

HOW TO FACE CA EXAMINATIONS ?

A MATRIX OF WINNING STRATEGIES

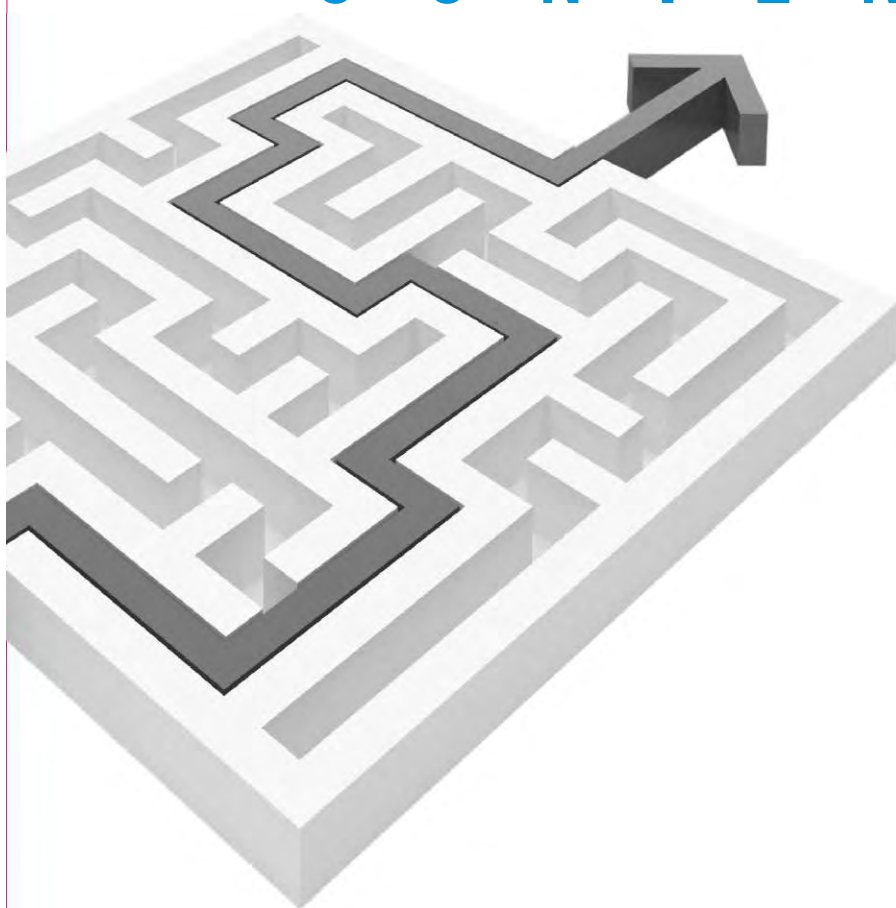
(IPCC / PCC / Final)



Board of Studies
**The Institute of
Chartered Accountants of India**

A Statutory Body established under an Act of Parliament

C O N T E N T S



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President's Message

CA G. Ramaswamy - President, ICAI



My Dear Students,

I am pleased to note that the Board of Studies is bringing out a Handbook on “How to Face CA Examinations”. Any professional course calls for a meticulous strategy and a sincere approach in order to succeed. A comprehensive understanding of the course structure and adequate planning to cover the essentials is a pre-requisite. This booklet will certainly help and guide the students to understand the objectives and expectations of the CA examinations. Over the years, lots of myths have cropped up around the CA examinations, more so negative ones. This publication is a sincere attempt to discredit those baseless myths and set the picture in correct perspective.

The CA course curriculum is of high standard and a judicious mix of theory and practice. One of the areas of highest considerations for the ICAI is strengthening the educational base of the students, especially in view of the changing dynamics of the global business environment. This also casts moral responsibility on the students to work hard. This century is slated to be a century of knowledge, quality and excellence. Survival of the fittest is the norm rather than exception.

I am quite sure that the Council's decision to allow 15 minutes extra time for reading the question papers before the examination must have helped the students in a greater way to understand the questions fully and answer appropriately. I would like to give a few tips that would be helpful to you all to crack the examinations:

- Improve conceptual clarity, avoid rote learning
- Plan your study, avoid last-minute preparation
- Take short breaks while studying
- Don't lose out on your sleep
- Think positive
- Meditate and exercise.

I deeply appreciate the sincere efforts put in by the academic staff of the Board of Studies in bringing out this highly useful booklet. I sincerely hope that this publication on 'How to Face CA Examinations' would help the students in proceeding along the right path in their endeavour to clear the Institute's examinations and to join the profession within the minimum possible time.

Wishing the student fraternity a great professional career ahead!

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Ramaswamy'.

CA. G. Ramaswamy

Vice President's Message

CA. Jaydeep Narendra Shah - Vice President, ICAI



My Dear Students,

Chartered Accountancy is a rewarding and highly sought after career option. Pursuing the course requires hard work and concerted efforts. Although, the examinations are considered to be highly demanding, many good students not only easily sail through them but also get ranks. However, for a student who lacks proper approach, the path to become chartered accountant can be a difficult track to traverse.

I am very happy that the Board of Studies of the Institute of Chartered Accountants of India is printing a Handbook on “How to Face CA Examinations” to help all the students. The publication is result of commitment and hard work of Board of Studies and its faculty members. It is my sincere belief that the booklet will help the students to plan out their studies. With proper approach, the course will become simpler and students will easily be able to assimilate tricky concepts and pass the examinations.

I would also take this opportunity to share a few of my personal thoughts. You should not choose CA profession because your father or mother says so or there is a pressure from your social circle. You only need to have your own dream to become a Chartered Accountant and the rest will follow. The interest in the course should come from your heart. The CA examination demands total commitment and determination to succeed. It is human nature to gain knowledge and succeed. Imbibe this nature fully, work hard as there is no short cut to success and hard work never goes unrewarded.

It is my firm and considered belief that the chartered accountancy course is not tough. It can be simple to pass the examinations, provided you plan yourself and work effectively towards the achievement of the desired goal. I would also like to give a few tips that would be helpful to you to pass the examinations:

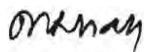
- Have confidence in yourself. You should have positive approach and should not allow negativity to creep-in.
- Plan your studies and study regularly.

- Do not resort to selective studies. All topics must be assimilated fully.
- Avoid time wasting activities. However, mix recreation to keep mind fresh.
- Discuss with successful senior students, experienced faculties and your principal.

While you take the examinations, you must write answers legibly in good language. Focus your answers to the questions that have been asked. I am quite sure that the Council's decision to allow 15 minutes extra time for reading the question paper before the examination must be a great help to the students to understand the questions fully and answer appropriately.

The success is yours only if you aspire and work for it. In the words of Napoleon Hill - *"Patience, persistence and perspiration make an unbeatable combination for success"*.

Wish you all the Best



CA. Jaydeep Narendra Shah

Chairman's Message

CA. V. Murali - Chairman, Board of Studies, ICAI



My Dear Students,

You would be busy preparing for your forthcoming Chartered Accountancy examinations. The three R's for Success are Regular Study, Repetition and Review. Our Board of Studies has come out with a booklet titled "How to Face CA Examinations". This lucid, easy to comprehend guide will give you practical pointers on how to study, sharpen your learning skills, how to judiciously use the three hours given to you and tips on presentation at the exams. The Board of Studies has always been there and continues to be by your side giving you logistic support in achieving your cherished goal of becoming a Chartered Accountant. This handy and timely booklet will assist you in achieving your goal.

Hard work, dedication, tenacity and commitment to achieve your goal will be the qualities you will require. Mental strength and resilience are very important. Single minded devotion and unshakeable faith in your capability backed by intense and rigorous study will see you through. The crunch time is before you. Persistence and perseverance are the keys that will unlock the doors to success in the CA examinations. Sometimes you get emotionally tired and want to throw in the towel. My advice is - don't let these dark clouds come your way. Stay focussed and plan your study strategy. A savant had said *"Three things can never be taken back:- A spent arrow, a spoken word and a missed opportunity"*. There is no security on this earth, only opportunity.

I would like to quote the immortal words of Eddie Robinson to the student readers *"The will to win, the desire to succeed, the urge to reach your full potential, these are the keys that will unlock the door of personal excellence"*. A wise man had said *"Believe you can, and you are halfway there"*. Obstacles and minor setbacks and pitfalls are but stepping stones towards your goal. Always believe in your heart that you are building a strong foundation and have unshakeable faith in your ability to succeed. As Thomas Jefferson said *"When you reach the end of your rope, tie a knot in it and hang on"*. Have the tenacity and courage to stick on to the path till you make it. Please remember, it is always too soon to quit. Don't be morose or diffident about your performance. Ann Landers said *"Nobody gets to live life backward. Look ahead, that is where your future lies"*. Don't live in the yesterday and what might have been, think about tomorrow and act today.

Your positive attitude, dedicated and planned study will lead you to the final goal. *Difficulties mastered are opportunities won*. Always remember, there is no gain without

pain. It is impossible to get rainbows without rain. Umbrellas can't stop the rain, but they will make us to stand in the rain. Similarly, confidence may not itself bring success, but it gives us the power to face any challenge. *Look with positive intention; speak with inner conviction; listen with intense attention; then you will move in the right direction.*

Thomas Alva Edison had a wonderful piece of advice and it could apply to every sphere of life – *“Many of life's failures are people who did not realize how close they were to success when they gave up”*. Problems are like trees seen through a running train. As you approach them they grow bigger. Once you pass them, they become smaller. That's Life...! Helen Keller said *“We can do anything we want, if we stick to it long enough”*.

As I have said earlier *“When God solves your problems, you have faith in His abilities; When God does not solve your problems, He has faith in your abilities”*. So, please don't give up. To succeed, it is necessary to accept the world as it is and rise above it. Everything in this world has got a utility value – *“Even a stopped clock is right twice a day”*. The best way to predict your future is to create it. Optimism is the faith that leads to Achievement.

For CA Students who are preparing for exams there is no better advice than what Benjamin Franklin said *“Never leave that till tomorrow which you can do today”*. Wishing each and every one of you **“ALL THE VERY BEST”** for the forthcoming examinations.

I look forward to greeting you as a Chartered Accountant professional soon.

With warm professional regards,

Forever, yours in service,



CA. V. Murali
Chairman
Board of Studies
ICAI, New Delhi

Vice Chairman's Message

CA Naveen N. D. Gupta, Vice Chairman, Board of Studies, ICAI



My Dear Students,

I am glad to note that the Board of Studies is bringing out a Handbook on “How to Face CA Examinations”.

The multi faceted knowledge a Chartered Accountant enjoys through unique academic programme blended with practical training is what the business and industry need in the advent of globalization of Indian economy. And for gaining this knowledge, a student of Chartered Accountancy has to go through the rigorous training – theoretical as well as practical. He has also to demonstrate the professional knowledge and competence thus gained in the exams. He has to crack one of the toughest professional exams in the country. Scared of this many students give up the course in between. Mind you, it takes a few things to crack this exam - a proper mindset, a sharp memory, good time management, sincere preparation and effort & proper presentation of answers in the exams.

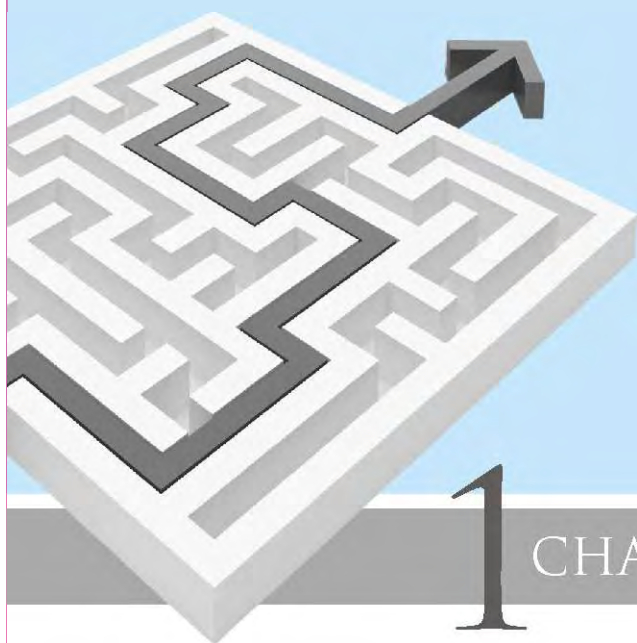
I am sure that this book will aid the students in proceeding along the right path in their endeavour to clear the exams and to join the profession in the minimum possible time.

I appreciate the sincere efforts of the academic staff of the Board of Studies in bringing out this publication.

Wish you all the best,
Yours sincerely,

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

CA. Naveen N. D. Gupta



Chartered Accountancy - A Passport to Success

1 CHAPTER ONE

Chartered Accountancy (CA) has emerged as a distinctive profession of overriding importance in the twenty first century particularly in today's free globalized world. Chartered Accountants in public practice as well as those employed in industry, finance and commerce are playing a wide variety of roles be it finance, management or policy making, both at home and abroad. In view of the major changes in the economy, innovative financial tools are being constantly introduced and the CA profession is also an integral part of these developments.

Chartered Accountancy is being increasingly acclaimed as the “best” professional qualification in this millennium of free market economy and globalization of trade and services. Education and training system of Chartered Accountants is such that after qualifying, a Chartered Accountant may go for public practice either of his/her own or in partnership with other Chartered Accountant(s); or else one may go for employment in trade, commerce, industry, finance, etc.

CA is an internationally relevant and accessible qualification – a go-anywhere passport to a successful career. In an age of growing globalization and intensified competition, modern business demands timely and accurate financial information. That is why, CAs are sought after by companies across the world. They are commercial business managers with wide-ranging skills. In view of the integrated scenario of the globalization, the world economic scenario is rapidly evolving. Apart from exciting opportunities and attractive pay-packages, Chartered Accountancy qualification is recognized internationally, and its reputation and value are maintained through high standards of assessment and

regulation. This is worthwhile to note that in terms of strength in core areas, viz. accountancy, auditing, taxation, CAs are far ahead and leaders. It is the professional qualification of choice for businesses worldwide.

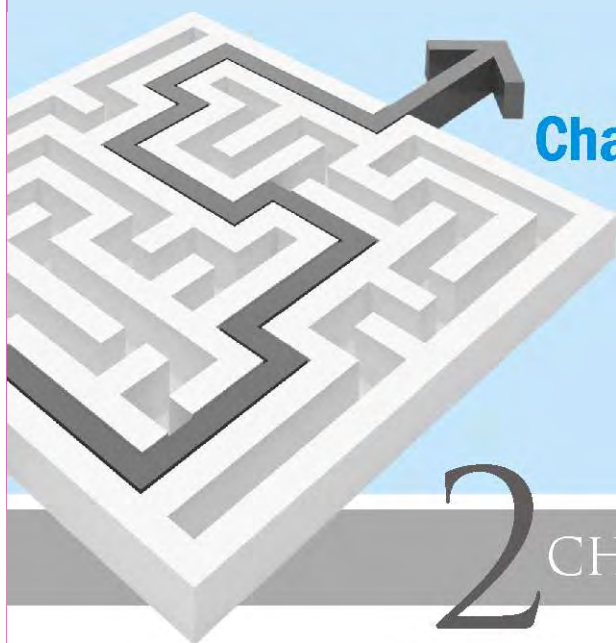
The profession of Chartered Accountancy is looked upon with great honour and dignity. Chartered Accountants have developed this over the years through sincerity, devotion, and integrity. Due to the increasing demand for their services, the average earnings/ remuneration packages of Chartered Accountants has also steadily increased in the recent past. Hence a student, on successful completion of examinations and training, could look forward to a comfortable compensation package.

Purpose of this Booklet

The present attempt is an initiative of the Board of Studies to apprise the CA students about the nuts and bolts for preparation for a professional examination. The Board of Studies is committed to strengthen the educational base of the CA students.

The purpose of CA education has been conceptualized as that of preparing competent professional accountants imbued with a zeal to make life-long contribution to the development of the profession and the society. The role of professional accounting examinations in assessing the competence of candidates has been highlighted in order to view the Institute's own examination system in its proper perspective. Since the Institute's professional examinations have a thrust on testing both theoretical proficiency and practical competence of CA students, it is suggested that students, especially those coming from the university graduate stream, should reform their approach to CA education and examinations and prepare accordingly.





Chartered Accountancy Course - Know Your Education and Examination System

2 CHAPTER TWO

Education, if simply stated, means the process of gaining knowledge, inculcating forms of proper conduct and acquiring technical competency. It also aims at bringing progress in practical fields to enable each educated individual of society to earn a living. Education of the various fields produces productive human resources, who can contribute to the creation of wealth for a country. Thus, it lays the foundation for the accomplishment of a person's dreams and aspirations. Education builds a resourceful individual out of a raw human being. Education contributes to the cultivation of a prudent person and paves path for this feeling of fulfillment. The true purpose of education is to bring about profoundness to one's emotions, to broaden one's perspectives and to lead to a healthier approach of looking at life.

Education and Training - An Integral Aspect

Modern-day education, whether for CA Course or any other course, is dominantly examination-driven. So much so, the purpose of education has come to be identified as qualifying in the relevant examination. Students are obsessively oriented to acquire just that much knowledge and skills, as to meet the examination requirements. It is to be emphasized that an over-emphasis on examinations is unlikely to lead to a sound and solid educational base. Examinations are no more than an integral element of the educational process and not the other way round. A clear recognition of the larger purpose of education is essential on the part of the concerned players so as to understand the role of

examinations in a correct perspective.

In the context of the CA course, the purpose of education and training is to help students mould themselves as competent professional accountants capable of making a positive contribution over their lifetime to the profession and society. Broadly speaking, education and experience (practical training) of professional accountants must provide a foundation of knowledge, skills and professional values that enables them to continue to learn and adapt to change throughout their professional lives.

A sustained and intensive programme of professional education and training provides CA students an opportunity to acquire entry level professional competence. It is necessary to assess periodically the extent and level of professional competence acquired by the CA students.

Board of Studies - Provision of Academic Resources

Excellence in any professional course comes through consultation of high quality study materials and a meticulous study plan. Board of Studies provides multitude of academic resources of fairly high quality and dependable sources of study for students to enable them to develop the much needed intellectual base and inputs for assimilation.

Study Material

The Board of Studies has always been providing a comprehensive study material on each and every subject. The aim of the study material is to cover the entire course which is sub-divided into various chapters. The presentation of the subject matter is done in a manner so as to enable the students to grasp and understand the subject and strengthen their knowledge in the particular area. The study material also aims to define and confine the scope of syllabus while developing each topic. An attempt is also made to provide simple illustrations and case-studies to highlight the difficult topics in a lucid manner. The Board of Studies updates its material on a periodical basis.

The Institute's other professional pronouncements like Accounting Standards, Auditing Standards, Guidance Notes on various matters relating to Accountancy, Auditing and Taxation etc. are critically important to CA Final students (and to IPCC students also to some extent) as bases of knowledge and its application to practical problems in the relevant subject areas. Students are expected to have a good insight of the contents of the above publications for their immediate purpose of examinations and also otherwise. All such publications which are relevant for students have been incorporated at appropriate

places in the Study Material for Advanced Accounting (IPCC), Advanced Auditing and Direct Tax Laws (Final). CDs have also been developed by the Board of Studies and made available along with the study materials to the students at IPCC and Final levels. These could be carried by students even while going for outstation audits and made use of whenever time is available.

Practice Manual

Over a period of time the Industry has been observing that the CA, though very knowledgeable, is unable to apply what he/she has learnt. Therefore, in order to train the students to apply the theory into practice, the Board of Studies has brought out Practice Manuals which contain series of questions in respect of various topics covered in the study material. The questions have been arranged in a manner whereby one may develop understanding, commencing from a simple topic to a more complex one. With a view to making Practice Manual a single source of reference, important definitions and formulae have been given at the beginning of each chapter. This would enable the student to straightaway do the practice of various questions given in the Manual.

Suggested Answers

The Board of Studies regularly prepares and publishes Suggested Answers to questions set in the CA examinations, held every six months. The suggested answers volumes (and their compilations in some subjects) are a valuable source of study for the CA students. They provide credible glimpses of not only the desirable ways in which examination questions are to be attempted but also of the professional quality and standard of the answers expected of students in the CA examination. Students would be well-advised to have a collection of such volumes for at least 10 to 12 previous examinations.

Revision Test Papers

Revision Test Papers are issued well ahead of each examination. These contain a number of questions with solutions/answers/hints, which would be of much help to students. Soft copies of all these materials are available on the official website and students can download them.

The Chartered Accountant Student

The students' monthly Journal, published by the Board is another regular channel of communication with students, which contributes to the fund of knowledge required of CA students through Articles, Case Studies, Reports, Academic updates, Announcements, etc.

The Institute's monthly Journal 'The Chartered Accountant' is a valuable source of eminently readable articles of topical interest, relevant notifications and clarifications by Government of India, RBI, SEBI,

CBDT etc., abstracts of relevant legal decisions on Corporate and Tax Laws, information on contemporary developments in Accounting, Finance, Auditing and Corporate and Tax Laws etc. Students, especially of IPCC and Final Courses, should regularly keep in touch with the Journal to enrich their knowledge base, relevant for examination and other purposes.

Board of Studies Knowledge Portal

Board of Studies Knowledge Portal is primarily to ensure free and unrestricted flow of knowledge and information to the students across the country by way of easy access to the latest publications of the Institute. Our efforts will, however, bear fruit only if you make it a habit to browse the portal as often as possible and assimilate the knowledge inputs contained therein.

Do make it a part of your daily agenda to surf through the Institute's website and be abreast with the latest on accounting standards, standards on auditing, guidance notes etc. The BOS hosts its latest publications, including study materials, practice manuals, revision test papers and suggested answers also on the knowledge portal. The developments and amendments in various subjects of the CA curriculum, by way of Supplementary Study Paper, Select Cases in Direct and Indirect Tax Laws, Circulars and Notifications issued by the CBDT/CBEC etc. are also hosted thereon.

The portal also provides information about the applicability of accounting standards, standards on auditing, the Finance Act, circulars and notifications well in advance of the examination. The aim is to provide clarity and remove any confusion regarding whether a particular standard or amendment is applicable for the examination.

Students' Counselling

The faculty of the Board of Studies located at Noida is a rich source of academic support to the CA students. The full-time faculty for all the subjects of the CA course are ever ready to help students in answering their queries, in clarifying specific points and doubts on any relevant academic matters. In case students need any clarifications and have any suggestions to make for further improvement of the material contained herein, they may feel free to write to the Director, Board of Studies, A-29, Sector-62, NOIDA - 201 309 (UP) E-mail: bosnoida@icai.org

The Board of Studies also provides on-line help to students pursuing Chartered Accountancy Course.

Students with their queries in any subject may contact the group at guidance@icai.org with their subject related problems and suggestions. Students, who do not have the facility to get guidance for solving their academic problems arising in the course of their preparation, may feel free to take advantage of this scheme.

Standard Text Books

It would be highly beneficial to students if they supplement the study materials in each subject with one or two standard text books. This is all the more necessary in the case of practical subjects like Accounting, Costing, and Taxation. Reliance on one or two well-written text books in addition to the study materials serves to strengthen the sense of security and self-confidence of the students. It also enables them to work out practical problems based on various theoretical concepts and understand their impact and application clearly.

A Word about Chartered Accountancy Examination

The aim of CA Final examination is to assess whether the students have acquired the expected standard of professional competence so as to qualify as Chartered Accountants (of course after fulfilling other requirements). It is desirable that the assessment of professional competence should measure more than just theoretical knowledge. The professional examination should be designed to determine, inter alia, that the examinees:

- have a sound technical knowledge of the specific subjects of the curriculum,
- can apply technical knowledge in an analytical and practical manner,
- are able to extract from various subjects the knowledge required to solve multiple topical problems,
- can identify information relevant to a particular problem by distinguishing the relevant from the irrelevant in a given body of data,
- are able, in a multi-problem situation, to identify the problems and rank them in the order in which they need to be addressed,
- appreciate that there can be alternative solutions and understand the role of judgment in dealing with these,
- possess ability to integrate diverse areas of knowledge and skills,
- can communicate effectively to the user by formulating realistic recommendations in a concise and logical fashion,
- have knowledge of the ethical requirements of the profession.

The examination system of the Institute of Chartered Accountants of India (ICAI) also seeks to assess the professional competence of the students on the above lines on a progressive basis. They have to demonstrate 'basic knowledge' and 'working knowledge' respectively in the relevant subjects of the syllabi. Basic knowledge envisages understanding of the broad nature and scope of the subject and its fundamentals at the entry level test called Common Proficiency Test (CPT), while working knowledge envisages understanding of the practices and problems relating to the subjects and the ability to apply such knowledge to practical situations at the Integrated Professional Competence Course (IPCC) level. In contrast, candidates for CA Final examination have to demonstrate that they have acquired 'advanced knowledge'. Thus, three levels of knowledge - basic knowledge, working knowledge and advanced knowledge - specify the scope and depth of professional competence expected to be acquired and demonstrated by CA students at the CPT, IPCC and Final stages respectively.

CA Examinations - Some Distinctive Features

There are certain elements of the CA examinations which are decidedly beneficial to students as under:

High and Consistent Standard of Examinations

One of the hallmarks of the Institute's examinations is their high but attainable standard, which could be met with adequate effort even by average students. There is also a remarkable consistency in the standard of CA examinations; it is not exposed to any vagaries since it is institutionalized into the CA system. These two features would decidedly be helpful to CA students in enhancing their self-assurance by mobilizing their internal strengths to reach the expected standards and to experience a sense of achievement by performing well in the examinations.

Examinations Twice a Year

The May and November examination cycles are also advantageous to students. They are given two opportunities in a year to pass their groups quickly. There is also a flexibility to appear in one or both groups at a time. Group-wise clearance is easier for some students. A success in one group improves their confidence to prepare well for the remaining group. The provision of one day gap between two papers has a positive impact on the performance of students in raising their confidence level since they get sufficient time to revise for the next paper. Similarly, the Council's decision of allowing additional 15 minutes reading time would help students in chalking out the strategy to be followed while attempting the paper. This would act as a great stress reliever to students as in this extra reading time, they will be able to prioritize their answers.

Practical Orientation of Question Papers

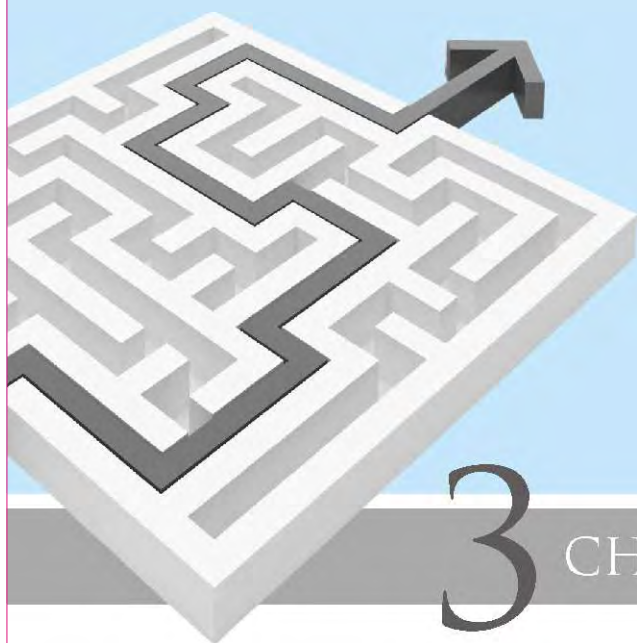
Several question papers, particularly at Final level examination, contain practical problems and queries, which need to be solved by the candidates by applying their theoretical knowledge. Their practical training and exposure help a lot in answering problems and queries in Accounting, Auditing, Corporate and Taxation Laws, Management Accounting and Cost Accounting question papers. An advantage with such papers is that they are very scoring. Students can get very high marks by correctly solving the problems and queries, unlike in theoretical questions.

Disciplined Conduct of Examinations

The Institute is among the very few bodies, which have an impeccable record in maintaining high quality of discipline in holding the examinations. The entire examination process is set in motion carefully and with clock-like precision; each stage is monitored closely, leaving nothing to chance. The Institute's examinations have earned a high credibility for the care and competence with which they are conducted.

CA students are fortunately placed in the sense that they can rest assured of a level-playing field on which their professional knowledge and competence are tested by the examination system of the Institute – certainty about dates of examinations and declaration of results; zero tolerance for adoption of unfair means by candidates; uniform valuation of answer papers.





Make Your Study Effective

3 CHAPTER THREE

The thrust of this part is on the kind and quality of efforts needed to acquire knowledge embedded in the CA course. Studying calls for a conscious and concerted mental effort to examine, analyse and assimilate the contents of a topic, to reflect on their implications and to retain, remember and recall what all is assimilated. Learning effective study skills is a very important component; however, study skills alone won't make one a great learner. The first and primary goal when it comes to studies is to develop Smart Study Habits that will naturally promote and enhance one's learning experience.

How to Study?

The purpose of studying the various subjects in the CA course by the students is to acquire adequate knowledge whether it is basic knowledge, working knowledge or expert knowledge, as the case may be, so as to perform well in the examination. In the context of students, adequate knowledge acquired in the various subjects has to be sufficiently durable, retainable, recallable and presentable on appropriate occasions. The process of acquiring knowledge is like building bricks, piece-by-piece. A student might have acquired, over a period of his student career, a set of learning or study skills, styles and attitudes for building the bricks of knowledge in his mind. Even so, it may be worthwhile to spell out and suggest a few appropriate and helpful study skills and learning attitudes for the benefit of students.

As you sit comfortably in a serious learning mode and in a conducive study setting, you take up the first

topic, consisting of say 5-10 or more pages in the subject of your choice for study. Give a quick reading in the first instance, size up its anatomy and warm yourself up for an intensive, in-depth study. As you study, understand the definitions of concepts, and highlight and note them down separately. You also have to analytically grasp and etch in your mind several aspects of discussion of the topic, for example:

- Central theme and structure of the topic.
- Various elements of the concepts and the underlying principles and assumptions.
- Linkages among the concepts and their facets.
- Similarities and differences among the concepts and processes.
- Steps involved in the various processes.
- Cause and effect relationship among the ideas and discussions.
- Characteristic features of a situation.

Desirable to make organized, brief and clear notes on all the important aspects as you study

You may prepare a set of small, simple graphics to depict some of the above aspects, so as to gain more understanding. Also, frame a few relevant small questions and problems and spell out answers and solutions. This will clarify your thinking better. Relate what you have already known on the topic with the new insights, if any. Ask yourself whether what you read makes sense. You can try 'humanizing' the matter of your study by thinking of a few examples in real life, a few human characters and role players. Read again those aspects and areas which you have not adequately understood; prepare a list of such areas which you have still not understood even after extra effort, so that you may quickly refer to other sources, like a text-book, friends, seniors, teachers etc. In a topic, each and every point or aspect may not be equally important. Some may be more important and the others less; segregate the former from the latter and also from needless details and peripheral areas.

After you finish studying the topic, take a pause for a while to reflect and recall in an organized manner the integrated picture of what you have understood. Look back into the matter again to check whether you have been able to recall all the important aspects of the topic. Make a simple summary in writing of what you have learnt at the end of the notes.

As you progress in the coverage of different topics of the subject, adopt the practice with a sense of determination and drive, which will definitely help you in the examinations.

Form a Study Group

There is a strong case for forming a small study group in the neighbourhood. The group may engage in collective study and learning of the various theoretical and practical subjects. They may assemble at a

place frequently (twice in a week, for example), exchange feedback on their studies, understood/not understood during the last few days, try to clear doubts, reinforce their knowledge collectively, set a question paper by themselves and attempt it under examination conditions, exchange the answer papers for 'peer' evaluation and feedback and so on. These exercises have a synergistic value in the sense that the amount of knowledge acquired collectively is more than the sum of the amounts of knowledge acquired individually. One can always learn more by learning together.

The study group may also act as a social group for brief relaxation oriented fun sessions to drive away traces of stress, fears and frustrations of group members.

The Nine Study Habits of Successful Students

Successful students have good study habits. They apply these habits to all of their classes and assignments:

1. Try not to do too much studying at one time

If you try to do too much studying at one time, you will tire and your studying will not be very effective. Space the work you have to do over shorter periods of time. Taking short breaks will restore your mental energy.

2. Plan specific times for studying

Study time is any time you are doing something related to your coursework. It can be completing assigned reading, working on a paper or project, or studying for a test. Schedule specific times throughout the week for your study time.

3. Try to study at the same time each day

Studying at the same time each day establishes a routine that becomes a regular part of your life, just like sleeping and eating. When a scheduled study time comes up during the day, you will be mentally prepared to begin studying.

4. Set specific goals for study times

Goals will help you stay focused and monitor your progress. Simply sitting down to study has little value. You must be very clear about what you want to accomplish during your study times.

5. Start studying when planned

You may delay starting your studying because you don't like an assignment or think it is too hard. A delay

in studying is called "procrastination." If you procrastinate for any reason, you will find it difficult to get everything done when you need to. You may rush to make up the time you wasted getting started, resulting in careless work and errors.

6. Work on the assignment you find most difficult first

Your most difficult assignment will require the most effort. Start with your most difficult assignment since this is when you have the most mental energy.

7. Review your notes before beginning an assignment

Reviewing your notes can help you make sure you are doing an assignment correctly. Also, your notes may include information that will help you complete an assignment.

8. Tell friends not to call during study times

Two study problems can occur if your friends call you during your study times. First, your work is interrupted. It is not that easy to get back to what you were doing. Second, your friends may talk about things that will distract you from what you need to do. Here's a simple idea - turn off your cell phone during your study times.

9. Review over the weekend

Yes, weekend should be fun time. But there is also time to do some review including consultation with a friend. This will help you be ready to go on.

Improving Concentration

- Study in a quiet place that is free from distractions and interruptions. Try to create a space designated solely for studying.
- Make a study schedule that shows what tasks you need to accomplish and when you plan to accomplish each task. This will provide you with the structure you need for effective studying.
- Try to study at that time of the day you work best. Some people work well early in the morning, others late at night. You know what works best for you.
- Make sure, you are not tired and/or hungry when you study. Otherwise, you won't have the energy you need to concentrate. Also, maintain your physical fitness.
- Don't try to do two tasks at the same time. You won't be able to concentrate on either. Concentration means focusing on one thing to the exclusion of all else.
- Break large tasks into series of smaller tasks that you can complete one at a time. If you try to

complete a large task all at once, you may feel overwhelmed and will not be able to maintain your concentration.

- Relax; it's hard to concentrate when you're tense. It's important to relax when working on a task that requires concentration. Meditation is helpful to many students.
- Clear your mind of worrisome thoughts. Mental poise is important for concentration. You can get distracted by your own thoughts. Monitor your thoughts and prevent yourself from following any that take you off track. Don't daydream.
- Develop an interest in what you are studying. Try to relate what you are studying to your own life to make it as meaningful as possible. This can motivate you to concentrate.
- Take breaks whenever you feel fatigued. There is no set formula for when to take breaks. You will know when you need to take a break.
- Studying without concentration is like trying to fill a bucket with water when the bucket has a hole in its bottom. It doesn't work.

Equally relevant aspects are as follows:

Develop Deep Love, Interest and Respect for Learning

This is a matter of emotions and attitudes. Most students are in love with something or the other. So is the case with interest and respect. They respect their parents and other elders, teachers and other well-wishers. Similarly, they can be presumed to have a few interests or hobbies, capacity for emotions like love, interest and respect are thus in the blood of most humans, including students. Thus, with a little effort, it should be possible for students to develop a deep love, interest and respect for their studies and different subjects. It is only a matter of extending the above mentioned emotions to studies which are in fact more critical than everything else for their survival and success in life.

Keep your Mind Open and Healthy

Our mind has an enormous capacity for absorbing knowledge, ideas and information. Therefore, one should not foreclose any opportunity for learning new things or relearning already known matters. Students, especially, should be receptive and responsive to acquire the required amount of knowledge.

An open, receptive and healthy mind is a prerequisite for concentration on studies. A regular meditation for a few minutes may help the student to train the mind to remain cool, calm, clean and clear.

Keep yourself Physically Fit

Physical fitness and health are one of the essential pre-requisites for concentration on studies, as for

any other activities. If you are physically fit, your mind will also be alert and active. The secret of keeping oneself physically fit and healthy is very simple: eat healthy and energy-giving food in moderate quantity at regular intervals. Do regular physical exercises including Yoga Asanas, brisk walking or jogging, deep breathing etc. for a brief period daily. These exercises will also help reduce your physical and mental strain and stress and maintain your equilibrium.

Need for Relaxation and Recreation

The mind should not be kept too busy all the time, whether on studies or something else. It is necessary to allow the mind to liberate itself from serious matters for a while at regular intervals; relaxation, rest and recreation are like rich food for mind since they infuse the much needed energy and freshness. There are several ways to experience relaxation and recreation: sleeping, deep breathing, watching useful educational programmes on TV, reading light novels and other general books, playing with children, early morning walk, visits to uncrowded places of worship etc. However, each student has his own concept of relaxation and recreation.

Developing a Good Memory

Concentration of mind in intensive learning helps the student to quickly comprehend the study matter to the required extent, as also to remember it on a durable basis for purposes of presentation and communication at the appropriate occasion. In other words, it improves the efficiency and effectiveness of learning. There are a few simple ways to improve one's memory skill, which are listed below:-

Intensive Practice

The students should have a high degree of patience for repetitively solving practical problems in the concerned subjects so that the whole mechanics of tackling and processing any type of problems get printed in their mind. They will be highly comfortable in the examination hall in attempting practical questions. So far as theoretical questions are concerned, remembering various portions of studies is possible, if they make several quick readings and revisions after the first round of intensive learning.

Be Well-organized

If a student prepares systematic notes on all the topics and keeps them in an orderly manner and refers to them frequently, his/her ability to remember the structure of the matter will be good. The process of recalling from the memory and presenting the matter in the examination are easy steps.

Observation

This is an easy and popular method of sharpening one's memory power. You observe a small scene, a set of things at a place, the titles of books in a small book rack, the headings on the first page of a newspaper etc. for a very short while, then close your eyes and recall what you have observed and read, count how many items you were able to recall. Sharpening the power of observation by regular practice is one way to sharpen one's memory power also.

Group Discussion

As stated earlier, formation of study circles and study groups for purposes of collective study and discussion are a powerful means of improved learning. Serious discussions and intensive exchange of views and insights on the things learnt, as also collective solution of practical problems are important ways of remembering various theoretical and practical topics.

Schematic Presentation

Another technique for improving memory is through use of tables, bullet points, diagrams, flow charts, circles etc. relating to the main contents of the subject matter. In addition, the formation of the memory codes by choosing key words and characters from the text contents will assist in easy recall and sequential presentation of answers in the examinations and to improve memory power.





Preparing for Examination - A Systematic Approach

4 CHAPTER FOUR

This segment covers a few dos and don'ts for students to help them smooth-sail through the crucial climax scene the three hours examination time. In a way, tips for good examination performance can be summarized into 4Ss: Sincere, Studious, Systematic and Smart. These are the four pillars over which one can build up his saga of success as a student. Any search for short-cuts to success will be as futile as a wild-goose chase. The examination system of the Institute is one of the best systems in India and it has maintained very high standards of integrity, confidentiality and credibility over the years. It seeks to test the multifaceted knowledge which a chartered accountant is expected to have. Here are certain guidelines to help you get through the examinations:

Read Study Material Thoroughly

The study material would help you to develop a strong conceptual base. They give you the parameters within which you have to study. Make it a habit of going through them thoroughly as these will enable to understand the basic concepts of the subjects and develop your ability in understanding different concepts and applications. Besides, do refer to at least one standard text book and solve all the illustrations and problems therein. This will further build your conceptual clarity of a particular subject and strengthen your problem solving skills.

Practice, Practice and Practice

Practice makes a man perfect. Students must practice as much as possible. Many students start practicing from various books without first understanding the subject and the concepts involved. This

approach is absolutely wrong. You need to make your base first and then start practicing. The following publications brought out by the Institute will be of great help:

- Practice Manual for all the subjects
- Suggested Answers/Compilations
- Revision Test Papers.

The more you practice, the better engraved will be concepts in your mind. Don't indulge in selective reading; no part of the syllabus is less important and leaving any portion could be fatal.

Develop Your Learning Style

Be familiar with your learning style. Everyone learns in different ways. If you know your own learning style, then you have the capability to observe others. Discuss alternatives with friends or with fellow students you might be surprised at what you find out. Armed with these insights, challenge yourself to try some new tricks. Once you understand the style in which you most effectively learn, you will experience the most enjoyable and welcome feeling that of being in control.

Stay Focussed

It should be clear from the above that CA examinations are qualitatively different and more demanding than the Graduate and Undergraduate examinations conducted by the Universities. The attitudes and approaches of CA students to their educational training should accordingly be distinctly professional.

After committing oneself to an early start, students should take a good look at the syllabus for each subject and understand the major aim, theme, level of knowledge expected and the contents. They may jot down what they understand of the syllabus in the relevant file. A careful survey of the syllabus and study material contents will enable the student to size up, on a rough basis, the total magnitude of study task to be completed within the allocated time for each subject with a compulsory provision for adequate revision, two or three times, before the examination.

There is a plethora of articles spread over CA Journals, Seminar and Conference Books and elsewhere written by teachers, Chartered Accountants and even students on how to prepare for CA examinations. However, it needs to be emphasized that there are no magic formulae, quick-fix solutions or soft shortcuts for passing CA examinations or any other examination. Students would be well-advised to examine the suggestions with a critical, open-minded perspective and follow those which they judge to be nearer to their head and heart.

- Make goals: long/medium and short term and stick to them.

- Make a time table depending upon your aptitude and the time available.
- Maintain a strict regimen of study.
- Understanding the fundamental concepts is more important than making notes.
- Cut out disturbing factors like TV, Internet, mobile phones etc.
- Take short break after each hour of study.

Revise and Review

It is very important to study the reading materials at least 3 to 4 times. This would include:

First Reading

This will be more like a novel reading to gain overview;

Second Reading

This will be in-depth study where concepts emerge; and

Third Reading

This will be very intensive reading to fully understand the concept and to underline important points to be revised on examination day.

Visit Board of Studies Knowledge Portal

Make it a habit of visiting the Board of Studies Knowledge Portal. It contains all the educational inputs of the Board of Studies like latest study materials, Suggested Answers, RTPs, supplementary study materials, notifications etc. It also contains announcements like relevant list of publications, Accounting Standards and Standards on Auditing etc. applicable for the examination.

Students' Journal and Other Publications

The Students' Journal is another form of disseminating important information as it provides quality articles and academic updates that will help you in professional growth.

Attempt Past Examination Papers/Mock Test Papers

Past papers are an essential tool as they help you understand the pattern of questions. Even though, it is not always feasible to go through every answer in every paper you are about to take, at least take time to grasp the format - for instance, the number of questions, what is compulsory and optional, and the likely structure and marks given. The Institute's Suggested Answers, Compilation, Practice Manual and Mock/Model Test Papers may be very helpful for the students as they can go through the best possible

answers of any problem. Not only these publications provide you the appropriate solution to any particular problem but also enable you to have an in-depth analysis of that problem by highlighting Examiners' Comments as well. There is no reason not to repeat past papers much can be learned this way. It is easy to think that once you have worked your way through the paper and marked it from the back; this will fetch much higher marks at another attempt. You would be amazed. Practice with as many different papers as are available. Try to arrange mock examination test on your own. Give yourself time to read through the questions before you start working out how much time you can allocate to each one. And set the same strict time limit for the whole paper, from start to finish, as the original examination allowed. It is hoped that this practice will do wonders in the preparation for your actual examination.

Time Management

A judicious management of time is a must as preparation needs to be sustained for long. This becomes even more important during examination hours as you have to put the best answer in a given time framework. This is quite challenging and calls for a very intelligent strategy to handle. Reach examination hall well in time. Plan your time so that equal time is awarded for each mark. Keep sometime for revision as well. Always attempt to do all questions. Remember that six average answers fetch more marks than five best answers. Therefore, it is important that you must finish each question within allocated time.

Moment of Reckoning: Presentation of Answers

It is not enough that you prepare well, it is equally essential that you present your answers well. Following points deserve a special mention:

- Avoid coming late for the examination.
- Relax before the examination; mind works well when it is in a relaxed state.
- Attempt those questions first which you are confident about.
- Budget your time wisely; Utilise the 15 minutes reading time to the fullest advantage to prepare mentally as to the strategy to be followed in attempting the paper; reserve at least last 15 minutes for revision purposes.
- Give working notes to each practical question properly.
- Give your assumptions wherever necessary.
- Be precise and to the point and do not indulge in unnecessary details.
- While answering questions involving application of law/standards etc, briefly state the facts, the legal position, your analysis backed up with case laws, if any and your conclusion.

- Write legibly; avoid spelling mistakes and grammatical errors.
- The tendency of giving long answers to short answered questions and vice-versa should be avoided.
- Make sure, as far as possible, that your answers are reasonably complete and comprehensive, that you have met all the requirements and tied up all loose ends and there are no irrelevant discussions and details.
- Adopt a blend of conceptual, professional and practical approach to attempt the questions and problems. Examiners should get the impression that you have prepared well for the examination and tried to reach the standard of knowledge expected of you.
- Be brisk in writing the running matter portions of the answers, in making the computations, in doing the figure work and in presenting the Accounts in prescribed formats.
- Leave margin for the examiner to enter the marks.
- In computational questions on Accounting, Management Accounting, Costing, Taxation Laws etc., give detailed working notes as part of your answers. Also, wherever relevant, spell out the assumptions on which you have based your answers.
- In case of essay type answers, it is desirable to give a brief introduction and quickly proceed to discuss the main theme and at the end, present a short summary or conclusion.
- Wherever a question gives scope for alternate answers and you are aware of the possibility, you must do and justify that.
- Don't ever resort to unfair and objectionable means during the examination time like consulting reading material or other students, trying to peep into other's answer books etc., which may land you into trouble. A decent and dignified behaviour by each one of you will enhance the esteem and image of the entire CA student community.
- Carefully read the Institute's rules and instructions on examination and comply with them.
- Do not make any distinguishing mark/appeal in the paper.
- Do not panic. Coolly attempt all questions and under no circumstance leave the hall in between.

A Word of Caution

A critical assessment of the performance of the students shows that they have not been very sincere and strategic with regard to the various papers in the examinations. However, the following points should serve as a warning to CA students:

- The depth of the knowledge of a large number of students is shallow and is based on short notes, booklets and oral education provided in the coaching classes in various parts of the country.

- A large number of students failed to study the “latest edition” of the Institute's study material, Practice Manuals, Revision Test Papers and other materials relevant to the subject. It is a must to read the Institute's material at least 3 to 4 times and undertake practical solution for ensuring success.
- A large number of students do not refer to text books. Reliance on at least one or two good text books on each subject is essential to gain conceptual understanding of the subject.
- The original texts of the Institute publications i.e. Accounting Standards, Auditing Standards, Guidance Notes and Statements should also be carefully studied.
- The original text of the Income Tax Act, 1961, Companies Act, 1956 and other legislations should be referred while one is studying a particular topic from the text book and / or study material to obtain the macro view.
- The original full text of at least 15 to 20 leading judgments in respect of taxation and corporate laws should be thoroughly analyzed in order to sharpen analytical and comprehending capabilities. This will also aid to writing skills.
- It has been noted and observed that all those students who take practical training seriously and undertake various assignments sincerely, viz. business processes, internal control, accounting process and various other aspects of the working of the clients' organizations are definitely passing in significantly larger numbers than those who are undertaking training as a burden or who do not go to the depth of the training up to the desired level.
- It may be noted that the Institute is committed to ensure that only those students, whose concepts are clear and who know practical application of the concepts and laws in various situations, clear the examination.
- There is no substitute to self study and unless all the theoretical and practical portions of the syllabus are gone through, success cannot be guaranteed.

An attempt has been made in the preceding paragraphs to explain to students the kind and quality of things they have to do to prepare for and perform well in CA examinations. The purpose of explaining all this is simple. It is to help students understand that passing the CA examination during the practical training and study period of three years is within easy reach of all CA students. The road to success is straight and smooth no sharp bends, no craters, no booby-traps and not even red lights. Students have the desired amount of intellectual and professional potential for achieving early success. The educational and training inputs and other support services provided to the students by the Institute and its members are more than adequate to prepare themselves for and fare well in the examinations.

Logically, when everything in the CA environment is so propitious and promising, why does it elude a

large number of CA students? There must be a missing link and that is none other than the quality and content of preparation, presentation and performance required of CA students for success.

The suggestions, hints and tips, given in this booklet represent a modest effort to guide the students to recover the missing link and to re-discover themselves. It is hoped that they will do both and enjoy the sweet scent of success in CA examinations and later in their professional career.



Integrated Professional Competence Course (IPCC)

IPCC is composed of two levels viz., Group-I and Group-II.
It comprises of Seven Papers of 100 Marks each.



Group-I

Paper 1: Accounting

Paper 2 : Business Laws, Ethics and Communication

Paper 3 : Cost Accounting and Financial Management

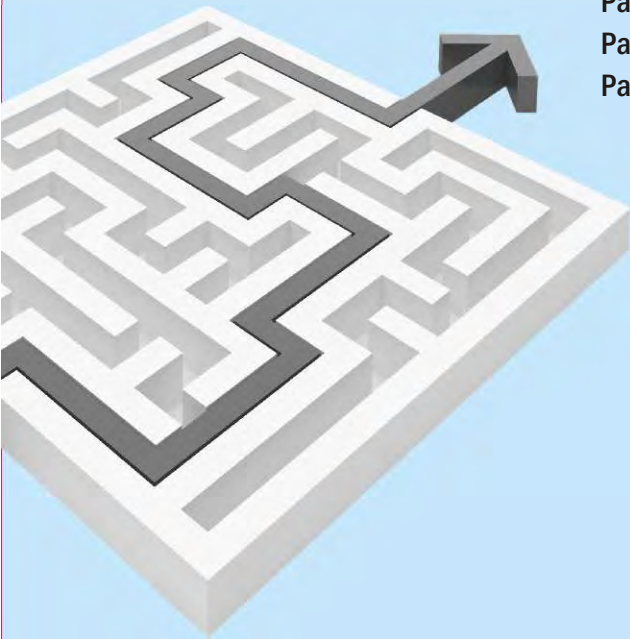
Paper 4 : Taxation

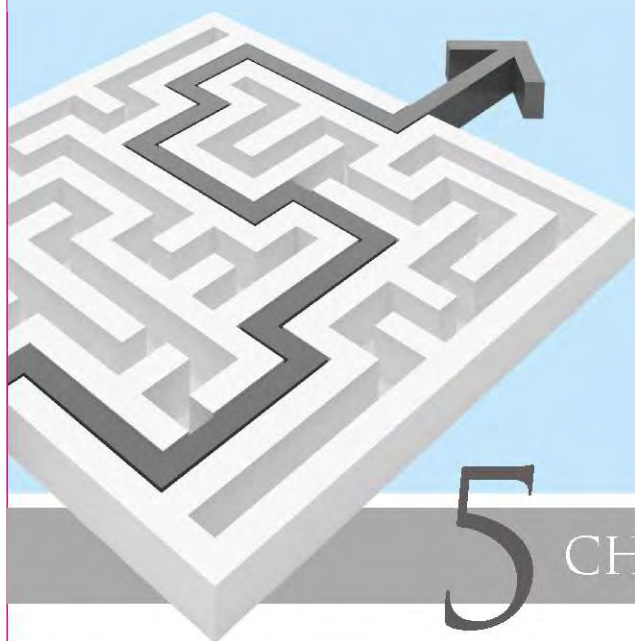
Group-II

Paper 5: Advanced Accounting

Paper 6 : Auditing and Assurance

Paper 7 : Information Technology and Strategic Management





Subject-specific Guidance

5 CHAPTER FIVE

GROUP-I

PAPER 1: ACCOUNTING

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

Accounting is one of the core subjects in the Chartered Accountancy Course. The significance of the subject can be judged from the fact that at every level whether it is CPT, IPCC or Final, the first paper is of Accounting only. The paper at this level aims to lay a foundation for the preparation and presentation of financial statements and also expects students to have working knowledge of the principles and procedures of accounting and their application to different practical situations.

The study material of Paper 1 'Accounting' is divided in 15 chapters/topics based on the curriculum. The topics covered under this paper include Accounting Standards; Financial Statements of Companies, Profit or Losses Prior to Incorporation, Bonus issue, Amalgamation and Internal Reconstruction (excluding problems on inter-company holding); Average Due Date, Account Current; Self Balancing Ledgers; Financial Statements of Not for Profit Organizations; Accounts from Incomplete Records; Hire Purchase and Instalment Sale Transactions; Investment Accounts; Insurance Claims for Loss of Stock and Loss of Profit; Issues in Partnership Accounts; Accounting in Computerized Environment.

One should start studies from the day one when the student receives the course material. The students are advised to plan their studies on the basis of the availability of time and the course contents. Time management should be done keeping in mind the scope for atleast two revisions of the subject. Analyze the syllabus, its relationship with the topic and the depth in which it has been discussed. Have an overview of the chapter to understand the broad contents and the sequence of various sub-topics. It is important to understand and absorb the chapter thoroughly rather than to observe the time limits. Keep some time leverage as assimilation of the chapter may take more time than expected or planned.

Board of Studies has been providing a variety of educational inputs for the students. A Practice Manual is one of the quality services provided by the Institute. This Practice Manual is highly useful to the students preparing for the examination, since they get answers for all important questions relating to a subject at one place and that too grouped chapter-wise. The Practice Manual includes questions from past examinations which would facilitate in thorough understanding of the chapters explained in the study material. It will serve as a useful and handy reference guide while preparing for the examination. Your courseware should also be supplemented with the revision test papers, mock test papers, etc. The Students' Journal should be referred regularly to keep oneself abreast with the latest amendments in the topics covered by the syllabus.

Some essential and desirable attributes of good examination preparation and performance are outlined as follows:

1. Conceptual clarity

Assiduous study of each and every topic is a must to assimilate the chapter. Do the introspection while going through the chapter and ask various questions to yourself until you are absolutely clear on the topic.

2. Prepare notes

Make notes of each and every topic in the manner, you feel comfortable. The conceptual knowledge underlying different topics gained from thorough study should be translated in the form of comprehensive but concise notes which may be digested, at the revision stage, within minimum time and minimum efforts without going through the whole book again. These notes may also be accompanied by the proforma of relevant accounts.

3. Adequate revision of the topics

Remember out of sight, out of mind! Keep revising what you have read. Ideally, the first revision should be within 24 hours of initial reading, the second within 1 week of initial reading, third within 1 month of reading.

4. Knowledge of Accounting Standards

These have a direct bearing on preparation and presentation of financial statements of companies. Students should be familiar with the interpretation and application of the requirements of the accounting standards.

5. Presentation of accounts in prescribed formats

Students should make it a practice to adopt the formal formats and present accounts in a neat manner, together with workings notes.

6. Solving illustrations under examination conditions

Students need to develop analytical reasoning, accuracy, speed and efficiency in presentation of the solutions to practical problems in examinations. For this it is essential for a student to solve the problems under simulated examination conditions. This will help them in time management and also in assessing their performance.

PAPER 2: BUSINESS LAWS, ETHICS AND COMMUNICATION (IPCC)

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

Laws and rules, in general, regulate the relationship between business and profession. In specific, an accounting student should have knowledge of the legal framework, which influences business transactions. This paper on Business Laws, Ethics and Communication intends to make the students aware of legal background relating to Business and Company Law. Besides, in today's scenario, ethics forms a core part and principle of any profession and it is indeed imperative for the students of Chartered Accountancy to know the value of ethics in business. Further, a student needs to develop good business communication skills and a sound understanding of related legal deeds and documents.

The syllabus is, therefore, comprehensive and has been segregated into three parts with Part I, covering Business Laws and the Company Law; Part II, covering Business Ethics and Part III, covering Business Communication.

PART 1: BUSINESS LAWS (60 MARKS)

The content of this section has been segregated into six chapters covering The Indian Contract Act, 1872, The Negotiable Instruments Act, 1881, The Payment of Bonus Act, 1965, The Employees'

Provident Funds & Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972, Company Law covering Section 1 to 197.

Some useful tips for a better preparation of the subject are:

- Always refer Bare Acts of the relevant statutes along with the study material and Practice Manual.
- Make a study plan covering the entire syllabus and then decide how much time you can allocate to the subject on daily/weekly basis.
- Allocation of time must be done keeping in view your office commitments as well as social needs and personal hobbies.
- First of all, have an overview of the chapter to understand the broad contents and sequence of various sub-topics.
- Read each chapter slowly to ensure that you understand and assimilate the main concept. If need be, read once again with concentration and then try to attempt exercise at the end of the chapter or given in the Practice Manual.
- Recapitulate the main concept after going through each chapter by way of brief notes.
- The fact that how well you have understood the topic will be reflected in your ability to attempt the questions given in the exercises as well as in the practice manual. Make a serious attempt at producing your own answers, but at this stage do not be much concerned about attempting the questions in examination based conditions. In particular, at initial stages, it is more important to understand and absorb the material thoroughly rather than to observe the time limits that would apply in the actual examination conditions.
- Revision of material should never be selective in any case. Because broad coverage of the syllabus is more important than preparing 2-3 chapters exhaustively.

PART II: BUSINESS ETHICS (20 MARKS)

Some useful tips for a better preparation of the subject are:

- Business ethics is all about expanding your mental horizon and viewing the rightful conduct within the profession/business in a larger perspective.
- Focus on the key elements viz. nature, objective, relevance and correlate it with contemporary trends.
- Develop your own understanding and formulate meaningful arguments.
- Follow the world wide trends in view of the globalization.
- Take up some burning issues and discuss with your friends to have different view points.
- Watch some good TV business channels and follow discussion programs on related themes; also read some good business journals for a rich perspective.

- Read the question carefully and assess its demand before you start answering.
- Write compact answers; avoid unnecessary/irrelevant matters.

PART III: COMMUNICATION (20 MARKS)

Some useful tips for a better preparation of the subject are:

- Pay special attention to the essentials of communication as it will be very helpful for you to know the nuances of communication.
- Do practice of writing letters and understand formats available for writing business letters.
- Understand legal deeds and documents so that you can write specimen in examinations in a better way.
- Supply proper diagrams, charts, examples etc, if they are needed.
- Do not be too short or too long, rather see the weightage of the question and then attempt it.

And above all, be correct and accurate in your presentation, style, grammar, language and writing.

PAPER 3 : COST ACCOUNTING AND FINANCIAL MANAGEMENT **(Maximum Marks: 100) Level of Knowledge: Working Knowledge**

PART I: COST ACCOUNTING (50 MARKS)

This paper introduces the students to the basic concepts, theories and techniques of Cost Accounting. The guidance given herein is supplementary to the manner of study followed by you and is intended to improve your existing technique, as it is essential that you adopt methods and techniques with which you feel comfortable.

Outline of the Syllabus

Basic Concepts of Cost Accounting; Material Costing; Labour Costing; Overhead Costing; Non-Integrated Accounts; Method of Costing I (Job Costing, Contract Costing, Batch Costing and Operating Costing); Method of Costing II (Process Costing, Operation Costing and Joint Products & By-Products); Standard Costing; Marginal Costing; Budget and Budgetary Control.

Plan your Study

- Make a study plan covering the entire syllabus and then decide how much time you can allocate to the subject on daily/weekly basis.

- Allocation of time must be done keeping in view your office commitments as well as social needs and personal hobbies.
- Maintain the time balance amongst various subjects such as purely descriptive type and numerical-based papers. Allocate time in such a manner that your interest is well sustained and you are able to score well in the final examination as well.
- Always assess your preparation periodically, say, on monthly basis. If necessary, revise your plan and allocate more time for the subject in which you feel deficient.

Study Strategy

- Read, understand and assimilate each chapter.
- First of all, have an overview of the chapter to understand the broad contents and sequence of various sub-topics.
- Do the introspection while going through the chapter and ask various questions to yourself.
- Read each chapter slowly to ensure that you understand and assimilate the main concept. If need be, read once again with concentration and then try to attempt exercise at the end of the chapter or given in the Practice Manual.
- Read the theories provided in the study material thoroughly and try to grasp the concept clearly.
- Recapitulate the main concept after going through each chapter by way of brief notes.
- Prepare notes in a manner you feel comfortable covering all key points. Use mnemonic form e.g. C V P denoting cost, valuation and price.
- One may use highlighter/underlining the significant points or writing down in the margin.
- The fact that how well you have understood the topic is your ability to attempt the questions given in the exercises as well as in the practice manual. Make a serious attempt at producing your own answers but at this stage do not be much concerned about attempting the questions in examination based conditions. In particular, at initial stages, it is more important to understand and absorb the material thoroughly rather than to observe the time limits that would apply in the actual examination conditions.
- Always try to attempt the past year examination question papers under examination conditions.
- Revision of material should never be selective in any case. Because broad coverage of the syllabus is more important than preparing 2-3 chapters exhaustively.
- Read through the text along with notes carefully. Try to remember the definition and important formulae.

PART II : FINANCIAL MANAGEMENT (50 MARKS)

This paper introduces the students to the basic concepts, theories and techniques relating to Financial

Management and aims to develop the students' ability in understanding the different concepts and their application in the real life situations. It also provides them with an opportunity to draw upon previous experiences and education to apply various business concepts and analytical tools to complex problems and issues in organisational settings.

The paper aims to achieve the following basic objectives:

- (a) To develop ability to analyse and interpret various tools of financial analysis and planning;
- (b) To gain knowledge of management and financing of working capital;
- (c) To understand concepts relating to financing and investment decisions; and
- (d) To be able to solve simple cases.

To begin with, the students need to understand the scope, objectives and importance of financial management and its relationship with other disciplines followed by the concept of time value of money. These two topics lay the foundation for financial management and find an application in almost every area of study of the subject. After having an in-depth understanding of these two topics, students should start preparing for the other subject areas like tools and techniques of financial analysis and planning, financing and investment decisions, types of financing and working capital management. All these topics are inter-related. Concepts of one topic are frequently used in another and so a student is advised to give equal weightage to each topic while preparing for the examination. For example, various tools and techniques of financial management namely ratio analysis, cash flow analysis and funds flow analysis are used to analyse the financial health of a company while the different sources of finance available to business enterprises to cater to their diverse requirements helps them in taking financial decisions, namely, financing, investment and working capital management.

Students can, however, decide for themselves the sequence of topics to be followed while preparing. Many of the areas are practical-oriented and, therefore, require intense practice of solving numerical questions. On the other hand, the theoretical portion needs to be understood in such a way so as to apply the concepts while making decisions. Students should refer the study material provided by the Institute as it has been written in a simple language. There are a number of illustrations in each chapter to help students to have a better grasp of the subject. The Practice Manual aims to provide guidance to the students in writing an answer in the examination. Basic concepts in the form of definitions, equations and formulae have been given before each chapter for a quick review. Exercises have also been given at the end of each topic for independent practice. References may also be made to other recommended text books.

Paper 4: TAXATION

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

Taxation Laws constitute a very significant area of core competence for chartered accountants. It is vital that students acquire a thorough grasp of both income-tax and service tax.

The objective of Part I: Income-tax of the paper is to gain knowledge of the provisions of income-tax laws relating to the topics mentioned in the contents of the syllabus and their application in solving simple problems concerning assessee with the status of individual covering the areas mentioned in the contents. The objective of Part II: Service Tax and VAT is to gain knowledge of the provisions of service tax and VAT as mentioned in the contents of the syllabus. The division of marks is 50 for Part I: Income-tax and 50 for Part II: Service Tax (25) & VAT (25).

For the purpose of acquiring “working knowledge”, what is required of the students is generally the following:

- (a) Knowledge of the basic provisions of the respective laws; and
- (b) The ability to apply the provisions to solve computational problems.

A strong conceptual understanding of the legal provisions will smoothen the process of their application in solving computational problems. In order to achieve these goals, here are a few Do's and Don'ts:

Do's

- (i) Do make a habit of regular study. This is imperative in a multi-disciplinary course like chartered accountancy in which a student has to balance the volume of the syllabus with the time available for studying. Further, in a subject like taxation, which requires a thorough conceptual understanding of the various provisions, the importance of regular study cannot be over-emphasized.
- ii) Do practice working out problems in a methodical manner. This will improve the ability to apply the law to solve computational problems.
- (iii) Do make a habit of remembering section numbers. Quoting of section numbers will enhance the value of the answers.
- (iv) Do try to consult the Bare Acts. This will facilitate the understanding of the logical sequence of the sections, and will also clarify doubts that may arise.

Don'ts

- (i) Don't do selective study. Make sure that you are thorough with the entire syllabus.
- (ii) Don't try to consult too many books. Keep the study material (including the practice manual) issued by the Board of Studies as a base and consult any one of the standard books for solving practical problems. For understanding the latest amendments, read the Supplementary Study Paper.

With a view to helping the students in their endeavour, the Board of Studies brings out various publications from time to time, as given below. Students are advised to make full use of them:

- (i) Study material (including Practice Manual), updated with the provisions of the relevant Finance Act.
- (ii) Supplementary Study Paper - An analysis of recent question papers has revealed that considerable stress is laid on recent amendments and developments. The students are advised to update themselves with the help of Supplementary Study Paper which is brought out every year. In this publication, the amendments by the latest Finance Act in both income-tax and service tax are explained.
- (iii) The monthly students' journal "The Chartered Accountant Student" which contains regular academic updates.
- (iv) Revision Test Paper - Students are advised to attempt answering the Revision Test Paper after they have studied the subject thoroughly.

Finally, there are some words of advice regarding writing the papers in the examination hall:

- (i) Answer the questions with due emphasis on the provisions of law. Support your answers/conclusions with proper reasoning. Answers should be based on relevant legal provisions rather than a mere common sense and/or guess work.
- (ii) Try to quote relevant section numbers, wherever possible. However, it is better not to quote than to misquote a section number.
- (iii) Pay heed to the instructions given on the cover page of the answer paper.
- (iv) Write in a neat and legible hand-writing.

(v) Answer all parts of a question one after the other; Do not answer different parts of the same question at different places.

(vi) Determine the length of the answer having regard to the marks allotted to the question.

GROUP-II

PAPER 5: ADVANCED ACCOUNTING

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

Paper 5 'Advanced Accounting' concentrates on conceptual understanding of the crucial aspects of accounting. The Study material of Paper 5 'Advanced Accounting' is divided in nine chapters/topics based on the syllabus. The topics covered under this paper include Conceptual framework for presentation and preparation of financial statements; Problems based on Accounting Standards; Advanced issues in Partnership Accounts; Company Accounts: ESOPs, Underwriting of shares and debentures, Redemption of Debentures, Amalgamation and Reconstruction (excluding problems on inter-company holding); Financial Statements of Insurance, Banking and Electricity Supply Companies; Departmental Accounts and Branch accounting including Foreign Branch Accounts.

At the initial stage of preparation, one should study the syllabus carefully; also try to understand the relationships between various topics and the depth of the study required in the different topics. Study material including Practice Manual provided by the Institute is the most important of all sources and must be studied thoroughly. Practice manual is highly useful to the students preparing for the examination, since they get answers for all important questions at one place and that too grouped chapter wise. Besides this, Revision Test Papers, Suggested Answers of Past Examinations would help the students to increase their study base. Monthly Students' Journal "The Chartered Accountant Student" and "The Chartered Accountant Journal" should also find place among regular reference sources.

The knowledge gained from thorough study should be translated in the form of comprehensive but concise notes. These notes may be accompanied by the proforma of relevant accounts so that at later stages of preparation, the conceptual knowledge underlying different topics may be digested within minimum time and minimum efforts without going through a number of books again. A summary of tricky points and adjustments gathered from the practice of various good illustrations may be prepared

which will help in grasping the intricate practical aspects of accounting topics.

Some essential and desirable attributes of good examination preparation and performance are outlined as follows:

- (a) Finger-tip knowledge of fundamentals of Accounting is a must. Students are expected to be thorough with the basics of accounting and their application to various practical situations.
- (b) In-depth conceptual understanding of all the topics of the subject: Generally accepted accounting principles, accounting formulas, relevant statutory provisions for preparation of accounts (Companies Act 1956, SEBI Guidelines, Banking Regulation Act 1949, Electricity Act 2003, IRDA Regulations 2002) form part of the conceptual background, apart from specific concepts integral to various accounting topics.
- (c) Thorough knowledge of Accounting Standards prescribed in the syllabus: These have a direct bearing on preparation and presentation of financial statements of companies. Students should be familiar with the interpretation and application of the requirements of the accounting standards.
- (d) Use of proper and prescribed formats for presentation of accounts: Students should make it a practice to adopt the formal formats and present accounts in a neat manner, together with workings notes.
- (e) Solving illustrations and problems in accounting on a regular basis under simulated examination conditions: Students need to develop analytical reasoning, accuracy, speed and efficiency in presentation of the solutions to practical problems in examinations.

PAPER 6 : AUDITING AND ASSURANCE

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

Auditing is the heart of Chartered Accountancy Course as much as it is at the head of the profession of Accounting. The intent of this paper is to understand objective and concept of auditing and gain working knowledge of generally accepted auditing procedures and of techniques and skills needed to apply them in audit and attestation engagements. While studying this paper, students are advised to integrate the knowledge acquired in other subjects, specifically, accounting, corporate laws and

taxation in a meaningful manner. Such learning would only help a student to become a better professional. In nutshell, Auditing and Assurance, is a subject which involves application of theoretical knowledge of other subjects.

At the IPCC level the syllabus is divided in nine chapters viz. Nature of Auditing, Basic Concepts in Auditing, Preparation for an Audit, Internal Control, Vouching, Verification of Assets and Liabilities, The Company Audit I, The Company Audit II and Special Audits. Students should in the first instance focus on studying Auditing concepts, procedures and techniques from the study material. The study material is comprehensive enough to be relied on by students to acquire reasonable working knowledge to perform well in the examination. The only requirement is that students have to develop keen interest in the subject right from the beginning of their CA studies.

A superficial preparation of a few selected topics for a few days or weeks before the examination is likely to lend the students into serious trouble during the examination time. Students have to set aside adequate time to cover all portions of the study material.

The knowledge gained from meticulous study should be translated in the form of succinct notes. These notes may be accompanied by the relevant proforma and diagrams so that at the later stages of preparation, the conceptual knowledge underlying different topics may be gained within minimum time and minimum efforts without going through a number of books again.

Students should also take a keen interest in updating themselves on contemporary developments in the field of auditing by regularly referring to articles on Auditing in CA Journal, Students' monthly Journal and other relevant professional journals, publications and books. Students may also scan through the Annual Financial Statements of Companies to analyse the notes and qualifications, if any, incorporated by the Auditors in their Audit Report.

Neat and legible handwriting, reasonable command over English language, simple, precise and effective presentation of answers, rapacious reading of reference books, business magazines, financial newspapers and Chartered Accountant Journal, Students' monthly Journal are the basic ingredients to update knowledge, increase practical exposure and improve the quality of the answers.

Some of the indispensable guidelines for the preparation and excelling the examination are outlined as follows:

- a. Read the Study Material (alongwith the Practice Manual) carefully and try to answer the self-examinations questions given at the end of each Study Material. Practice manuals are highly useful

to the students preparing for the examination, since they get answers for all important questions at one place and that too grouped chapter wise. Besides this, Revision Test Papers, Suggested Answers of Past Examinations would help the students to increase their study base.

- b. Read the Engagements and Quality control Standards, Accounting Standards, Statement on the Companies (Auditor's Report) Order, 2003, Statement on Reporting Under Section 227 (1a) Of the Companies Act, 1956 and Guidance Notes issued by ICAI and examine its practical applications.
- c. Practice writing the previous examination questions in simulated examination conditions.
- d. Answers should be specific, arranged in paragraphs with headings and important points underlined which will help easy valuation.
- e. Examples and Illustrations are necessary, wherever required, which will clearly bring out the understanding of the subject and improve the presentation of the answers.
- f. Timely revision of the syllabus is the key for ensuring the success in the Examinations.

PAPER 7 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

PART I : INFORMATION TECHNOLOGY (50 MARKS)

Computers have become an integral part of our daily life. There is hardly any field left where the usage of computers has not revolutionized the traditional ways of workings. The emergence of IT is the biggest story of our time. It is changing the ways, we live and work. That is why, paper on Information Technology at IPCC level and Information System Control and Audit at Final level form part of the course curriculum of the Chartered Accountancy course.

Outline of the Syllabus

Introduction to Computers, Data Storage, Retrieval and Data Base Management Systems, Computer Networks & Network Security, Internet and Other Technologies, Introduction to Flowcharting, Decision Table.

General Guidelines

Though the level of knowledge required for Information Technology paper is only "working knowledge", students are advised to make an early start of the study material provided by the Institute. Students possessing no previous exposure to computers would find it difficult to understand the subject in the very first reading. Hence, one should give repeated and intensive readings to each study paper over a period of time. During the course of study, keep preparing notes on important terms covered under each topic. Students sometimes encounter certain technical terms, which are not explained in the initial chapters, but such terms would have been explained under appropriate headings in the subsequent chapters. Students are advised to make a note of such items and try to understand the concepts when they find the explanation of these terms in the study material. A conceptual clarity of the subject is very important for securing good marks in the examination. Once a topic is thoroughly understood, write answers to self-examination questions given at the end of each chapter in Practice Manual. Read your answers carefully, identify your shortcomings and try to improve them. Further, inculcate the habit of referring to some of the prescribed textbooks. A practical hands-on-experience through 100 Hours IT Training will help you in understanding the technicalities of the subject easily.

Examination Related Guidelines

1. Do not indulge in "selective reading". All the topics covered in the syllabus should be prepared thoroughly.
2. In case of short answer type questions, students are required to give specific, to-the-point answers, restricted to two or three lines. Do not give essay type answer.
3. Instead of writing lengthy essay-type answers, students should break the answer into a number of points covering all the aspects of the question asked. Before attempting a question, students should read it carefully and visualize clearly 'what is expected to be answered'. Student should not attempt a question in haste.
4. Answers should be specific and to the point according to the weightage of marks allotted. If a question carries only two to three marks, a precise definition or stating important points will be sufficient. However, if the question carries more marks, a brief description of each point should be given. Students should avoid giving irrelevant details.
5. The descriptive questions are designed to test the conceptual knowledge of the subject. The following points should be kept in mind, while answering these questions:
 - Students should start the answer with precise definition of the concept/term and try to cover all important characteristics/attributes of the term in the course of discussion.
 - In case of question asking the students to distinguish between two concepts, students should

define both the concepts clearly and then highlight important differences one by one.

6. It is very easy to secure good marks in flowcharting and decision tables if the algorithm of the problem is clearly understood. However, students generally lack conceptual clarity in these two areas. Merely cramming of solutions of various problems given in the study material is not going to help the students. Before preparing a flowchart or a decision table, it is very important to understand the logic of the problem clearly. First of all, students should prepare an algorithm (a list of steps to be followed to arrive at the solution) for the problem. Once the algorithm is clearly understood by the students, it can be easily depicted in the form of a flowchart, or a table. The accuracy of the answer should also be tested using a set of 'test data'; as explained in the study material.
7. Wherever possible, try to include relevant diagrams, rough sketches etc. but should not waste time in drawing very neat pictures.
8. It is always better to adopt the standard terminology. In case, students are following a different methodology from the one given in the study material, students should clearly specify it in the answer sheet along with the reference.
9. Students should keep themselves updated with the latest developments, because information technology is changing very fast.

Concepts relating to computers and IT have to be understood with a logical bent of mind, strongly backed by a practical thinking particularly on the application aspects. It is essential for the students to devote some time for independently solving practical problems for application software. Such a practice will enhance their confidence in attempting the related questions during examination. Under the new scheme, students are required to undergo and successfully complete 100 hours Information Technology Training before registering for article training. It will greatly help them in becoming computer literate; to familiarize themselves with nitty-gritties of the technology and to gain the much needed hands-on-experience on various application programs such as MS-Office, Outlook Express as well as various accounting and audit techniques required by a chartered accountants in discharging their professional duties efficiently and effectively.

PART II : STRATEGIC MANAGEMENT (50 MARKS)

The business environment and the organization have been buffeted by the impact of change. Strategic management helps in integrating the behaviour of individuals into a total effort. It gives a sense of long term direction and minimize the effect of adverse conditions and changes. It helps the organization in managing risks and reducing risks.

Outline of the Syllabus

Business Environment: General Environment - Demographic, Socio-cultural, Macro-economic, Legal/political, Technological, and Global; Competitive Environment. Business Policy and Strategic Management: Meaning and nature; Strategic management imperative; Vision, Mission and Objectives; Strategic levels in organizations. Strategic Analysis: Situational Analysis SWOT Analysis, TOWS Matrix, Portfolio Analysis - BCG Matrix. Strategic Planning: Meaning, stages, alternatives, strategy formulation. Formulation of Functional Strategy: Marketing strategy, Financial strategy, Production strategy, Logistics strategy, Human resource strategy. Strategy Implementation and Control: Organizational structures; Establishing strategic business units; Establishing profit centres by business, product or service, market segment or customer; Leadership and behavioural challenges. Reaching Strategic Edge: Business Process Re-engineering, Benchmarking, Total Quality Management, Six Sigma, Contemporary Strategic Issues.

Important Tips for Preparation

General Tips

1. Students should cover the entire syllabus thoroughly without leaving any topic given in the Study Material. After covering the study material, they may refer the recommended text/reference books of Strategic Management for further reading.
2. The question paper would be application oriented and the level of knowledge would be restricted to the working knowledge. Hence, students should be conceptually sound in the various topics of strategic management.
3. Students should make a study plan covering the entire syllabus and then decide how much time should be allocated to the subject on daily/weekly basis. Students should review their preparation periodically, say, on weekly or monthly basis. If necessary, they should revise the study plan and allocate more time for the topics in which they feel deficient.
4. First of all, students should have an overview of the chapter to understand the broad contents and sequence of various sub-topics. This overview/key points may also be taken from the Vol. II, Practice Manual.
5. They may do the introspection while going through the chapters and ask various questions to themselves.
6. They should read each chapter slowly to ensure that they understand and assimilate the main

concepts. If needed, they should read once again with concentration and then try to attempt exercise at the end of the chapter given in the Practice Manual.

7. Students may prepare the notes in the manner covering all key points. They should recapitulate the main concept after going through each chapter by way of brief notes.
8. One may use highlighter/underlining the significant points or writing down in the margin.
9. Revision of study material should never be selective in any case. Because broad coverage of the syllabus is more important than preparing 2-3 chapters exhaustively.
10. Read through the text along with notes carefully. Try to remember the definition and important aspects of the related topics.

Specific Tips

1. The study material in the subject is comprehensive enough to be relied on by students to acquire reasonable working knowledge to perform well in the examination. The only requirement is that students have to develop keen interest in the subject right from the beginning of their CA studies.
2. A superficial preparation of a few selected topics for a few days or weeks before the examination is likely to lend the students into serious trouble during the examination time. Students have to set aside adequate time to cover all portions of the study material. They have to familiarise themselves with the fundamentals of the subject. There is no other way to gain working knowledge of the concepts, processes and techniques of management, except by concentrating on the study material and a good text book.
3. It is a general thinking of the students that they know the subject and that not much time is to be 'wasted' on it. They get an illusion of familiarity with the various concepts and processes covered in the study material as they go through it. But in examination time, they tend to break down and often write irrelevant, vague, sketchy answers.
4. To get over the above problem, students are advised to first shake off their complacent and casual attitude to the subject. They have to adopt a systematic, serious and sincere approach to study and re-study of the entire course material. Their learning objectives should be:
 - To be able to competently attempt any question on the topics covered in the syllabus.
 - To understand the questions asked in the examination and 'tailor' their answers accordingly.
 - To define the concepts clearly and explain their features.

- To write answers in a reasonably comprehensive way, commensurate with the scope of the questions and the number of marks carried by each question.
- To demonstrate sound conceptual knowledge of the subject and not raw common sense or crude general knowledge.
- To organise and articulate their ideas and answers in a logical, cogent, consistent way.
- To gain a reasonable grip over the medium in which they write whether it be in English or Hindi.

Examination Related Tips

A few more hints with regard to the approach for attempting the various types of examination questions in the subject are offered as under:

- (a) **Comment type questions:** Here you have to briefly explain the statement in your own words-what it is about. Then examine the extent to which and the conditions under which the statement is valid. Outline the limitations of the statement. Your answer has to be analytical and objective, without losing focus on the statement.
- (b) **Short Notes:** Your answer should be precise, brief, and to the point. Not much explanation is required in answering short-note questions. You have to write the essential aspects in a nutshell. You can score well in short notes by making a neat and concise presentation of the relevant subject matter.
- (c) **Essay type Questions:** Give a brief introduction by way of defining the relevant concepts. Reach the heart of the question and explain the major features or matters in a logical point-wise manner with sub-headings for each point. Give a few examples in support of your reasoning. Never deviate from the main thrust of the question. Cover as many points as are reasonably necessary to do justice to the question. Avoid going round and round by harping on one or two points repetitively in different ways.
- (d) **Case discussion:** Read the case carefully and capture its basic theme - whether it is based on SWOT analysis, portfolio analysis, any alternative strategy, porter's five force model, competitive environment, based on any functional strategy or whatever.

Identify the core problem or issue and analyse it in conjunction with the facts and information given in the case. Take a holistic view of the case and tackle the various queries raised at the end of the case in a conceptual-cum-practical way. Develop a few alternative ways of solving the main problem in the case, analyse their pros and cons and suggest the best alternative from your point of view in a reasoned manner.



Professional Competence Course (PCC)

PCC is composed of two levels viz., Group-I and Group-II.
It comprises of Six Papers of 100 Marks each.

Group-I

Paper 1: Advanced Accounting*
Paper 2 : Auditing and Assurance
Paper 3: Law, Ethics and Communication

Group-II

Paper 4 : Cost Accounting and Financial Management
Paper 5 : Taxation*
Paper 6 : Information Technology and Strategic Management

* Since syllabi of these papers are different at IPCC and PCC levels, subject specific guidance is given separately for them in this portion. For other subjects, students may please refer to the guidance given in IPCC portion.



Subject-specific Guidance

GROUP-I

PAPER 1: ADVANCED ACCOUNTING

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

Accounting is one of the core subjects in the Chartered Accountancy Course. The paper concentrates on conceptual understanding of the crucial aspects of accounting. The objective of the Accounting paper at PCC level is to gain working knowledge of the principles and procedures of accounting and their application to different practical situations.

The book is divided into twelve chapters, each addressing to a special aspect of accounting. Chapter 1 is based on conceptual framework for preparation and presentation of financial statements while chapter 2 deals with Accounting Standards. Chapters 3 to 6 cover company accounts including preparation of financial statements of banking, insurance and electricity companies. Chapter 7 lays emphasis on average due date, account current and self balancing ledgers whereas Chapter 8 deals with preparation of financial statements of not-for-profit organizations. Chapter 9 and 10 are devoted to accounting from incomplete records and accounting for special transactions i.e. hire purchase and instalment sale, investment accounts, departmental and branch accounts and insurance claims for loss of stock and loss of profit. Chapter 11 discusses accounting of partnership firms and Chapter 12 explains basic concepts of accounting in computerized environment.

The professional approach and qualitative effort of the student is the key to pass CA Professional examinations without much strain or stress. Every student needs to plan right from the beginning by devoting his/her time and effort in meticulously scanning the exact needs of this highly reputed professional course.

In accounting examination, it is a test of your intelligence, ability or knowledge in the subject. So, it is very important to make a good planning to prepare for accounting examinations. To begin with, one should study the syllabus carefully and try to understand the relationships between various topics and the depth of the study required in the different topics. Study materials including, Revision Test Papers, Suggested Answers of past examinations would help the students to increase their study base. Monthly Students' Journal "The Chartered Accountant Student" and "The Chartered Accountant" Journal should also be referred regularly to keep oneself abreast with the latest amendments in the topics covered by the syllabus.

Ensure that you have understood the concepts and logic of each and every topic thoroughly. Keep questioning yourself until you are absolutely clear on the topic. The conceptual knowledge underlying different topics gained from thorough study should be translated in the form of comprehensive but concise notes which may be digested, at the revision stage, within minimum time and minimum efforts without going through the whole book again. These notes may also be accompanied by the proforma of relevant accounts.

Undertake mock tests - Try doing practical problems in examination conditions. Try practical problems without seeing solutions and then compare answers to evaluate your performance and take steps to remove shortcomings.

Some essential and desirable attributes of good examination preparation and performance are outlined as follows:

- (a) Finger-tip knowledge of fundamentals of Accounting is a must. Students are expected to be thorough with the basics of accounting and their application to various practical situations.
- (b) In-depth conceptual understanding of all the topics of the subject: Generally accepted accounting principles, accounting formulas, relevant statutory provisions for preparation of accounts (Companies Act 1956, SEBI Guidelines, Banking Regulation Act 1949, Electricity Act 2003, IRDA Regulations 2002) form part of the conceptual background, apart from specific concepts integral

to various accounting topics.

- (c) Thorough knowledge of Accounting Standards prescribed in the syllabus: These have a direct bearing on preparation and presentation of financial statements of companies. Students should be familiar with the interpretation and application of the requirements of the accounting standards.
- (d) Use of proper and prescribed formats for presentation of accounts: Students should make it a practice to adopt the formal formats and present accounts in a neat manner, together with workings notes.
- (e) Preparation of concise notes for revision: Besides preparation of important points of the topic (which will help the students to recapitulate the whole concepts), a summary of tricky points and adjustments gathered from the practice of various good illustrations may also be prepared which will help in grasping the intricate practical aspects of accounting topics.
- (f) Solving illustrations and problems in accounting on a regular basis under simulated examination conditions: Students need to develop analytical reasoning, accuracy, speed and efficiency in presentation of the solutions to practical problems in examinations by solving the illustrations under virtual examination conditions. This can be done by undertaking mock test.
- (g) Adequate revision of the topics: Also remember out of sight, out of mind! Keep revising what you have read. Ideally, the first revision should be within 24 hours of initial reading, the second within 1 week of initial reading, third within 1 month of reading.

PAPER 5 : TAXATION

(Maximum Marks: 100) Level of Knowledge: Working Knowledge

Taxation Laws constitute a very significant area of core competence for chartered accountants. It is vital that students acquire a thorough grasp of both income-tax and service tax.

The objective of Part I: Income-tax of the paper is to gain knowledge of the provisions of income-tax laws relating to the topics mentioned in the contents of the syllabus and their application in solving simple problems concerning assessee with the status of individual and HUF covering the areas mentioned in the contents. The objective of Part II: Service Tax and VAT is to gain knowledge of the provisions of service tax and VAT as mentioned in the contents of the syllabus. The division of marks is 75 for Part I:

Income-tax and 25 for Part II: Service tax & VAT.

For the purpose of acquiring “working knowledge”, what is required of the students is generally the following:

- (a) Knowledge of the basic provisions of the respective laws; and
- (b) The ability to apply the provisions to solve computational problems.

A strong conceptual understanding of the legal provisions will smoothen the process of their application in solving computational problems.

In order to achieve these goals, here are a few Do's and Don'ts:

Do's

- (i) Do make a habit of regular study. This is imperative in a multi-disciplinary course like chartered accountancy in which a student has to balance the volume of the syllabus with the time available for studying. Further, in a subject like taxation, which requires a thorough conceptual understanding of the various provisions, the importance of regular study cannot be over-emphasized.
- (ii) Do practice working out problems in a methodical manner. This will improve the ability to apply the law to solve computational problems.
- (iii) Do make a habit of remembering section numbers. Quoting of section numbers will enhance the value of the answers.
- (iv) Do try to consult the Bare Acts. This will facilitate the understanding of the logical sequence of the sections, and will also clarify doubts that may arise.

Don'ts

- (i) Don't do selective study. Make sure that you are thorough with the entire syllabus.
- (ii) Don't try to consult too many books. Keep the study material for IPCC (including the practice

manual) issued by the Board of Studies as a base and consult any one of the standard books for solving practical problems. For understanding the latest amendments, read the Supplementary Study Paper.

With a view to helping the students in their endeavour, the Board of Studies brings out various publications from time to time, as given below. Students are advised to make full use of them.

- (i) Study material for IPCC (including Practice Manual), updated with the provisions of the relevant Finance Act.
- (ii) Supplementary Study Paper - An analysis of recent question papers has revealed that considerable stress is laid on recent amendments and developments. The students are advised to update themselves with the help of Supplementary Study Paper which is brought out every year. In this publication, the amendments by the latest Finance Act in both income-tax and service tax are explained.
- (iii) The monthly students' journal "The Chartered Accountant Student" which contains regular academic updates.
- (iv) Revision Test Paper - Students are advised to attempt answering the Revision Test Paper after they have studied the subject thoroughly.

Finally, there are some words of advice regarding writing the papers in the examination hall.

- (i) Answer the questions with due emphasis on the provisions of law. Support your answers/conclusions with proper reasoning. Answers should be based on relevant legal provisions rather than a mere common sense and/or guess work.
- (ii) Try to quote relevant section numbers, wherever possible. However, it is better not to quote than to misquote a section number.
- (iii) Pay heed to the instructions given on the cover page of the answer paper.
- (iv) Write in a neat and legible hand-writing.

- (v) Answer all parts of a question one after the other; do not answer different parts of the same question at different places.
- (vi) Determine the length of the answer having regard to the marks allotted to the question.

Final Course

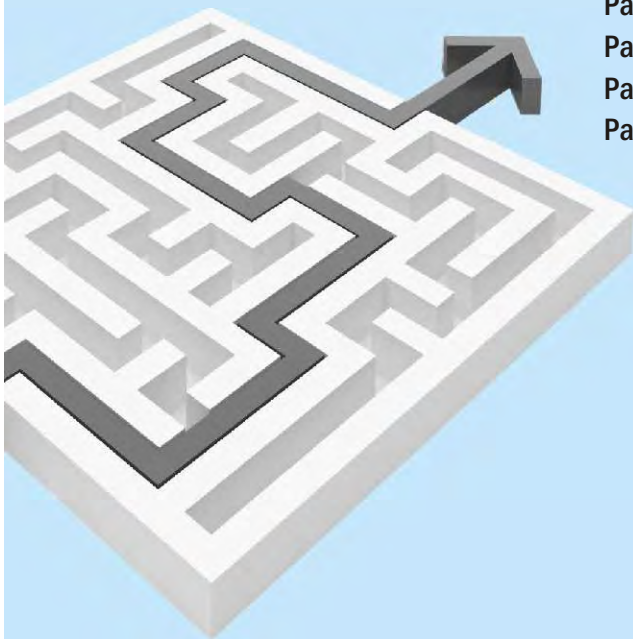
Final Course is composed of two levels viz., Group-I and Group-II.
It comprises of Eight Subjects of 100 marks each.

Group-I

Paper 1: Financial Reporting
Paper 2 : Strategic Financial Management
Paper 3 : Advanced Auditing and Professional Ethics
Paper 4 : Corporate and Allied Laws

Group-II

Paper 5: Advanced Management Accounting
Paper 6 : Information Systems Control and Audit
Paper 7 : Direct Tax Laws
Paper 8 : Indirect Tax Laws



GROUP-I PAPER 1: FINANCIAL REPORTING

(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge

The aim of the paper of 'Financial Reporting' at the Final level is to gain comprehensive understanding of all aspects relating to financial reporting practices. The students are expected to acquire advanced knowledge in the paper of 'Financial Reporting' at the Final level. The students are also expected to gain ability to analyze financial statements and financial reports of various types of entities and acquire knowledge of the accounting standards and principles.

The Study material of 'Financial Reporting' is divided in ten chapters/topics based on the curriculum. The topics covered under this paper include Accounting Standards and Guidance Notes issued by the ICAI; Overview of International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), Interpretations by International Financial Reporting Interpretations Committee (IFRIC), Significant difference vis-a-vis Indian Accounting Standards, Understanding of US GAAP, Applications of IFRS and US GAAP; Corporate financial reporting - issues and problems with special reference to published financial statements; Accounting for corporate restructuring (including inter-company holdings); Consolidated financial statements of group companies; Accounting and reporting of financial instruments; Share based payments; Financial reporting by Mutual funds, Non-banking finance companies, Merchant bankers, Stock and commodity market intermediaries; Valuation; Value added statement, Economic value added, Market value added, Shareholders' value added, Human resource reporting.

One should start preparing for the examination immediately on joining the Final Course. In order to cultivate good study habits, students must know 'What to study & when to study'. The syllabus of the paper should be studied carefully and the depth of the study required in each topic should be analyzed. A well planned schedule will provide students with ample time to prepare for the examination. The students are advised to study regularly and conscientiously. Regular studies would avoid stress and reduce the burden of preparing for the exams. It does not matter how many hours you study rather how much you understand the concepts and contents of the paper.

Study material including Practice Manual provided by the Institute is the most important of all sources and must be studied thoroughly. Practice manuals will guide the students to improve their performance in the examination and also help them to work upon their grey areas and plan a strategy to tackle practical problems. Besides this, Revision Test Papers and suggested answers published by the Institute are of high quality and should be read thoroughly. In addition to the students' journal "The

Chartered Accountant Student”, subscription to the journal of the Institute “The Chartered Accountant” helps to keep track of the latest developments in the area of financial reporting. Apart from the regular course contents, students should also refer financial newspapers and journals, published financial statements of companies etc. to get idea about the recent trends in the area of corporate reporting practices.

The students are advised to go through each chapter meticulously to understand and assimilate the main concepts and key points. It is not possible to revise the whole syllabus just before the examination, therefore summary notes prepared beforehand during the course of study helps in recapitulation of the course contents. A summary of tricky points and adjustments gathered from the practice of various good illustrations may be prepared which will be very effective in understanding of intricate practical issues involved in various topics.

Some of the important guidelines for good examination preparation are outlined as follows:

- (a) **Comprehensive conceptual understanding of the topics :** Generally accepted accounting principles and relevant statutory provisions for preparation of accounts (Companies Act 1956, SEBI Guidelines, amendments made by SEBI (Mutual Fund) (Amendment) Regulations, NBFC Prudential Norms Directions, SEBI (Merchant Banker)(Amendment) Regulations, SEBI (Stock Brokers and Sub-brokers) Regulations and SEBI (Intermediaries) Regulations should form the basis for developing the conceptual background, apart from specific concepts integral to various accounting topics.
- (b) **Thorough knowledge of Accounting Standards and Guidance Notes issued by the Institute:** Accounting Standards and Guidance Notes have a major impact on preparation and presentation of financial statements of corporate entities. Students should be well apt with the interpretation and application of the accounting standards in practical situations.
- (c) **Use of proper and prescribed formats for presentation of accounts:** Students should make it a practice to adopt the formats as prescribed under relevant statutes and regulations and present accounts in an orderly manner, together with adequate workings notes.
- (d) **Solving problems on regular basis under simulated examination conditions:** After adequate preparation, one must judge his or her knowledge and performance level by attempting previous years' question papers under mock examination conditions. The answers should be evaluated with

reference to study material/books/suggested answers. It would help in acquiring the ability to manage time, gaining necessary confidence and assessing one's level of preparedness.

- (e) Analysis and understanding of published financial statements and annual reports of companies:
This exercise will enable students to know how the various accounting concepts, conventions, rules, principles and standards are applied under real life situations.
- (f) Revision of the concepts & key points: Revision is one of the most important elements of any effective study as it is very much necessary for permanent retention. However it should be noted that revision of the course contents should never be selective in any case.

PAPER 2 : STRATEGIC FINANCIAL MANAGEMENT

(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge

“Strategic Financial Management” (SFM) is basically a blend of Financial Management and Strategic Management, which is the need of today's dynamic world. This paper introduces the students to the advanced concepts, theories and techniques relating to Financial Management and aims to develop the students' ability to apply these concepts and theories for strategic decision making.

The paper aims to achieve the following basic objectives:

- (a) To study interface of Financial Policy and Strategic Management.
- (b) To develop ability to analyse and apply various techniques for Capital Budgeting decision under Risk and Uncertainty conditions.
- (c) To understand the concepts and theories related to Portfolio Management and Dividend Decisions.
- (d) To gain knowledge about Capital Markets and their products and Financial Services in India.
- (e) To develop an understanding of the tools and techniques for the strategic decision making such as leasing, foreign exchange management and merger & acquisition and learn their applications.

- (f) To gain knowledge about various international sources of finance in market.
- (g) To solve problems involving multi-disciplinary approach.
- (h) To gain command over application based aspects.
- (i) To update students with the latest developments in the field of finance.

To begin with, students need to understand the interface of Financial Policy and Corporate Policy. Thereafter, Capital Budgeting with Risk (advanced level of topic Capital Budgeting studied at PCC/IPCC level), for taking investment decisions under the conditions of risk and uncertainty followed by leasing decision including cross border leasing also. The chapter of leasing decision is related to decision for mode of financing to acquire any asset either on lease basis or borrow and buy basis. After dealing with complicated issues of decision making, next comes theories relating to Dividend Decision, which is strategic in nature. This is followed by the study of Indian Capital Market and latest financial products such as derivatives, indexed funds etc. to develop understanding of nature and structure of these products. Students must also be well versed with Security Analysis consisting of Technical and Financial Analysis including special insistence on Bond Valuation, and the Portfolio Management, involving theories related to the allocation of funds among various options available for investment to optimize the return. In order to gain the knowledge of financial system of economy, other topics, such as Financial Services, Mutual Funds and Money Market Operation are also covered in the syllabus. Since Indian economy has become a global economy, management of Foreign Exchange has become unavoidable. Accordingly, after study of Indian Capital Market, two chapters relating to International Financial Management cover the sources of International Finance and Foreign Exchange Risk Management techniques. With the spread of Merger and Acquisition trend in last few years, the study of Merger and Acquisition decision from financial point of view has become a strategic decision. A chapter on Merger and Acquisition dealing with such strategic decision is there. Thus, the overall syllabus of the paper is concerned with strategic decision making in the field of finance. Further, the students should also update themselves with the latest developments in the field of finance as relevant to them by regularly reading Student's Journal, Financial Newspapers etc.

While preparing for examination, the sequence of topics to be followed depends upon the choice and interest of the students. Since this paper requires a command over application, it becomes necessary to solve out the various practical problems on the topics covered in the syllabus. Some of the topics even may require intense practice of solving numerical questions. Although this paper is practical oriented,

the theoretical portion also needs adequate attention. Students should consult the study materials provided by the Institute, such as Suggested Answers, Practice Manuals, Revision Test Papers etc. These have been written in a simple language with a number of solved questions. The Practice Manual aims to provide guidance to the students about writing an answer in the examination. Basic concepts in the form of definitions, equations and formulae have been given before each chapter for a quick review. Exercises have also been given at the end of each topic for independent practice. Students can also refer to other good text books available in the market on the various topics of the paper.

PAPER 3 : ADVANCED AUDITING AND PROFESSIONAL ETHICS

(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge

Auditing is the heart of CA course as much as it is at the head of the profession of Accounting. In a way, Auditing is the conscience keeper of Accounting and is closely related to Accounting, Management Accounting, Company Law, Taxation and other subjects. A good knowledge of these latter subjects is a pre-requisite for acquiring proficiency in Auditing theory and practice. Thus, while studying the subject of Auditing, students should also draw their knowledge from the above subjects and adopt an integrated approach for the purpose as this is the subject which involves application of theoretical knowledge of other subjects.

The syllabus of Advanced Auditing and Professional Ethics is divided into twenty two chapters covering in details principles of Auditing, Standards on Auditing issued by the ICAI, Salient features of Sarbanes Oxley Act, 2002 with special reference to reporting on internal control as a part of Risk Assessment and Internal Control, specific audit issues classified by organizations like Company Audit, audit of Banks, Audit of General Insurance Business, Audit of Co-Operative Societies, NBFCs and Audit of Public Sector Undertakings, special audit issues like audit under Fiscal Laws, role of auditor under clause 49 of the Listing Agreement, Audit of Consolidated Financial Statements, Investigation and Due Diligence. In addition to above, Peer Review is considered as an important step towards maintenance and improvement of audit quality similarly, Professional Ethics are regarded as a foundation to the audit function, which is essentially developed on the foundation of ethical norms, which has so far brought name and fame to the profession. All students of Final course should read these chapters with sincerity and imbibe the norms explained. These norms should be the guiding force while they will work as a chartered accountant.

As in all other subjects of CA course, to excel in Audit proper preparation and planning is very much required to avoid failure. Further Audit is a paper which requires a practical approach towards actual Audit work. Students should in the first instance focus on studying Auditing concepts, procedures and techniques from the study material. The knowledge being so derived may be related by the students to the practical work in the field of Auditing which they do as part of their Articles training.

Auditing is largely a practical and application discipline. A mere bookish knowledge of concepts, procedures and processes has little meaning except for examination purposes at a relatively general level as in undergraduate and graduate courses. But in a professional course like Chartered Accountancy, students learn the Auditing concepts and techniques as also their intricacies purely for purposes of applying them in practice in their audit work.

Students at Final level in particular should gain good knowledge and expertise of Engagement and Quality Control Standards and also keep themselves well informed on the contents of various Guidance Notes, The Companies Act, 1956, Code of Conduct and Professional Ethics, Statements on Qualifications in Auditors Report, Statement on CARO, 2003, and Statement on Peer Review etc. issued by the Institute. Student should understand the concept underlying the problems. The clarity in the concept will help for dealing the questions.

The auditing knowledge inputs provided to the students by the Institute through the study material and other publications and the practical training inputs provided by the Audit firms during the Articles training stage reinforce one another. Students should, as part of their articles training, involve themselves deeply in the professional audit work done by their principals for the purpose of getting an intense practical knowledge and skills in Auditing. This will help them to measure up to the examination standards in the subject in which questions are meant to test the application based knowledge/expertise of students.

Students should also take a keen interest in updating themselves on contemporary developments in the field of auditing by regularly referring to articles on Auditing in CA Journal, Students' monthly Journal and other relevant professional journals, publications and books.

Student may also scan through the Annual Financial Statements of Companies to analyse the notes and qualifications, if any, incorporated by the Auditors in their Audit Report.

Student should refer the scanners and suggested questions for Past years; Revision Test Papers etc. as this will give variety type of questions. They should also try to make a trend by referring the past questions

as past is the base point for future.

In case of case studies based question, answer should to be split into two parts, first one is fact of the cases and second one is the relevant concept and finally give your good conclusion in this way the case study and application oriented theory questions can be handled.

Student must be cautious about the amendments and updates happened at least 6 month before the exam and also go through the other amendments.

It is also advisable to mention applicable Engagement Quality Control Standards or Accounting Standards or Sections in audit paper wherever required. Answers should be crisp, precise and to the point to secure good marks.

Audit is a paper requires lots of quick and logical application of mind to answer practical problems. Hence, give a reading to ICAI audit study material and Practice Manual to understand the depth and figure out the efforts and time required for preparation. In addition to study material, Suggested Answers of past examination, Revision Test Papers, Standard Text book etc. should also be read. Finally don't forget to revise as revision is also very important to crack the examination.

PAPER 4 : CORPORATE AND ALLIED LAWS

(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge

The liberalization and globalization of our economic policies in tune with the global changes brought several reforms in the Corporate and Allied Laws of our country. A scheme of well-structured Corporate and Allied Laws is a *sine qua non* for the corporate growth.

Paper-4 Corporate and Allied Laws consists of two sections i.e. Section A, relating to Company Law carrying a weightage of 70 marks with the objective that students are 'able to analyze and apply various provisions of the Companies Act, 1956 in practical situations,' and Section B, carrying weightage of 30 marks dealing with allied laws and the objective is 'to develop ability to analyze the requirements of laws stated in the Section'. In brief, the students are expected to have not only analyzing skills but also application skills in company law, while in allied laws they are expected to have the analyzing skills (an overview of various allied laws) stated in the syllabus. Accordingly, preparation strategy deserves care, concern and caution.

Some useful tips for a better preparation of the subject are:

- In the Final Level examination, quoting of Section Number is compulsory. Try to avoid writing wrong Section Numbers.
- Always refer Bare Acts of the relevant statutes along with the study material and Practice Manual.
- Make a study plan covering the entire syllabus and then decide how much time you can allocate to the subject on daily/weekly basis.
- Allocation of time must be done keeping in view your office commitments as well as social needs and personal hobbies.
- Maintain the time balance amongst various subjects such as purely descriptive type and numerical-based papers. Allocate time in such a manner that your interest is well sustained and you are able to score well in the final examination as well.
- Always assess your preparation periodically, say, on monthly basis. If necessary, revise your plan and allocate more time for the subject in which you feel deficient.
- First of all, have an overview of the chapter to understand the broad contents and sequence of various sub-topics.
- Read each chapter slowly to ensure that you understand and assimilate the main concept. If need be, read once again with concentration and then try to attempt exercise at the end of the chapter or given in the Practice Manual.
- Recapitulate the main concept after going through each chapter by way of brief notes.
- The fact that how well you have understood the topic will be reflected in your ability to attempt the questions given in the exercises as well as in the practice manual. Make a serious attempt at producing your own answers but at this stage do not be much concerned about attempting the questions in examination based conditions. In particular, at initial stages, it is more important to understand and absorb the material thoroughly rather than to observe the time limits that would apply in the actual examination conditions.
- Revise your answers carefully and underline important points before leaving the examination hall.

GROUP-II

PAPER 5: ADVANCED MANAGEMENT ACCOUNTING

(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge

The subject of Advanced Management Accounting focuses on developing knowledge required for

analysis of financial and non-financial information in order to help the management in decision making. In other words, analysis is the integral part of Management Accounting. Keeping this in mind, the syllabus and study materials have been developed. The students are suggested to understand the concept of each topic, use of relevant tools and techniques involved in the analysis of various problem situations covered under the syllabus. The most important thing is that the problem related to Management Accounting in practical situation may often involve various issues together. This explains that the students are required to develop a comprehensive understanding of handling multiple issues involved in a problem which are closely linked and take all the factors into consideration related to a problem while evolving a rational solution.

The Study Materials have been developed to explain different concepts, tools and techniques related to Management Accounting with examples and illustrations. The students are suggested to go through the study materials and conceptualize the topics given in the syllabus and understand depth of knowledge required for achieving success in the examination. Moreover, they are expected to read some standard text books to develop more in-depth clarity in thoughts on different topics of the subject and work out a variety of problems for practice and better performance in the examination. It may be noted that there may be more than one approach to the solution of a problem.

The general guidelines for preparation of examination are given below. However, a student may modify approach to suit him most according to his convenience and reading habits. General guidelines are:

- A student should read a new concept again and again till he gets clarity about it.
- They should make their own note on the concept.
- Notes may be developed on logic of the steps involved in the solution to a problem.
- They should solve the problems on their own and check the differences/ incorrectness in their approach.
- They should prepare note on theoretical topics to improve their presentation in the examination.
- Regular revision of notes will keep in good stead.

The advantages of following the above mentioned guidelines are:

- Synthesis of concept brings more clarity.
- Revision becomes easier and quicker.
- Well thought out logical sequence will lead to easy solution to problem.
- Structured steps save time greatly.

- Preparation is well focused for examination.

Once all the chapters are covered thoroughly, a student is suggested to go for self evaluation by solving a question paper or a mock test paper. The advantages of it are:

- Exposure to unknown questions
- Understanding the deficiencies/gap and developing plan to make it up
- Practice on better time management
- Gaining necessary confidence for success in the examination.

PAPER 6 : INFORMATION SYSTEMS CONTROL AND AUDIT

(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge

Outline of the Syllabus

Information Systems Concepts, System Development Life Cycle, Control Objectives, Testing General and Automated Controls, Risk Assessment Methodologies and Applications, Business Continuity Planning and Disaster Recovery Planning, An overview of Enterprise Resource Planning (ERP), Information Systems Auditing Standards, Guidelines, Best Practices, Drafting of IS Security Policy, Audit Policy, IS Audit Reporting A Practical Perspective, Information Technology (Amendment) Act, 2008.

Important Tips for Preparation

General Tips

1. Students should cover the entire syllabus thoroughly without leaving any topic given in the Study Material. After covering the study material, they may refer the recommended text/reference books of ISCA for further reading.
2. The question paper would be practical oriented and the level of knowledge would be expert and not restricted to the working knowledge alone. Hence, students should also cover the practical aspects of the various topics in depth.
3. Students should make a study plan covering the entire syllabus and then decide how much time should be allocated to the subject on daily/weekly basis.

4. Students should review their preparation periodically, say, on weekly or monthly basis. If necessary, they should revise the study plan and allocate more time for the topics in which they feel deficient.
5. First of all, students should have an overview of the chapter to understand the broad contents and sequence of various sub-topics. This overview/key points may also be taken from the Vol. II, Practice Manual.
6. They may do the introspection while going through the chapters and ask various questions to themselves.
7. They should read each chapter slowly to ensure that they understand and assimilate the main concepts. If needed, they should read once again with concentration and then try to attempt exercise at the end of the chapter or given in the Practice Manual.
8. Students may prepare the notes in the manner covering all key points. They should recapitulate the main concepts after going through each chapter by way of brief notes.
9. One may highlight/underline the significant points or write them down in the margin.
10. Preparation for the paper should never be selective in any case. Broad coverage of the syllabus is more important than preparing 2-3 chapters exhaustively.
11. Read through the text along with notes carefully. Try to remember the definition and important aspects of the related topics.
12. Revise each topic after regular interval to retain the concepts.

Examination Related Tips

1. First question may be based on a case study. However, case studies may be from the practical oriented topics such as Control Objectives, ERP, IS Audit Guidelines/Standards, and Security/Audit Policy etc. The case study may be based on the concepts taken from 3-4 chapters of the study material. Hence, students should read the case study carefully and identify the relevant concept based on which the questions are to be covered.

2. In case of short questions, students are required to give specific and point to point answers instead of giving essay type answers.
3. In descriptive questions, students should break the answers into number of points covering all the aspects of the question asked. Before attempting a question, students should read it carefully and they should understand 'what is expected to be answered?' In any case, the students should try to cover all important characteristics/attributes as demanded in the question.
4. Wherever possible, students should try to include relevant diagrams, rough sketch etc.
5. It is always better to adapt the standard terminology. In case, students are following a different methodology from the one given in the study material, students should clearly specify it in the answer sheet along with the relevant references.
6. Students should keep themselves updated with the latest developments in the related areas. They should regularly visit the Institute's website for the latest announcements of 'Board of Studies' and also read the Students Journal.

PAPER 7 : DIRECT TAX LAWS

**(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge
and**

PAPER 8 : INDIRECT TAX LAWS

(Maximum Marks: 100) Level of Knowledge: Advanced Knowledge

Guidelines

- (a) Direct Tax Laws: Students are expected to have acquired an “advanced knowledge” of the Income-tax Act, 1961 and the Wealth-tax Act, 1957 and the relevant rules. The aim of the paper is also to test whether the students have the ability to apply such knowledge to various situations in actual practice.

The division of marks is 90 for Income-tax and 10 for Wealth-tax.

- (b) **Indirect Tax Laws:** The aim of the paper is to test whether students have acquired an expert knowledge of the principles of the laws governing central excise, customs and service tax and the ability to apply such knowledge to various situations in actual practice.

The division of marks is 40 for Central Excise, 40 for Service tax and VAT and 20 for Customs.

For Both Direct Tax Laws and Indirect Tax Laws

- (a) The requirement of advanced knowledge in both the above papers implies that students have to be able to perfect their logical, analytical reasoning and interpretation of intricacies and implications of relevant legal provisions and given problems in a convincing manner. They have to look at the provisions and their application from several angles. They should prepare themselves to attempt complex questions and problems based on recent amendments, case laws and application of provisions of law.
- (b) To achieve the above, the students are advised to do the following:
 - (i) Become conversant with the sections and schedules of the Bare Acts and the related rules, and understand their implications properly.
 - (ii) Regularly consult leading tax journals to apprise themselves of the latest Supreme Court and High Court decisions.
 - (iii) Ensure that their preparation is not lopsided and full justice is done to the laws covered in both the papers.

With a view to helping the students in their endeavour, the Board of Studies brings out various publications from time to time, as given below. Students are advised to make full use of them.

- (i) Study materials (including Practice Manuals), updated with the provisions of the relevant Finance Act.
- (ii) Supplementary Study Paper - An analysis of recent question papers has revealed that considerable stress is laid on recent amendments and developments. The students are advised to update themselves with the help of Supplementary Study Paper which is brought out every year. In this publication, the amendments by the latest Finance Act in both Direct and Indirect Tax Laws are explained.

(iii) The monthly students' Journal "The Chartered Accountant Student" which contains regular academic updates.

(v) Revision Test Paper - Students are advised to attempt answering Revision Test Papers after they have studied the subject thoroughly.

Finally, there are some words of advice regarding writing the papers in the examination hall:

(i) Answer the questions with due emphasis on provisions of the law. Support your answers/conclusions with proper reasoning. Answers should be based on relevant legal provisions or judicial decisions rather than a mere common sense and/or guess work.

(ii) Try to quote relevant section numbers/case laws, wherever possible. However, it is better not to quote than to misquote a section number/case law.

(iii) Pay heed to the instructions given on the cover page of the answer paper.

(iv) Write in a neat and legible hand-writing.

(v) Answer all parts of a question one after the other; do not answer different parts of the same question at different places.

(vi) Determine the length of the answer having regard to the marks allotted to the question.

