be understood with the help of the following diagram:



Costing Procedure in Process Costing

Materials: Each process for which the materials are used, are debited with the cost of materials consumed on the basis of the information received from the Cost Accounting department.

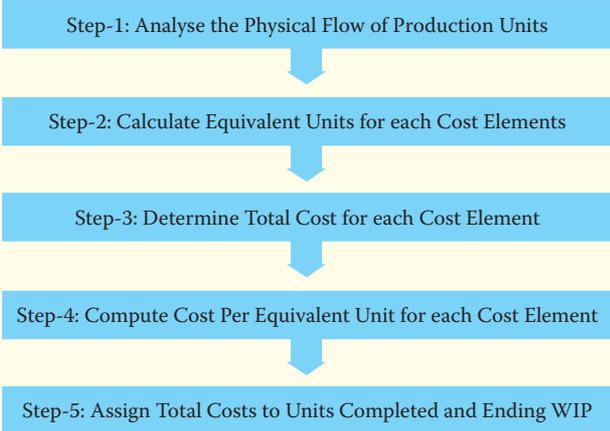
Employee Cost (Labour) - Each process account should be debited with the labour cost or wages paid to labour for carrying out the processing activities. Sometimes the wages paid are apportioned over the different processes after selecting appropriate basis.

Direct expenses - Each process account should be debited with direct expenses like depreciation, repairs, maintenance, insurance etc. associated with it.

Production Overheads- These expenses cannot be allocated to a process. The suitable way out to recover them is to apportion them over different processes by using suitable basis.

COST AND MANAGEMENT ACCOUNTING

Steps in Process Costing



Treatment of Normal, Abnormal Loss and Abnormal Gain

Normal Process Loss	Abnormal Process Loss	Abnormal Process Gain/ Yield
<ul style="list-style-type: none"> The cost of normal process loss in practice is absorbed by good units produced under the process. The amount realised by the sale of normal process loss units should be credited to the process account. 	<ul style="list-style-type: none"> The cost of an abnormal process loss unit is equal to the cost of a good unit. The total cost of abnormal process loss is credited to the process account from which it arises. Total cost of abnormal process loss is debited to costing profit and loss account. 	<ul style="list-style-type: none"> The process account under which abnormal gain arises is debited with the abnormal gain and credited to abnormal gain account which will be closed by transferring to the Costing Profit and Loss account.

Valuation of Work-in-process

The valuation of work-in-process presents a good deal of difficulty because it has units under different stages of completion from those in which work has just begun to those which are only a step short of completion.

(i) Equivalent Units

Equivalent units or equivalent production units, means converting the incomplete production units into their equivalent completed units. Under each process, an estimate is made of the percentage completion of work-in-process with regard to different elements of costs, viz., material, labour and overheads.

The formula for computing equivalent completed units is:

$$\text{Equivalent completed units} = \left(\begin{array}{l} \text{Actual number of units in} \\ \text{the process of manufacture} \end{array} \right) \times \left(\begin{array}{l} \text{Percentage of} \\ \text{Work completed} \end{array} \right)$$

Input Details	Units	Output Particulars	Units	Equivalent Units					
				Material		Labour		Overhead	
				%	Units	%	Units	%	Units
			a	b	c= a×b	d	e=a×d	f	g=a×f
Opening W-I-P	xxx	Opening W-I-P*	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit Introduced	xxx	Finished output**	xxx	xxx	xxx	xxx	xxx	xxx	xxx
		Normal loss***	xxx	-	-	-	-	-	-
		Abnormal loss/ Gain****	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total		Closing W-I-P	xxx	xxx	xxx	xxx	xxx	xxx	xxx
	xxx	Total	xxx		xxx		xxx		xxx

* Equivalent units for Opening W-I-P is calculated only under FIFO method. Under the Average method, it is not shown separately.

**Under the FIFO method, Finished Output = Units completed and transferred to next process less Opening WIP. Under Average method, Finished Output = Units completed and transferred.

***For normal loss, no equivalent unit is calculated.

****Abnormal Gain/ Yield is treated as 100% complete in respect of all cost elements irrespective of percentage of completion.

(ii) Methods for valuation of work-in-process

First-in-first-out (FIFO) method

Under this method the units completed and transferred include completed units of opening work-in-process and subsequently introduced units. Proportionate cost to complete the opening work-in-process and that to process the completely processed units during the period are derived separately.

Weighted Average (Average) Method

Under this method, the cost of opening work-in-process and cost of the current period are aggregated and the aggregate cost is divided by output in terms of completed units.

Inter Process Profit

In some process industries the output of one process is transferred to the next process not at cost but at market value or cost plus a percentage of profit. The difference between cost and the transfer price is known as inter-process profits.

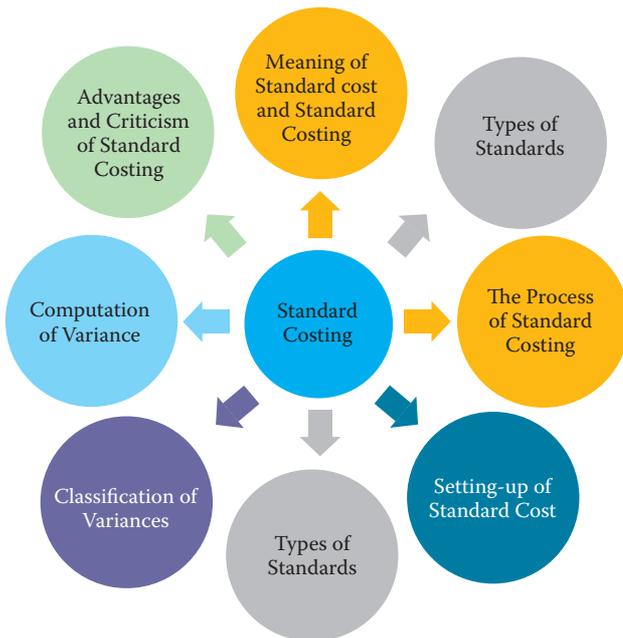


Operation Costing

This product costing system is used when an entity produces more than one variant of final product using different materials but with similar conversion activities. Which means conversion activities are similar for all the product variants but materials differ significantly. Operation Costing method is also known as Hybrid product costing system as materials costs are accumulated by job order or batch wise but conversion costs i.e. labour and overheads costs are accumulated by department, and process costing methods are used to assign these costs to products.

Standard Costing

Chapter Overview



Types of standards

There are various types of standard which are illustrated below:

Ideal Standards: The level of performance attainable when prices for material and labour are most favourable, when the highest output is achieved with the best equipment and layout and when the maximum efficiency in utilisation of resources results in maximum output with minimum cost.

Normal Standards: These are standards that may be achieved under normal operating conditions.

Basic or Bogey Standards: These standards are used only when they are likely to remain constant or unaltered over a long period.

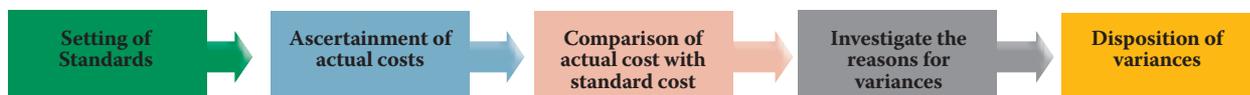
Current Standards: These standards reflect the management's anticipation of what actual costs will be for the current period.

What is a Standard or Standard Cost?

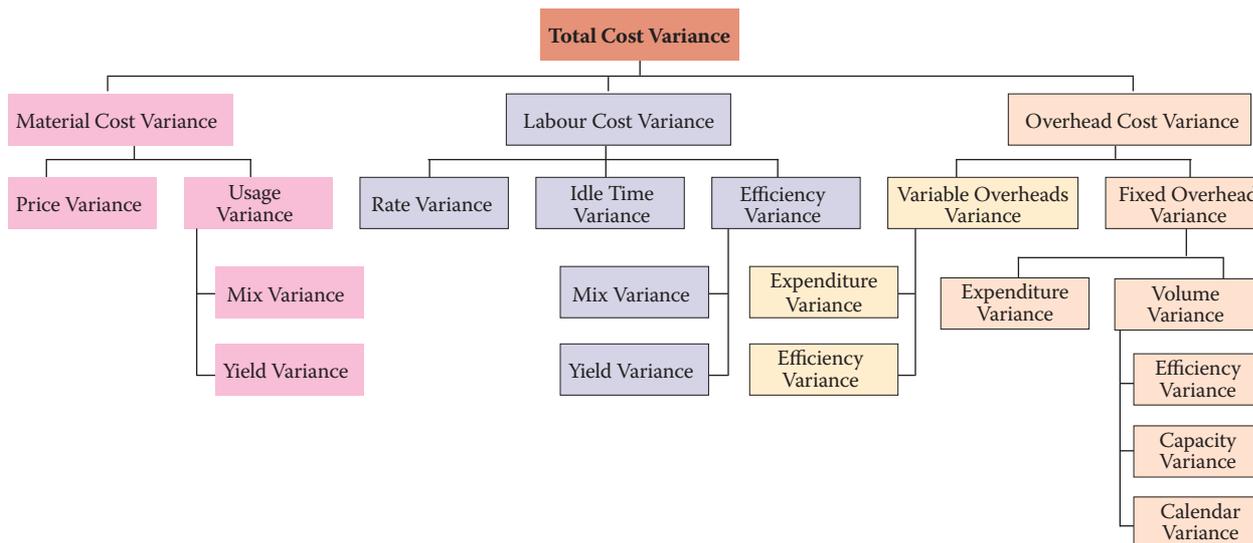
Standard cost is defined in the CIMA Official Terminology as "the planned unit cost of the product, component or service produced in a period. The standard cost may be determined on a number of bases. The main use of standard costs is in performance measurement, control, stock valuation and in the establishment of selling prices."

COST AND MANAGEMENT ACCOUNTING ||

Process followed in Standard Costing

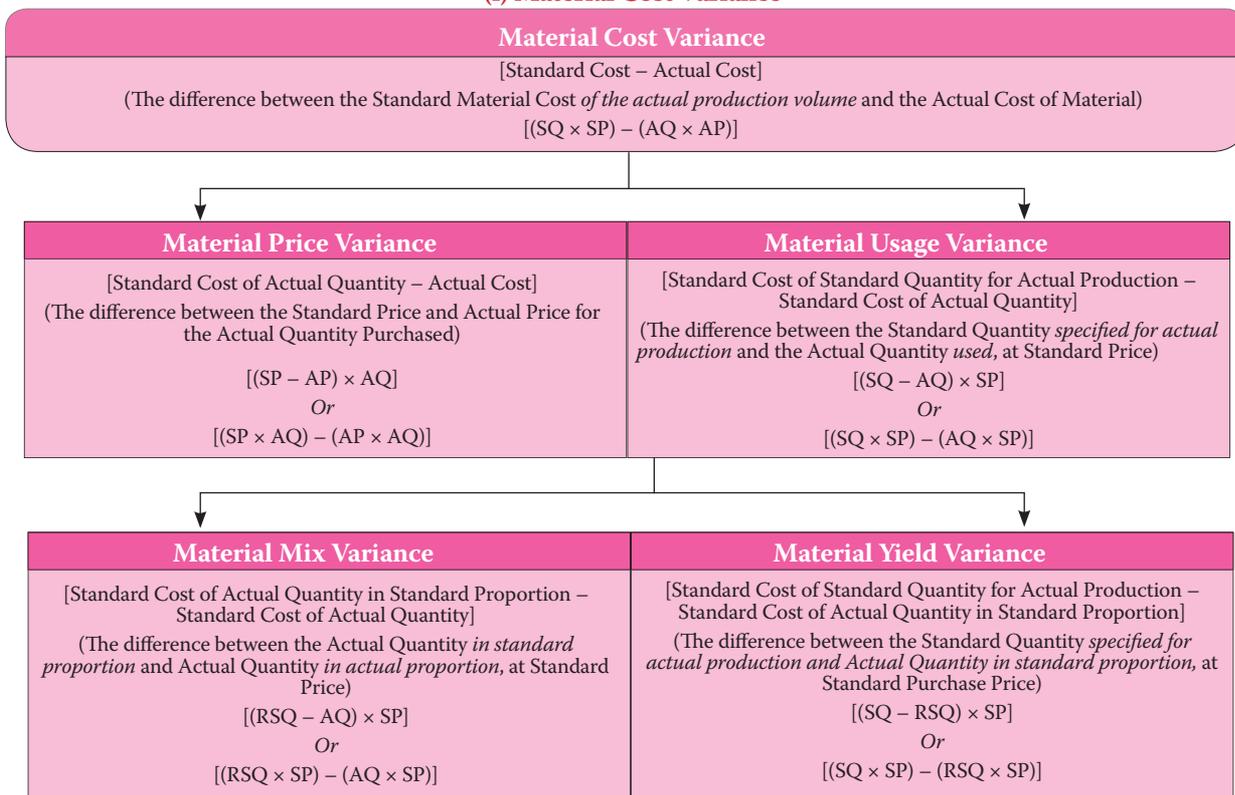


Variances at a Glance



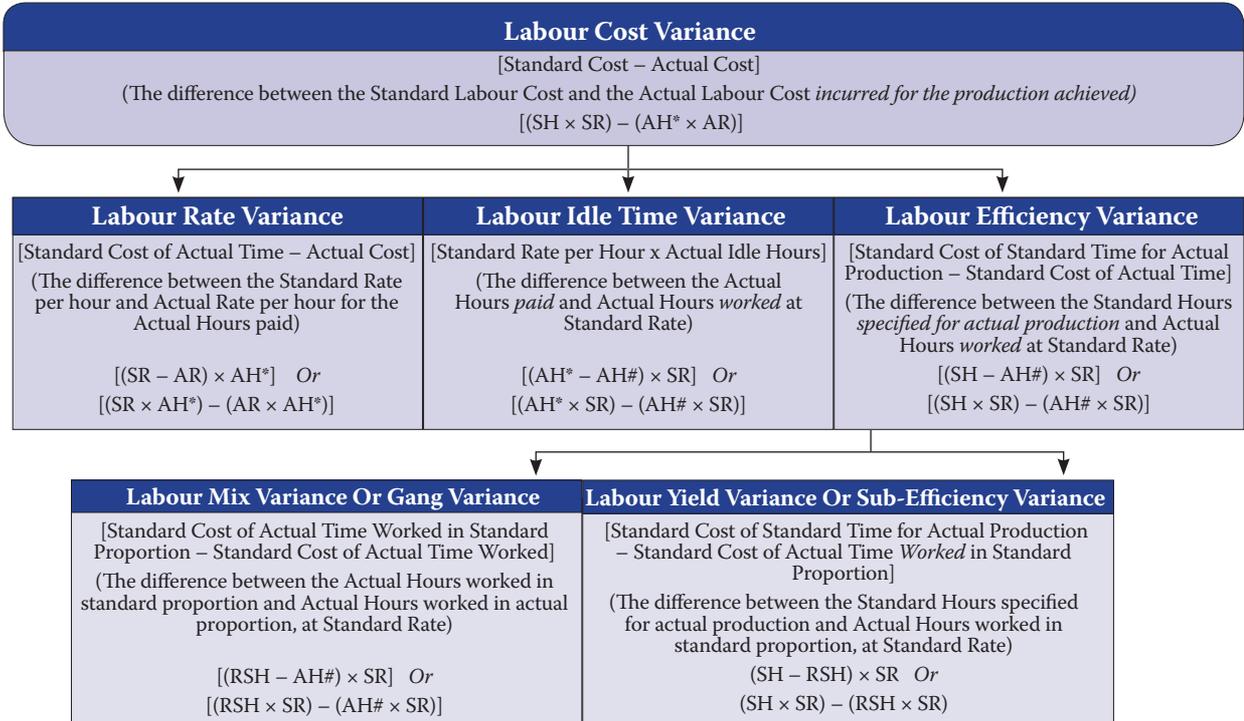
Variance Analysis

(i) Material Cost Variance

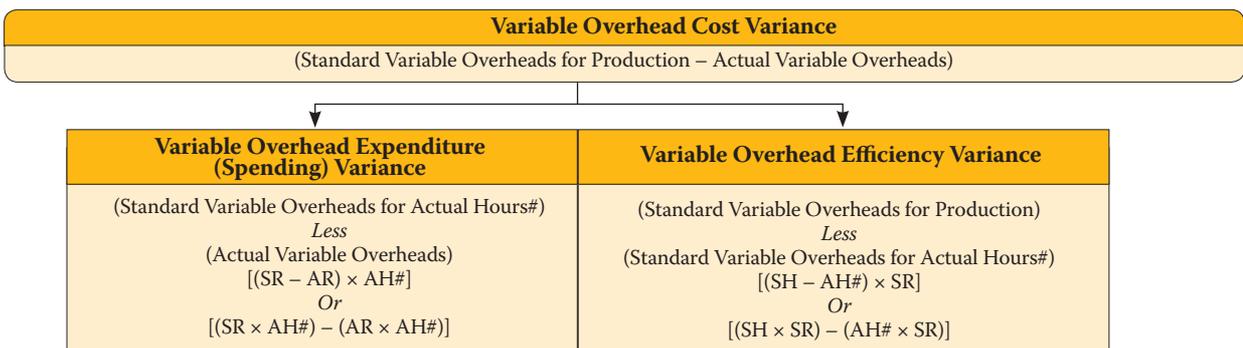


COST AND MANAGEMENT ACCOUNTING

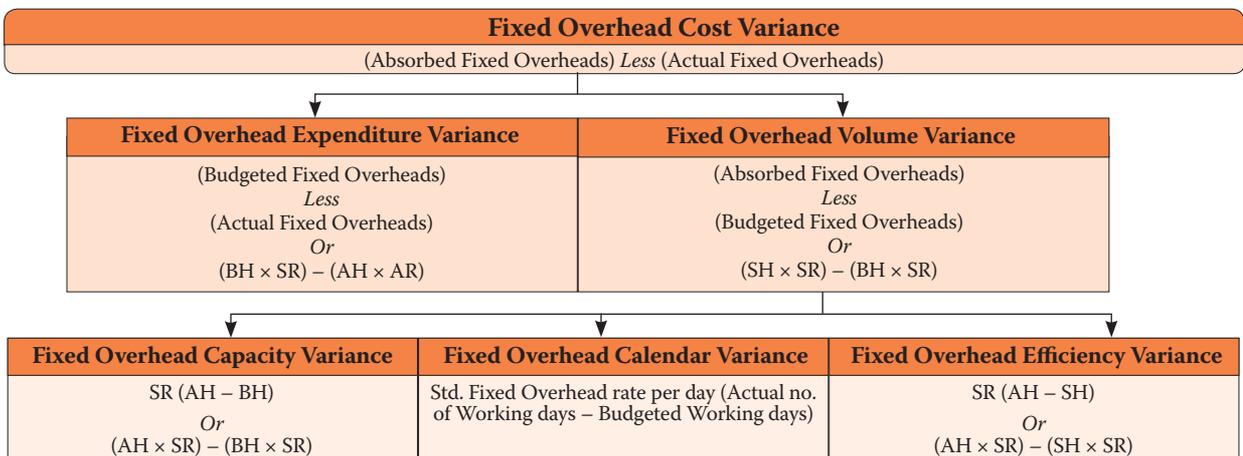
(ii) Labour Cost Variances



(iii) Variable Overhead Variances



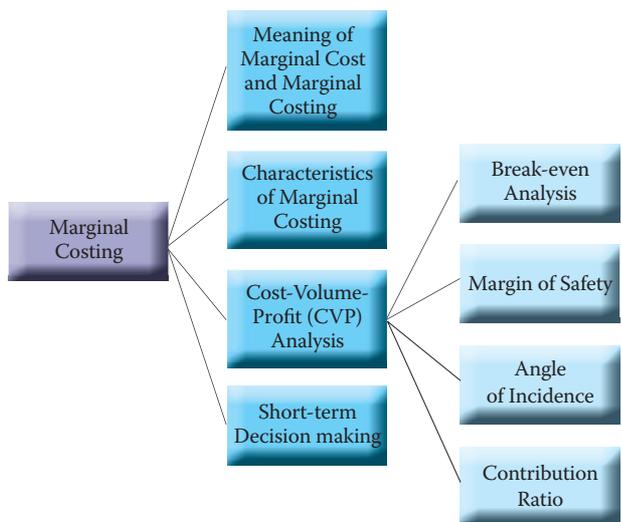
(iv) Fixed Overhead Variances



AH* - Actual Hours paid
AH# - Actual Hours worked

Marginal Costing

Chapter Overview



Characteristics of Marginal Costing

- All elements of cost are classified into fixed and variable components. Semi-variable costs are also analyzed into fixed and variable elements.
- The marginal or variable costs (as direct material, direct labour and variable factory overheads) are treated as the cost of product
- Under marginal costing, the value of finished goods and work-in-progress is also comprised only of marginal costs. Variable selling and distribution overheads are excluded for valuing these inventories.
- Fixed costs are treated as period costs and are charged to profit and loss account for the period for which they are incurred
- Prices are determined with reference to marginal costs and contribution margin
- Profitability of departments and products is determined with reference to their contribution margin

Meaning of Terms

In order to understand the concept of marginal costing, let us first define various terminology associated with marginal costing.

Marginal Cost	Marginal Costing	Direct Costing	Differential Cost
Marginal cost as understood in economics is the incremental cost of production which arises due to one-unit increase in the production quantity.	It is a costing system where products or services and inventories are valued at variable costs only.	Direct costing and Marginal Costing is used synonymously at various places and it is so also.	Differential cost is difference between the costs of two different production levels.

Computation of Contribution and Profit under Marginal Costing

For the determination of cost of a product/ service under marginal costing, costs are classified under variable and fixed. All the variable costs are part of product and fixed costs are charged against contribution margin.

Cost and Profit Statement under Marginal Costing

	Amount (Rs)	Amount (Rs)
Revenue		xxx
Product Cost:		
- Direct Materials	xxx	
- Direct employee (labour)	xxx	
- Direct expenses	xxx	
- Variable manufacturing overheads	xxx	
Product (Inventoriable) Costs	xxx	(xxx)
Product Contribution Margin		xxx
- Variable Administration overheads	xxx	
- Variable Selling & Distribution overheads	xxx	(xxx)
Contribution Margin		xxx
Period Cost:		
Fixed Manufacturing expenses	xxx	
Fixed non-manufacturing expenses	xxx	(xxx)
Profit/ (loss)		xxx

Advantages of Marginal Costing

There are many advantages of marginal costing, some of them are discussed below.



Cost-Volume-Profit (CVP) Analysis

It is a managerial tool showing the relationship between various ingredients of profit planning viz., cost, selling price and volume of activity.

Marginal Cost Equation

Marginal Cost Equation = $S - V = C = F + P$

Marginal Cost Statement

	(₹)
Sales (S)	xxxx
Less: Variable Cost (V)	xxxx
Contribution (C)	xxxx
Less: Fixed Cost (F)	xxxx
Profit/ Loss (P)	xxxx

Profit Volume Ratio or P/V ratio

This ratio shows the proportion of sales required to cover fixed cost and profit. P/V ratio is calculated as below:

$$(a) \text{ P/V Ratio} = \frac{\text{Contribution}}{\text{Sales}} \times 100$$

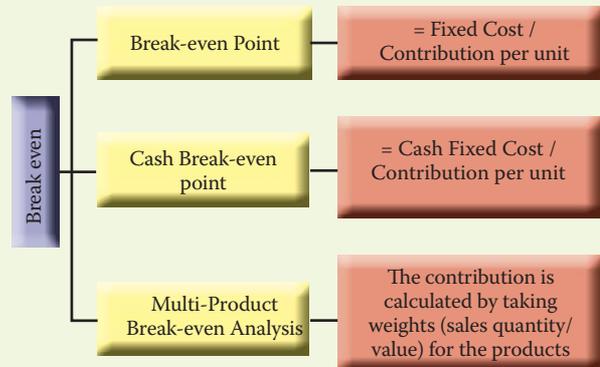
(b) When two years' data is given, P/V Ratio

$$= \frac{\text{Change in contribution/ Profit}}{\text{Change in sales}} \times 100$$

Break-Even Analysis

Break-even analysis is a generally used method to study the CVP analysis. This technique can be explained in two ways.

- (i) In narrow sense it is concerned with computing the break-even point.
- (ii) In broad sense this technique is used to determine the possible profit/loss at any given level of production or sales.



Angle of Incidence

This angle is formed by the intersection of sales line and total cost line at the break-even point. This angle shows the rate at which profit is earned once the break-even point is reached. The wider the angle the greater is the rate of earning profits. A large angle of incidence with a high margin of safety indicates extremely favourable position

Margin of Safety

This is the difference between the expected level of sales and break even sales (no profit, no loss). The larger is the margin of safety higher is the profit and vice versa.

Variations of Basic Marginal Cost Equation and other formulae

i. Sales – Variable cost = Fixed cost + Profit / Loss
By multiplying and dividing L.H.S. by S
ii. $\frac{S(S - V)}{S} = F + P$
iii. $S \times \text{P/V Ratio} = F + P$ or Contribution ($\text{P/V Ratio} = \frac{S - V}{S} \times 100$)
iv. $\text{BES} \times \text{P/V Ratio} = F$ (\because at BEP Profit is zero)
v. $\text{BES} = \frac{\text{Fixed cost}}{\text{P/V Ratio}}$
vi. $\text{P/V Ratio} = \frac{\text{Fixed cost}}{\text{BES}}$
vii. $S \times \text{P/V Ratio} = \text{Contribution}$ (Refer to iii)

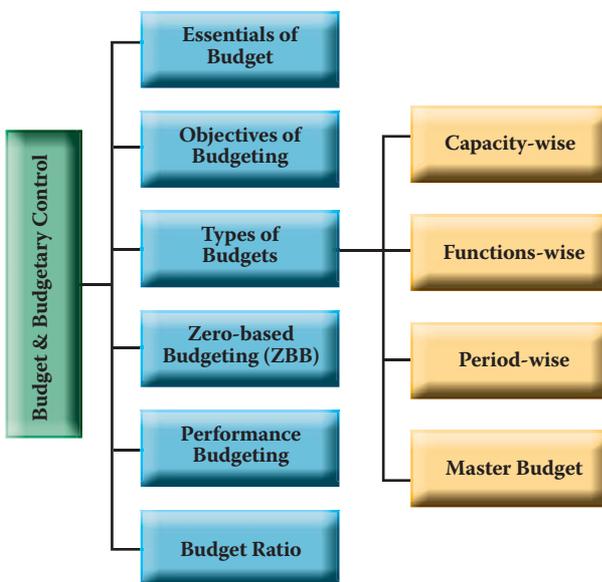
COST AND MANAGEMENT ACCOUNTING ||

viii.	$\text{P/V Ratio} = \frac{\text{Contribution}}{\text{Sale}} \times 100$
ix.	$(\text{BES} + \text{MS}) \times \text{P/V Ratio} = \text{Contribution (Total sales = BES + MS)}$
x.	$(\text{BES} \times \text{P/V Ratio}) + (\text{MS} \times \text{P/V Ratio}) = \text{F} + \text{P}$
	By deducting $(\text{BES} \times \text{P/V Ratio})$ from L.H.S. and F from R.H.S. in (x) above, we get:
xi.	$\text{M.S.} \times \text{P/V Ratio} = \text{P}$
xii.	$\text{P/V Ratio} = \frac{\text{Change in profit}}{\text{Change in sales}} \times 100$
xiii.	$\text{P/V Ratio} = \frac{\text{Change in contribution}}{\text{Change in sales}} \times 100$

xiv.	$\text{Profitability} = \frac{\text{Contribution}}{\text{Key factor}}$
xv.	$\text{Margin of Safety} = \text{Total Sales} - \text{BES} \text{ or } \frac{\text{Profit}}{\text{P/V Ratio}}$
xvi.	$\text{BES} = \text{Total Sales} - \text{MS}$
xvii.	$\text{Margin of Safety Ratio} = \frac{\text{Total sales} - \text{BES}}{\text{Total Sales}}$

Budget & Budgetary Control

Chapter Overview



Definition and Terminology

Let us first define various important terminologies used in budget and budgetary control.

Budget	Budgeting	Budgetary control
Quantitative expression of a plan for a defined period of time	Coordinating the combined intelligence of an entire organisation into a plan of action based on past performance	The establishment of budgets relating to the responsibilities of executives of a policy and the continuous comparison of the actual with the budgeted results, either to secure by individual action the objective of the policy or to provide a basis for its revision

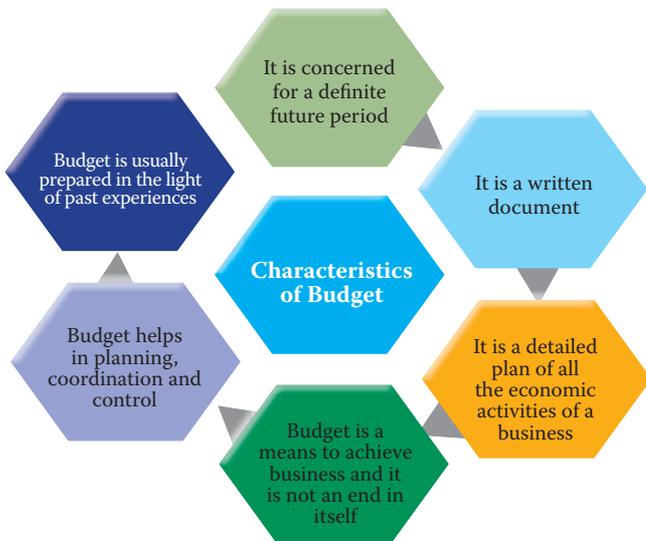
Essentials of Budget

Essential elements of budget are illustrated below:

Essential elements of a budget					
Organisational structure must be clearly defined	Setting of clear objectives and reasonable targets	Budgets are prepared for the future periods based on expected course of actions	Budgets are updated for the events that were not kept into the mind while establishing budgets	Budgets should be quantifiable and master budget should be broken down into various functional budgets. Budgets should be monitored periodically	Budgetary performance needs to be linked effectively to the reward system

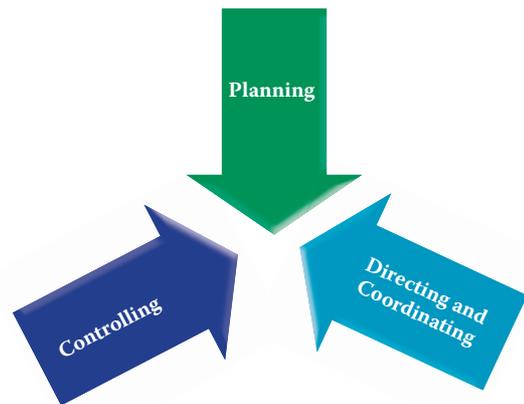
Characteristics of Budget

Main characteristics of budget are as below:



Objectives of Budgeting

The objective of budgeting begins with planning and ends with controlling. Once the planning is done, they can be used for directing and controlling operations so that the stated targets in planning are achieved.

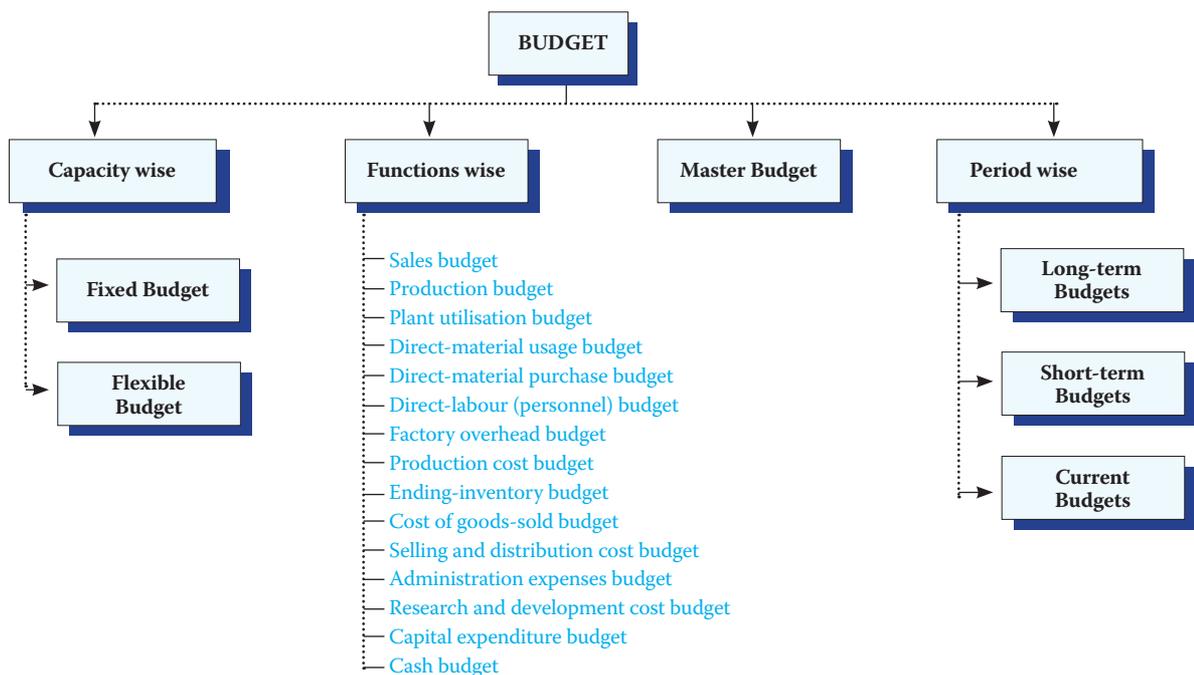


Advantages of Budgetary Control System

There are many advantages of budgetary control system, and some of them are illustrated below:



Classification of Budget



Definition of different types of Budget

Functional Budgets	Budgets which relate to the individual functions in an organisation are known as Functional Budgets. For example, purchase budget; sales budget; production budget; plant-utilisation budget and cash budget.
Master Budget	It is a consolidated summary of the various functional budgets. It serves as the basis upon which budgeted P & L A/c and forecasted Balance Sheet are built up.
Long-term Budgets	The budgets which are prepared for periods longer than a year are called long-term budgets. Such budgets are helpful in business forecasting and forward planning. Capital expenditure budget and Research and Development budget are examples of long-term budgets.
Short-term Budgets	Budgets which are prepared for periods less than a year are known as short-term budgets. Cash budget is an example of short-term budget. Such types of budgets are prepared in cases where a specific action has to be immediately taken to bring any variation under control, as in cash budgets.
Basic Budgets	A budget which remains unaltered over a long period of time is called basic budget.
Current Budgets	A budget which is established for use over a short period of time and is related to the current conditions is called current budget.
Fixed Budget	According to CIMA official terminology, "a fixed budget, is a budget designed to remain unchanged irrespective of the level of activity actually attained".
Flexible Budget	According to CIMA official terminology, "a flexible budget is defined as a budget which, by recognizing the difference between fixed, semi-variable and variable costs is designed to change in relation to the level of activity attained".

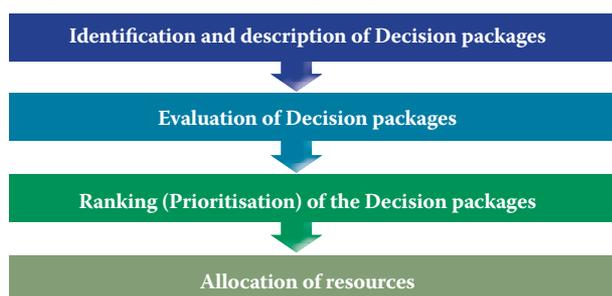
Differences between Fixed Budget and Flexible Budget

Sl. no.	Fixed Budget	Flexible Budget
1.	It does not change with actual volume of activity achieved. Thus it is known as rigid or inflexible budget	It can be re-casted on the basis of activity level to be achieved. Thus it is not rigid.
2.	It operates on one level of activity and under one set of conditions. It assumes that there will be no change in the prevailing conditions, which is unrealistic.	It consists of various budgets for different levels of activity.
3.	Here as all costs like - fixed, variable and semi-variable are related to only one level of activity, so variance analysis does not give useful information.	Here, analysis of variance provides useful information as each cost is analysed according to its behaviour.
4.	If the budgeted and actual activity levels differ significantly, then the aspects like cost ascertainment and price fixation do not give a correct picture.	Flexible budgeting at different levels of activity facilitates the ascertainment of cost, fixation of selling price and tendering of quotations.
5.	Comparison of actual performance with budgeted targets will be meaningless specially when there is a difference between the two activity levels.	It provides a meaningful basis of comparison of the actual performance with the budgeted targets.

Zero- Based Budgeting (ZBB)

It is defined as 'a method of budgeting which requires each cost element to be specifically justified, although the activities to which the budget relates are being undertaken for the first time, without approval, the budget allowance is zero'.

Stages in Zero-based budgeting



Performance Budgeting

A performance budget is one which presents the purposes and objectives for which funds are required, the costs of the programmes proposed for achieving those objectives, and quantitative data measuring the accomplishments and work performed under each programme.

Steps in Performance Budgeting



Budget Ratio

Budget ratios provide information about the performance level, i.e., the extent of deviation of actual performance from the budgeted performance and whether the actual performance is favourable or unfavourable.

The following ratios are usually used by the management to measure development from budget

Efficiency Ratio

This ratio may be defined as standard hours equivalent of work produced expressed as a percentage of the actual hours spent in producing the work.

Standard Capacity Employed Ratio

This ratio indicates the extent to which facilities were actually utilized during the budget period.

Level of Activity Ratio

This may be defined as the number of standard hours equivalent to work produced expressed as a percentage of the budget of standard hours.

Capacity Usage Ratio

This is the relationship between the budgeted number of working hours and the maximum possible number of working hours in a budget period.

Calendar Ratio

This ratio may be defined as the relationship between the number of working days in a period and the number of working days as in the relative budget period.



Budget Ratios:

$$(i) \text{ Efficiency Ratio} = \frac{\text{Standard Hours}}{\text{Actual Hours}} \times 100$$

$$(iv) \text{ Standard Capacity Usage Ratio} = \frac{\text{Budgeted Hours}}{\text{Max. possible hours in the budgeted period}} \times 100$$

$$(ii) \text{ Activity Ratio} = \frac{\text{Standard Hours}}{\text{Budgeted Hours}} \times 100$$

$$(v) \text{ Actual Capacity Usage Ratio} = \frac{\text{Actual Hours worked}}{\text{Max. possible working hours in a period}} \times 100$$

$$(iii) \text{ Calendar Ratio} = \frac{\text{Available working days}}{\text{Budgeted working days}} \times 100$$

$$(vi) \text{ Actual Usage of Budgeted Capacity Ratio} = \frac{\text{Actual working Hours}}{\text{Budgeted Hours}} \times 100$$

Toppers of Chartered Accountants Intermediate (IPC) Examination- May-2017



Gaurav Sarawagi
First
Churu



Ronak Rajendra Jain
Second
Nashik



Usama Hasan
Third
Nagpur

Our Hearty Congratulations



IMPORTANT ANNOUNCEMENT

No.13-CA (EXAM)/CPT/Dec./2017: In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to announce that the **Common Proficiency Test** will be held on **Sunday, 17th December, 2017** in two sessions as below,

at the following centres provided that sufficient number of candidates offer themselves to appear from each centre.

[This Common Proficiency Test will be conducted as per provisions of Regulation 25 D (3) of the Chartered Accountants Regulations, 1988.]

First Session (i.e. Morning Session)	10.30 AM to 12.30 PM (IST) Section - A Fundamentals of Accounting Section - B Mercantile Laws
Second Session (i.e. Afternoon Session)	2.00 PM to 4.00 PM (IST) Section - C General Economics Section - D Quantitative Aptitude

PLACES OF EXAMINATION CENTRES IN INDIA:

1	AGRA	2	AHMEDABAD	3	AHMEDNAGAR
4	AJMER	5	AKOLA	6	ALAPPUZHA
7	ALIGARH	8	ALLAHABAD	9	ALWAR
10	AMBALA	11	AMRAVATI	12	AMRITSAR
13	ANAND	14	ANANTAPUR	15	ASANSOL
16	AURANGABAD	17	BADLAPUR	18	BANSWARA
19	BAREILLY	20	BATHINDA	21	BEAWAR
22	BELGAUM	23	BELLARY	24	BENGALURU
25	BERHAMPORE	26	BHAGALPUR	27	BHARATPUR
28	BHARUCH	29	BHAVNAGAR	30	BHILWARA
31	BHIWANDI	32	BHIWANI	33	BHOPAL
34	BHUBANESWAR	35	BHUJ	36	BIKANER
37	BILASPUR	38	BUNDI	39	BURHANPUR
40	CHANDIGARH	41	CHANDRAPUR	42	CHENNAI
43	CHHINDWARA	44	CHITTORGARH	45	CHURU
46	COIMBATORE	47	CUTTACK	48	DEHRADUN
49	DELHI / NEW DELHI	50	DHANBAD	51	DHULE
52	DURG	53	DURGAPUR	54	ELURU
55	ERNAKULAM	56	ERODE	57	FARIDABAD
58	FATEHABAD	59	FIROZABAD	60	GANDHIDHAM
61	GANDHINAGAR	62	GHAZIABAD	63	GONDIA
64	GORAKHPUR	65	GUNTUR	66	GURGAON
67	GUWAHATI	68	GWALIOR	69	HALDWANI
70	HARIDWAR	71	HISAR	72	HUBLI
73	HYDERABAD	74	ICHALKARANJI	75	INDORE
76	JABALPUR	77	JAIPUR	78	JALANDHAR
79	JALGAON	80	JALNA	81	JAMMU
82	JAMNAGAR	83	JAMSHEDPUR	84	JHANSI
85	JHUNJHUNU	86	JODHPUR	87	JUNAGADH

88	KAITHAL	89	KAKINADA	90	KANNUR
91	KANPUR	92	KARIMNAGAR	93	KARNAL
94	KISHANGARH	95	KOLHAPUR	96	KOLKATA
97	KOLLAM	98	KOTA	99	KOTTAYAM
100	KOZHIKODE	101	KUMBAKONAM	102	KURNOOL
103	LATUR	104	LUCKNOW	105	LUDHIANA
106	MADURAI	107	MALAPPURAM	108	MANDSAUR
109	MANGALORE	110	MAPUSA (GOA)	111	MARGAO (GOA)
112	MATHURA	113	MEERUT	114	MORADABAD
115	MUMBAI	116	MUZAFFARNAGAR	117	MUZAFFARPUR
118	MYSORE	119	NAGPUR	120	NANDED
121	NASHIK	122	NAVI MUMBAI	123	NAVSARI
124	NEEMUCH	125	NELLORE	126	NIZAMABAD
127	NOIDA	128	ONGOLE	129	PALAKKAD
130	PALGHAR	131	PARBHANI	132	PALI MARWAR
133	PANIPAT	134	PANVEL	135	PATIALA
136	PATNA	137	PIMPRI-CHINCHWAD	138	PONDICHERRY
139	PUNE	140	RAIPUR	141	RAJAMAHENDRAVARAM
142	RAJKOT	143	RANCHI	144	RATLAM
145	RATNAGIRI	146	REWA	147	REWARI
148	ROHTAK	149	ROURKELA	150	SAHARANPUR
151	SALEM	152	SAMBALPUR	153	SANGLI
154	SANGRUR	155	SATARA	156	SATNA
157	SHIMLA	158	SHIMOGA	159	SIKAR
160	SILIGURI	161	SIROHI	162	SIRSA
163	SIVAKASI	164	SOLAPUR	165	SONEPAT
166	SRI GANGANAGAR	167	SRINAGAR	168	SURAT
169	SURENDRANAGAR	170	THANE	171	THIRUVANANTHAPURAM
172	THRISSUR	173	TINSUKIA	174	TIRUCHIRAPALLI
175	TIRUNELVELI	176	TIRUPATI	177	TIRUPUR
178	TUTICORIN	179	UDAIPUR	180	UDUPI
181	UJJAIN	182	VADODARA	183	VAPI
184	VARANASI	185	VASAI	186	VELLORE
187	VIJAYAWADA	188	VISAKHAPATNAM	189	WARANGAL
190	YAMUNA NAGAR	191	YAVATMAL		

PLACES OF EXAMINATION CENTRES OVERSEAS:

- (1) ABU DHABI (2) DOHA (3) DUBAI (4) KATHMANDU (5) MUSCAT

The Council reserves the right to withdraw any centre at any stage without assigning any reason.

Applications for admission to Common Proficiency Test (CPT) is required to apply on-line at <http://icaiaexam.icaai.org> from 4th October, 2017 to 25th October, 2017 (without late fees) and upto 1st November, 2017 with late fees of ₹600/-. The exam fees is required to be submitted on-line by using either VISA or MASTER Credit / Debit Card.

The fees payable for the Common Proficiency Test is ₹1,000/- for centres in India, ₹1,700/- for centres in Kathmandu (Nepal) and \$ 300/- for centres in Abu Dhabi, Doha, Dubai & Muscat

The aforesaid Common Proficiency Test (CPT) is open only to students registered with the Institute of Chartered Accountants of India for the Common Proficiency Course on or before 30th June, 2017 and fulfill the requisite eligibility conditions.

QUESTION PAPER BOOKLET LANGUAGE:

Common Proficiency Test is an objective type multiple choice questions based examination. Candidates will be allowed to opt for Hindi medium Question Paper Booklet for answering the questions. Detailed information will be found given in the Information brochure.

**(B. MURALIDHARAN)
JOINT SECRETARY (EXAMINATIONS)**

Scholarships for CA Students

Board of Studies, ICAI invites applications for the award of Scholarships to the selected candidates to be paid from October 1, 2017 onwards under following categories:

Sr. No.	Scholarship Category	No. of Scholarships	Amount (p.m.)	Eligibility Criteria
1.	Merit-cum-Need	15	₹ 1500/-	Rank holders (other than covered under Merit category) of Intermediate (IPC) May, 2017 Exam whose parents/guardians total annual income does not exceed ₹ 1,50,000/-
2.	Need Based and Weaker Sections	125	₹ 1250/-	Students of Intermediate (IPC)/Intermediate Course whose parents/guardians total annual income does not exceed ₹ 1,00,000/-
		150	₹ 1250/-	Students of Final Course whose parents/guardians total annual income does not exceed ₹ 1,00,000/-
		As per eligibility criteria	₹ 1250/-	The children undergoing Intermediate (IPC)/Intermediate or Final Course of the deceased members of ICAI where financial assistance is provided to spouses of the deceased members from the Chartered Accountants Benevolent Fund (CABF) shall also be eligible for scholarship.
3.	Sri Dhanraj Kanhaiyalal Dudheria Scholarships	4	₹ 1250/-	Students of Intermediate (IPC)/Intermediate/Final from Karnataka State under Need Based & Weaker Sections criteria
4.	R.K. Khanna Memorial Scholarships	1	₹ 1250/-	Students of Intermediate (IPC)/Intermediate/Final under Need Based & Weaker Sections criteria
5.	Out of Joint Corpus formed by Donors	1	₹ 1250/-	Students of Intermediate (IPC)/Intermediate/Final under Need Based & Weaker Sections criteria

Board of Studies, ICAI also awards Merit Scholarships to the Meritorious Students as a token of appreciation. Students whose names are appearing at Sl. No. 1-10 of Merit lists of Intermediate (IPC) of May 2017 Exam, in case the Rank at Sl. No.10 continues to Sl. No. 11 or 12 or so on, then all such rank holders shall be granted @ ₹ 2000/- p.m. Such students are not required to apply.

The detailed guidelines along with the requisite application forms (Form no. 3 & 4) are available on the Institute's Website (www.icai.org) (link: http://www.icai.org/post.html?post_id=6486).

Terms for award of Scholarships:

- Applicants shall be the registered students of Intermediate (IPC)/ Intermediate or Final Course.
- In the case of Intermediate (IPC)/Intermediate Students, Scholarship shall be paid for a maximum period of 18 months.
- In the case of Final students, Scholarship shall be paid for a maximum period of 30 months or balance period of their articleship, whichever is less.
- An additional amount of ₹ 100/- p.m. shall be paid to SC/ ST/ OBC students, under Need-based and Weaker Section Category on submission of certificate/ documentary proof duly attested by a gazetted officer or a member of the Institute.
- One scholarship under the Need-Based and Weaker Section Category is reserved for a Physically Challenged student.
- Income Certificate (Form No. 4) is to be submitted on the letter head of the Principal by the Student undergoing Articleship (Practical Training) (Part I) / letter head of any member of ICAI by the Student not undergoing Articleship (Part-II). The applications without Form No. 4 will not be processed.

Duly completed and signed Application Forms in the prescribed formats as mentioned above should reach the Director, Board of Studies, The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector-62, NOIDA-201309 latest by 3rd October, 2017.

In case of any clarification, please contact the Board of Studies, Telephone Nos. 0120-3045914/931; email: bosnoida@icai.in; ajay.kumar@icai.in

Director, Board of Studies

Attention Final Students: Paper 4: Corporate and Allied Laws for November 2017 examination

“Supplementary Study Paper (Part II)” covering the following chapters-

- Chapter XV: Compromises, Arrangements and Amalgamations,
- Chapter XVIII: Removal of names of companies from the register of companies,
- Chapter XX: Winding up, and
- Chapter XXI-Part II: Winding up of unregistered companies of the Companies Act, 2013

The Ministry of Corporate Affairs vide Notifications dated 7th of December & 26th of December, 2016 notified various sections of the Companies Act, 2013. Also, on account of the enforcement of the Insolvency and Bankruptcy Code, 2016, many consequential changes have been brought in the Companies Act, 2013.

With the enforcement of these sections, the corresponding sections of the Companies Act, 1956 are not in existence and have been replaced with these notified sections of the Companies Act, 2013. These Notified sections of the Companies Act, 2013 are relevant and applicable for Final November 2017 examination onwards.

For the convenience of the students, “Supplementary Study Paper (Part II)” on the above chapters are made available to the students. The aforesaid chapters contained in the study material of the Final Course paper 4: Corporate and Allied Laws (January 2016 edition) shall stand not applicable and students are advised not to read these chapters. Further students are advised to ignore the aforesaid chapters covered in the Practice Manual (January 2017 edition).

Sample questions on the notified sections can be referred from the RTP of November 2017 examination.

Refer the given link for the material <http://resource.cdn.icai.org/46221bos36326.pdf>

Director, Board of Studies

ICAI e-Books for New Scheme of Education and Training

The Board of Studies in its continuous endeavour to facilitate students in learning anytime and anywhere by leveraging technology, has introduced e-Books for the benefit of the students registered under the new scheme of education and training. The e-Books are available through the following link: https://learning.icai.org/per/g21/pub/1666/SelfServices/templates/Login09082017121351/Login/Lx_Login1209082017121404.html

Only authenticated students are able to avail this facility using their login credentials.

Presently, the study material of Intermediate Course and Foundation Course have been made available through this mode. The Final Course material is being uploaded in piecemeal basis, i.e. chapter-wise as and when the chapters are getting ready. The complete material would be available by September 15, 2017.

The e-Books have the following features:

- Add notes/ annotations for better understanding
- Search within the book for words and phrases
- Traversal within the book through built-in Table of Contents (ToC)
- Zoom-In/ Zoom-Out the contents
- Change font size as per the requirement of the reader
- Reflowable content for convenient study on different devices
- Downloadable to be studied offline also
- Printable for convenient learning

Students are advised to take advantage of these e-Books for studying anytime/ anywhere and reap maximum benefits out of the facility.

With Best Wishes,

Chairman, Board of Studies
Vice Chairman, Board of Studies

BoS Publications for Final Course paper 4: Corporate and Allied Laws, relevant for November 2017 examination

1.	Study Material (Edition January 2016) containing legislative amendments issued upto 31 st October, 2015.
2.	Practice Manual (January 2017 edition) , wherein the questions & answers have been modified/ adapted on the basis of the amendments uptill 31 st Of October 2016. However with respect to further amendments (For the period of 1 st November 2016 to 30 th April, 2017) answers have to be adapted as per the amendments.
3.	Supplementary Study Paper (Part I) on Corporate and Allied Laws (January 2017 edition) contains amendments from 1 st of November 2015 to 31 st October 2016. Sections in the Supplementary have been incorporated in the same order and under same heading as given in the Study Material so as to enable the students to identify the additions/deletions/modifications in the Study Material. Reference of page numbers given in the supplementary will aid the students to trace the relevant sections in the study material.
4.	Reading material on “Overview of the Insolvency and Bankruptcy Code, 2016”. Material is available on website.
5.	Supplementary Study Paper (Part II) on Corporate and Allied Laws (August 2017 edition) contains amendments from 1 st November 2016 to 30 th April, 2017 containing the company law part. This reading material contains the notified sections related to Chapter XV: Compromises, Arrangements and Amalgamations, Chapter XVIII: Removal of names of companies from the register of companies, Chapter XX: Winding up, and Chapter XXI-Part II: Winding up of unregistered companies of the Companies Act, 2013. These chapters contained in the study material of the Final Course paper 4 : Corporate and Allied Laws (January 2016 edition) shall stand not-applicable. In place, these chapters contained in this publication may be read for the examination. Material is available on website.
6.	RTP of November 2017 examination containing gist of all the significant legislative amendments from 1 st of November 2016 to 30 th April , 2017 along with the suggested questions and answers for understanding and practice.

BoS Publications for Intermediate (IPC) Course- Paper 2: Business Law, Ethics and Communication, relevant for November 2017 examination

1.	Study Material (Edition July 2015) – It contains significant amendments made up till 30 th April, 2015.
2.	Supplementary Study Paper for November 2017 examinations and onwards (Edition June 2017) – It contains all relevant legislative amendments/ circulars/ notifications etc. in Business and Company Law part from the period of 1 st May 2015 to 30 th April, 2017. The amendments in the Supplementary Study paper 2017 have been arranged chapter wise in line with the study material to facilitate combined reading therewith. Reference of page numbers given in the supplementary will aid the students to trace the relevant sections in the study material.
3.	Practice Manual (Edition April 2016) – It is updated in line with amendments/ circulars/ notifications etc. in the Business and the Company Law part made up to 30 th April, 2016. However, with respect to further amendments (For the period of 1 st May 2016 to 30 th April, 2017) answers have to be adapted as per the amendments.
4.	Revisionary Test Papers: Relevant for November 2017 examinations - The RTP contains all relevant legislative amendments/ circulars/ notifications etc. in the Company law part from the period of 1 st November, 2016 to 30 th April, 2017.

CIRC STUDY TOUR TO NEPAL

The Central India Regional Council of ICAI jointly with CICASA is organizing a three day International Study tour to Nepal from 23- 25 November 2017. Registration will be on first-come-first serve basis. For inquiry and registration, please contact: Mr. Shahid K. Khan, Section Officer, The Institute of Chartered Accountants of India, 16/77- B, Civil Lines, Kanpur- 208001. Tel: 0512- 3011156 (Mob): 09026811212.



The Institute of Chartered Accountants of India (ICAI)

ICAI Commerce Wizard-2017: A Talent Search Test in Commerce

Organised By: Career Counseling sub-group under BOS, ICAI

For Details and Registration please visit the Exclusive Website for ICAI Commerce Wizard, 2017: icw.icai.org

The Commerce Talent Search Test called as Commerce Wizard -2017 is a diagnostic test that measures the concept understanding ability of a student. Unlike regular tests which try only to find out how much a child knows, this test measures how well a student has understood the concepts.

Eligibility: Students appearing in class X/XI/XII examination

Online Registration

Registration Fees : ₹100/- upto 27th Oct. 2017

Late Registration Fees : ₹150/- 28th Oct. to 2nd Nov. 2017

The Commerce Wizard will be conducted by means of online test in English language for Students studying in Class X/XI/XII separately:

Class	No. of Questions	Duration	Subjects	Mode	Negative Marking	Max. Marks	Pattern
X	100	1 Hrs 15 Min	(I) Social Studies (Economics) (II) Mathematics (III) Business Awareness (IV) Aptitude	Online	0.25	100	Objective - type (Multiple Choice) questions
XI	100	1 Hrs 15 Min	(I) Business Studies (II) Accountancy (III) Economics (IV) Aptitude	Online	0.25	100	
XII	100	1 Hrs 15 Min	(I) Business Studies (II) Accountancy (III) Economics (IV) Aptitude	Online	0.25	100	

Date Timings for the aforesaid test :

Date & Timing of the Test	Date: 5 th November, 2017 (Sunday)
Class X	11.45 AM to 1.00 PM
Class XI	2.00 PM to 3.15 PM
Class XII	4.15 PM to 5.30 PM

Prizes for Participants

Online Test

- **1st Rank holder will be awarded with Rs 1,00,000/-** for Class X, Class XI & Class XII separately, if multiple winners are there, the prize amount will be shared by them. If more than 50 joint rank holders for the same, the awardee will at least awarded with the cash prize of Rs 2,000/-.
- **2nd Rank will be awarded with Rs 50,000/-** for Class X, Class XI & Class XII separately, if multiple winners are there, the prize amount will be shared by them. If several joint rank holders for the same are there, the awardee will at least awarded with the cash prize of Rs 1,500/-.
- **3rd Rank will be awarded with Rs 25,000/-** for Class X, Class XI & Class XII separately, if multiple winners are there, the prize amount will be shared by them. If several joint rank holders for the same are there, the awardee will at least awarded with the cash prize of Rs 1,000/-.
- Top 250 consolation prizes will be awarded worth Rs500/- for Class X, Class XI & Class XII separately
- Appreciation certificate to the candidates who have secured 50% marks in the aforesaid online test.
- Participation Certificate will be given to each participant appeared for the aforesaid online test.

Other Important Dates:

Award Ceremony: Award Ceremony will be held at Delhi NCR/Mumbai tentatively in the month of November/December, 2017

ICAI/Test Management Committee reserves the right to change in any of the modalities cited above.

Deputy Convener

Career Counseling sub-group under BOS, ICAI

Convener

Career Counseling sub-group under BOS, ICAI

For any Query please contact :

Secretary, Career Counselling sub-group under BOS, The Institute of Chartered Accountants of India

ICAI Bhawan, A-29, Sector 62, Noida (U.P.) - 201309,

Telephone (O): 0120-3876871, 886 Email: ccc.events@icai.in, ccc.secretary@icai.in

JOIN TEACHERS' DAY CELEBRATION & WIN PRIZES

Date: 5th SEPTEMBER, 2017

Hosted by: Regional Councils and Branches

Organized by: Board of Studies, ICAI

Theme: MY PRINCIPAL – MY STRENGTH

Programme Details

Timings	Particulars
9.30 AM to 10.00 AM	Inaugural Session
10.00 AM to 1.00 PM	Webcast from Head office for students and members 1. Address by President, Vice President, ICAI; Chairman and Vice Chairman, Board of Studies 2. Topics: Session I: CA Journey without Mentor Session II: Principal Articulator of his Article
1.00 PM to 2.00 PM	Snacks/Lunch
2.00 PM to 5.00 PM	Essay and Quotation Competition for CA Students Topics for Essay (on any one): 1. My Principal-Torch bearer in my journey towards success. 2. My Principal-opens mind, hold hands, leads to success. 3. Class without Teacher; Article without Principal Quotation : Will be Theme Based



- Essay competition maximum of 1,000 words and Quotation Competition. Best three students will be awarded appreciation certificates and prize money of ₹ 11,000/5,100/3,100 for Essay Competition and of ₹ 5,100/3,100/2,100 for Quotation Competition during International Conference for CA Students, 2017-18.
- **Photo Competition:** Students can upload a photo with their Mentor as per their Theme on the Portal (Link to be shared shortly). Best three Photos will be awarded appreciation certificates and Prize money of ₹ 5,100/3,100/2,100.
- ICAI will reserve the right to use the Quotations/essays and Photographs so received in any manner as desired.
- Students are requested to contact their nearest Regional Councils/Branches for participation.
- Eligible Students can only participate in above Programme:
 - 1) Students who are pursuing their Articleship Training.
 - 2) Students who have completed their Practical Training but could not qualify their final examinations may attend the Programme till next one year from the date of completion of Practical Training.

CROSSWORD SOLUTION – AUGUST 2017

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CA Students' Conference, Guntur: Immediate Past President, ICAI, CA. M. Devaraja Reddy along with students and Guntur Branch Chairman CA. Chegu Ashok Kumar at the Conference.



CA Students' Conference, Palghat: ICAI Central Council Member, CA. Sripriya K addressing the Conference. Central Council Member, CA. Babu Abraham Kallivayalil, SICASA Chairman, CA. Arun A, branch Vice Chairman, CA. Suresh K also seen.



ICAI Central Council Members, CA. Babu Abraham Kallivayalil, CA. Vijay Kumar M.P., Chairperson, Palghat Branch, CA. Rajalakshmy M and SICASA Chairman, CA. Arun A with the students at the Conference at Palghat.



Immediate Past President, ICAI, CA. M. Devaraja Reddy along with the participants of the 54th batch of Residential Course at the Centre of Excellence, Hyderabad.



Board of Studies Vice Chairman, CA. Mangesh Kinare addressing the students at the Special Counselling Programme organized by Rajkot Branch of ICAI.



Board of Studies Vice Chairman, CA. Mangesh Kinare at the Special Counselling Programme on "How to Face CA Examinations" organized by Thane Branch of ICAI. Chairman, Thane Branch, CA. Shekhar Kulkarni, Branch WICASA Chairman, CA. Suren S. Thakurdesai and Secretary Thane Branch, CA. Yogesh Prasade also seen.



CA Students' Conference, Udaipur: ICAI Central Council Member, CA. Prakash Sharma addressing the students at the Conference.

CROSSWORD - SEPTEMBER 2017

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ACROSS

- A letter to someone through computer.
- A portable personal computer.
- Money given temporarily.
- A Centrally Sponsored Program initiated in the year 1974-75, with the objective of fast utilization of created irrigation potential and optimum agriculture production from irrigable land.
- A download manager for Microsoft Windows and Mac OS X.
- A United Nations organization which provides expert advice, training and grants support to developing countries, with increasing emphasis on assistance to the least developed countries.
- _____ carries the genetic instructions used in the growth, development, functioning and reproduction of all known living organisms and many viruses.
- Cover, sheath
- Edible grains
- A fixed payment amount made by a borrower to a lender at a specified date each calendar month.
- Roman two.
- To quit all applications and turnoff the computer.
- _____ - benefit analysis: A systematic approach to estimating the strengths and weaknesses of alternatives.
- In computer systems programming, _____ is a special block of code associated with a specific interrupt condition.
- Sycophant
- An asset-management and valuation method in which the assets produced or acquired first are sold, used or disposed of first and may be used by a individual or a corporation.
- Latin clarifier
- _____ - _____: The highest tranche of an asset backed security or other structured financial product.
- Impudent
- The concept of _____ was introduced to tax companies making high profits and declare dividends to their shareholders but have

no significant taxable income because of exemptions, deductions and incentives.

- _____ Estate : Press, journalism.
- When we use average of original and change in price and quantity demanded while calculating elasticity, we call in _____ elasticity.
- When we have to check the status of freight sent by train, we use _____ number.
- Expel
- Opposite of Cot Q is _____ Q.
- A phrase used in an attempt to reduce legal liability for potentially incorrect or incomplete information supplied in a contractually related document such as a quotation or specification.

DOWN

- Votes in
- Act, progress
- The rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling.
- A computer network that interconnects computers within a limited area such as a residence, school, office building and has its network equipment and interconnects locally managed.
- Accumulate
- Economic theory that compares different countries' currencies through a market "basket of goods" approach.
- 1, 3, 5 ---- are called _____ numbers.
- A unique, 10-character alpha-numeric code that acts as identification for Indian nationals, especially those who pay Income Tax.
- Allows you to move around through your document.
- The state or condition of being equal, especially as regards status or pay.
- An informal document that acknowledges a debt owed.
- Delicious , Rich (Spanish)
- A system introduced by Income Tax Department, where person responsible

for making specified payments such as salary, commission, professional fees, interest, rent, etc. is liable to deduct a certain percentage of tax before making payment in full to the receiver of the payment.

- An office of supplier of goods receiving tax invoices towards receipt of input services for the purpose of distributing the credit of GST.
- The _____ is a composite statistic of life expectancy, education, and per capita income indicators, which are used to rank countries into four tiers of human development.
- Rowers
- _____check: an auditing procedure based on selective and systematic sampling.
- _____ replaced FERA in India.
- _____ is a law that is aimed at ensuring that all individuals pay on income generated from their wealth parked overseas.
- Switch position.
- Pitch, volume
- Continental currency
- Yelled statement
- Mayday
- Abominable Snowman
- Skill

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