

REVISION TEST PAPER, MAY 2013 – OBJECTIVE & APPROACH

(Students are advised to go through the following paragraphs carefully to derive maximum benefit out of this RTP)

I Objective of Revision Test Paper

Revision Test Papers are one among the many educational inputs provided by the Board of Studies (BOS) to its students. Popularly referred to as RTP by the students, it is one of the very old publications of the BOS whose significance and relevance from the examination perspective has stood the test of time.

RTPs provide glimpses of not only the desirable ways in which examination questions are to be answered but also of the professional quality and standard of the answers expected of students in the examination. Further, aspirants can assess their level of preparation for the examination by answering various questions given in the RTP and can also update themselves with the latest developments in the various subjects relevant from the examination point of view.

The primary objectives of the RTP are:

- To help students get an insight of their preparedness for the forthcoming examination;
- To provide an opportunity for a student to find all the latest developments relevant for the forthcoming examination at one place;
- To supplement earlier studies;
- To enhance the confidence level of the students adequately; and
- To leverage the preparation of the students by giving guidance on how to approach the examinations.

RTPs contain the following:

- (i) Planning and preparing for examination
- (ii) Subject-wise guidance – An overview
- (iii) Updates applicable for a particular exam in the relevant subjects
- (iv) Topic-wise questions and detailed answers thereof in respect of each paper
- (v) Relevant publications/announcement applicable for the particular examination

Students must bear in mind that the RTP contains a variety of questions based on different sections of the syllabi and thus a comprehensive study of the entire syllabus is a pre-requisite before answering the questions of the RTP. In other words, in order to derive maximum benefit out of the RTPs, it is advised that before proceeding to solve the questions given in the RTP, students ought to have thoroughly read the Study Materials,

solved the questions given in the Practice Manual and gone through the Suggested Answers of the earlier examinations. It is important to remember that there can be large number of other complex questions which are not covered in the RTP. In fact, questions contained herein are only illustrative in nature.

The topics on which the questions are set herein have been carefully selected and meticulous attention has been paid in framing different types of questions. Detailed answers are provided to enable the students to do a self-assessment and have a focused approach for effective preparation.

Students are welcome to send their suggestions for fine tuning the RTP to the Director, Board of Studies, The Institute of Chartered Accountants of India, A-29, Sector-62, Noida 201 309 (Uttar Pradesh). RTP is also available on the Institute's website www.icaai.org under the BOS knowledge portal in students section for downloading.

II. Planning and preparing for examination

Ideally, when you receive the RTP, you should have completed the entire syllabus of all the subjects at least once. RTP is an effective tool to revise and refresh your concepts and knowledge gained through the first round of study of the whole course. When the RTP reaches your hand, your study plan should have been completed as under:

❖ Study Materials

You must have finished reading the relevant Study Materials of all the subjects. The Study Materials relevant in each paper are announced well in advance by the BOS through Students Journal and Institute's website. Make sure you go through the Study Material as they cover the syllabus comprehensively.

❖ Other Educational Inputs

In case of papers on Taxation, you must have carefully perused the Supplementary Study paper containing the latest amendments made through the relevant Finance Act and notifications and circulars issued from time to time which are applicable for the forthcoming examinations.

❖ Practice Manuals

Practice Manuals are an excellent medium of understanding the practical aspects of the various provisions learnt through the Study Materials. Solving the Practice Manual at least once before proceeding to the RTP will ensure that you have a grasp of the application and computational aspect of the syllabus as well.

❖ Suggested Answers

Giving an honest attempt to solve the previous attempts suggested answers on your own, will give you a flavour of the pattern of question paper and type of questions which are being asked in the examination.

After completing the above process, you should go through the Updates provided in the RTP and then proceed to solve the questions given in the RTP on your own. RTPs are provided to you to check your preparation standards and hence it must be solved on your own in a time-bound manner.

The stratagem and the fine points requiring careful consideration in respect of preparation for the CA examinations are explained in comprehensive details in BOS' publication "How to face CA Examinations? A Matrix of Winning Strategies". The publication may be referred to when you start preparing for a subject.

Examination tips

How well a student fares in the examination depends upon the level and depth of his preparation. However, there are certain important points which can help a student better his performance in the examination. These useful tips are given below:

- Reach the examination hall well in time.
- As soon as you get the question paper, read it carefully and thoroughly. You are given separate 15 minutes for reading the question paper.
- Plan your time so that appropriate time is awarded for each question. Keep sometime for checking the paper as well.
- First impression is the last impression. The question which you can answer in the best manner should be attempted first.
- Always attempt to do all questions. Therefore, it is important that you must finish each question within allocated time.
- Read the question carefully more than once before starting the answer to understand very clearly as to what is required.
- Answer all parts of a question one after the other; do not answer different parts of the same question at different places.
- Write in a neat and legible hand-writing.
- Always be concise and write to the point and do not try to fill pages unnecessarily.
- There must be logical expression of the answer.
- In case a question is not clear, you may state your assumptions and then answer the question.
- Check your answers carefully and underline important points before leaving the examination hall.

III. Subject-wise Guidance – An Overview

Paper - 5: Advanced Management Accounting

The Revision Test paper on Advanced Management Accounting covers 20 questions on the following topics:

Q No	Topic	About the problem
1.	Total Quality Management	Cost Analysis -Internal Failure Costs, External Failure Costs, Appraisal Costs and Prevention Costs
2.	Standard Costing	Calculation of Variances, Reconciliation between 'Budgeted Profit & Actual Profit' and 'Standard Profit & Actual Profit'.
3.	Budget & Budgetary Control	Preparation of 'Projected Balance Sheet'
4.	Program Evaluation and Review Technique	Analysis and Smoothing of Resources
5.	Shut Down or Divestment	Evaluation of Three Proposals
6.	Costing of Service Sector	Calculation of Net Income and Break Even Analysis
7.	Pricing of a Product	Calculation of Selling Price and Royalty
8.	Critical Path Analysis/ Program Evaluation and Review Technique	Drawing of Network, Identification of Critical Path, Calculation of Crash Cost Slope
9.	Transfer Pricing	Calculation of Transfer Pricing When One Division is Operating at Full Capacity
10.	Learning Curve	Simple Problem on Learning Curve
11.	Simulation	Simple Problem on Simulation to Find Profit
12.	Assignment	Crew Management Problem
13.	Linear Programming	Formulation of Linear Programming Problem in Case of a Bank
14.	Value Chain Analysis	Diagram on Value Chain Activities within the Firm and also the Industry Value Chain
15.	Theory of Constraints (TOC)	Formulation of Linear Programming Problem and Decision Making in Case of Production Capacity Constraints.

16(a).	Activity Based Cost Management (ABM)	Theory Question on Differentiation Between 'Value-Added' and 'Non-Value-Added' Activities in the Context of Activity Based Costing
16(b).	Costs Concepts	Theory Question on Sunk Cost
17(a).	CVP Analysis & Decision Making	Theory Question on Cost Volume Profit (CVP) - Based Sensitivity Analysis
17(b).	CVP Analysis & Decision Making	Simple Theory Question on Marginal Costing
18(a).	Balance Score Card	Simple Theory Question on Components of a Balanced Score Card
18(b).	Uniform Costing	Theory Question on Requisites for the Installation of a Uniform Costing System
19(a).	Transportation	Simple Theory Question on Transportation
19(b).	Critical Path Analysis	Theory Question in 'Context of a Network'
20(a).	Critical Path Analysis/ Program Evaluation and Review Technique	Theory Question on Difference between 'PERT' and 'CPM'
20(b).	Transportation	Determination of a Transportation Schedule so that the Cost is Minimized

Paper – 6: Information Systems Control and Audit

The current RTP of ISCA, which is relevant for May, 2013 examination consists of total 25 questions. Questions have been taken from the entire syllabus divided into ten chapters in the study material. The chapter name is also clearly indicated before each question. Question no. 1 to 17 are descriptive/short answer type questions, whereas question no. 18 to 20 are based on the short notes. These questions have been divided into three parts based on the different topics/sub-topics picked from the entire syllabus. Finally, there are five case study based questions, given from question no. 21 to 25 in the RTP. These case studies are based on the practical oriented topics such as SDLC, ERP, Business Continuity Planning (BCP) and Disaster Recovery Planning, Risk Assessment Methodologies and Applications, and Information Security etc. In such type of questions, students should read the given case study carefully and identify the relevant concept/s based on which the questions are to be answered.

Here, we would also like to mention that RTP is only to refresh your knowledge. This should be used as last minute self assessment tool before appearing in the examination. Students may pick-up a question from RTP, and try to write the answer by his/her own understanding. Afterwards, they should go through the answer of that question given in the RTP. By comparing both the answers, they will be able to understand the variations,

if any in their answers. In this way, RTP may help them in introspection up to some extent.

Paper 7: Direct Tax Laws

Ideally, for Paper 7: Direct Tax Laws, your preparation for examination can be divided into five steps as briefed in the table below –

Steps for Preparation	Objective of study	Relevant Publication
First Step	Study the topics of your syllabus thoroughly for conceptual clarity	Study Material (relevant for A.Y.2013-14) – Vol. I & II
Second Step	Update yourself with the amendments by the Finance Act, 2012 and Significant Notifications and Circulars issued between 1.7.2011 and 30.6.2012	Supplementary Study Paper-2012
Third Step	Work out the problems and solve the questions after completing study of each chapter in the Study Material to test your level of understanding of concepts explained in the said chapter.	Practice Manual (Volume III of the Study Material- A.Y. 2013-14)
Fourth Step	Update yourself with the latest developments on the judicial front	Select Cases in Direct and Indirect Tax Laws – relevant for May 2013 and November 2013 examination
Final Step	Update yourself with the latest developments on the statutory front and self-assess your preparation.	Revision Test Paper (RTP)

At this juncture, when you receive the RTP, you are expected to be in the Final Stage of preparation for the examination. You are expected to have read and understood all the topics in your syllabus. The Study Material of Paper 7: Direct Tax Laws based on the provisions of law applicable for A.Y.2013-14 is relevant for May, 2013 examination. This Study Material is updated as per the provisions of law as amended by the Finance Act, 2012 and significant notifications and circulars issued by the CBDT up to 30.6.2012. In case you have the earlier edition of the Study Material (based on provisions of A.Y.2012-13), the same should be read along with the Supplementary Study Paper – 2012.

You are also expected to be aware of the amendments made by the Finance Act, 2012 and significant circulars and notifications, explained in detail in the Supplementary Study Paper-2012.

Further, you are also expected to have worked out the problems in the Practice Manual which are grouped chapter-wise to test your understanding of the concepts explained in the Study Material.

It is at this stage, after you have attained conceptual clarity and updated yourself with the amendments made by the Finance Act, 2012, that the role of the RTP assumes significance. This RTP has been prepared with the twin objective of –

- (1) updating you on the latest developments on the statutory front, after the date upto which they are covered in the Study Material (i.e., from 01.07.2012 to 31.10.2012).
- (2) helping you to self-assess the effectiveness of your study and revision by solving the questions given in Part II independently and comparing the same with the answers given.

The RTP for Paper 7: Direct Tax Laws has been divided into two parts:

Part I Statutory Update:

Significant Notifications and Circulars issued between 1.7.2012 and 31.10.2012

Part II Questions and Answers

You are advised to go through the statutory update contained in Part I of this RTP before attempting to solve the questions given in Part II.

Part I - Statutory Update : Significant Notifications & Circulars issued between 1.7.2012 and 31.10.2012

The significant legislative developments by way of circulars & notifications issued by CBDT between 1.7.2012 to 31.10.2012 are given in Part I. A brief summary of the same is tabulated hereunder -

Notification No.	Date	Subject Matter
36/2012	30.8.2012	Advance Pricing Agreement Scheme for the purpose of section 92CC prescribed
38/2012	17.09.2012	Notification of Cost Inflation Index for F.Y.2012-13
39/2012	17.09.2012	Tax Residence Certificate – Form & Contents prescribed
40/2012	20.09.2012	Investment in debt instruments issued by any infrastructure Finance Company registered with the Reserve Bank of India is an approved investment under section 11(5)
42/2012	04.10.2012	Notification of class of cases, where compulsory issue of notice for assessing or reassessing the total

		income of immediately preceding six assessment years is not required
Circular No.	Date	Subject Matter
5/2012	1.8.2012	Inadmissibility of expenses incurred in providing freebies to medical practitioner by pharmaceutical and allied health sector industry
07/2012	21.09.2012	Approval of loan agreements/long term infrastructure bonds and rate of interest for the purpose of section 194LC
9/2012	17.10.2012	Deduction of tax at source on payment of gas transportation charges by the purchaser of natural gas to the seller of gas

Part II - Questions & Answers : A Self-assessment Test

The questions in Part II have been framed to test your awareness and understanding of the provisions of income-tax law and wealth-tax law, particularly the latest developments, as well as your ability to analyze and interpret the provisions of law.

Questions on legislative developments

The questions covering the chapters, "Basic Concepts", "Income which do not form part of total income", "Profits and gains of business or profession", "Capital Gains", "Income from other sources", "Deductions from Gross Total Income", "Assessment of Individuals", "Assessment Procedure/Double Taxation Avoidance Agreement", "Transfer Pricing", and "Deduction, Collection and Recovery of Tax" attempt to test your awareness of the recent legislative amendments made by the Finance Act, 2012.

Computational Problems

The questions on computation of income under the head 'Profit and gains of business or profession', computation of capital gains, computation of deduction under Chapter VI-A, computation of tax liability of an individual, computation of business income of firm, computation of book profit of a company, computation of net-wealth and value of house property for wealth-tax purpose would serve to test your understanding of the provisions of tax laws and your ability to apply the provisions correctly in solving computational problems.

Paper – 8: Indirect Tax Laws

Revision Test Paper for Indirect Tax Laws (IDTL) not only enables the students to assess their preparation for the forthcoming May, 2013 examinations, but also updates them with the latest developments (which are applicable for the examination) of the central indirect tax legislations. Thus, the RTP of IDTL is divided into following two parts:-

- Part I** Statutory Updates:
Significant amendments made between 01.07.2012 and 31.10.2012
- Part II** Questions and Answers

Part I - Statutory Updates : Significant amendments made between 1.7.2012 and 31.10.2012

For the students appearing in May 2013 exams, the amendments made by the notifications, circulars and other legislations up to 31.10.2012 are relevant. Study Material for Indirect Tax Laws contain all the relevant amendments made by the Finance Act, 2012. Further, circulars/notifications issued up to 30.06.2012 have also been incorporated therein. Part-I of the Revision Test Paper contains the amendments made between 01.07.2012 and 31.10.2012 as relevant for May 2013 exams. A glimpse of the amendments is provided hereunder:-

A. CENTRAL EXCISE

S. No	Notification / Circular No.	Amendment / Clarification
1.	Notification No. 29/2012-CE (NT) dated 10.10.2012.	Provisions of section 28AAA of the Customs Act, 1962 has been made applicable to excise duty also

B. SERVICE TAX

S. No	Notification / Circular No.	Amendment / Clarification
1.	Notification No. 43/2012-S.T. dated 02.07.2012	Transportation of passengers and goods by Indian Rail service has been exempted till 30-9-2012.
2.	Notification No. 44/2012-S.T. dated 07.08.2012	Amendment of Mega exemption notification to provide the exemption to services by way of slaughtering of ALL animals.
3.	Notification No. 45 & 46/2012-S.T. dated 07.08.2012	Directors fee & security charges has been brought under Reverse Charge Mechanism.
II. Clarification		
1.	Circular No.163/14/2012 ST dated 10.07.2012	No service tax would be charged on remittances from abroad.
2.	Circular No. 162/13/2012 ST dated 06.07.2012	Determination of POT for works contracts has been made effective from July 1, 2012.
3.	Circular No.164/15/2012 ST dated 28.08.2012	Service tax is not leviable on vocational education course if offered by the Central/ State Government/ Local Authority.

C. CUSTOMS

S. No	Notification / Circular No.	Amendment / Clarification
1.	Notification No. 83/2012-Cus (N.T.) dated 17.09.2012	Few classes of importers has been notified by Central Government to pay customs duty electronically.

Part II - Questions and Answers : Check your progress

Questions in Part-II have been divided as per the weightage of various sections prescribed in the syllabus in the following manner:-

- (i) Central Excise-40% (8 questions)
- (ii) Service tax & VAT-40% (8 questions)
- (iii) Customs 20% (4 questions)

Students should be thorough with Part-I of the RTP apart from Study Material and Practice Manual before attempting the questions of Part-II. A word of advice - keep the Bare Acts and the Relevant Rules of the relevant statutes by your side when you read the Study Material and Practice Manual.

The Study Material of Paper 8: Indirect Tax Laws based on the provisions of law as amended by the Finance Act, 2012 is relevant for May 2013 examination. This study material is updated with the notifications and circulars issued by the CBEC up to 30.6.2012. In case you have the earlier edition of the Study Material (based on the provisions of law as amended by the Finance Act, 2011), the same should be read along with the Supplementary Study Paper – 2012.

The salient features of the questions and answers can be summarized as under:-

- The questions are an appropriate mix of case studies based on recent judicial pronouncements and amendments, practical problems and theoretical questions.
- The questions are based on the legal provisions and judicial pronouncements relevant for May, 2013 examinations.
- While drafting the questions, appropriate care has been taken to ensure that there is minimum scope for assumptions and ambiguity.
- As far as possible, answers are detailed and exhaustive. In case of practical problems, detailed working notes have been provided.

Questions based on case laws – Questions have been set on recent judicial rulings in respect of topics like manufacture, demand Procedures under Central Excise, appeals under Central Excise, and classification under Customs.

Computational Problems – Practical questions have been framed on topics like CENVAT Credit Rules, 2004, valuation of excisable goods, services provided by

advertising agency, construction services, valuation of Taxable Services, computation of VAT and valuation under customs laws.

Questions based on substantive and procedural law – In order to test the students' understanding of substantive and procedural laws with regard to central excise duty, customs duty and service tax and VAT, questions have been framed on topics like CENVAT credit rules, warehousing, arrest, service tax procedures, special audit under service tax, place of provision of service rules, 2012, provisional assessment of duty under customs law, VAT in special transactions and VAT procedures..

Case laws and section reference – Guidance

Citing the case laws and referring to section/notification/circular number in the answer reflects on the quality of the students' preparation for the examination and making himself set to become a perfect professional. The answers that are given in this RTP have reference to sections and case laws wherever applicable. These are given for the knowledge sake and to mainly inculcate the habit of referring sections/case laws in the students. However, in view of three legislations being covered under Indirect Tax Laws, students may find it difficult to remember all the sections and the various case laws on the matter but they must try to remember at least the important section numbers and landmark case laws as such level of knowledge is expected from a Final Student.