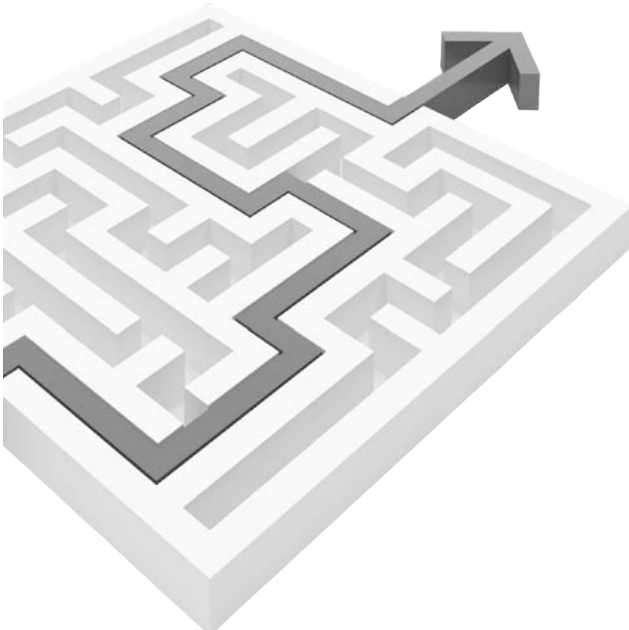
How to Face CA Examinations ?

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



President's Message

CA. Jaydeep Narendra Shah - President, ICAI

My Dear Students,

Chartered Accountancy is a highly illustrious, dynamic and rewarding profession. Being a professional course, it is a highly demanding on time and energies of the students. While this is true that this course demands hard work and concerted efforts on the part of students, it is not true that it is extremely difficult to complete this course. Of course, this course requires rigorous theoretical education and practical training and testing of students before they can be designated Chartered Accountants.

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. 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. Remember, a piece of gold has to pass through intense heat before it can get its shine and sparkle.

I am very happy that the Board of Studies of the Institute of Chartered Accountants of India is revising the Booklet on “How to Face CA Examinations” to help students in their preparation for the examinations. The publication is a 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 with the focused approach students will easily be able to assimilate tricky concepts and pass the examinations. In a nutshell, your approach may include:

- 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 in a limited manner to keep your mind fresh.
- Discuss with your principal, experienced faculties and successful senior students.
- Focus your answers to the questions that have been asked. Do not write vague and irrelevant answers.
- While writing answers in the examinations, you must use good language and write legibly.

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
President, ICAI

Vice President's Message

CA. Subodh Kumar Agrawal - Vice President, ICAI

My Dear Students,

Chartered Accountancy Course calls for a scrupulous strategy and a sincere approach in order to succeed. A complete understanding of the course structure and adequate planning to cover all the topics exhaustively is *sine qua non* for achieving success in the examinations. It is really heartening that the Board of Studies is revising the Handbook - "How to Face CA Examinations" to help students in their preparation for the examinations. This booklet will certainly assist and guide you to understand the purpose and objectives of the CA examinations. Over the years, several myths have generated about the nature of CA examinations. This publication is a sincere attempt to negate the negative myths associated with the course and set the picture in right perspective.

The CA course curriculum is of high standard and has a judicious mix of theory and practice. One of the primary focus areas for the ICAI is bolstering the academic foundation of the students, especially in view of the evolving dynamics of the global business environment. It also thrusts moral responsibility on the students to work hard. Hard work, dedication, tenacity and commitment to achieve your goal are the key ingredients that you require for sailing through the CA examinations successfully. You need to have a strong desire to obtain the coveted qualification and work at it. Persistence will reap good results. It is rightly said by Epicurus "The greater the difficulty the more glory in surmounting it. The skillful navigator gains reputation from facing the storms and tempests".

I understand that the students have their own individual strategies for approaching the examinations. After going through this booklet, you wish to modify and align your approach to make your immediate task of passing examinations a simple step. Your approach may include the following tips:

- Improve conceptual clarity, avoid rote learning
- Plan your study, avoid last-minute preparation
- Learn by writing
- Do not do selective studies
- Think positive
- Meditate and Exercise.

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

Wishing the student fraternity a great professional career ahead!

Yours sincerely,

CA. Subodh Kumar Agrawal
Vice President, ICAI

Chairman's Message

CA. Nilesh Vikamsey - Chairman, Board of Studies, ICAI

My Dear Students,

I am pleased to inform that the Board of Studies has come out with the revised edition of the booklet titled "How to Face CA Examinations." This lucid, comprehendible handbook gives practical tips on how to study, how to whet your learning skills, how to wisely use the three hours given to you and also how to present your answers in the exams. Your mentor and guide - the Board of Studies has always given you logistic support in achieving your treasured wish of becoming an accomplished Chartered Accountant. This handy and timely booklet will further assist you in achieving your goal.

It is true that Chartered Accountancy course is very challenging and demands your complete dedication, focus and hard work. However, with proper time management, sincere efforts, hard work, positive attitude and a burning desire to be successful, you will be able to emerge successful.

It is not only how much you study but what you study and how well you study that determines your success in the examinations. No doubt, hard work is the key to success. However, it is also important that hard work should be focused towards your ultimate goal of passing the examination and emerging as a successful chartered accountant. This booklet concentrates on helping you to plan correctly to lead you to the path of success.

Planning is, therefore, an integral part of your study. In fact, as the very first step of planning, you need to prepare a detailed study time table. For this purpose, you have to know the syllabus for each subject and assess the time which each subject and each topic within the subject would consume. Preparing a study time table would also help you to broadly assess the time required for study and keep you mentally prepared of the length and depth of the river you have to cross.

The various knowledge inputs of BOS would serve as your aide in the study process. Each of these inputs aid in one of the multifarious purposes of providing conceptual clarity, keeping you updated or helping you to self-assess the effectiveness of your study and revision. I advise you to make full use of these knowledge inputs and enhance the quality of your study. All these aspects, both general and subject-specific, are dealt with extensively in this booklet.

Do read the booklet carefully and make sure that you follow the study tips given herein meticulously. Surely, it would be of great help in planning and organizing your study in an effective manner. Do not forget that implementation of your study plan is equally important. Adhere to the time table and avoid major deviations. If you are well prepared for the examination, you would be able to confidently face the examinations and this positive attitude will ultimately be reflected in your results.

These are small words of advice – but it will go a long way in helping you to achieve success. This booklet, which teaches you the ideal way to study, is a step to guide you to the path of success. I am sure that success will be all yours, if you follow the tips given and work religiously in that direction!

With Best Wishes,
Yours Sincerely,

CA. Nilesh Vikamsey
Chairman
Board of Studies, ICAI

Vice Chairman's Message

CA. Madhukar N Hiregange, Vice Chairman, Board of Studies, ICAI

Dear Students,

The booklet on “How To Face CA Examinations” as we understand, was very well received as a directional, clarificatory and an authoritative guide in the past. This upgraded 2012 version we are sure would assist you further in making your studies much more effective, consequently in attempting your examination with confidence and clarity.

In the past years, the pro-active measures from the examination point of view and guidance from the BOS has led to better performance of students overall. Moving with times, the focus is now on understanding the concepts, applying what we have learnt in business situations, analysis of information and skill sets required by the clients as well as employers. The assimilation of the same in a student's routine while studying or while doing audit/ other work at office would make him/ her a knowledgeable, globally respected and an acknowledged professional.

Some suggestions to do better in your examination among many others are:

- Your dream converted into specific goals makes studies a pleasure.
- Make a comprehensive day to day plan and couple with self-discipline. Ensure time for relaxation/ sport as well as sufficient sleep.
- In case you choose to attend tuitions at ICAI or elsewhere or online, the take away depends on your focus/ listening at the time of class.

- Revision immediately thereafter in the evening (even while travelling back home) is found to recall and reinforce the learning of the day.
- Mock tests are conducted twice before each examination and may serve to confirm the level of preparedness, and if found lacking in some subjects, to cover up those areas of weaknesses. You may also look for online tests.

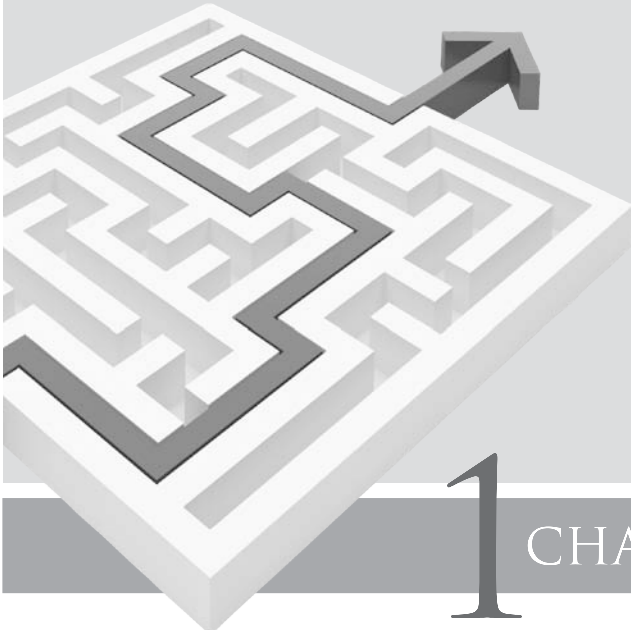
At this juncture it may be appropriate to quote from the scientist Albert Einstein about values - " Try not to become a man of success, rather become a man of value." We as professionals are differentiated from businessmen due to the fact that our primary motive is not profit and we abide by our own code of ethics.

Your suggestions in regard to how to empower you in terms of knowledge to face the CA examinations are welcome at bos@icai.org.

I take this opportunity to wish every one of you a joyous learning and success in the CA examinations and join the qualified community of Chartered Accountants.

Yours sincerely,

CA. Madhukar N Hiregange
Vice Chairman
Board of Studies, ICAI



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.

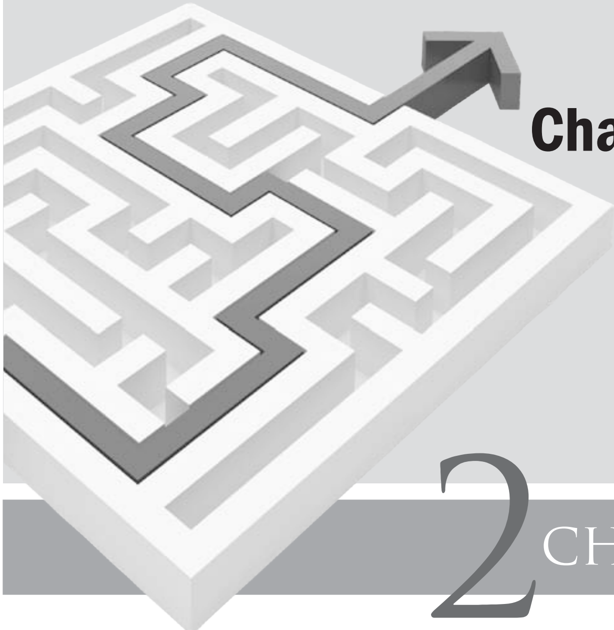
CA is an internationally relevant and accessible qualification – a go-anywhere passport to a successful career. In an age of growing globalization and intensified competition, modern business demands timely and accurate financial information. That is why, CAs are sought after by companies across the 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 imbibed 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 reading list has been annexed for your reference.

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.

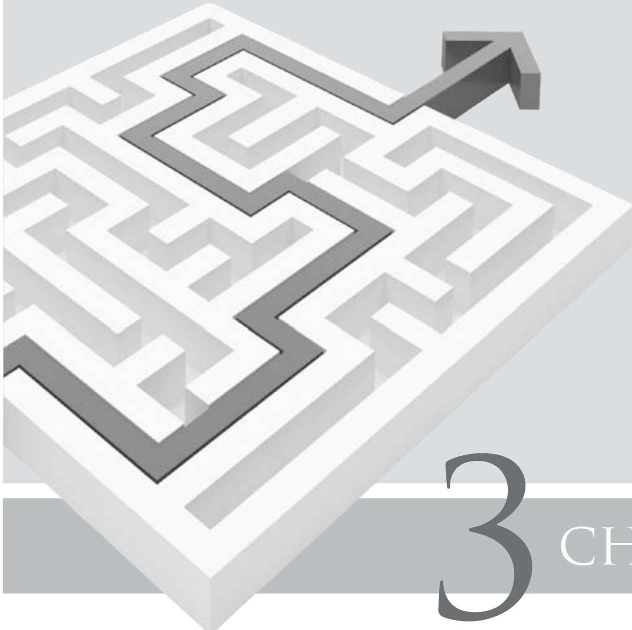
Practical Orientation of Question Papers

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 first with your most difficult assignment since this will require your maximum 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 this is also the 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

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

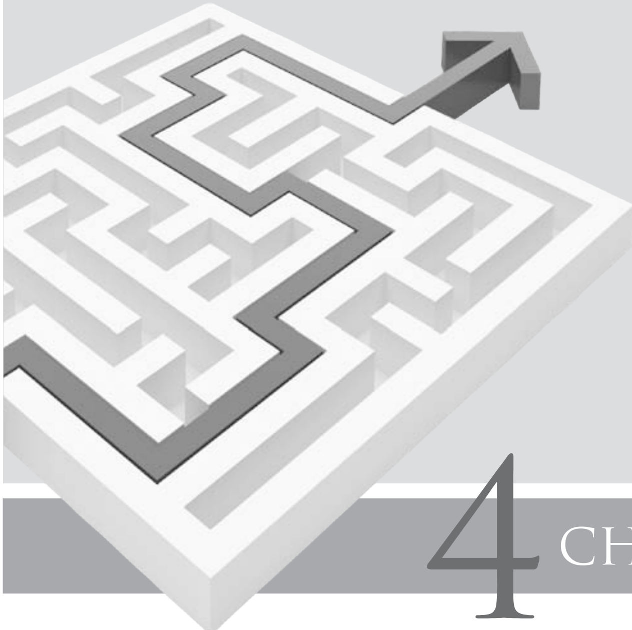
This is an easy and popular method of sharpening one's memory power. You observe a small scene, a set of things at a place, the titles of books in a small book rack, the headings on the first page of a newspaper etc. for a very short while, then close your eyes and recall what you have observed and read, 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 the 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 as 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. You can also write the mock tests conducted by the various branches of the institute which would help you to simulate the examination conditions and further the marks awarded would help you to gauge your preparation for the examinations.

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 with 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.

Level of Knowledge: Working

Group-I

Paper 1: Accounting

Paper 2 : Business Laws, Ethics and Communication

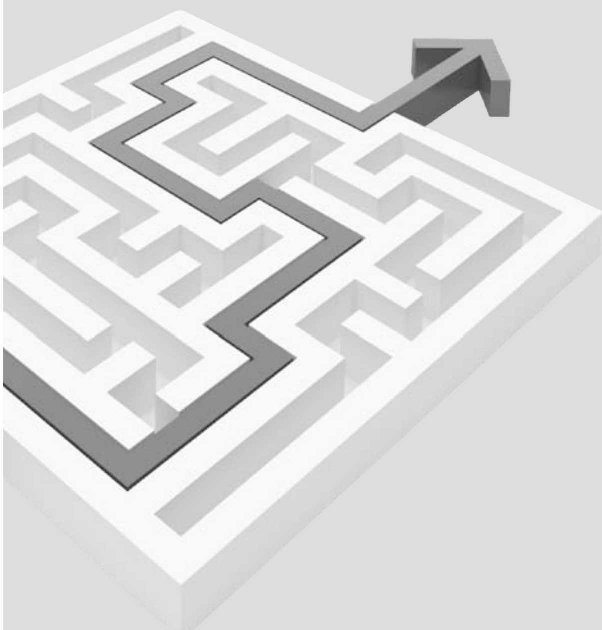
Business Laws 60 Marks
Ethics 20 Marks
Communication 20 Marks

Paper 3 : Cost Accounting and Financial Management

Cost Accounting 50 Marks
Financial Management 50 Marks

Paper 4 : Taxation

Income Tax 50 Marks
Service Tax 25 Marks
VAT 25 Marks



Group-II

Paper 5: Advanced Accounting

Paper 6 : Auditing and Assurance

Paper 7 : Information Technology and Strategic Management

Information Technology 50 Marks
Strategic Management 50 Marks

Subject-specific Guidance

5 CHAPTER FIVE

PAPER 1: ACCOUNTING

Accounting constitutes a very significant area of core competence for chartered accountants. The paper of 'Accounting' at IPCC level concentrates on conceptual understanding of the crucial aspects of accounting. The paper at this level aims to lay a foundation for the preparation and presentation of financial statements of sole proprietors, partnership and companies and also expects students to have working knowledge of the principles and procedures of accounting and their application to different practical situations.

Know your syllabus

The study material of Paper 1 'Accounting' is divided in fifteen 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.

The syllabus of Accounting has an appropriate mix of various topics of sole proprietorship, partnership and companies as the objective of the paper is to gain ability to solve simple problems and cases relating to such kind of businesses.

Be familiar with the Knowledge inputs provided by the BoS

Once you are aware of the syllabus, the next step is to find and assimilate the knowledge inputs which have been provided by the ICAI / Board of Studies, to study the paper. For better understanding of the paper, Board of

Studies has provided following knowledge inputs:

1. Study Material (Volume I)
2. Practice Manual (Volume II)
3. Suggested Answers
4. Revision Test Papers
5. Mock Test Papers
6. Students' Journal for academic updates

Now, after knowing the various knowledge inputs provided by the Board of Studies, you should plan your studies.

Planning – Time Management

You are advised to plan your studies on the basis of availability of time and the course contents. Planning for study of the paper 'Accounting' should be as such that you go through the subject atleast three times.

In Accounting, examination paper is purely practical based. Therefore, one has to do written practice of good number of questions on each topic. So, at the time of planning the study for accounting you should keep into mind the written practice of practical questions also. Considering the practical nature of the paper, start your studies from the day you receive the course material. As at IPCC level you do not have to undergo article ship training, therefore, it is suggested that you should study atleast two hours a day. By doing so, you will be able to manage first round of complete study and two rounds of revision well before time. Your first round of study should be completed well in advance that is atleast 3 months before your exam.

This is macro level planning about how to study but you should also plan at micro level i.e. time planning for each and every chapter in detail - when to start and by what time the chapter should be completed. Keep some time leverage as assimilation of the chapters may take more time than expected or planned.

Your second round of study i.e. your first revision should be over before one month of your exam. Your second revision should be in the last month before exam so that you will be in the position to remember all the concepts. These three rounds of study will help in boosting the confidence level for the subject and will make you mentally prepared to appear in the examination.

First round of study

As you are aware that the syllabus of 'Accounting' covers Accounting Standards as well as other topics, so your planning should be divided in two parts namely-

1. Accounting Standards
2. Other chapters of the course curriculum.

Every day when you start your study first go through the concepts which you have read last day then start learning new concepts. Remember, out of sight, out of mind. Ideally your first study should be within 24 hours of initial reading, the second within 1 week of reading.

Part I- Accounting Standards

As accounting standards have been introduced to you for the first time in detail at this level, therefore, it is felt that we should give you an insight on accounting standards and how to study them.

Accounting standards are written policy documents issued by the ICAI. It covers the aspects of

- recognition,
- measurement,
- presentation and
- disclosure

of accounting transactions in the financial statements.

It is not necessary that each accounting standard deals with all the above aspects. There are some standards which deal only with disclosure part like AS 1, while AS 3 deals with the presentation aspect only. However, AS 2, 6, 7, 9, 10, 13 and 14 as specified in the syllabus deal with recognition and measurement principles in specific along with certain disclosure requirements.

Note: The examples mentioned above are with reference to accounting standards which form part of the syllabus of IPCC Paper 1 'Accounting'. Only nine accounting standards are included at IPCC level even though there are in effect 31 accounting standards.

Each accounting standard has certain paragraphs in bold and italics which deal with the main provisions. Other paragraphs which are not in bold and italics are explanation to the paragraphs in bold and italics. Together the bold and italics paragraphs and normal paragraphs constitute an Accounting standard.

Some accounting standards are generally applied to any business like AS 1, 2 6, 9, 10 and 13 while some are industry/segment specific for example AS 7 (which will be applied only in case of construction contracts) and some situational like AS 14 'Accounting for Amalgamation' which states set of procedures to be followed at the time the company opt for merger.

In unit 2 of chapter 1 of our study material of 'Accounting', we have given the explanation/interpretation of the accounting standards specified in your syllabus. Also at the end of the study material, we have reproduced the bare text of these accounting standards for your reference. It is advised that after studying each standard explained in chapter 1 refer the bare text of accounting standard for building strong conceptual knowledge on the accounting standards specified in the syllabus.

PART 2 - OTHER CHAPTERS

Once you study your accounting standard portion, you may study those chapters which are purely based on accounting standard. Such chapters are
Chapter 2 unit 2: Cash Flow Statement
Chapter 6: Amalgamation

Studying these chapters will revise your concepts on accounting standards which you have already studied in chapter 1 and will also make you understand and apply the provisions in the questions dealing with such standards.

Since, IPCC level is the second level of chartered accountancy course and we have a paper on 'Fundamentals of Accounting' at CPT level also, therefore, the chapters which apply the provisions studied at CPT level (to an extent) may be studied next. Such chapters are:

Chapter 9: Financial Statements of Not-for-Profit Organisations
Chapter 10: Accounts from Incomplete Records
Chapter 14: Issues in Partnership Accounts

You can then proceed studying other important chapters on company's accounts viz Preparation of financial statements of companies, Profit or loss prior to incorporation, Accounting for bonus issue and Internal reconstruction; one question on which is generally asked in the question paper. At the end, study small chapters on which question ranging from 4 to 8 marks are generally asked in the examination. Such chapters include average due date, account current, self balancing ledgers, hire-purchase and instalment sale transactions, investment accounts, insurance claims for loss of stock and loss of profit and lastly accounting in computerized environment.

Chapter on 'Accounting in Computerized Environment' is a theory based chapter but question asked in the question paper is not a straight forward question. Your study should be application based so that you may analyse the requirements of the question and answer them in a desired manner.

Use of BoS Knowledge inputs in a systematic pattern

Step 1 Study material

To lay a strong foundation of the understanding of any particular topic, study material explains the concepts of each and every topic in detail with adequate illustrations. Study the underlying concepts and accounting treatment specified therein analytically before proceeding towards illustrations. Keep questioning yourself until you are absolutely clear on the topic. Solve the illustrations after understanding the topic. For example, in the chapter of Profit or loss prior to incorporation, one has to understand the reason why profit prior to incorporation is transferred to capital reserve and not to profit and loss account, what will be the treatment of loss prior to incorporation etc.

Step 2 Practice Manual

After solving the illustrations given in the study material, solve the questions given in the practice manual. Practice Manual is highly useful for the students appearing in the examination as it includes questions from past examinations which would facilitate in thorough understanding of the chapters explained in the study material. In accounting paper, it is very necessary that one should practice a good number of questions dealing with different adjustments. Practice Manual will help serve this purpose. Your first round of study should cover both Study Material and Practice Manual.

Second round of study

Step 3 Suggested answers

Your second round of study i.e. your first revision should cover practice of suggested answers of recent two to three examinations. Suggested answers of past few examinations give you an idea of what type of questions are asked in the examination and how to solve and present the solution for such questions in the examination. Solving the question paper in the examination situation will help you, not only in time management but will also give you the confidence to attempt different types of questions in the examination.

Step 4 Revision Test Papers (RTP)

After you complete revision of whole syllabus atleast once, you should solve the questions given in the RTP. For every examination, Board of Studies comes out with a Revision Test Paper. Revision Test Paper is issued for every attempt containing a fresh set of questions which will help you to evaluate your preparation level. RTP of Accounting is divided into two parts namely Part I: Recent amendments, notifications and announcements which are relevant for that particular examination and is not given in the study material or was not applicable in the immediate past examination. You will be able to know all such relevant information applicable for the exam at one place. Part II carries questions and answers for your practice. In Accounting, questions on each topic are given with full solution to enable you to get an insight on how to present the solutions in an orderly manner. In accounting paper, RTP of past few attempts can also be referred subject to amendments for which you have to refer the latest Study Material and RTP.

Third round of study

Step 5 Mock Test Papers

After second revision of the complete syllabus, you may assess your preparation by taking mock tests conducted by various branches at their end. Also Mock test papers are hosted on the institute's website www.icai.org which you may download and solve within a time period of three hours.

Important points to be kept in mind

1. Preparation of notes

Prepare concise notes in the first round of study itself. Your notes should be prepared in a manner, which supplements your understanding of the concept and the illustrations you have solved. You may either make a separate copy where you write down the important concepts of the chapter or can underline the important concepts in the book itself and read those underlined portion at the time of revision. You should also shortlist the illustrations to be revised again in your second and third round of study. Short listing of illustrations should be based on the difficulty you faced while solving the question. Besides preparation of important points of the topic (which will help you 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. Such tricky points or adjustments should be cross linked with the concerned illustration number so that at the time of revision you not only study the accounting treatment but also refer the whole solution again. These notes may also be accompanied by the proforma of relevant accounts and diagrams so that at the later stages of preparation, the conceptual knowledge underlying different topics may be gained within minimum time and efforts without going through a number of books again.

2. User of proper and prescribed format for presentation of accounts

There are some chapters which require the solution or financial statements to be presented in particular format. You should make it a practice to adopt the prescribed formats while solving and presenting the accounts of particular topics. For example: Financial Statements of companies should be in the format prescribed in the Schedule VI to the Companies Act, 1956. The format of Account Current should be kept in mind while solving the problems on that topic.

3. Recapitulation of previously read topics

The chapter of Partnership accounts was also there in the paper of 'Fundamentals of Accounting' at CPT level. Therefore, here at IPCC level, you are required to whet your skills on this topic. Also the concepts and provisions read at CPT level lays down the foundation for studying and understanding the topics specified at the IPCC level. For example, concept of revenue and capital receipt and expenditure is applied in every topic while preparing the financial statements of an entity. Similarly, valuation of inventory, accounting for depreciation etc. are some of the topics the concepts of which are applied in general to all entities.

4. Keep yourself continuously updated

We at Board of studies endeavor to update you with the latest amendments or notifications as and when they are issued. One of the sections in the Students' Journal is on 'Academic Update' which contains recent amendments in accounting also. You should be in a habit to read this continuously as it will help you in avoiding last moment pressure to acquaint yourself with all the relevant amendments. Also list of publication comprising of all relevant accounting standards and guidance notes are published well in time in the Students' Journal and the institute's website to apprise you with the applicability part of the same in the particular examination.

5. Keep in mind the Inter-linking of various topics

The provision of accounting standards have to be kept in mind and applied while studying the related chapter based on the particular accounting standard. If your concepts are clear relating to a particular standard, you should not face any problem in applying the same to solve problems in an inter-connected chapter. Sometimes even though the chapter may not directly relate to an accounting standard, it may contain adjustments involving application of one or more standards.

We have made an attempt to explain with the help of tabular format given here under the manner in which concepts contained in the particular chapter of the study material have to be interlinked with the related provision in another chapter of the study material and read together:

Chapter/ Unit No.	Name of the chapter/Unit	Inter-linking
Chapter 1	Accounting standards	■ Nine Accounting standards have been specified in this paper viz AS 1, 2, 3, 6, 7, 9, 10, 13 and 14. ■ AS 3 is on Cash Flow Statement. There is a separate unit in chapter 2 which deals with Cash Flow Statement. All the provisions of AS 3 will be applied while preparing the cash flow statement of a company. ■ Similarly, provisions of AS 14 'Accounting for Amalgamations' will be applied in chapter 6 'Amalgamation'. ■ Provisions of AS 13 'Accounting for Investments' will be applied to an extent in chapter 12 Investment Accounts. For example value of closing balance of investment at the end of the accounting period will be cost or fair value whichever is less is as per para 14 of AS 13.
Chapter 2	Financial statements of companies	■ Format of Schedule VI explained in this chapter is to be applied in the financial statements of companies required to be prepared in chapter 4 'Accounting for

		Bonus Issue', chapter 5 'Internal Reconstruction' and chapter 6 'Amalgamation'. ■ Cash flow statement is to be prepared as per AS 3 explained in chapter 1
Chapter 3	Profit or loss prior to incorporation	This chapter applies the principle of periodicity read at CPT level in the paper of Fundamentals of Accounting.
Chapter 6	Amalgamation	Provisions of AS 14 should be kept in mind while studying this chapter.
Chapter 9 and 10	Financial Statements of Not - for - Profit organizations and Accounts from Incomplete Records	These chapters apply the provisions studied in the chapter 'Preparation of Final Accounts for Sole Proprietors' at CPT level.
Chapter 12	Investment Accounts	Provisions of AS 2 and 13 should also be remembered while valuing the closing balance of investment at the end of the accounting period.
Chapter 14	Issues in Partnership Accounts	In 'Fundamentals of Accounting' at CPT level, we had a chapter on partnership which dealt with profit and loss appropriation account of partnership firm, admission, retirement and death of a partner.

Other chapters though not specifically interlinked with any chapter but still apply the provisions already read earlier.

Tips for examination

General tips are already given in the first part of this booklet. However, we would like to also focus on following accounting related examination tips which you should keep in mind at the time of appearing for the examination:

1. Use of proper formats

Certain statutes prescribe specific formats for presentation of the accounts. You should take care of the same at the time of solving the questions in the exam. Accounts presented in the prescribed manner will help you in scoring due marks.

2. Adequate Working Notes

In accounts, your solution is generally divided in two parts viz- main solution and working notes. Working notes form part of your solution and carries marks. Therefore, it is advised that calculations made on your calculator should also be written in your answer sheet as working note, wherever required, neatly and precisely. Also your working note should be cross referenced with the figure used in the main solution so that examiner can easily understand that how you have arrived at the particular figure.

3. Answer the questions with due emphasis on the provisions of Accounting Standards

Support your answers/conclusions with proper reasoning. Answers for questions based on accounting standards should be supported with provisions of that accounting standard rather than a mere common sense or guess work. It is not required to quote paragraph number of Accounting standard but you are expected to quote accounting standard number alongwith the name of the standard. However, if you state, paragraph number of accounting standard, then it will add value to the solution and will also help create a good impression in the mind of the examiner. You should quote number of accounting standard or name only when you are sure. It is better not to quote than to misquote the accounting standard number.

4. State the assumption clearly

In case a question leaves room for making an assumption and there is a possibility of more than one assumption, it is important to clearly state the assumption you have taken and solve the question accordingly.

PAPER 2: BUSINESS LAWS, ETHICS AND COMMUNICATION

Introduction

Any accounting student should have understanding of the legal framework, which influences business transactions. This paper on Business Laws, Ethics and Communication has been introduced for the CA students at IPCC level in a CA course to make the students aware of legal background relating to business and company law. It comprises laws of practical importance in the modern business world as law is a convincing source of bringing reasons, fairness and stability in all the mercantile dealings. Besides, in today's scenario, ethics forms a mainstay and principle part of any profession and it is certainly necessary for the students of Chartered Accountancy to know the value of ethics in business. Ethics is a series of values steering the conduct of the peoples of the society. Further, a student also needs to develop good business communication skills, as effectual communication conduct helps disseminating laws and ethics to business and society and emphasizing a sound understanding of related legal deeds and documents.

Thus, the introduction of this paper in the syllabus serves the needs of the modern society.

Syllabus coverage

The syllabus is, therefore, comprehensive, cohesive and synchronized explanation of the statutory provisions of the business laws including some of the labours laws and the company law, the fundamental doctrines to ethics required in the conduct of the businesses, and the communication proficiency which is preferred for the conduct of any business activity. The subject has been segregated into three parts with Part I covering Business Laws and the Company Law carrying 30 marks each. This part comprises of legal provisions, numbers of case based illustrations and important cases with view to help students to understand and apply provisions of law properly. Part II covering Business Ethics discussing the ethical concepts and the measures to overcome the ethical dilemmas faced by the professionals carrying 20 marks and Part III covering Business Communication carrying 20 marks dealing with communication principles, its forms and applications.

A word on subject coverage from examination perspective

Business Laws

In Business Laws and Company Law students have to focus on digesting all the major legal provisions and their objectives and implications in practice. At every stage, they should prepare themselves well enough to be able to conceptually explain the relevant provisions, principles and conditions. Students should also go through the Bare Acts to get a better understanding of all the provisions contained in various sections and sub-sections. At the IPCC level, it is better to start remembering some of the important sections and apply them logically in solving practical problems. Reading leading case laws if any may also form part of your reading for enhanced knowledge. The content of this section has been discussed in six chapters, which are as under:

1. The Indian Contract Act, 1872

Indian Contract Act, 1872 is one of the oldest laws in the Indian law regime, passed by the legislature of pre-independence India. The statute contains essential principles for formation of contract along with law relating to special contracts such as indemnity, guarantee, bailment, pledge and agency. This statute has been incorporated in the CA-course because this is the law which forms the foundation upon which the superstructure of modern business is built.

This chapter is divided into 9 units. The topics to be more focused from examination perspective are as follows:

Chapter/ Unit No.	Name of the Chapter	Topics
1	Background	■ Definition, Essentials and Types of contract ■ Proposal/Offer & Acceptance and Rules related to Communication ■ Revocation of Offer and Acceptance
2	Consideration	■ Definition & Legal Requirements of Consideration ■ Suit by a third party to an Agreement ■ Validity of an Agreement without Consideration
3	Other Essential Elements of a Contract	■ Free Consent ■ Capacity to Contract ■ Lawful Object and Consideration ■ Unlawful Object & Unlawful Consideration ■ Agreement expressly declared as Void
4	Performance of Contract	■ By whom a Contract may be Performed ■ Liability of Joint Promisor & Promisee ■ Time and Place for Performance of the Promise ■ Impossibility of Performance ■ Contract, which need not be Performed ■ Discharge of a Contract
5	Breach of Contract	■ Anticipatory Breach of Contract ■ Actual Breach of Contract ■ Measurement of Damages ■ How to calculate the Damage

6	Contingent and Special Contracts	■ Contingent Contract ■ Rules relating to Enforcement ■ Quasi-Contracts ■ Types of Quasi-Contract
7	Contract of Indemnity and Guarantee	■ Contract of Indemnity ■ Contract of Guarantee ■ Nature of Surety's Liability ■ Continuing Guarantee ■ Discharge of a Surety ■ Rights of Surety against the Principal Debtor and Creditor ■ Contribution as between Co-Sureties
8	Bailment and Pledge	■ What is Bailment? ■ Duties and Rights of Bailor & Bailee ■ Pledge
9	Agency	■ Definition & Modes of Creation of Agency ■ Extent of Agent's Authority ■ Duties and Obligations of an Agent ■ Personal Liability of the Agent ■ Principal's Liability for Agent's act to third parties ■ Irrevocable Agency ■ Sub-Agent & Substituted Agent

2. The Negotiable Instruments Act, 1881

A 'negotiable instrument' is a signed writing containing an unconditional promise to pay an exact sum of money. It includes bill of exchange, cheque, promissory note, or other written contract for payment that may serve as a substitute for money. It is simple in form and easy to transfer. Like commercial paper, negotiable instruments were developed to meet the needs of trade. They are used by businessmen to facilitate long-distance transactions and to avoid the cash transactions.

Major topics to focus

- Meaning, definitions & characterstics of Negotiable Instruments
- Classification of Instruments
- Sight and Time bills
- Negotiation, Negotiability, Assignability
- Different Provisions relating to Negotiation
- Rights and Obligations of Parties to an Instrument obtained illegally
- Acceptance and Payment for Honour and Reference in Case of Need
- Presentment of Instruments

3. The Payment of Bonus Act, 1965

The term Bonus means extra amount in money, bonds or goods over what is normally due. The term is applied especially to payments to employees either for production in excess of the normal (wage incentive) or as a share of surplus profits. The Payment of Bonus Act, 1965 intends to provide for the payment of bonus to persons employed in certain establishments and for matters connected therewith.

Major topics to focus

- Act not to apply to certain classes of Employees (Section 32)
- Definition
- Who is Entitled to Bonus?
- Establishments to Include Departments, Undertakings and Braches (section 3)
- The First Schedule
- The Third Schedule
- Payment of Minimum Bonus (Section 10)
- Payment of Maximum Bonus (Section 11)
- Procedure for Calculation of Working Days and Proportionate Reduction in Bonus
- Special Provision with respect to Certain Establishments (Section 16)
- Special Provision with respect to Bonus Linked with Production or Productivity (Section 31A)
- Power of Exemption (Section 36)

4. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952

This Act was moved by the State to ensure welfare measures for labourers. The Act carries great importance in providing welfare measures to employees in an organization, students should know the mechanism of this statute.

Major topics to focus

- Definition (Section 2)
- Employees' Provident Fund Scheme (Section 5)
- Employees' Deposit-Linked Insurance Scheme
- Other Provisions

5. The Payment of Gratuity Act, 1972

Gratuity is an amount (as a lump sum payment) which is paid by an employer to his employee for his past services when the employment is terminated. In case of death of the worker, it provides financial assistance to the members of his family for their survival, if they have no other means for support. Thus, this gratuity scheme serves as an instrument of social security as well as a reward to a person who sacrifices his whole life for the betterment, development and prosperity of an establishment and thereby for the Nation.

Major topics to focus

- An Introduction
- Important Definitions
- Payability of Gratuity
- Calculation of Gratuity Amount Payable
- Forfeiture of Gratuity
- Nominations for Gratuity
- Employer's duty regarding the payment

- Recovery

6. Company Law

With the intention of giving first hand working exposure in Company Law, a few chapters of the Companies Act, 1956 from Section 1 to 197 are covered. Students, at this level, have to gain a working knowledge of the provisions of the Companies Act, 1956.

This part is divided into four units.

Major topics to focus

Unit No.	Name of the Unit	Topics
1	Preliminary	■ Introduction on Company & Lifting of the "corporate veil" ■ Classes of companies under the Act ■ Miscellaneous provisions (Section 43-45) ■ Conversion of public company into a private company ■ Procedure for conversion of a private company into a public company ■ Privileges and exemptions ■ When companies must be registered ? ■ Mode of registration/Incorporation of company ■ Memorandum of Association ■ Alteration of the Memorandum ■ Articles of Association ■ Alteration of Articles ■ Doctrine of Indoor Management ■ Preliminary / Pre-Incorporation & Provisional Contracts ■ Promoters ■ National Company Law Tribunal & National Company Law Appellate Tribunal
2	Prospectus	■ Prospectus-Meaning and Role ■ When Prospectus is not required to be Issued (Section 56) ■ Requirements as to the Issue of Prospectus ■ Abridged form of Prospectus ■ Statement by Experts ■ Shelf Prospectus [Section 60A – Companies (Amendment) Act, 2000] ■ Information Memorandum Section 60B Companies (Amendment) Act, 2000] ■ Mis-statement in Prospectus and its Consequences ■ Offer for sale or Prospectus by implication or Deemed prospectus (Section 64) ■ "Small Depositors" – [Section 58AA]

		■ Allotment of Shares ■ Minimum Subscription and Refund & Restriction on use of Application Moneys ■ Underwriting ■ Purchase of own shares and financial assistance for purchase of own shares ■ Whether a company can 'buy-back' its own shares ? ■ Membership ■ Service of Documents
3	Share Capital	■ Concept of capital & Shares ■ Variation of shareholders rights ■ Voting rights of a member ■ Further issue of capital (Right Share i.e., Right of pre-emption or Pre-emptive Right) ■ Section 81 of the Companies Act, 1956 ■ Alteration of share capital(Section 94) ■ Reduction of the share capital ■ Reduction vs. diminution ■ Issue of shares at a discount ■ Issue of sweat equity ■ Issue of securities at a premium ■ Share certificate & Share warrant ■ Calls on shares ■ Transfer of shares ■ How nomination facility shall operate in case of transmission of shares ? ■ Certification of transfer (Section 112) ■ Blank transfers & Forged transfers ■ Transmission ,Forfeiture and surrender of shares ■ Capitalisation of profit ■ Debentures & Registration of a charge
4	Meetings and Proceedings	■ Classification of Meetings ■ Meeting of Shareholders ■ Annual General Meeting& Extraordinary General Meeting ■ Powers of Company Law Board / Tribunal ■ Class Meetings ■ Procedure for Convening and conduct of General Meetings ■ Notice of Meeting ■ Special and Ordinary Business ■ Quorum, Proxies & Resolution ■ Passing of Resolution by Postal Ballot [Section 192A] ■ Minutes ■ Meeting of Debenture holders ■ Company Law in a Computerized Environment

Ethics

Ethics is a "critical, essential and non-negotiable" characteristic of an effective leader and strong business ethics is a pillar of strategic business planning and success. Today, a massive inequality exists among the nations throughout the world, despite a five fold increase in economic growth and a twelve fold increase in global trade since World War II. The globalised world economy faces a catastrophic series of socio-economic, political, cultural, spiritual and environmental crises, as well as a crisis of security, and they are all threatening the fabric of society, and life itself.

Recent corporate scandals such as, Enron, WorldCom, Tyco, Satyam, to name but a few from a long list, have sunk the world of big business to a new level of disgraceful recklessness and irresponsibility. Examples of unethical behavior abound in business stories around the world. And individuals witness some form of unethical behavior in their workplace every day. Unethical behaviour, where people deliberately intend to harm themselves or others, develops from and is reinforced by, destructive states of mind, including fear, greed, anger and envy. In contrast, ethical behaviour enhances the well-being of everyone because it is developed from and reinforced by strong motives and emotions such as love, joy, generosity and compassion.

The greed-motivated neo-liberal world is spinning out of control. Perhaps, it is high time to redefine our values. Knowing what is right is very important to personal and business ethics. Doing what is right is absolutely critical to personal and business ethics. A strong unwavering commitment to core values and guiding principles of business or organization will lead to the right ethical decisions and actions. In the absence of these actions, all one has is good intentions and that simply is not enough for the holistic growth of the mankind.

As part of the learning process, the students in this section are exposed to an introduction to business ethics, corporate governance, corporate social responsibility, and issues relating to environment, ethics in workplace, marketing, accounting, finance and protection of consumer.

Major topics to focus

Chapter No.	Chapter Name	Topics
7	Principles of Business Ethics	■ Introduction ■ Ethics & Morals ■ Need for Business Ethics ■ Ethical Dilemmas ■ Benefits of Business Ethics
8	Corporate Governance and Corporate Social Responsibility	■ Introduction ■ Stakeholders ■ Corporate Governance-Developments Abroad ■ Corporate Social Responsibility & its benefits
9	Workplace Ethics	■ Factors Influencing Ethical Behaviour at Work ■ Ethical Issues ■ Discrimination & Harassment

		■ Importance of Ethical Behaviour at the Workplace ■ Guidelines for Managing Ethics in the Workplace
10	Environment & Ethics	■ Sustainable Development ■ Pollution and Resource Depletion ■ Business & Environmental Ecological Ethics ■ Eco-Friendly Business Practices
11	Ethics in Marketing and Consumer Protection	■ Behaving ethically in marketing ■ Healthy competition and protecting Consumer's interest ■ Consumer Protection Councils in India
12	Ethics in Accounting and Finance	■ Introduction ■ Ethical Dilemma & Potential Conflicts ■ Creating an Ethical Environment ■ Reasons for Unethical Behaviour ■ Threats & Examples of circumstances creating the threats ■ Safeguards ■ Ethical conflict resolution

Communication

Communication is an integral part of our professional life. We cannot do away with communication. Communication is a sine qua non for any business activity. With the emergence of new technological advances in information and knowledge, an important skill that is required is creating an environment that enables the business to connect and have contacts with its stakeholders. To build long lasting business relationships with the customers, communication should be clear, crisp and with clarity. To achieve success, professionals need to assess and respond to communication situations that occur constantly. Business Communication usually starting with oral form need to be materialized in a written form in the form of deeds and documents for which model varies with the nature of agreement.

The courseware of this subject has been designed in such a manner that it does not only suffice your examination needs but also enable you to sharpen your professional skills as well. This section introduces the students to the elements of communication, communication in business environment and the preparation of legal deeds and documents. Generally, students feel themselves in comfort zone while dealing with this part. This part is a very important part to increase your overall tally in the paper. But at the same time you should be careful in your basic understanding.

Major topics to focus

Chapter No.	Chapter Name	Topics
13	Essentials Of Communication	■ Introduction ■ The Process of Communication ■ Formal Communication ■ Informal Communication ■ Communication Media ■ Non-Verbal Communication ■ Benefits of Effective Communication ■ Planning Business Messages
14	Interpersonal Communication Skills	■ Principles & Functions of Interpersonal Communication ■ Active Listening & Critical Thinking ■ Emotional Intelligence ■ Competencies Associated With Emotional Intelligence
15	Group Dynamics	■ Characteristics of Groups ■ Group Dynamics ■ Types of Groups in Organisations ■ Handling Group Conflicts ■ Consensus Building ■ Negotiation and Bargaining
16	Communication Ethics	■ Ethical Communication & Organization Values ■ Ethical Dilemmas & Guidelines to handle Ethics Dilemma
17	Communicating Corporate Culture, Change and Innovative Spirits	■ Corporate Culture &Elements of culture ■ Change & Resistance to Change ■ Barriers To Innovation ■ Building Innovation Enabled Organization
18	Communication In Business Environment	■ Specimen of Notice & Minutes of Meeting ■ Circulars ,Press Releases & Corporate Announcements by Stock Exchanges
19	Basic Understanding of Legal Deeds and Documents	■ Partnership Deed ■ Power of Attorney ■ Lease Deed & Gift Deed ■ Affidavits & Indemnity Bond ■ Annual Report of a Company

How to Plan for Examination

Since the level of knowledge required at this level for the subject is 'working knowledge' and the objective is to gain knowledge of those branches of laws relating to business transactions, students need to prepare and become conversant with practical application of the law in commercial situations. Abstract reading of the law in the form of theory will not help in complete understanding of the subject. They have to focus their study based on the legal provisions, case laws, if any, and understand their practical implications. Besides, students should also give importance to the terms/definitions for proper conceptualization of the answers.

Students should also go through the Bare Acts to get a better understanding of the provisions contained in various statutes. It is desirable to support answers with relevant sections and leading case laws on the matter wherever necessary.

Handling of Paper

While attempting practical/application oriented questions, students should be able to pinpoint the legal points or issues involved in any statement, problem or situation given in the question, explain the relevant legal provisions clearly, correlate the legal provisions to the given statement or problem or situation and cite the relevant case law in support of their reasoning.

A common comment of examiners in the Law paper is that candidates are generally weak in their working knowledge of basic concepts and provisions of the relevant laws as well as in language and writing skills. It is therefore suggested that students may go through the comments given by the examiners which are available in the suggested answers of each examination and do the necessary follow-up action to remove their shortcomings and improve their knowledge and performance.

A. Practical / problem based question

Specimen of Question & Answer

Mr. Singh, an old man, by a registered deed of gift, granted certain landed property to A, his daughter. By the terms of the deed, it was stipulated that an annuity of Rs.2, 000 should be paid every year to B, who was the brother of Mr. Singh. On the same day A made a promise to B and executed in his favour an agreement to give effect to the stipulation. A failed to pay the stipulated sum. In an action against her by B, she contended that since B had not furnished any consideration, he has no right of action.

Examining the provisions of Indian Contract Act, 1872, decide, whether the contention of A is valid?

Answer

I. Name of the Act and the provision by which it is governed

Problem as asked in the question is based on the provisions of the Indian Contract Act, 1872 as contained in section 2(d) and on the principle 'privity of consideration'. Consideration is one of the essential elements to make a contract valid and it can flow from the promisee or any other person. In view of the clear language used in defining 'consideration' in Section 2(d) ".... the promisee or any other person.....", it is not necessary that consideration should be furnished by the promisee only. A promise is enforceable if there is some consideration for it and it is quite immaterial whether it moves from the promisee or any other person.

II. Reference of any case law, if any for quality of the answer though not effecting on the scoring of the answer

The leading authority in the decision of the Madras High Court in Chinnaya Vs. Ramayya (1882) 4 Mad 137., wherein it was held that the consideration can legitimately move from a third party and it is an accepted principle of law in India.

III. Co-relation of the legal provisions to the given statement/problem in a question

In the given problem, Mr. Singh has entered into a contract with A, but Mr. B has not given any consideration to A but the consideration did flow from Mr. Singh to A and such consideration from third party is sufficient the enforce the promise of A, the daughter, to pay an annuity to B. Further the deed of gift and the promise made by A to B to pay the annuity were executed simultaneously and therefore they should be regarded as one transaction and there was sufficient consideration for it.

IV. Conclusion

Thus, a stranger to the contract cannot enforce the contract but a stranger to the consideration may enforce it.

B. Theoretical questions

For the theoritcal question, the answer should be laid down by highlighting the main points with brief description given in small paragraphs for making answer appealing.

Specimen of Question & Answer

What are the different manner of non-verbal communication?

Answer

One may continue to communicate non-verbally through:

Kinesics or Body language: All our bodily movements, gestures, postures etc., are guided by our feelings and thought processes. The nodding of our head, blinking of our eyes, waving of our hands, shrugging of our shoulders etc., are expressions of our thought and feelings. All these movements are the signals that our body sends out to communicate.

Paralanguage: The term paralanguage is used to describe a wide range of vocal characteristics like tone, pitch, and speed etc – vocal cues that accompany spoken language which help to express and reflect the speaker's attitude.Speaker uses a vast range of vocal cues like:

(a) Pitch Variation
(b) Speaking
(c) Pause
(d) Volume variation
(e) Non- fluencies
(f) Word Stress

Artificial Communication : It is well known that we react to people on the basis of their appearance. The use of personal adornment like clothing , accessories, makeup, hairstyle etc. provides important non verbal cues about one's age, social and economic status, educational level, personality etc.

Proxemics : refers to the space that exists between us when we talk or relate to each other as well the way we organize space around us. We can also call it 'space language".

Chronemics or Time language: is the study of how we use time to communicate. Punctuality is an important factor in time communication. Misunderstandings or disagreements involving time can create communication and relationship problems.

Haptics: is communication through touch .How we use touch sends important messages about us. It reveals our perceptions of status, our attitudes and even our needs.

Silence: The absence of paralinguistic and verbal cues also serves important communicative functions.

Last but not Least "Writing Put The Finishing Touché"

Students often feel that reading, understanding and familiarizing with the subject is enough. The process does not end there. After reading and before the examination, one may test self by way of undertaking a mock test under examination conditions. This may be done by attempting a model/previous year examination question paper and comparing with the suggested answers. By this, you can examine how far you are recapitulating the subject, of course, the time in completion of the paper. The exercise may be painful at the beginning but if one takes it seriously he/she will realize its privileges.

PAPER 3: COST ACCOUNTING AND FINANCIAL MANAGEMENT

PART I: COST ACCOUNTING

Introduction

Cost Accounting and Financial Management is a subject which consists of two parts i.e. Cost accounting and Financial Management. The Cost Accounting part deals with basic concepts of Cost Accounting, elements of Cost, various methods of Costing and application of costing techniques. The basic objective of Cost Accounting part is as follows:

(a) To understand the basic concepts and processes used to determine product costs,

(b) To be able to interpret cost accounting statements,

(c) To be able to analyse and evaluate information for cost ascertainment, planning, control and decision making, and

(d) To be able to solve simple cases.

Outline of the Syllabus

The entire syllabus of the Cost Accounting part has been divided into ten chapters. The topics covered under these chapters are:

1. Basic Concepts, 2.Material, 3.Labour, 4.Overheads, 5.Non Integrated Accounts, 6. Method of Costing (I), 7.Method of Costing (II), 8.Standard Costing, 9. Marginal Costing, 10.Budgets and Budgetary Control

Chapter specific

- In the first chapter 'Basic Concepts', overview of all the concepts of Cost Accounting needs to be understood. The major parts which need to be understood are definitions and different terminologies used in

Cost Accounting and the context in which these are normally used. You are required to understand the objectives and importance of Cost Accounting system and its installation in industry, relation between Cost Accounting with other fields of study and its synchronisation with other related department/ stake holders to assist the management of the Organisation. Classification of cost, various elements and components of cost and various costing methods used in different industries need to be studied carefully. Theoretical questions are generally asked from this chapter almost in every examination. To answer these questions conceptual clarity and visualisation of practical life examples are necessary.

- The second chapter 'Material' is very important for the students. Students shall understand the concept, need and importance of materials in production system, various procedures involved in procuring, storing and issuing of material. You must know the treatment of excess/ shortage of stores and valuation of store to be received, issued & stock at hand. Components which should form part of value of material should be understood; you may refer illustrations given in the Study Material. Generally problems on EOQ are solved using formula but some time instead of using formula answer to the question is required to be done in tabular format as shown in the Study Material. You should also learn to draft format of Store Ledger under different valuation methods and accounting treatment. Treatment of normal and abnormal loss of materials, waste, scrap, spoilage and defectives in the Store ledger to be understood to arrive at correct stock position and its respective value. You should clearly know the differences between Simple average method and weighted average method of stock valuation. To avoid any confusion you should read the question carefully and understand the calculation under two methods of Valuation.

- In the third chapter 'Labour' students shall learn and understand the need of labour cost control, methods of attendance and payroll preparation procedures. Treatment of idle time and overtime both as normal and abnormal should be clearly understood by you. Students may also refer various illustrations given in the Study material for better and clear understanding. Labour Turnover is a term which can be heard in almost every Industry; you should understand what exactly, labour turnover is, reasons for labour turnover and its impact on an organisation's productivity directly and on image indirectly. Be conversed with various methods of computing labour turnover and Incentive plans to the workers. Students should be acquainted with of different systems of wage payment and Incentives through practicing different types of problems. In examination generally questions are asked to compute Incentives based on a particular incentive plan or make comparison between two given plans. Students are advised to avoid selective study like only Rowan or Halsey method of bonus plan.

- The fourth chapter 'Overheads' in which students shall understand the meaning and difference between direct cost and indirect cost i.e. overheads. Overheads are generally associated with more than one department or product line. Overheads are distributed amongst the concerned departments/ product lines using a basis. Distribution of overheads is called allocation of overheads or apportionment of overheads or absorption of overheads. Understanding the meaning and differences among the terms such as allocation, apportionment and absorption of overhead is important for conceptual clarity. As stated above overheads are allocated/ apportioned/ absorbed using some basis e.g. primary distributions are done using labour hours, machine hours, floor area, capacity, number of staff etc.

  Students should be versed with treatment of under absorption and over absorption of overheads through application of supplementary rate while ascertaining the cost of a particular product or department. You should also learn different methods of secondary distribution and calculation involved therein. Students should do thorough practice to avoid computational errors. Some time questions are related with capacity determination, in this regard students should be familiar with terms such as Installed/ Rated capacity, normal capacity, practical capacity, actual capacity etc. Question may be asked to calculate idle capacity and/or cost.

- In the Fifth chapter 'Non-Integrated Accounts' students shall acquainted with both Integrated and Non-Integrated systems of accounting and different ledgers account to be opened under the two methods of cost accounting. You should know the reasons for the differences between profit as per the financial accounting and the cost accounting and ways to reconcile it. Accounting treatment of over absorption and under absorption of overheads should be understood.

- The sixth chapter i.e. 'Method of Costing (I)' consists of Job Costing, Contract Costing, Batch Costing, Operating Costing and Multiple Costing. Here students should understand the meaning and distinctive features of above mentioned methods of costing and the accounting procedures to be applied in the above mentioned different methods of costing. Students shall be conversed with the adjustment of opening and closing stock of raw material, work in process and finished goods while preparation of Job/ Batch cost sheet.

  In Contract Costing profit from the contract is recognised using percentage of completion method.

  To arrive at it various factors such as Value of contract, Cost of Work certified, work uncertified, retention money, cash received should be understood. Computation of notional profit and estimated profit shall be learned. You should understand effects of escalation clause both to contractor and contractee and revision of work certified.

- The seventh chapter 'Method of Costing (II)' consists of Process Costing, Operation Costing, Joint Products and By Products. Area of application of the above costing methods and accounting difference among these should be understood. Process Costing method is followed in an industry where a product passing through various identifiable processes, where output of one process becomes the input of succeeding process and so on till it reaches its final shape. Students should be able to identify each process and related cost. Production being a continuous process where some incomplete (work in process) stock remains a possibility. To find out accurate cost incurred and output for a given period 'Statement of Equivalent Production' is prepared. Students should be able to calculate equivalent production for a given period with the use of any methods of inventory valuation. Students may refer illustrations given in the Study material for practice and clarity. One most important area of calculation is the treatment of normal loss, abnormal losses/ gains, adjustment for scrap in ascertainment of actual abnormal loss/gain.

  Some time more than one final products are obtained from a common process or input. Students shall know the treatment of joint cost to joint products for stock valuation purposes. Joint costs are apportioned using various methods such as based on sales value or based on volume etc. students may refer illustrations given in the Study Material for clear understanding. Some time questions may be asked on selling price at which a particular product can be sold or should be sold after further processing. Various illustrations have been given in the Study materials showing this type of calculations. Similarly all other methods such as operation costing and costing for By Products should be understood.

- The eighth chapter is 'Standard Costing'. First of all students should understand the meaning of standard cost and what is actual cost. The difference between standard values with actual value is called variance; Variances are calculated using some rational and conventional formulas. Formulas and its logical interlinks for finding out variances should be understood. Mere mugging up of formulas without proper understanding of its relationship will not going to help, as this chapter is just an introduction, clear understanding will definitely help students at Final level where numerical are based on practical situations. Students should also understand the accounting procedures and disposition of variances. Classification of variances and interrelationship could be understood from the chart given in the study material. This chapter requires lots of practice.

- 'Marginal Costing' is the ninth chapter of Cost Accounting at IPCC level and is one of the most vital chapter. Basic marginal equations and formulas should be understood. Students should be able to extract Profit Volume Ratio (P/V Ratio), Break Even Point/ sales, margin of safety, contribution, bifurcation of fixed cost from semi variable cost. Difference between marginal costing and absorption costing should be understood as some time you are required to reconcile figures from one method to another. Specimen Income Statement given in Study material is very helpful for clear understanding of the differences and treatment.

- In tenth chapter 'Budgets and Budgetary Control', objectives and importance of budgets and budgetary control, advantages and disadvantages of budgetary control should be understood. You are also required to learn the difference between various types of budgets and process of preparation of budgets. Generally preparation of flexible budget segregation of fixed cost and variable cost is required, so segregation techniques should be learnt (also discussed in Chapter-1). It is important for the students to understand inter linkage among different functional budget while answering question on functional budget. You may refer illustrations given in the Study Material.

PART II: FINANCIAL MANAGEMENT

A. Introduction

This paper introduces you to the basic concepts, theories and techniques relating to Financial Management and aims to develop your ability in understanding the different concepts and their application in the real life situations. It also provides you 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, you 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, you 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.

The syllabus of Financial Management may be segregated into Three parts for the purpose of its full coverage and study.

	Topics
Part A	It comprises of the following topics: 1. Scope and Objectives of Financial Management 2. Time Value of Money 3. Financial Analysis and Planning
Part B	4. Financing Decisions 5. Investment Decisions
Part C	6. Types of Financing 7. Management of Working Capital.

You can, however, decide for yourself 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.

B. Planning for Your Study

Emphasis on Theoretical Portion

There are certain chapters/units which are wholly theoretical in nature like Scope and Objectives of Financial Management, Types of Financing and Financing of Working Capital. These chapters need equal focus as they form the basis of many concepts which you will learn in the later chapters.

Chapter One: Scope and Objectives of Financial Management

This being the first chapter, it introduces you to the area of Financial Management. It discusses the evolution, importance, scope and objectives of Financial Management and how this area is inter-related with other subject areas. This chapter is of utmost importance as it deals with the fundamentals of Financial Management. Without a clear understanding of the fundamentals the remaining chapters will not be easy to grasp. Therefore, knowledge of the background, the environment to which this paper relates, is important as it helps to put everything learnt later into appropriate perspective.

Chapter Five: Types of Financing

In this chapter you have to study the different sources of finance and their usage in making sound financial judgments. This chapter deals with long-term, short-term and international sources of finance. It helps you to understand the basics of different forms of finance and their importance therein. Most of the issues discussed in this chapter have practical implications in real life like where to get funds from for starting up, development or expansion of a business and these decisions are crucial for the success of the business. It is also important, therefore, that you understand the various sources of finance open to a business and are able to assess how appropriate these sources are in relation to the needs of the business. The concepts learnt here find application almost in all the other chapters as well.

Example: A decision regarding a particular source of finance is taken in Chapter Six on Investment Decisions when a company wants to invest in new machinery, which has a high cost and capital is required to source the fund.

Generally, you tend to pay less attention to theory chapters and the theoretical concepts of underlying different topics. But it is very pertinent that you have thoroughly studied the theoretical aspects of the subject so that they help you in understanding the concepts and logic behind the mathematical workings and formulae while solving problems related to that particular concept.

Solving Practical Problems

You should be able to adopt the correct approach of solving the numericals using shorter approaches that require a little 'think before attempt' approach instead of lengthy procedures. You need to have conceptual clarity before attempting the questions. You should be able to understand how various concepts/figures are related to each other. This requires a lot of practice of solving such questions to develop this understanding without which, it would almost be impossible to achieve positive results in the examination. It appears that you either utilise too much of your time solving questions, without actually understanding the theories underlying the problems, or resort to selective studying.

Some outlines of the chapters which require extensive practice as they are practical-oriented are discussed for your better understanding. It also discusses how the different chapters are inter-related to each other and how the concepts studied in one chapter are relevant and applicable in other chapters as well.

Chapter Two: Time Value of Money

This chapter basically tries to impart you the concept and importance of monies worth today as compared to in the future. It talks about present value and future value of your money or investment. It discusses the concept of opportunity cost and the importance to know how to compute the time value of money so that you can distinguish between the worth of investments that offer you returns at different times. This chapter is of utmost importance as other chapters will expand on the concepts learnt in this chapter. For instance, time value concept forms the basis of all the modern tools and techniques of capital budgeting decisions like net present value (NPV) method, internal rate of return method (IRR) to name a few dealt in Chapter Six under Investment Decisions.

Chapter Three: Financial Analysis and Planning

This chapter requires loads of reading to understand the concepts and thorough practice of the problems. The first unit deals with ratio analysis. Here you need to understand the different types of ratios and their significance alongwith their application in decision-making scenarios. The second unit deals with cashflow and funds flow statement analysis. This chapter draws a lot from the paper of Accounting present in the same group. You should be conceptually clear with respect to the topics covered here as they create a stepping stone for you for understanding and implementation in further chapters.

Example: The acid test ratios are used in the Chapter Seven on Management of Capital Management. These ratios demonstrate a firm's ability to manage its resources in an efficient manner. Capital structure ratios like equity, debt, debt-equity are revised in the Unit II: Capital Structure Decisions under Chapter Four on Financing Decisions. Similarly, funds flow analysis is an important aspect of Chapter Seven on Working Capital Management while estimating working capital required by a firm in the future.

Chapter Four: Financing Decisions

This chapter covers the concept and significance of cost of capital, capital structure decisions and leverages. Cost of capital has relevance in almost every type of financial decision making.

Examples: While deciding the acceptance or rejection of an investment proposal, cost of capital is the major yardstick. It is also vital in designing a firm's capital structure as one of the important criteria is to minimise the cost of capital. Again, it helps in deciding the method of financing to be used.

Leverages help in understanding what change in a firm's policy in terms of say increase or reduction in the number of units it is producing or whether the firm should rely more or less heavily on borrowed money, etc affect the risk and return scenario of the firm.

The concept of financing mix has utility while deciding upon the hurdle rate for capital budgeting decisions under Chapter Six on Investment Decisions. Needless to say, this chapter too has applications in real life situations and requires thorough understanding of the concepts underlying each topic. Being a practically-oriented chapter, you need to practice a lot.

Chapter Six: Investment Decisions

The capital budgeting decisions are essential, fundamental and critical business decisions of a firm. Since these decisions need huge amount of capital outlay, are surrounded by great number of uncertainties and have long-term implications, therefore, there is an underlying need for thoughtful and correct decision-making. Capital budgeting decision-making is a difficult and complicated exercise for the management. These decisions require an overall assessment of future events which are quite uncertain. The basic concept underlining these decisions is investing in assets and projects which provide a greater return as compared to the minimum acceptable rate. This minimum acceptable rate also known as “hurdle rate” should be higher for riskier projects and should also reflect the financing mix used. Returns on projects should be measured based on cash flows generated and the timing of these cash flows. Both the positive and negative side effects of the projects should also be taken into consideration before a decision is taken. In this chapter you will not only study the importance of investment decisions but will also learn about the different tools and techniques which help in arriving at a sound financial decision. For instance, Net Present Value (NPV) represents the total value added or subtracted from the organisation if we invest in a particular project. Another method is Internal Rate of Return (IRR) which helps to determine the rate of return earned by a project.

One very pertinent concept of capital budgeting is what is relevant. For example, say what is relevant to a project cash flow? One of the main answers is Depreciation-Capital assets are subject to depreciation and you need to account for depreciation twice in your calculations of cash flows. Depreciation is deducted once to calculate the taxes paid on project revenues and then it is added back to arrive at cash flows because it is a non-cash item.

Chapter Seven: Management of Working Capital

This chapter introduces you to the concept of working capital management. Working capital is the capital needed by a firm for its day-to-day activity. From a company's point of view, excess working capital means operating inefficiencies. Say for example, company's money that is tied up in inventory or the amount of money that customers still owe to the company cannot be used to pay off any of the company's obligations, therefore, if the company is not operating in the most efficient manner, it will show up as an increase in the working capital. Here you also study the management of cash, marketable securities, accounts receivables management, account payable, accruals and different means of short-term financing.

Two most important points to remember while studying working capital management are:

(a) The optimal level of investment in current assets, and

(b) The appropriate mix of short-term and long-term financing used to support this investment in current assets.

The chapter also delves upon the different approaches to management of working capital with the objective of maintaining optimum balance of each of the working capital components.

Examples: Here the concepts of ratio analysis, which you have studied in Chapter Three, can be used to monitor overall trends in working capital and to identify areas requiring closer management.

For computing the optimal level of Current Assets, you need to apply the ratio analysis concepts. As studied earlier, an ideal current ratio is 2. This means that the current ratio of 2 is considered as a safe margin of solvency due to the fact that if the current assets are reduced to half i.e. 1 instead of 2 then also the creditors will be able to get their payments in full. A very high current ratio is not desirable as it means less efficient use of funds by a company.

Similarly, the different forms of financing which you have gone through in Chapter Five on Types of Financing also have an implication in this chapter. Here the sources of short term financing are re-visited.

PAPER 4: TAXATION

PART I: INCOME TAX

Income-tax is a direct tax i.e., it is a tax levied directly on the income of a person. Income-tax, at the IPCC level, largely involves application of provisions of the Income-tax Act, 1961 to solve computational problems, and, is therefore a very interesting, and at the same time, a dynamic subject, on account of the major changes which take place in the income-tax law every year.

Since the subject of income-tax is new to you, it is essential that you need to have an idea of the constituents or elements which make up the income-tax law. You also need to understand the basic concepts, especially, the concept of "income", on which tax is levied under this Act. The concepts of "assessment year" and "previous year" are equally imperative. Most importantly, you need to comprehend the manner of computation of total income, on which income-tax is levied.

We have made an attempt to explain the above in the ensuring paragraphs in order to enable you to have a broad understanding of the constituents of income-tax law, the fundamental concepts and the manner of determination of total income and tax liability. Thereafter, you would be able to appreciate the scope of syllabus of this subject at the IPCC level.

Point 1: Be acquainted with the elements or constituents of income-tax law

The income-tax law, which governs the levy of income-tax in India, has the following elements or constituents -

1. Income-tax Act, 1961

- The main source of income-tax law is the Income-tax Act, 1961.
- The Act is divided into sections; the sections are grouped under Chapters. The Act also contains Schedules.
- Many of the sections are further divided into sub-sections, clauses and sub-clauses, which are denoted within brackets.
  For example, if we have to refer to section 80D, sub-section (2) clause (b), the same should be written as section 80D(2)(b).

2. Income-tax Rules, 1962

- Rules are necessary for carrying out the purposes of the Act.
- The Act gives power to the authority responsible for implementation of the Act to make appropriate rules.
- The Central Board of Direct Taxes (CBDT) governs the administration of Income-tax Act, 1961 in India, for which purpose it frames rules from time to time.
- These rules together form the Income-tax Rules, 1962.

3. Annual Finance Act

- The Finance Bill is introduced in the Parliament every year for implementing the tax proposals in the Union Budget.
- When the Finance Bill is approved by the Parliament and gets the assent of the President, it becomes the Finance Act.
- The amendments are made every year to the Income-tax Act, 1961 and other tax laws by the Finance Act.
- The First Schedule to the Finance Act contains four parts which specify the rates of tax -
  - Part I of the First Schedule to the Finance Act specifies the rates of tax applicable for the current Assessment Year.
  - Part II specifies the rates at which tax is deductible at source for the current Financial Year.
  - Part III gives the rates for calculating income-tax for deducting tax from income chargeable under the head "Salaries" and computation of advance tax.
  - Part IV gives the rules for computing net agricultural income.

4. Circulars/Notifications

- Circulars are issued by the CBDT to clarify the meaning and scope of certain provisions contained in the Act.
- Notifications are issued by the Central Government to give effect to the provisions of the Act.
  For example, under section 80CCF, deduction is available in respect of notified long-term infrastructure bonds. Therefore, the bonds which qualify for deduction under this section are specified by the Central Government through Notifications.

5. Case law decisions

- The various issues which arise out of the provisions of the Act are decided by judicial forums.

- The decisions of the Courts interpreting the provisions of the law also form an important constituent of income-tax law.

Note - Case laws, are however, dealt with only at the Final level and not at the IPCC level.

Point 2 - Understand the fundamental concepts of income-tax law

Concept of "income"

Since you would be studying income-tax for the first time, it is essential that you understand the concept of "income" under the Income-tax Act, 1961. The concept of "income" under the Income-tax Act, 1961, is not the same as what is generally understood as "income" in common parlance.

An exhaustive definition is one which confines the scope to what is contained in the definition, whereas an inclusive definition does not limit the scope to what is mentioned in the definition.

The definition of "income" as per section 2(24) of the Income-tax Act, 1961, begins as "income includes ......". The definition of "income" is, therefore, inclusive and not exhaustive. This implies that the scope of income is not confined only to the income which are mentioned in section 2(24).

In Common Parlance	Under the Income-tax Act, 1961
1. Income is understood as a regular monetary return from specified sources.	Income also includes casual income like winnings from lotteries, crossword puzzles etc.
2. Normally, only revenue receipts are considered as Income.	Capital gains on transfer of assets are specifically included in the definition of income.
3. Income means the actual income i.e. gross receipts less expenditure incurred.	Income is also calculated applying a presumptive rate on gross receipts, in certain cases, for example, an individual carrying on civil construction business with gross receipts of Rs.50 lakh, can calculate his income by applying the presumptive rate of 8% on Rs.50 lakh, even though his actual income may be higher.
4. Income generally refers to real income.	Even notional income is treated as income, if specifically provided under the Act i.e. annual value of a property which is not actually let out but is deemed to be let out is chargeable to income-tax.
5. Income connotes the gross receipts after deducting actual expenditure incurred to earn such receipts.	The deductions specifically provided for under the Income-tax Act, 1961 can alone be reduced to compute income. Also, if there are any restrictions on the quantum of deduction allowable under the Act, the deduction would be allowed

	subject to such limits. For instance, in case of salary income, transport allowance is allowable as deduction only up to Rs.800 per month, even though the employee may have actually incurred more than Rs.800 p.m. and may be getting a higher transport allowance. Sometimes, deduction may be allowed for a higher sum than actually incurred. For example, weighted deduction @200% is allowable in respect of in-house scientific research expenditure incurred by a company.
6. Income is generally considered to belong to the person who receives the same.	Income-tax Act, 1961 has specific provisions including the income of one person in the hands of the other, in certain circumstances, like including income of a minor child in the hands of the parent.

Concept of "Previous Year" & "Assessment Year"

These concepts are fundamental to understanding the provisions of Income-tax law.

Previous year (P.Y.) is the financial year ending on 31st March, in which the income has accrued/received. Income earned during the previous year is chargeable to tax in the Assessment year.

Assessment year is the financial year following the previous year. Assessment year means the period of twelve months commencing on the 1st April every year.

For example, income earned during the P.Y. 2011-12 is chargeable to tax in the A.Y. 2012-13. Therefore, for the A.Y.2012-13, the relevant previous year is P.Y.2011-12.

Concept of "person"

The levy of income-tax is on every "person". The definition of "person" is, again, inclusive. It includes an individual, a Hindu Undivided Family (HUF, in short), a company, a firm etc.

Concept of "assessee"

For the time being, to have a broad understanding, you should know that assessee means a person by whom tax or any other sum of money is payable under the Income-tax Act, 1961. The other parts of the definition of "assessee" are given in your Study Material.

Point 3: Understand the process of computation of total income and tax liability

Income-tax is a tax levied on the total income of the previous year of every person. The levy of income-tax is, therefore, on the total income of the assessee. The total income has to be computed as per the provisions of the Income-tax Act, 1961 in the following manner -

1. Ascertain residential status	■ In case of an individual, the number of days of his stay in India during the relevant previous year and/or the earlier previous years would determine his residential status. ■ An individual/HUF can be either a - ■ Resident and ordinarily resident ■ Resident but not ordinarily resident ■ Non-resident ■ Persons, other than an individual and HUF, can be either resident or non-resident. An Indian company is resident in India. The determining factor for every other assessee is the place where the control and management of its affairs are situated during that year i.e., whether in India or outside India. ■ The residential status of a person determines the scope of his taxable income. For example, income which accrues outside India and is received outside India is taxable in the hands of a resident and ordinarily resident but is not taxable in the case of a non-resident.
2. Exclude income which do not form part of total income	■ Exclude income which do not form part of total income, like, agricultural income, dividend income from domestic companies, etc. These income are wholly exempt from tax ■ Certain income are excluded from total income subject to limits, like house rent allowance, leave encashment etc. In such cases, the exempt portion has to be excluded and the remaining amount has to be included under the respective head of income. ■ Section 10 of the Income-tax Act, 1961 provides for the exclusions from total income.
3. Identify & Group income under the respective head	■ There are five heads of income, namely, - ■ Salaries, ■ Income from house property, ■ Profits and gains of business or profession ■ Capital Gains ■ Income from other sources ■ The income of a person should be identified and grouped under the respective head of income. ■ Each head of income has a charging section (for example, section 15 for salaries, section 22 for income from house property). ■ Deeming provisions are also contained under certain

	heads, by which specific items are sought to be taxed under those heads. For example, if bad debts allowed as deduction in an earlier year is recovered in a subsequent year, then the amount recovered would be deemed as business income of the person in the year of recovery. ■ The charging section and the deeming provisions would help you to determine the scope of income chargeable under a particular head.
4. Compute the income under each head	■ Assess the income under each head by - ■ applying the charging and deeming provisions, ■ excluding the specific exemptions provided for in section 10 relating to that head, subject to the limits specified therein, ■ allowing the permissible deductions under that head, and ■ disallowing the non-permissible deductions. ■ For example, while computing net consideration for capital gains, brokerage is a permissible deduction from gross sale consideration but securities transaction tax paid is not permissible.
5. Apply clubbing provisions	■ An individual in a higher tax bracket may have a tendency to divert his income to another person who is not subject to tax or who is in a lower tax bracket. For example, an individual may make a fixed deposit in the name of his minor son, so that income from such deposit would accrue to his son, who does not have any other income. ■ In order to prevent evasion of income-tax by such means, there are specific provisions under the Income-tax Act, 1961 to include the income of one person in the hands of another person, in certain cases. ■ For example, income of a minor child (say, interest income) is includible in the hands of the parent whose total income is higher before including minor's income. Such interest income will be included in the hands of the parent under the head "Income from other sources" after providing for deduction of up to Rs.1,500 under section 10(32). ■ However, if a minor child earns income on account of his or her special skills or talent, like music or dance, then such income is not includible in the hands of the parent.

6. Give effect to the provisions for set-off and carry forward and set-off of losses	■ Inter-source set-off of losses ■ A person may have income from one source and loss from another source under the same head of income. For instance, a person may have profit from wholesale trade of merchandise and loss from the business of plying vehicles. The loss of one business can be set-off against the profits of another business to arrive at the net income under the head "Profits and gains of business or profession". ■ Set-off of loss from one source against income from another source within the same head of income is permissible, subject to certain exceptions, like long-term capital loss cannot be set-off against short-term capital gains though short-term capital loss can be set-off against long-term capital gains. ■ Inter-head set-off of losses ■ Likewise, set-off of loss from one head (say, loss from house property) against income from another head (say, Salaries) is also permissible, subject to certain exceptions, like business loss cannot be set-off against salary income. ■ Carry forward and set-off of losses ■ Unabsorbed losses of the current year can be carried forward to the next year for set-off only against the respective head of income. ■ Here again, if there are any restrictions relating to inter- source set-off, the same will apply, like long-term capital loss which is carried forward can be set-off only against long-term capital gains and not short-term capital gains of a later year. ■ The maximum number of years up to which any particular loss can be carried forward is also provided under the Act. For example, business loss can be carried forward for a maximum of 8 assessment years to be set-off against business income.
7. Determine the gross total income (GTI)	■ The income computed under each head, after giving effect to the clubbing provisions and provisions for set-off and carry forward and set-off of losses, have to be aggregated to arrive at the gross total income. ■ The process of computing GTI is depicted hereunder - Add income computed under each head→Apply clubbing

provisions → Apply the provisions for set-off and carry forward of losses

8. Allow deductions permissible from gross total income

Certain deductions are allowable from gross total income to arrive at the total income. These deductions contained in Chapter VI-A can be classified as –

- Deduction in respect of certain payments, for example,

Section	Nature of Payment/Deposit
80C	Payment of life insurance premium, tuition fees of children, deposit in public provident fund, repayment of housing loan etc.,
80D	Medical insurance premium paid by an individual/HUF for the specified persons
80E	Payment of interest on educational loan
taken	for self or relative

- Deduction in respect of certain income, for example,

Section	Nature of Income
80-IAB	Profits and gains of an undertaking engaged in development of a special economic zone
80QQB	Royalty income of authors of certain books other than text books
80RRB	Royalty on patents

- Other Deductions – Deduction under section 80U in case of a person with disability

There are limits in respect of deduction under certain sections. The payment/income are allowable as deduction subject to such limits. For example, the maximum deduction under section 80RRB is Rs.3 lakhs.

9. Find out the total income

- The gross total income as reduced by the above deductions under Chapter VI-A is the total income.
  Total income = GTI – Deductions under Chapter VI-A
- The total income is the taxable income of the assessee.

10. Calculate the tax liability

- The rates of tax are specified in the Finance Act.
  - For individuals and HUF, there is a basic exemption

(apply the rates of tax on the total income)	limit and slab rate of tax. ■ Companies and firms are subject to a flat rate of tax, without any basic exemption limit. ■ The rates of tax have to be applied on the total income to compute the tax liability. ■ Rates of tax in respect of certain income are provided under the Income-tax Act, 1961 itself. For instance, casual income, like lottery income, is chargeable to tax at a flat rate of 30% and long-term capital gains is chargeable to tax at a flat rate of 20%. These are also to be considered while calculating the tax liability. ■ Education cess (EC) @2% of tax liability and Secondary and higher education cess (SHEC)@1% have to be added to arrive at the total tax liability. Total Tax Liability = Tax on total income at applicable rates + EC@2%+SHEC@1%
11. Reduce tax deducted at source (TDS) and advance tax to arrive at the net tax liability	■ Tax is deductible at source at the time of payment of salary, rent, interest, fees for professional services, royalty etc. ■ The payer has to deduct tax at source at the rates specified in the respective section, say, tax is deductible@10% in respect of royalty and fees for professional services. ■ Such tax deducted at source has to be reduced by the payee to determine his net tax liability. ■ The Income-tax Act, 1961 also requires payment of advance tax in certain instalments during the previous year itself on the basis of estimated income, if the tax payable, after reducing TDS, is Rs.10,000 or more. ■ Companies are required to pay advance tax in four instalments, on or before 15th June, 15th September, 15th December and 15th March of the financial year. ■ Other assessees are required to pay advance tax in three instalments, on or before 15th September, 15th December and 15th March of the financial year. ■ The advance tax so paid should also be deducted to arrive at the net tax liability. Net Tax Liability =Total tax liability-TDS-Advance tax paid
12. Return of Income	■ Return of income is the form in which an assessee has to fill the particulars relating to his total income and tax liability. ■ The net tax liability arrived at after deducting TDS and

	advance tax, has to be paid on or before the due date of filing of return of income by way of self-assessment tax. ■ An individual/HUF is required to file a return of income, if his/its total income, before giving effect to Chapter VIA deductions, exceed the basic exemption limit. ■ A firm or company has to file its return of income, irrespective of whether it earns a profit or incurs loss.

Point 4: Know your syllabus and expected level of knowledge

Having understood the basics of income-tax law, it is important that you are aware of the scope of syllabus and the level of knowledge expected, so that you can plan your study accordingly.

The syllabus of Part - I: Income-tax of IPCC Paper 4 : Taxation comprises of -

- Important definitions in the Income-tax Act, 1961,
- Basis of charge, rates of taxes applicable for different types of assessees,
- Concepts of previous year and assessment year,
- Residential status and scope of total income,
- Incomes which do not form part of total income,
- Heads of income and the provisions governing computation of income under different heads,
- Income of other persons included in assessee's total income,
- Aggregation of income, set-off or carry forward and set-off of losses,
- Deductions from gross total income,
- Computation of total income and tax liability; rebates and reliefs,
- Provisions concerning advance tax and tax deduction at source and
- Provisions for filing return of income.

Working knowledge of the above topics is required at the IPCC level.

You are expected to gain knowledge of the provisions of income-tax law related to the topics mentioned above and also gain ability to solve simple problems concerning assessees with the status of individual covering the areas mentioned in the above paragraph.

Point 5: Be informed of the Finance Act and Assessment Year relevant for your examination

The Finance Act of a particular year would be applicable for the May and November examinations of the next year. For instance, the amendments made by the Finance Act, 2011 would be applicable for May, 2012 and November 2012 examinations. The relevant assessment year for May 2012 and November 2012 examinations is, therefore, A.Y.2012-13.

You are expected to be updated with the notifications, circulars and other legislative amendments made upto 6 months prior to the examination. For May examination, such amendments made upto 31st October of the previous year would be relevant and for November examination, such amendments made upto 30th April of that year would be relevant.

Point 6: Draw up a detailed study plan and allocate time for each topic/chapter of the subject

Preparing a comprehensive study time table well in advance would be of great help in organizing your study in an effective manner. In fact, you should start your study immediately after passing your CPT examination and registering for IPCC. Ideally, you should allocate at least 3 to 4 hours every day for the subject of income-tax. Utilise your study period effectively.

The next step is to estimate the time to be allocated for each topic/chapter of the subject. The scope of syllabus, the contents of each chapter in the Study Material and Practice Manual would help you to broadly assess the time which each topic of the subject would consume. Of course, since the subject of income-tax is new to you, you have to keep some percentage margin over and above the time assessed by you to take care of possible difficulty in understanding new concepts, particularly relating to business taxation, capital gains and provisions concerning deduction of tax at source.

Point 7: Make full use of all the knowledge inputs of BOS

The Board of Studies brings out various publications from time to time with a view to assist the students in education. You are advised to make full use of the Study Material and other educational inputs provided to you. These educational inputs are also hosted at the BOS Knowledge Portal under the students' section of the Institute's website www.icai.org. The intention of creation of this 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. It is of utmost importance that you read these knowledge inputs to attain conceptual clarity, to remain updated with the developments in all the subjects and also to acquire the ability to apply the concepts to solve computational problems. Some of the important publications of BOS in the area of Income-tax are -

Publication	Objective	Key Features
Study Material	The aim of the Study Material is to build a strong conceptual base by explaining the complex income-tax law in an easy way.	■ The chapters are organised in a logical sequence for clear comprehension; ■ The provisions of income-tax law have been explained in a lucid manner to facilitate easy understanding; ■ Illustrations have been given, wherever possible, to explain the provisions of income-tax law; ■ The latest amendments have been given in italics; ■ The Circulars/Notifications issued by the CBDT have been discussed along with the respective sections to which they relate.
Supplementary Study Paper	This is a very important knowledge input in the	■ The Supplementary Study Paper is also divided into chapters, so that you can co-

	area of taxation explaining the amendments made by the relevant Finance Act and latest circulars and notifications issued by CBDT.	relate the same with the Study Material; ■ Illustrations have been given, wherever possible, for better understanding of the amendments; ■ Related sections are grouped together and explained to facilitate interlinking and reading of interconnected provisions; ■ In respect of each notification, the relevant provision of the Act which confers the power to issue such notification is described briefly, so that you can relate the notification to the appropriate provisions of the Act.
Practice Manual	The Practice Manual has also been grouped chapter-wise and contains a variety of problems in each topic for the better understanding and application of the concepts explained in the Study Material.	■ The questions in each chapter of the Practice Manual are taken from the past ten years question papers set at the PE-II, PCC and IPCC examinations. In addition, other questions from past RTPs etc. are also included; ■ The questions are adapted as per the provisions of income-tax law as amended by the latest relevant Finance Act; ■ Answers to the questions are based on the provisions of income-tax law as amended by the latest relevant Finance Act; For example, in the December 2011 edition of the Practice Manual, the questions and answers are based on the provisions of income-tax law as amended by the Finance Act, 2011 and are hence, relevant for May 2012 and November 2012 examinations. The relevant assessment year is A.Y.2012-13. ■ Key points are given at the beginning of each chapter to facilitate quick revision; ■ Self-examination questions are added at the end of each chapter to test your understanding of the concepts explained in the corresponding chapter of the Study Material.
Revision Test Papers (RTP)	The RTPs are prepared with the twin objective of - (1) updating you on the	■ The RTP is divided into two parts – Part I : Statutory Update – Latest Notifications & Circulars Part II : Questions & Answers - A Self-assessment test.

	latest developments on the statutory front. (2) helping you to self-assess the effectiveness of your study and revision by solving the questions given in Part II independently and comparing the same with the answers given.	■ The questions in Part II are framed to test your awareness and understanding of the provisions of income-tax law forming part of the syllabus for IPCC.
Suggested Answers	As the name depicts, this publication contains the questions set at the CA examination, as well as the suggested answers to such questions.	■ The answers are prepared with a view to assist the students in education; ■ The Suggested Answers generally represent the ideal manner in which questions should be answered; ■ Therefore, it contains references to sections (including sub-sections and clauses), notifications and circulars issued by the CBDT; ■ In solutions to computational problems, the reasons for treatment of items are explained by way of Notes, giving reference to the related provisions of income-tax law

Point 8 : Follow systematic study pattern

Ideally, for the subject of Income-tax, your study pattern should be in the following sequence as briefed in the table below -

Steps in Preparation	Objective of study	Relevant Publication
Step I	Study each topic of your syllabus thoroughly for conceptual clarity	Study Material (Vol. I) as amended by the Finance Act relevant for your examination.
Step II	After you complete study of a chapter in the Study Material, update yourself by going through the amendments by the Finance Act relevant for your	Supplementary Study Paper

	examination and recent Notifications and Circulars issued by CBDT relating to that chapter.	
Step III	Work out the problems and solve the questions after completing study of each chapter in the Study Material to test your level of understanding of concepts explained in the said chapter. Note – After you complete study of the entire syllabus content, solve all the problems in the Practice Manual once again to make sure there are no grey areas.	Practice Manual (Volume II of the Study Material)
Step IV	Update yourself with the latest developments on the statutory front and self-assess your preparation.	Revision Test Paper (RTP)
Step V	Test your level of preparation by solving past question papers within the given time frame of three hours and compare your answers with the answers published by the BOS.	Suggested Answers
	You can also check your progress by solving the Mock Test Papers hosted on the Institute's website. Mock tests are also held at the various regional offices and branches of the Institute.	Mock Test Papers

Step I – Study the "Study Material" to get your concepts clear

Be clear with the concepts

Ideally, when you take up any topic for study, you must first go through the relevant chapter of the Study Material for building a strong conceptual base. Make sure you read the Study Material updated on the basis of the provisions of income-tax law as amended by the Finance Act relevant for your examination. In case you have the earlier edition of the Study Material, then, you must go through the Supplementary Study Paper, which explains the amendments made by the Finance Act relevant for your examination. In addition to the Study Material, you should preferably go through at least one of the standard text books on this subject . For details regarding the standard text books, please refer ....

Try to remember important sections

You should make it a habit to read the tax provisions along with the relevant sections so that you are able to relate the provisions of law, circulars and notifications with the respective sections. At least, try to remember –

(i) the charging sections under each head, namely, section 15, 22, 28, 45 and 56;

(ii) the sections containing exemption provisions, namely, section 10, 54,54B, 54EC, 54F etc.,
(iii) important deductions under each head, like, sections 16, 24, 32, 36, 37, 57 etc., and
(iv) deductions from gross total income under section 80C, 80CCC, 80CCF, 80D, 80E, 80G, 80GG ;

You would not be tested on court rulings at the IPCC level.

Jot down key points for easy revision

Make it a habit to jot down the key points including formulae, if any, in each topic, and particularly, in your problem areas. This would facilitate revision, especially when you have a limited time of just one day before each examination.

Read the related provisions together

While reading the chapters in the Study Material, you should keep in mind that each chapter cannot be read on a stand-alone basis. Moreover, for proper appreciation of the income-tax law, inter-linking and combined reading of sections is an essential pre-requisite. The provisions contained in a chapter, say, Chapter 8 on "Computation of total income and tax liability", have to be read along with the provisions relating to heads of income, incomes which do not form part of total income, clubbing provisions, set-off and carry forward of losses and deductions from gross total income, which are discussed in separate chapters of the Study Material, to compute the total income and tax liability of an individual.

We have made an attempt to explain, with the aid of a tabular presentation given in Annexure 1, the manner in which concepts contained in a particular chapter of the Study Material have to be inter-linked with the related provisions in another chapter of the Study Material and read together. Please note that the tabular presentation given in Annexure 1 is only illustrative and not exhaustive. Further, in the said tabular presentation, we have also made a mention of the provisions which are generally considered as important from the examination point of view. You can give more stress to these topics when you prepare for the examination. However, you should definitely not restrict your study only to these topics. One line of advice - Never indulge in selective study and always cover the entire syllabus.

Step II – Stay current with the "Supplementary"

An analysis of recent question papers has revealed that considerable stress is laid on recent amendments and developments. You are advised to update yourself with the help of Supplementary Study Paper which is brought out every year. In this publication, the amendments made in income-tax law by the Finance Act of that year are categorized chapter-wise and explained with the aid of illustrations and tabular presentations to facilitate easy understanding. Further, notifications and circulars issued by the CBDT during the last one year (i.e., from 1st May of the previous year up to 30th April of the next year) are also explained in the Supplementary Study Paper. Accordingly, the Supplementary Study Paper-2011 explains the amendments made by the Finance Act, 2011 and significant notifications and circulars issued between 1.5.2010 and 30.4.2011.

You must carefully peruse the amendments explained in the Supplementary Study Paper and update yourself. The related sections are grouped together and discussed at one place in the Supplementary Study Paper and therefore, you would not face any difficulty in combined reading and understanding of the interconnected provisions.

Even if you have the latest Study Material, we would still advise you to go through the Supplementary Study Paper, since the amendments are discussed in detail therein. It would also help you understand and assimilate the recent amendments in a more effective manner.

Step III – Apply the concepts to solve practical problems in the Practice Manual

After reading each chapter in the Study Material and the corresponding chapter of the Supplementary Study Paper, try to work out the problems in the parallel chapter of the Practice Manual on your own, and thereafter compare your answers with the answers given therein. This would help you to identify your mistakes and also learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same while solving computation problems. The computation problems in the Practice Manual are worked out in detail, with working notes/notes, giving reference to the related provisions of income-tax law.

Once you complete study of all the topics in the syllabus, try solving the problems in the Practice Manual once again to test if you are clear with all the concepts or whether there are still any grey areas which require further understanding.

Step IV – Update & Revise with the aid of the RTP

Update yourself on the statutory front

The Study Material is generally updated on the basis of the Finance Act of that year and notifications and circulars issued up to 30th April of that year. The Study Material, so updated, would be relevant for May and November examinations held in the following year. However, for the May examination to be held in the following year, the significant notifications and circulars issued upto 31st October of the previous year are relevant. The RTP for May examination, therefore, contains the significant notifications and circulars issued between 1st May and 31st October of the previous year. Likewise, for the November examination of the following year, the significant notifications and circulars issued upto 30th April of that year are relevant. The RTP for November examination would, therefore, contain the significant circulars and notifications issued between 1st May of the previous year and 30th April of the next year.

For instance, the December 2011 edition of the Study Material is updated on the basis of the amendments made by the Finance Act, 2011 and circulars and notifications issued upto 30th April, 2011. This edition of the Study Material is relevant for May 2012 and November 2012 examination. However, for May 2012 examination, the amendments made by circulars and notifications issued between 1st May, 2011 and 31st October, 2011 are also relevant, and hence, the same have been explained in the RTP for May 2012 examination. Likewise, for November 2012 examination, the amendments made by circulars and notifications issued between 1st May, 2011 and 30th April, 2012 would be relevant, and the same would be given in the RTP for November 2012 examination.

Revise what you have learnt

Solving the questions and problems in the Revision Test Papers and comparing the same with the answers given would help you to self-assess the effectiveness of your study and revision.

Step V - Check your level of preparation

Solve past years' question papers and compare with Suggested Answers

You should also make an honest attempt to solve the immediately preceding examination papers within a time span of three hours and compare your answers with the Suggested Answers published by the Board of Studies. This will help you to identify the areas where you are deficient and enable you to take corrective steps to avoid such mistakes in your examination.

However, remember that Suggested Answers are prepared on the basis of the provisions applicable for the assessment year relevant for that particular examination. For example, the Suggested Answers for November 2011 examination are based on the provisions applicable for A.Y.2011-12. In case you are appearing for the examination in May 2012 or November 2012, the relevant assessment year would be A.Y.2012-13. Therefore, while checking your answers with the answers given in the Suggested Answers, you should keep in mind that your answer should vary only to the extent of amendments made by the Finance Act, 2011 and notifications and circulars issued after 30.4.2011.

Solve Mock Test Papers

You may also try attempting Mock Test Papers hosted on the Institute's website www.icai.org to complete the process of revision. You can also appear for the Mock Tests conducted at the regional offices and branches of the Institute and check your level of progress.

Point 9 : Face the examination with confidence

Having prepared well for the examination, it is also important that you approach the examination with a positive attitude. Do keep in mind the following points to score well in this paper -

(i) Answer the questions with due emphasis on provisions of income-tax 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) Supplement your computation with Working Notes - Give complete working notes while solving computational problems.
For example, if you are computing taxable HRA while calculating salary income, the working note should specify the three limits and the corresponding figures, the least of which would be exempt under section 10(13A). The balance HRA would be taxable and taken to the main computation sheet.

(iii) Try to quote relevant section numbers – Quoting section numbers would definitely add value to your answers. However, it is better not to quote than to misquote a section number/case law.

(iv) State your assumptions/views clearly - Since the provisions of income-tax law are subject to different interpretations by various courts, there are possibility of alternate views in the tax treatment of a particular item of income or expense or loss or deduction. The standard text books on the subject also express divergent views on some provisions. As a student, you should state your view/assumption clearly and proceed to answer the question on that basis.

(v) Avoid using short forms – Use of short forms like AO, ITO, IT Act, etc. should be avoided. Write the full names of the statutes, like, "Income-tax Act, 1961".

(vi) First answer the question which you know best – This will boost your confidence while attempting the remaining questions and create a positive impression of your level of knowledge.

(vii) Present your answers well - Underline important points and section references as and when you answer each question. Also, make sure that your handwriting is neat and legible. Answer all parts of a question one after the other. Do not answer different parts of the same question at different places.

(viii) Follow instructions given on the cover page of answer paper- Pay heed to the instructions given on the cover page of the answer paper.

ANNEXURE 1

Inter-linking of provisions of income-tax law & a glimpse of important provisions

Chapter	Inter-linking/Important provisions
1 - Basic Concepts ■ Overview of Income-tax law in India ■ Charge of tax ■ Rates of tax ■ Important definitions, etc.	The definitions given herein have to be kept in mind while reading the related concept contained in the relevant chapter of the Study Material. For example, ■ the definition of "income" under section 2(24) needs to be referred to while determining the taxability of receipts under various heads of income discussed in Chapter 4. For instance, any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or Employees State Insurance or any other fund for the welfare of such employees is includible in the income of the assessee as per this definition. Thereafter, if such sum is deposited on or before the due date under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, the same is allowable as deduction under section 36(1)(va) while computing business income. ■ The definition of "assessee" and "assessment" under sections 2(7) and 2(8), respectively, have to be kept in mind while reading other chapters, especially chapters relating to procedural and compliance law, namely Chapter 9 on "Provisions concerning advance tax and tax deducted at source" and Chapter 10 on "Provisions for filing return of income". Further, the rates of tax have to be kept in mind while computing the total income and tax liability of an individual under Chapter 8.
2 - Residence & Scope of Total Income	Since it is the residential status of the assessee which determines the scope of income chargeable to tax, the concepts contained herein are very important in computing the total income and tax liability of an individual under Chapter 8. The provisions involving determination of the residential status and scope of income chargeable to tax are very important since the taxability of a specific income of a person depends on his residential status.
3 - Incomes which do not form part of total income ■ Incomes which are	Many of the exemption provisions contained in this chapter have to be read along with the relevant head of income, since they affect the computation of income under that head. For example,

excluded from total income, wholly or partially

- Conditions to be fulfilled to claim such exemption Provisions relating to charitable trusts
- Conditions to be fulfilled by charitable trusts to claim exemption, etc.

- the exemption provisions under section 10(10) in respect of gratuity, section 10(10A) in respect of commuted pension, section 10(10AA) in respect of leave encashment, section 10(13A) providing for HRA exemption etc. are required to be applied for computation of salary income (Unit 1 of Chapter 4).
- The exemption provisions under section 10(37) providing for capital gains exemption on compulsory acquisition of agricultural land situated within specified urban limits are relevant for computation of "Capital Gains" (Unit 4 of Chapter 4).
- The provisions of section 10(34) providing for exemption of dividend distributed by domestic companies in the hands of the recipient have to be considered while computing "Income from other sources" (Unit 5 of Chapter 4).

Knowledge of this chapter is, therefore, very important for computation of income under a particular head under Chapter 4 as well as for computation of total income of an individual under Chapter 8.

4 - Heads of Income

- Salaries (Unit 1)
- Income from House Property (Unit 2)
- Profits and Gains of Business or Profession (Unit 3)
- Capital Gains (Unit 4)
- Income from Other Sources (Unit 5)

The concepts contained in the chapters relating to heads of incomes are not only relevant for computation of income under each head, but are also very important in computing the total income and tax liability of an individual under Chapter 8.

The heads of income is the most important chapter, on which, generally, questions carrying around 30 to 40 marks are set in the examination.

Salaries

While computing income under the head "Salaries", exemptions available under section 10 in respect of house rent allowance, gratuity, leave encashment, pension, etc. have to be considered. Therefore, this Unit has to be read along with the relevant provisions in Chapter 3 on "Incomes which do not form part of total income".

Knowledge of the definition of salary, deductions from salaries, provisions relating to taxability of various allowances and perquisites, valuation of perquisites, taxability of retirement benefits etc. are all important for solving a problem on computation of salary income.

Income from house property

The provisions relating to chargeability, determination of annual value for let out and self-occupied property, admissible deductions, recovery of unrealized rent, arrears of unrealized rent, treatment of income from co-owned property and concept of deemed ownership are very significant for computation of income from house property.

Profits and gains of business or profession

The provisions relating to deduction of tax at source which are explained in Chapter 9 are important to determine whether disallowance under section 40(a)(ia)/(iii) is attracted. Therefore, the provisions of Unit 3 of Chapter 4 have to be read with the related provisions in Chapter 9.

Some of the important provisions under "Profits and Gains of business and profession" are chargeability, depreciation, expenditure on scientific research, investment linked tax deduction, other deductions under sections 36 and 37, inadmissible deductions, deductions on actual payment, compulsory maintenance of books of account and audit of accounts, presumptive tax provisions under section 44AD and 44AE and composite income.

Capital Gains

Capital Gains is again a popular topic in the examinations, especially provisions relating to chargeability, transfer, cost of acquisition and improvement, stamp duty valuation, indexation, cost to previous owner, transactions not regarded as transfer and exemption provisions.

Income from other sources

As regards "Income from other sources", the provisions of section 56 are very important, especially the provisions relating to taxability of any sum of money or property received by an individual/HUF without consideration or for inadequate consideration contained in section 56(2)(vii) and the provisions relating to taxability of interest received on compensation or enhanced compensation contained in section 56(2)(viii). These provisions, as well as the permissible deductions contained in section 57, the amounts not deductible as per section 58, and the provisions of section 115BB relating to casual income, are important provisions under the head "Income from other sources".

5 to 7

- Clubbing of income
- Set-off and carry forward of losses
- Deductions from gross total income

The provisions relating to clubbing of income and set-off and carry forward of losses have to be applied while computing income under any particular head and in computing the gross total income of an individual.

- Where the income of a person is to be included in the income of another person by virtue of the clubbing provisions, the income will be so included under the respective head to which it relates. For instance, interest income of a minor child is includible in the income of the parent under the head "Income from Other Sources" after providing exemption of up to Rs.1,500 as per section 10(32).

- Further, the provisions for set-off of current year losses and brought forward losses are also to be considered to determine the net income under each head.

The provisions of section 64 relating to clubbing are very important from the examination point of view. As regards set-off and carry forward of losses, the following provisions are considered important

Section	Particulars
70	Inter-source adjustment
71	Inter-head adjustment
	Set-off and carry forward of -
71B	Loss from house property
72 & 80	Business loss
73	Speculation business loss
73A	Loss of specified business
74	Losses under the head "Capital Gains"
74A(3)	Losses from the activity of owning and maintaining race horses

The deductions from gross total income have to be given effect to in computation of total income of an individual under Chapter 8. Thorough knowledge of deductions under sections 80C, 80CCC, 80CCD, 80CCE, 80CCF, 80D, 80DD, 80DDB, 80E, 80G, 80GG,80U etc. is required for solving a problem on computation of total income of an individual.

8 - Computation of total income and tax payable

You have to apply the provisions that you have read and understood in Chapters 1 to 7 and integrate the same in order to compute the total income and tax liability of an individual.

Please refer to the process of computation of total income and tax liability given in Point 3.

9 - Provisions concerning advance tax and tax deduction at source

The important sections relating to tax deduction at source in this chapter are -

Section	Relevant TDS provisions
192	Salaries
194A	Interest other than interest on securities

	194B Winnings from lotteries, crossword puzzles etc. 194C Payment to contractors and sub-contractors 194H Commission or brokerage 194-I Rent 194J Fees for professional or technical services The provisions of these sections are also important to determine whether disallowance under section 40(a)(ia)/(iii) is attracted for non-deduction of tax or non-payment of tax deducted. In addition, the provisions relating to advance-tax, i.e., the installments of advance tax and due dates etc., are also important.
10 - Provisions for filing of return of income	This Chapter contains provisions of sections 139, 139A, 139B, 139C, 139D, 140 and 234A, which are all significant The following provisions are particularly important from the examination point of view – Section — Particulars 139(1) Compulsory filing of return of income 139(3) Return of loss 139(4) Belated Return 139(5) Revised Return 139A Permanent Account Number 139B Scheme for submission of returns through Tax Return Preparers 140 Authorised Signatories to the Return of Income.

PART II: SERVICE TAX AND VAT

The objective of syllabus 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.

Students are expected to have conceptual knowledge of the basic provisions of Service tax and VAT law. Also they should be able to apply the provisions to solve simple computational problems.

When starting with preparation of Service Tax and VAT portion of Taxation, first of all you need to relax yourself. Then you should give quick reading to the Study Material without going in deep study. After reading syllabus like a novel, you should repeat the same procedure. While reading second time , you should mark important sections, notifications and circulars, make a summary of study side by side. After thorough study, you should reflect your knowledge, you should try to recall the important sections. This will help you in comprehensive understanding as well as retention of full syllabus.

Broadly the whole syllabus of the Part II of the Paper can be divided into following sections:

CHAPTER	NAME
CHAPTER 1	CONCEPTS AND GENERAL PRINCIPLES OF SERVICE TAX-
CHAPTER 2	CHARGE OF SERVICE TAX, TAXABLE SERVICES AND VALUATION Unit – 1 : Charge of service tax Unit – 2 : Taxable services Unit – 3 : Valuation of taxable services
CHAPTER 3	PAYMENT OF SERVICE TAX AND FILING OF RETURNS Unit-1 : Payment of service tax Unit – 2 : Filing of returns
CHAPTER 4	VAT-CONCEPTS AND GENERAL PRINCIPLES
CHAPTER 5	INPUT TAX CREDIT AND COMPOSITION SCHEME FOR SMALL DEALERS Unit-1 : Input tax credit Unit-2 : Composition scheme for small dealers
CHAPTER 6	VAT PROCEDURES

First of all, you should pick VAT portion as it will consume less time in completion as well as it is more scoring. Also scope for amendments in VAT portion is very low so once completed you can be sure of securing at least 20- 25 marks.

While studying VAT, you should start with VAT Concepts and General Principles as well as VAT procedures as it has been observed in the past examination that average 2 questions are set from each of these chapters. Also, practical questions on Input Tax Credit carry significant weightage from examination point of view. Hence, it is advised that you should solve adequate number of practical questions to strengthen this area. After completion of all this, you should prepare Composition Scheme for small dealers .

For service tax, you should start in same sequence as given in study material as first of all reading basic concepts and general principles of service tax and then proceeding towards chargeability and valuation will enhance your understanding. Hence, you should not start with chapters on a random basis but studying chapters in sequence will lead to appreciation of law.

It may be noted that you will be examined only in respect of the notified taxable services which are 8 at present. Hence ,it is recommended that you should study thoroughly these services as generally one practical question is asked from this area. Also, over the years it has been observed that one question each from chargeability and valuation is asked. Payment of Service Tax and Filing of Returns are the most scoring chapters as generally 3 questions covering 12 marks are set from these chapters.

Particularly the ''Revision Test Paper'' and ''Supplementary study Paper'' covering recent amendments in the Finance Act and details about the latest notifications and circulars would be of immense help to you in attempting various parts of the paper involving basic concepts and procedural aspects of legislation.

Just before examinations, you need to review full syllabus in a quick manner While preparing for examination, you should not adopt strategy of selective study but you are required to cover full syllabus.. However , due emphasis should be given to the following topics of corresponding chapters-

CHAPTER 1 : CONCEPTS AND GENERAL PRINCIPLES OF SERVICE TAX

- Role of a chartered accountant
- Extent, commencement and application [Section 64]

CHAPTER 2 : CHARGE OF SERVICE TAX, TAXABLE SERVICES AND VALUATION

Unit – 1 : Charge of service tax

- Exemptions from service tax for all services

CHAPTER 3 : PAYMENT OF SERVICE TAX AND FILING OF RETURNS

Unit-1 : Payment of service tax

- Person liable to pay service tax
- Service tax not payable on free services
- Services performed prior to the date of levy not liable for payment of service tax.
- Due date for payment of service tax
- E-Payment of service tax.
- Adjustment of service tax paid when service is not provided either wholly or partially
- Service Tax Code Number.

Unit – 2 : Filing of returns

- Due dates for filing of service tax returns
- Contents of the return
- E-filing of returns

CHAPTER 4 : VAT-CONCEPTS AND GENERAL PRINCIPLES

- Variants of VAT
- Methods for computation of tax
- Merits and demerits of VAT
- Role of chartered accountant in VAT

CHAPTER 5 : INPUT TAX CREDIT AND COMPOSITION SCHEME FOR SMALL DEALERS

Unit-1 : Input tax credit

- Eligible purchases for availing input tax credit
- Purchases not eligible for input tax credit

Unit-2 : Composition scheme for small dealers

- Eligibility for the composition scheme

- VAT chain under composition scheme

CHAPTER 6 : VAT PROCEDURES

- Registration

PAPER 5: ADVANCED ACCOUNTING

This paper will acquaint you with the basic concepts, theories and accounting techniques followed by few different entities and expects you to gain working knowledge of few more professional standards and application of accounting principles to different practical situations.

Understand the syllabus

To start your preparation for the subject, it is necessary to understand clearly what is to be studied, from where to be studied and then how to be studied. Let's start with the first step in the process of your preparation. 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 different topics. The study material of Paper 5 'Advanced Accounting' is divided into nine chapters/topics based on the syllabus. The topics covered under this paper can be comprehended in the following manner:

Category	Name of the chapters
Topics on Accounting Standard	Chapter 1 Conceptual Framework for Preparation and Presentation of Financial Statements Chapter 2 Accounting Standards
Partnership form of business	Chapter 3 Advanced issues in Partnership Accounts
Company form of business	Chapter 4 Company Accounts
Industry specific Financial statements	Chapter 5 Financial Statements of Insurance Companies Chapter 6 Financial Statements of Banking Companies Chapter 7 Financial Statements of Electricity Companies
Accounting for Special Transactions	Chapter 8 Departmental Accounts Chapter 9 Accounting for Branches including Foreign Branches

Gather the course-ware to study

Once you acquaint yourself with the syllabus, the next step is to gather the knowledge inputs which have been provided by the Board of Studies, to study the paper.

1. Study Material (Volume I)

2. Practice Manual (Volume II)

Board of studies at the time of registration provides you the above two books.

3. Suggested Answers

After announcement of results, the suggested answers of the questions asked in that particular attempt are issued by the Board of studies.

4. Revision Test Papers

For every examination, Board of studies comes out with Revision Test Papers (RTP) meant for that particular attempt. However, in Accounts, you may refer RTPs of past few attempts.

5. Mock Test Papers

Mock Test Papers are also issued by the Board of Studies time to time. These mock test papers are based on the pattern of the question paper of the past examination.

Now, after knowing the various knowledge inputs provided by the Board of Studies, you should plan your studies accordingly. As stated earlier that all the course-ware mentioned above is not provided to you at the same time, hence one can comprehend that the objective of each knowledge input provided is different and requires your practice of the same, at different stage of your study.

How to study?

There is a very popular saying that if you fail to plan then you plan to fail. Planning is one of the essential elements for studying a subject of professional course. By planning, here we mean time management for subject as a whole and individually as well for each and every chapter. We would like to state that for the paper of accounting, one need atleast three rounds of study.

Advanced Accounting examination paper is purely practical based. Therefore, one has to do written practice of good number of questions on each topic. So, at the time of planning the study for accounting you should keep into mind the written practice of practical questions also. Considering the practical nature of the paper, start your studies from the day you receive the course material. Keeping in mind the quantum of the syllabus, it is suggested that you should study one to two hours a day. By doing so, you will be able to manage first round of complete study and two rounds of revision well before time. Your first round of study should be completed well in advance that is atleast 3 months before your exam. However, your planning should be based on the availability of time and the contents of the subject.

Your second round of study i.e. your first revision should be over before one month of your exam. Your second revision should be in the last month before exam so that you will be in the position to remember all the concepts. These three rounds of study will help in boosting the confidence level for the subject and will make you mentally prepared to appear in the examination.

First round of study

Similar to the paper of Accounting, the syllabus of 'Advanced Accounting' also covers Accounting Standards as well as other topics, so here also, your planning should be divided in two parts namely-

1. Accounting Standards
2. Other chapters of the course curriculum.

Every day when you start your study first go through the concepts which you have read last day then start learning new concepts. Remember, out of sight, out of mind. Ideally your first study should be within 24 hours of initial reading, the second within 1 week of reading.

In Paper 1 'Accounting' at IPCC Group I level, we already had chapters on Partnership firm and Company accounts which dealt with some of the aspects of such form of businesses. Like in partnership, aspects of admission, retirement or death of a partner have been dealt with and the topics of companies accounts dealt with the issue of bonus shares, amalgamation, internal reconstruction etc. The paper of 'Advanced Accounting' covers some more aspects of partnership firm and company accounts. Therefore, we in this paper recommend you to take these topics first as you are familiar with the accounting treatment followed in such types of businesses and will be in a position to grasp quickly the accounting treatment to be done for other aspects covered in this paper. However, consideration the importance of these topics, unit on amalgamation and internal reconstruction have been included in this paper also.

For other topics, you may decide at your convenience as to which topic should be taken up next and in what sequence. However, for this paper, we suggest you to study accounting standards at the end as we do not have any chapter which is specifically based on the provisions of accounting standards though accounting standards may apply in some situations like for valuation of investments of banks you may have to apply the provisions of AS 13 if nothing is specified in the Banking Regulations or the RBI Act in this regard.

Again in this paper also, we would like to re-iterate that for accounting standards, study the explanation given in chapter 2 first and then study the bare text of the accounting standard given as an appendix at the end, after chapter 9 of the study material. Following this procedure will help you in indepth understanding of the underlying concepts of accounting standards specified in the syllabus and the manner in which it is interpreted and should be interpreted.

Please refer pages 23 to27 for

1. Use of BoS Knowledge inputs in a systematic pattern
2. Important points to be kept in mind
3. Tips for examination.

PAPER 6: AUDITING AND ASSURANCE

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.

For the simplicity of the students it is suggested that the entire syllabus may be segregated into the following six parts which may be studied with the help of Chapters viz.

S. No.	Topics to be covered in each part	Reference of Chapters
Part 1	Auditing Concepts, Auditing engagement, Documentation, Audit evidence	Refer Chapter 1 & 2
Part 2	Standards on Auditing and Guidance Notes	Prescribed by ICAI in the form of list of publication Given in Volume II of Study Material as annexure part.
Part 3	Internal Control, Internal Control and Computerized Environment, Approaches to Auditing in Computerized Environment., Auditing Sampling, Analytical review procedures.	Refer Chapter 3
Part 4	Audit of payments, Audit of receipts, Audit of Purchases, Audit of Sales, Audit of suppliers' ledger and the debtors' ledger, Audit of impersonal ledger, Audit of assets and liabilities.	Refer Chapter 5 & 6
Part 5	Company Audit, Audit Report	Refer Chapter 7 & 8
Part 6	Special points in audit of different types of undertakings, i.e., Educational institutions, Hotels, Clubs, Hospitals, Hire-purchase and leasing companies (excluding banks, electricity companies, cooperative societies, and insurance companies).,Features and basic principles of government audit, Local bodies and not-for-profit organizations, Comptroller and Auditor General and its constitutional role.	Refer Chapter 9

For the better understanding of the Standards on Auditing (SAs) given in Part 2 it may be noted that they contain two distinct sections, one, the Requirements section and, two, the Application Guidance section.

The fundamental principles of the Standard are contained in the Requirements section and represented by use of “shall”. The application and other explanatory material contained in a Standard on Auditing (SA) is an integral part of the SA as it provides further explanation of, and guidance for carrying out, the requirements of an SA, along with the background information on the matters addressed in the SA. It may include examples of procedures, some of which the auditor may judge to be appropriate in the circumstances. Such guidance is, however, not intended to impose a requirement. Further, the standard portion or principles enunciated in a Standard need not to be given in bold face.

For the remaining part of syllabus our study 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

Chapters from 1 to 4 are the backbone of the syllabus of Auditing and Assurance. These four chapters are basically based on Standards on Auditing. After preparing these chapters, students will be able to understand the other chapters like Vouching, Verification of Assets and Liabilities and Special Audit.

The Chapter 1 - Nature of Auditing deals with the Concept and objective of Auditing, aspects to be covered in Audit, Basic Principles Governing an Audit, Scope and Inherent Limitations of Audit, and Relationship of Auditing with other Disciplines. In this chapter, student will be able to understand the functional classification, qualities of an auditor, objectives of audit, basic principles of an audit, and different types of audit and relationship of auditing with other disciplines. The student should try to carefully understand the basic concepts and the structure of the auditing to gain the in depth knowledge of the subject. As already discussed these chapters are interlinked with Standards on Auditing. Therefore, to better understand the implication of this chapter, it is suggested to read it with SA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing and SA 240, "The Auditor's responsibilities relating to Fraud in an Audit of Financial Statements". Instead of cramming the contents, the student should try to bring out the very idea of the chapter. This exercise will enable him to bridge the linkage for the further study.

After understanding the nature of auditing, student should try to link it with the basic concepts in auditing i.e. Chapter 2 which deals with Concept of Auditor's Independence, Audit Evidence, Concept of Materiality, Concept of True and Fair and Disclosure of Accounting Policies. Student should refer SA 500 on Audit Evidence, SA 320 on Materiality in Planning and Performing an Audit, SA 520 on Analytical Procedures and SA 505 on External Confirmations etc. alongwith this chapter. The fair understanding of the chapter has its roots in the above mentioned SAs. Hence, it is suggested that the students should understand the SAs comprehensively.

The Chapter 3 requires the students to identify the major areas for preparation for an audit for which they should refer SA 300 on Planning an Audit of Financial Statements, SA 220 on Quality Control for Audit of Financial Statements, SA 230 on Audit Documentation etc. After going through the text of these SAs the students can apprehend the chapter which deals with Auditor's Engagement, Audit Process, Techniques, Procedure, Planning, Programme, Risk, Continuous and Final Audit, Planning and Materiality, Audit Working Papers and Obtaining Certificate from Management.

Chapter 4 is on Internal Control which deals with Concept, Environment, Inherent limitations, Accounting and Financial Control, Internal Control - Management and the Auditor, Relationship between the Assessments of Inherent and Control Risks, Internal Control and the Computerized Information System (CIS) Environment, Internal Check, Internal Audit. To comprehend this chapter the students should try to establish linkage with the SA namely 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment, SA 330 on The Auditor's Responses to Assessed Risks, SA 610 Using the Work of Internal Auditors etc. While answering to the questions of this chapter, students should be analytical and objective, without losing focus on the statement.

Vouching and verification are very important chapters. While studying these chapters, students should have knowledge of basics of an audit. Students should not stuff the steps for vouching and verification. Instead they should apply their knowledge.

Vouching is discussed in Chapter 5 which deals with Audit of cash transactions, Audit of Trading Transactions, Audit of Ledgers, Balance Sheet Audit and Analytical Procedures. The general approach to study the chapter is to examine the existing internal control system in the organisation. The appropriate ledger accounts involved, if any should also be scrutinized. Further the vouching ends with the routine checking of the receipts and payments involved and preparation of bank reconciliation statement.

Similarly the Verification of Assets and Liabilities is discussed in the Chapter 6. The main aspects covered here includes Capital and Revenue Expenditure, Depreciation, Reserves, Verification of assets, Current Assets, Book-debts, Bank Balances, Cash in hand, Miscellaneous Expenditure, Verification of Liabilities, Contingent Liabilities, Events occurring after the Balance Sheet Date, Prior Period and Extraordinary Items and Changes in Accounting Policies. The basic features to study involve existence, ownership, control, rights, valuation, disclosure and presentation of the items involved. Further, student may interlink this chapter with Guidance notes, Standards on Auditing and Accounting Standards.

The Chapter 7 - The Company Audit-I deals with Qualifications and Disqualifications, Appointment, Remuneration, Removal, Powers, Duties of auditor, Ceiling on number of audits, Audit Report, Audit of Branch Office Accounts, Joint Audit, Special Audit, Cost Audit, Statutory Report. For gaining the in depth knowledge of the subject the student should focus on the various provisions of the Companies Act,1956 and the reporting mechanism as suggested by SAs in 700 series, CARO,2003 and Statement on Reporting Under Section 227 (1A) Of The Companies Act, 1956.

The Chapter 8 - The Company Audit-II deals with General Considerations in a Company Audit, Specific Provisions as regards Accounts in the Companies Act, 1956, Payment of Interest out of Capital during Construction, Special requirements of Company Audit, Audit of Share Capital, Option on Share Capital, Shares Transfer Audit, Verification of Issue of Bonus Shares, Audit of Debentures, Audit of Dividends, Presentation of Financial Statements. Again as contemplated by the chapter 7 the requirements for understanding this chapter is same. Since the chapter deals directly with the provisions of the Companies Act, 1956 the students should be very clear and concise in their applicational attribute. They should avoid going round and round by harping on one or two points repetitively in different ways. Instead they should 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 and try to give a few examples in support of your reasoning.

The Chapter 9 Special Audits deals with Government Audit, Audit of Local Bodies, Audit of Non-Governmental Organizations (NGO's), Miscellaneous Audits. Students are expected to study the procedure involved in various audit and try to establish the linkage with the knowledge gained from other disciplines like accounting for audit of partnership firms in learning the audit procedure. Further the students can relate their basic understanding while going through the other audits like audit of schools, hotels, cinemas etc. The important points in any audit include constitution, minute's book, internal control, vouching of receipts and payments, verification of assets and liabilities etc. The students should try to encapsulate the procedures in various audits to command good holding of marks.

In general, students should in the first instance focus on studying Auditing concepts, procedures and techniques from 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.

PAPER 7: INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

PART I: INFORMATION TECHNOLOGY

Information Technologyhas become an integral part of our daily life. There is hardly any field left where the usage of Information Technology 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. 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.Keeping in mind the above facts, The Institute has introduced 100 hours Information Technology Training to provide the practical knowledge for all the aspiring CA students. 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.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 their day to day workings.

It was also realized that along with practical training, theoretical concepts relevant for CAs are also needed to be discussed in more detail. Accordingly the paper on Information Technology form part of the course curriculum of the Chartered Accountancy courseat IPCC level. As theory and practical are complementary to each other for any subject, the case is same here.By having practical knowledge through 100 hours ITT and the comprehensive theoretical knowledge through IT paper, IT skills of CA students will be more strengthened which will in turn provide discharging of their professional responsibilities in a more effective as well as efficient manner.

The syllabus is divided into six (6) chapters.The chapter-wise major topics/sub-topics are given in the tabular form along with the number of minimum hours a student should studyfor preparation of their examination.

Chapter No.	Chapter Name	Major Topics/Sub-topics	No. of hours
1	Unit-I : Introduction to Computers	■ Historical Development of Computers ■ The Computer Generations ■ Classification of Computers ■ Advantages and Limitations of Computers ■ Basic Computer Architecture ■ Motherboards ■ Storage Devices ■ Secondary Storage Devices	40
	Unit-II : Input and Output Devices	■ On-Line Entry ■ Direct Data Entry ■ Types of Computer Output	
	Unit-III : Software	■ System Software ■ General Purpose Software/Utilities ■ Application Software	
2	Data Storage, Retrieval and DBMS	■ Decimal Number System ■ Binary Number System ■ Computer Data Code ■ Bits, Bytes and Words ■ Concepts related to Data (Data Types) ■ What is Data Processing ? ■ Data Base Management Systems ■ Database Structure ■ Other Database Models ■ Database Components ■ Structure of DBMS ■ Database Administrator ■ Types of Databases ■ Structured Query Language and Other Query Language ■ Documentation and Program Library ■ Backup, and Recovery ■ Data Warehouse ■ Data Mining	20
3	Computer Networks & Network Security	■ Introduction ■ Computer Networks ■ Classifications of Networks ■ Components of a Network ■ Network Topologies	30

		■ Transmission Technologies ■ Transmission Protocols ■ Local Area Networks ■ Client / Server Technology ■ Virtual Private Network (VPN) ■ Broad Band Networks (ISDN) ■ Types of Servers ■ Different Tier Architectures ■ What is A Data Centre? ■ Network Security	
4	Internet and Other Technologies	■ Introduction ■ Internet Components ■ Intranet ■ Extranet ■ Internet Protocol Suite ■ Electronic Commerce ■ Types of E-Commerce ■ Customer Relationship Management (CRM) ■ Supply Chain Management (SCM) ■ Electronic Data Interchange (EDI) ■ Electronic Fund Transfer (EFT) ■ Types of Electronic Payments ■ Risks and Security Considerations ■ Mobile Commerce ■ Bluetooth ■ Wi- Fi- Wireless Fidelity	30
5	Introduction to Flowcharting	■ Programming Process ■ Program Analysis ■ Flowcharts ■ Program Flowcharts ■ Examples of Program Flowcharting -Miscellaneous Solved Examples ■ Dry Run and Debugging the Program	20
6	Decision Table	■ Types of Decision Table ■ Steps in Preparing a Limited Entry Decision Table -Solved Examples ■ Flowchart for a Decision Table ■ Advantages and Disadvantages of Decision Tables ■ Miscellaneous Exercises	10

Chapter-wise/Topic-wise Specific Guidance

Chapter - 1

The first unit 'Introduction to Computers' of this chapter describes the basic concepts relating to the hardware and the software of computer systems. In this, student should clearly understand history, various generations, types and the need of the computer systems in day to day workings. Further, the architecture of computer systems, its components, functionality and usage etc. are required to be learnt by them. After understanding the basic concepts, they should now concentrate on various components/devices used in storing and processing the data in computer system. The student should thoroughly study various types of storage devices, their characteristics and storage capacity etc.

The second unit ' Input & Output Devices' of this chapter explains various types of Input and Output devices and their uses in real life work environment. The student needs to understand the context of using these devices for input/output of data to/from computer system. Besides these, Input & Output methods like DDE which are useful for banking, retail, insurance, education etc. sectors are required to be learnt by them. They are also expected to go through with the latest data output technologies like Multifunctional Printers(MFP), COM, Speaker, Plotters etc. useful in various sectors.

The third unit 'Software' of this chapter explains types of software broadly System, Application and Utility and their uses in controlling the system operation and development/deployment of application in business environment. The student should learn the importance of these softwares required to be installed in the computer system for performing the operation as per the user's requirement.Various types of software, their functions and features must be clearly understood by them. They are also required to understand that without system software, the application software will not function. So, it is must to have system software in the form of Operating System and other utilities for running user applications in computer system. Basic concepts on DSS,ERP, Expert System etc. is alsoexplained for advance learning and needs to be learnt by them.

Chapter - 2

The chapter 'Data storage, Retrieval and DBMS' describes the importance of data and information that can be stored in the database and processed later on whenever user wants it. The student should understand various file organization methods to store and retrieve the data and their advantage and disadvantages before going into the details about the DBMS. The short-coming of using file system and the need of implementing DBMS in the organization must be understood by them. Students should learn various DBMS software and common features such as controlled data redundancy, inconsistency and enhanced data Integrity in the database. Further, various concepts relating to DBMS such as database structures, their types, various keys used, database components etc are required to be learnt thoroughly by them. They should also understand the relationship between the database records, various architecture, their types, models, components and how the data can be accessed and processed using SQL. The importance of Database Administrator and their roles in the organization must be clearly understood by them. One of the main aspectsi.e. software documentation and its requirements to prepare these documents for future reference are well discussed in the study material and are expected from the student to study for preparation of their examination. They should also understand the importance of the database backup and recovery issues, which is very useful in case of system failure. Advance concepts relating to analysis of data and extracting information from the database using certain rules are to be learnt by them.

Chapter - 3

The chapter 'Computer Network & Network Security' explains the importance and uses of data sharing through various Information & Communication technologies and methods, which has been discussed in the study material. First, the student should learn the scope and the benefits of using computer network in business environment before proceeding to further advance topics in this chapter.The basic concepts of computer networks, their classification, various devices used, their architecture and protocols are required to be understood by them. They should learn how the data can be transmitted from one system to another in limited geographical area in a network environment using network components like communication interface devices, channels and softwares.The geometrical arrangement of computer resources, remote devices and communication facilities with their uses are required to be understood by them. Students are expected to go through the various concepts relating to LAN and Client-server architecture to enable them to work in this environment. Further, the advance topics such as Data Centre which is a centralize repository for the storage, management and dissemination of data & information with high security needs to be understood by the students. Sharing secured information is one of the important aspects that need to be considered while working in network environment. Student should understand the need, levels and techniques of network security as well as various threats and vulnerability procedures for information security.

Chapter - 4

The chapter 'Internet and other technologies' describe the important aspects of Internet and its associated technologies in detail. The student should learn basic terminology related to Internet like WWW, web page, HTTP, URL etc. and are useful in understanding the concepts well. The various application areas and business uses of Internet must be understood by them. It is important to know what type of Internet connection used in different business environment for information and data sharing. They are expected to know all these concepts at this level of CA curricula. Internet provides a means of sharing information through email, bulletin boards and information retrieval services, Intranet and Extranet are advances to Internet which facilitates communication within and outside the organization. Both the technologies need to be understood by the student also the differences between them should be clear to them. Besides these, they should focus on activities facilitated by Internet such as e-Commerce and its types, CRM, SCM, EDI, EFT and e-Commerce security which are briefly discussed in this chapter. Use of various Internet/ networking concepts such as Wi-Fi and Bluetooth technology for faster access of information in networked environment should be grasped.

Chapter - 5

The chapter 'Introduction to Flowcharting' explains the programming process in graphical format that can solve the given problem using a computer system. Student should learn the process and importance of programming in computer. They should understand the problem first, than accordingly develop an algorithm which is a specific procedure that defines a finite list of instructions specifying a sequence of operations and gives the answer to the specific problem. After algorithm, they should also try to learn various symbols used in forming the flowchart.

Chapter - 6

After going through with the programming process and flowchart basics, this chapter describes how a complex programming problems can be solved using decision table. Student should understand the possible contingencies that may be considered within the program and the appropriate course of actions for each contingency. They should also understand the benefits of using decision table over flowchart.

PART II: STRATEGIC MANAGEMENT

Introduction

Organisations function in a highly dynamic business environment. They continually evolve their plans and strategies to grow or survive. Chartered Accountants with their holistic knowledge, skills and financial acumen possess strong capabilities to assist organisations in shaping-up the future of the organisations. Knowledge of the concept of strategic management will help them to have a sense of long term direction and minimize the effect of adverse conditions and changes in business environment.

The concepts of strategic management will help students of Chartered Accountancy to learn the critical issues and concerns facing the organisations. Assimilation of the concepts of strategic management will also help them to learn, how organizations can respond to the vagaries of environment. Sound grasp of the subject will also help them in accelerating their career growth. Knowledge of the subject is very important at higher levels.

Outline of the Syllabus

Chapter No.	Reference of the syllabus/ Name of the Chapter	Topics
1.	Business Environment	■ Introduction ■ Business ■ Objectives of a Business ■ Environmental Influences on Business ■ Why Environmental Analysis? ■ Characteristics of Business Environment ■ Components of Business Environment ■ Relationship between Organization and its Environment ■ The Micro and Macro Environment ■ Elements of Micro Environment ■ Elements of Macro Environment ■ PESTLE Analysis ■ Strategic Responses to the Environment ■ Competitive Environment ■ Porter's Five Forces Model – Competitive Analysis
2.	Business Policy and Strategic Management	■ Introduction ■ Business Policy as a Discipline ■ Meaning and Nature of Management ■ What is a Strategy ■ Corporate Strategy ■ The Dynamics of Competitive Strategy ■ Strategic Management ■ Strategic Decision Making

		■ Strategic Management Model ■ Vision, Mission and Objectives ■ Strategic Levels in Organisations
3.	Strategic Analysis	■ Introduction ■ Strategic Analysis ■ Situational Analysis ■ The Methods of Industry and Competitive Analysis ■ SWOT Analysis ■ TOWS Matrix ■ Portfolio Analysis
4.	Strategic Planning	■ Introduction ■ Planning ■ The Stages of Corporate Strategy Formulation-Implementation Process ■ Strategic Alternatives
5.	Formulation of Functional Strategy	■ Introduction ■ Marketing Strategy Formulation ■ Financial Strategy Formulation ■ Production Strategy Formulation ■ Logistics Strategy ■ Research and Development ■ Human Resource Strategy Formulation
6.	Strategy Implementation and Control	■ Introduction ■ Interrelationships between Strategy Formulation and Implementation ■ Issues in Strategy Implementation ■ Organization and Strategy Implementation ■ Strategic Business Units & Core Competence ■ Leadership and Strategic Implementation ■ Strategic Change ■ Strategic Control ■ Building a Strategy-Supportive Corporate Culture
7.	Reaching Strategic Edge	■ Introduction ■ Business Process Reengineering ■ Benchmarking ■ Total Quality Management (TQM) ■ Six Sigma and Management ■ Contemporary Strategic Issues

Chapter Related Tips

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.

It has been noticed that often students tend to feel that this subject can be easily crammed in a couple of days. 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 understand the subject comprehensively. It is very important that students must understand the relevance of each concept in practical scenario. For this purpose, they must read business magazines/Journals, Financial Newspapers, etc.

Students will find innumerous examples of strategic relevance around them. These examples may relate to introduction of new products, mergers, diversifications, sell off and so on. Student can make a habit to discuss such strategic actions of business with other students to analyse and understand the circumstances under which such decisions are taken and the benefits and the risks emerging out of it.

Chapter wise tips are given below:

1. First chapter of strategic management is about the Business Environment. In this chapter study material covers meaning and objectives of a business, environmental effect on business, environmental analysis, and characteristics of business environment. For this, students should read the economy related news and articles in business magazines/Newspapers to understand real life business environmental factors which directly or indirectly help in or impair the organizational functioning. After understanding the concept of business environment, students should thoroughly study the elements of micro business environment and macro business environment which are extensively defined in this chapter. To gain a deeper understanding of competitive environment of a business organisation, Michael Porter's five forces model has been included in the chapter.

2. Second chapter depicts the path of strategic management. Student should carefully understand the meaning and nature of corporate strategy. After understanding the concept of strategic management student should go through the framework and importance of strategic management. Further, strategic decision making, strategic management model is also introduced. Later student should learn the strategic vision, mission, objectives and goals along with the levels of strategic management. You can browse websites of some of the major companies and study their vision and mission.

3. Third chapter is completely dedicated to strategic analysis. Student should understand situational analysis, SWOT analysis, TOWS matrix along with methods of industry and competitive analysis. For practical knowledge, students can conduct SWOT analysis of one or two leading organisations. Portfolio analysis is also introduced in this chapter such as BCG matrix, Ansoff's matrix, ADL matrix, GE model.

4. Strategic planning is defined in this chapter. After understanding the concept of strategic planning, student should go through corporate strategy formulation and implementation process with its five stages. Further, student should learn the strategic alternatives given by Glueck and Jauch and Michael Porter's generic strategies. This chapter also elucidates different strategies including diversification, divestment,

retrenchment and turnaround. These strategic alternatives can be clearly understood by reading the articles published in various business magazines, Newspapers. In the last few years, Indian companies have done some major global acquisitions.

5. This chapter explains various functional strategies, viz; marketing, production, logistics, research & development, finance and human resources. Student should also focus on the areas covered by each functional strategy.

6. Strategic management process does not end with the decision. In the sixth chapter, the issues and interrelationships between strategy formulation and implementation are discussed. The chapter considers organization structure for strategy implementation and covers functional structure, divisional structure, strategic business units (SBUs), matrix structure and network structure. Later, strategic leadership is discussed. The chapter reveals the leadership role in strategic implementation and also explains the two basic approaches of leadership styles, viz., transformational leadership and transactional leadership style.
   It also introduces the steps to initiate strategic change along with Kurt Lewin change process. Control function of strategic management is also introduced.

7. In the last chapter, student should learn some of the recent and evolving concepts in strategic management such as BPR, benchmarking, TQM and six sigma. Some of the contemporary strategic issues are also introduced in this chapter.

Examination related hints:

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.

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.

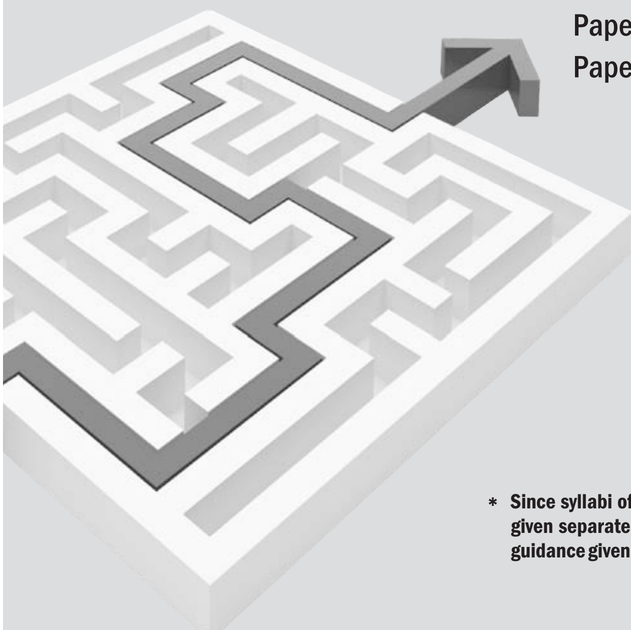
Level of Knowledge: Working

Group-I

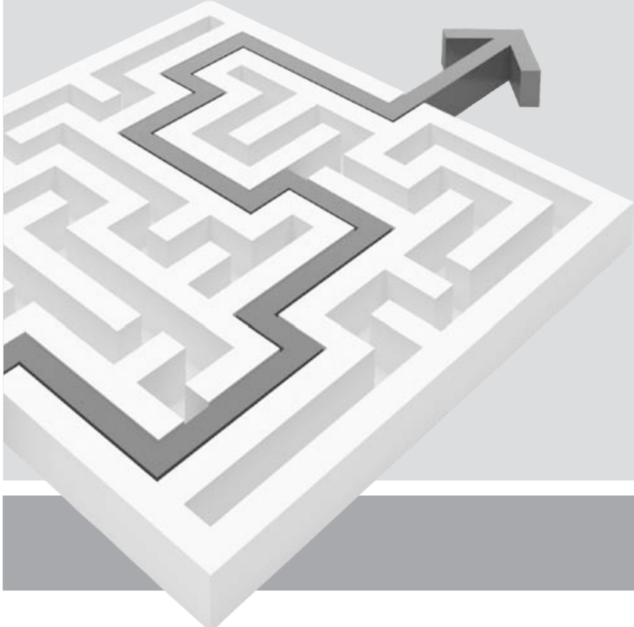
Paper 1: Advanced Accounting*
Paper 2 : Auditing and Assurance
Paper 3: Law, Ethics and Communication

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

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 12 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.

Your professional approach and qualitative effort is the key to pass CA Professional examinations without much strain or stress. You need to plan right from the beginning by devoting your 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, you 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, revisionary test papers, suggested answers of past examinations would help you to increase your study base. Monthly Students' Journal "The Chartered Accountant Student" and "The Chartered Accountant Journal" should also be referred regularly to keep yourself 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. You 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. You 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: You 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 you 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: You are required 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.

GROUP-II PAPER 5: TAXATION

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

Guidelines to students of PCC Course

The level of knowledge required for the paper on Taxation is "working knowledge". 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 assessees 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 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 you have 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 you in your endeavour, the Board of Studies brings out various publications from time to time, as given below. You 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 would be relevant for PCC students also, however, with the exception of the following chapters in Part II: Service tax and VAT –

Unit 2 of Chapter 2 on Taxable Services;

Chapter 5 on Input Tax Credit and Composition Scheme for Small Dealers; and

Chapter 6 on VAT Procedures.

(ii) Supplementary Study Paper - An analysis of recent question papers has revealed that considerable stress is laid on recent amendments and developments. You are advised to update yourselves 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 - You are advised to attempt answering the Revision Test Paper after you 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.

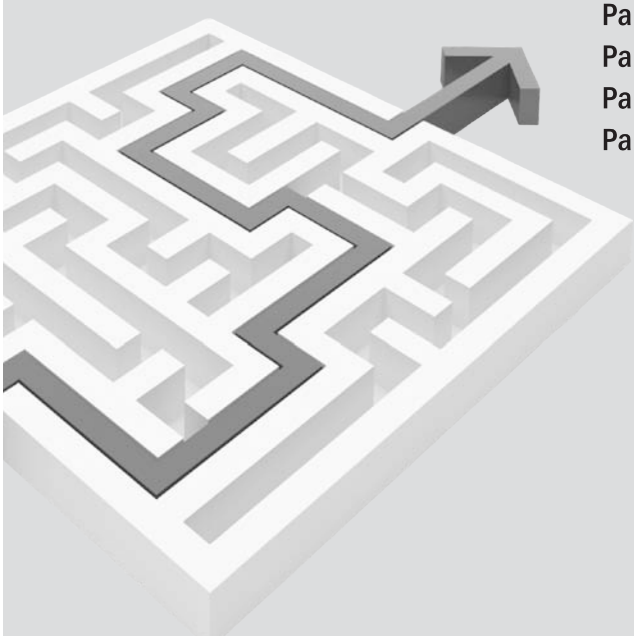
Level of Knowledge: Advanced

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



PAPER 1: FINANCIAL REPORTING

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 of CA course we have a paper on Accounting and that too the first paper. At Final level the name of the paper is 'Financial Reporting'. The aim of the paper on 'Financial Reporting' is to gain comprehensive understanding of all aspects relating to financial reporting practices and you are expected to have an advanced knowledge of reporting practices and valuation principles used in analyzing these financial reports.

Know your syllabus

As a first step, you should acquaint yourself with the syllabus of financial reporting so that you can plan your studies accordingly. The study material of 'Financial Reporting' is divided in ten chapters/topics based on the syllabus. The topics covered under this paper have been grouped for the sake of your understanding as follows:

Group	Topic
Chapter Based on Accounting Standards	■ Accounting Standards and Guidance Notes ■ International Accounting Standards, International Financial Reporting Standards, Their Interpretations and US GAAPs-An Overview ■ Accounting for corporate restructuring (including inter-company holding) ■ Consolidated Financial Statements of Group Companies ■ Accounting and Reporting of Financial Instruments
Chapter based on Guidance Note	Share Based Payments
Chapters not based on specific Accounting Standards but Implication of Provision of AS are there	Valuation of ■ Tangible fixed assets ■ Intangibles ■ Liabilities ■ Shares ■ Business
Financial Reporting for Financial Institutions	■ Mutual Funds ■ Non-Banking Finance Company ■ Merchant Bankers ■ Stock and Commodity Market Intermediaries
Developments in Financial Reporting	■ Value Added Statements ■ Economic Value Added ■ Market Value Added

	■ Shareholders' Value Added ■ Human Resource Reporting
Other	Corporate Financial Reporting

Be familiar with the Knowledge inputs provided by the BoS

Once you are aware of the syllabus, the next step is to assimilate the knowledge inputs provided by the Board of Studies.. The following knowledge inputs of BoS will held indepth understanding of the subject:

1. Study Material (Volume I and II)
2. Practice Manual (Volume III)
3. Compilation
4. Suggested Answers
5. Revision Test Papers
6. Mock Test Papers
7. Students' Journal for academic updates.

Now, after knowing the various knowledge inputs provided by the Board of Studies, you should plan your studies.

Planning – Time Management

You are advised to plan your studies taking into consideration the time available vis-à-vis the course contents. Ideally, you should plan in a manner that you keep time for two rounds of revision after your study.

Financial Reporting, the question paper is purely practical. Therefore, you have to practice solving a good number of questions on each topic. Considering the practical nature of the paper, start your studies from the day you receive the course material. At the final level sure you have to undergo articleship training simultaneously, therefore, it is suggested that you should study at least twelve to fifteen hours a week. By doing so, you will be able to mange first round of complete study and two rounds of revision well before time. Your first round of study should be completed well in advance that is at least three months before your exam. Keep some time leverage as assimilation of the chapters may take more time than expected or planned.

Your second round of study i.e. your first revision should be over before one month of your exam. Your second revision should be in the last month before exam so that you will be in the position to remember all the concepts. Doing three rounds of study will help in boosting your confidence level in the subject, and will make you mentally prepared to appear in the examination.

Use of BoS Knowledge inputs in a systematic pattern

FIRST ROUND OF STUDY

As you are aware that the syllabus of Financial Reporting covers Accounting Standards and Guidance Notes on one hand and other topics on the other hand, so your planning should also be divided in two parts namely-

1. Accounting Standards and Guidance Notes
2. Other chapters of the course curriculum.

Every day when you start your study first revise the concepts which you have read the previous day and then start to learn new concepts. Remember, out of sight, out of mind. Ideally your first revision should be within 24 hours of initial study, the second within the next one week.

Step 1 Study material

Start your study with the study material. In study material concepts of the topic and the accounting treatment on various transactions has been explained in detail with adequate illustrations. Analyse the underlying concepts and try to understand the logic behind every accounting treatment given therein. Keep questioning yourself until you are absolutely clear on the topic. Solve the illustrations after understanding the topic. For example, in the chapter of consolidated financial statements, first the concepts of consolidation and the consolidation procedures have been explained, then small illustrations based on each procedure like, analysis of reserves and surplus of subsidiary, cost of control, minority interest, treatment of dividend etc. have been given after explaining the concept and its accounting treatment. After explaining all the concepts, questions carrying more than one adjustment are given for your practice.

Step 2 Practice Manual

After solving the illustrations given in the study material, solve the questions given in the practice manual. Practice Manual is highly useful for the students appearing in the examination as it includes questions from past examinations which would facilitate in thorough understanding of the chapters explained in the study material. In accounting paper, it is very necessary that one should practice a good number of questions dealing with different adjustments. Practice Manual will help serve this purpose. Your first round of study should cover both Study Material and Practice Manual.

SECOND ROUND OF STUDY

Step 3 Suggested answers

Your second round of study i.e. your first revision should cover practice of suggested answers of recent two to three examinations. Suggested answers of past few examinations give you an idea of what type of questions are asked in the examination and how to solve and present the solution for such questions in the examination. Solving the question paper in the examination situation will help you, not only in time management but will also give you the confidence to attempt different types of questions in the examination.

Step 4 Revision Test Papers (RTP)

After you complete revision of whole syllabus atleast once, you should solve the questions given in the RTP. For every examination, Board of Studies comes out with a Revision Test Paper. Revision Test Paper is issued for every attempt containing a fresh set of questions which will help you to evaluate your preparation level. RTP of Financial Reporting is divided into two parts namely Part I: Recent amendments, notifications and announcements which are relevant for that particular examination and is not given in the study material or was not applicable in the immediate past examination. You will be able to know all such relevant information applicable for the exam at one place. Part II carries questions and answers for your practice. In Financial Reporting, questions on each topic are given with full solution to enable you to get an insight on how to present the solutions in an orderly manner. In Financial Reporting paper, RTP of past few attempts can also be referred subject to amendments for which you have to refer the latest Study Material and RTP.

THIRD ROUND OF STUDY

Step 5 Mock Test Papers

After second revision of the complete syllabus, you may assess your preparation by taking mock tests conducted by various branches at their end. Also Mock test papers are hosted on the institute's website www.icai.org which you may download and solve within a time period of three hours.

Important points to be kept in mind

1. Preparation of notes

Prepare concise notes in the first round of study itself. Your notes should be prepared in a manner, which supplements your understanding of the concept and the illustrations you have solved. You may either make a separate copy where you write down the important concepts of the chapter or can underline the important concepts in the book itself and read those underlined portion at the time of revision. You should also shortlist the illustrations to be revised again in your second and third round of study. Short listing of illustrations should be based on the difficulty you faced while solving the question. Besides preparation of important points of the topic (which will help you 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. Such tricky points or adjustments should be cross linked with the concerned illustration number so that at the time of revision you not only study the accounting treatment but also refer the whole solution again. These notes may be accompanied by the proforma of relevant accounts.

For example: when your are preparing notes for chapter 5, it is advisable that you start studying with consolidation of one subsidiary and prepare notes by writing down the consolidation procedures for the same. Then solve illustrations which involve two subsidiaries and one holding. Then move to the illustration which requires consolidation of chain holding.

There are three working notes which if prepared correctly will mean that half the work has been done and then drawing a consolidated balance sheet will be an easy task for you. These working notes are:

1. Analysis of profit of subsidiary into pre-acquisition and post acquisition period and the share of such profit to holding and minority interest.
2. Calculation of total amount of minority interest to be shown in the balance sheet.
3. Calculation of cost of control or capital reserves arising on acquisition of shares in a subsidiary company.

For preparing the working note one, as stated above, you need following information:

a. Percentage of shares acquired in subsidiary;
b. Date of acquisition of shares that established the holding-subsidiary relationship.
c. Balance of reserves and surplus as on the date of acquisition.
d. Any revaluation of assets or liabilities on the date when such relationship came into existence
e. Any dividend outstanding, especially on preference shares.
f. Any distribution of profit in post acquisition period from pre-acquisition period either in the form of dividend or bonus shares.

In preparing the working note 2 of Minority interest, following items are required:

a. Percentage of share capital (nominal value) (equity and preference both)
b. Share of pre-acquisition profit
c. Share of post acquisition profit
d. Dividend on share capital at point (a) above.

Likewise, you can prepare notes. Such type of notes will help you at the time of your revision, provided you write crisply in a manner which will easily be recapitulated.

2. User of proper and prescribed format for presentation of accounts

There are some chapters which require the solution or financial statements to be presented in particular format. You should make it a practice to adopt the prescribed formats while solving and presenting the accounts of particular topics. For example: Financial Statements of companies should be in the format prescribed in the Schedule VI to the Companies Act, 1956. The format of presentation of Value Added Statement should be kept in mind while solving the problems on that topic.

3. Recapitulation of previously read Accounting Standards and some topics

In the paper of Financial Reporting, Accounting Standards cover major portion of syllabus. So you are advised to gain indepth knowledge of accounting standards. Here, it is worth mentioning that, out of 31 effective standards, eighteen accounting standards were covered in the IPCC syllabus also. Since, you are already aware of the provisions of those standards, you have to recapitulate the same and practice higher level questions in addition to the questions dealt with at the IPCC level. Practice of higher level questions on these standards is necessary in order to match the advanced level of knowledge required in the Paper of Financial Reporting. For remaining standards, it is advisable to first go through the respective units of that standard in chapter one. After studying the explanation on Accounting Standards, we recommend that you go through the text of accounting standard once. By doing so, you will gain indepth knowledge and conceptual clarity of the standards.

4. Keep yourself continuously updated

We at Board of studies endeavor to update you with the latest amendments or notifications as and when they are issued. One of the sections in the Students' Journal is on 'Academic Update' which contains recent amendments in accounting also. You should be in a habit to read this continuously as it will help you in avoiding last moment pressure to acquaint yourself with all the relevant amendments. Also list of publication comprising of all relevant accounting standards and guidance notes are published well in time in the Students' Journal and the institute's website to apprise you with the applicability part of the same in the particular examination.

5. Keep in mind the Inter-linking of various topics

The provision of accounting standards have to be kept in mind and applied while studying the related chapter based on the particular accounting standard. If your concepts are clear relating to a particular standard, you should not face any problem in applying the same to solve problems in an inter-connected chapter. Sometimes even though the chapter may not directly relate to an accounting standard, it may contain adjustments involving application of one or more standards.

For example, while preparing Consolidated Financial Statements of parent and subsidiary, you have to apply provisions of AS 21. Similarly, for treatment of Investment in Associates and joint ventures you have to apply the provisions of AS 23 and AS 27 respectively.

The provisions of various statutes should also be kept in mind while reading the chapters. For example, in the preparation of financial statements of Companies, it is quite possible that a particular item may be dealt in two different ways. For example - treatment of preliminary expenses has to be done on the basis of section 78 of the Companies Act, 1956 or as per AS 26, depending on other information available. For example, if there is securities premium shown in the books, then preliminary expenses should be written off against it. If securities premium is not available, then preliminary expense is to be charged to Profit and loss account of that year as per

AS 26. In such a case, AS 22 will also come into the picture. As per Income tax, preliminary expenses are allowable in five years and as per AS 26 it is to be fully charged to Profit and Loss account of that year. This gives rise to Deferred Tax Liability.

We have made an attempt to explain with the help of tabular form given here under the manner in which concepts contained in the particular chapter of the study material have to be interlinked with the related provision in another chapter of the study material and read together:

Chapter/ unit Number	Name of chapter/unit	Inter-Linking
Chapter 1	Accounting Standards and Guidance Notes	In the paper of Financial Reporting, there are certain chapters, study of which requires the knowledge of some specific accounting standards. Therefore, you should keep in mind the provisions of such accounting standards and relate them appropriately at the time of studying that chapter. For example 1. Provisions of AS 14 are to be applied at the time of studying the chapter of Corporate Restructuring specifically in the selection of method of amalgamation and calculation of purchase consideration. 2. Provisions of Guidance Note on Accounting for Employee Share Based Payment should be specifically kept in mind while studying chapter 7 Share Based Payments Sometimes, it may happen that two standards have to be applied simultaneously. Your study should be in such a manner that you are able to apply multiple standards to solve question. For example, 1. Refund of government grant on account of non-fulfillment of specific conditions attached to the grant will attract provisions of AS 12 as well as provisions of AS 5 i.e. extra-ordinary item. 2. Treatment of goodwill arising from different situations also calls for application of Accounting Standard. For example, Goodwill calculated on consolidation is not recommended for amortization as per AS 21. However, purchased goodwill on amalgamation in the nature of purchase is to be amortised over the period as per AS 14. 3. Self generated goodwill is not recorded in the books while purchased goodwill is recorded in the books. Note: Accounting standards are very important and questions carrying, in total, 20-30 marks are asked in the exam from this topic.
Chapter 2	Overview of IFRS and US GAAPs	The chapter mentions about significance differences as well as similarities between IFRS, US GAAP and existing

		accounting standards. Here, the knowledge acquired from study of chapter 1 have to be applied to find out the differences and similarities between existing accounting standards and IFRS or US GAAPs.
Chapter 3	Corporate Financial Reporting	This chapter explains the reporting practices followed and the various statutes governing the functions and financial statements of a company. Co-relate the study of this chapter with chapter 4 regarding the role of the Companies Act, 1956, SEBI Rules and Regulations and Companies (AS) Rules, 2006 on a company. For example, 1. Schedule VI to the Companies Act, 1956 is basically meant for presentation of financial statements of the companies. The format explained therein will be used in all the illustrations of chapter 4 requiring preparation of financial statements viz balance sheet and profit and loss account. Also try to understand the different approaches recommended by different Acts, and which approach to adopt. For example 1. As per notified AS 3 of the Companies (AS) Rules, 2006, Cash flow from operating activities can be prepared either by direct method or by indirect method. However, as per SEBI Regulations, cash flow from operating activities to be presented by indirect method only.
Chapter 4	Accounting for Corporate Restructuring	The chapter deals with restructuring of companies and accounting treatment thereon. Your study for this chapter should be supported by the provisions of the Companies Act, 1956 applicable to a company alongwith the provisions of Accounting Standards specifically, AS 14. For example 1. Buy back is also a form of restructuring of company's equity. You should keep in mind the provisions stated in section 77A of the Companies Act for buy back of shares while solving the problems based on buy back of shares. 2. Restructuring includes amalgamation of companies. There is a specific accounting standard which deals with amalgamation i.e. AS 14. Therefore, you should remember the provisions of AS 14 which you have already studied in chapter 1 and co-relate the same while solving the problems on amalgamation. Like in the case of amalgamation in the nature of purchase, purchasing company has to take the statutory reserves to their

		amalgamated balance sheet and correspondingly, debit 'Amalgamation adjustment account' till the time the statutory reserves are shown in the balance sheet. Note: One question of 16 marks is generally asked on this topic.
Chapter 5	Consolidated Financial Statements	Provisions of AS 21, 23 and 27 should be kept in mind while studying this chapter. For example Adjustment of preference dividend of subsidiary companies held outside the group at time of calculating parents share of profit in subsidiary is as per para 27 of AS 21. Note: This is also a popular topic and at least one question of 16 marks is generally asked on this topic.
Chapter 6	Accounting and Reporting of Financial Instruments	This chapter is based on Accounting Standards 30, 31 and 32 dealing with recognition, measurement, presentation and disclosure of Financial Instruments. For better understanding of this chapter, it is very necessary that you should be aware of the provisions explained in the above mentioned accounting standards. Note: One question carrying 8 marks is generally set on this topic.
Chapter 7	Share Based Payments	There is a Guidance Note on Employee Share Based Payment. This whole chapter is mainly based on the above mentioned Guidance Note. Therefore, you should study this chapter keeping in mind the provisions of the above Guidance Note. Note: One question of atleast 8 marks is generally asked on this topic.
Chapter 9	Valuation	This chapter deals mainly with valuation of goodwill, brand, and shares. For treatment of goodwill, you should keep in mind the provisions of AS 26 and 28. Also methods of calculating goodwill either by average profit method, or super profit method or annuity method or capitalization method has already been studied by you at CPT / IPCC level. Note: This is one of the favourite topics of the paper-setter. A question of 16 marks is generally asked on this topic.

Note: Chapter 8 deals with reporting by different financial institutions and chapter 10 deals with additional non-mandatory reporting like value added report or economic value added etc. These chapters are not specifically inter-related with any other chapter or any accounting standards.

It is observed in the past examination that atleast one question carrying two sub-parts of 8 marks each is asked on this topic. Sometimes small questions of 4 to 5 marks are also asked from the Chapter 8.

Disclaimer: The marks mentioned above are to explain the relative importance of the topic and not to recommend selective study in any case. The above marks may change depending on the length of the questions selected and the calculations involved therein.

Tips for examination

Besides the general tips given in the first part of this booklet, certain tips mainly concerning the accounting paper are:

1. Use of proper formats

Certain statutes prescribe specific formats for presentation of the accounts. You should take care of the same at the time of solving the questions in the exam. Accounts presented in the prescribed manner will help you in scoring due marks.

2. Adequate Working Notes

In accounts, your solution is generally divided in two parts viz- main solution and working notes. Working notes form part of your solution and carries marks. Therefore, it is advised that calculations made on your calculator should also be written in your answer sheet as working note, wherever required, neatly and precisely. Also your working note should be cross referenced with the figure used in the main solution so that examiner can easily understand that how you have arrived at the particular figure.

3. Answer the questions with due emphasis on the provisions of Accounting Standards

Support your answers/conclusions with proper reasoning. Answers for questions based on accounting standards should be supported with provisions of that accounting standard rather than a mere common sense or guess work. It is not required to quote paragraph number of Accounting standard but you are expected to quote accounting standard number alongwith the name of the standard. However, if you state, paragraph number of accounting standard, then it will add value to the solution and will also help create a good impression in the mind of the examiner. You should quote number of accounting standard or name only when your are sure. It is better not to quote than to misquote the accounting standard number.

4. State the assumption clearly

In case a question leaves room for making an assumption and there is a possibility of more than one assumption, it is important to clearly state the assumption you have taken and solve the question accordingly. For example, in case of valuation of goodwill, if question does not clearly state as whether to take closing capital employed or average capital employed and there is scope of calculating both, then clearly mention your assumption in the answer-sheet.

Conclusion

Your professional approach and qualitative effort is the key to pass CA examination. To be a successful chartered accountant you should be able to analyse and develop an understanding of published financial statements and annual reports of companies. This exercise will enable you to know, how the various accounting concepts, conventions, rules, principles and standards are applied in real life situations.

PAPER 2: STRATEGIC FINANCIAL MANAGEMENT

The subject "Strategic Financial Management" (SFM) is basically a blend of Financial Management and Strategic Management, which is the need of today's dynamic world. In today's time Chartered Accountants are being called upon not only to assume finance function but also for planning, operating and monitoring of the other functions as well. With the globalization of the Indian economy the finance function has acquired critical importance especially in the field of International Financial Management. Further, the finance function also become crucial as the now a days various types to structured financial are in the market.

The aim of this paper is to test whether students have acquired a sound knowledge of the advanced concepts and techniques of financial management (both domestic and international), capital market and financial products etc. and to test the ability of applying them in real life situations .

Broadly the whole syllabus of the paper can be divided into following sections:

Section	Topics
I	■ Financial Policy and Corporate Strategy. ■ Project Planning & Capital Budgeting. ■ Leasing decisions including cross border leasing. ■ Dividend decisions.
II	■ Indian Capital Market including role of various Primary and Secondary Market Institutions including Capital Market Instruments, Commodity derivatives, OTC derivatives and Forward Rate Agreement. ■ Security Analysis. ■ Portfolio Theory and Assets Pricing.
III	■ Financial Services in India. ■ Mutual Funds. ■ Money Market Operations.
IV	■ Foreign Direct Investment, Foreign Institutional Investments and International Financial Management. Foreign Exchange Exposure & Risk Management.
V	■ Mergers, Acquisitions and Restructuring.

The Section-wise analysis of the syllabus is as follows:

Section I

The first topic of the Section I study the interface of Financial Policy and Strategic Management. Second topic aims at developing ability to analyse and apply various techniques for Capital Budgeting decision under Risk and Uncertainty conditions. Topic of leasing 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 Dividend Decision, involving the decision related distribution of surplus.

The topic of Financial Policy and Strategic Management being of theoretical nature can be directly referred from the Study Material. However, in order to analyze the nature of question usually asked in examination, Practice Manual shall be proved very helpful.

In examination from remaining three topics most of the times numerical questions are asked in addition to theoretical questions. Therefore students are advised to refer Practice Manual as in the beginning of every chapters it contains brief summary of the topics covered as well as important formulae. Students, after going through this summary and formulae can attempt as many as numerical questions for practice purpose.

In questions of Capital Budgeting and leasing special attention should be paid to following points:

- Think about the amount and timings of cash flows.
- Correct discounting rate should be applied for computing the Present Values.
- Taxation aspects of the decision taken.

The topic of Dividend Decision is based on various Dividend theories and models. Accordingly, students should attempt practical problems from Practice Manual for better understanding of these models. In examination it is very important to apply correct model as per the facts and figures given in the question.

Section II

First topic of this Section is based on the study of Indian Capital Market and latest financial products such as derivatives ,indexed funds etc. and aims to develop understanding of nature, structure and structure of these products. Next topic with which students are supposed to be well versed is Security Analysis consisting of Technical and Financial Analysis including special insistence on Bond Valuation. The residual topic of this Section is Portfolio Management involving theories related to the allocation of funds among various option available for investment to optimise the return.

From this Section in Examination both theoretical as well as practical questions are asked in Examination. It is advisable for students after a plain reading of the topics covered in Study Material they should refer Practice Manual to understand the nature and type of theoretical as well as numerical questions asked in Examination.

The important points that should be kept in view by students are as follows:

- Proper understanding of important concepts e.g. derivatives etc. for both theoretical as well as practical point of view.
- Correct formula should be applied in questions of Portfolio Management, Security Analysis etc..

Section III

The main topics of this Section are Mutual Fund and Financial Services. Since with the development of financial market a variety of Financial Services have emerged. The topic of Financial Services deals some kind of these Financial Services. Mutual Fund is one of the important topic of this Section as now a days Mutual Fund Investment is very popular among the small investors. This topic involves the study of the various schemes of mutual fund and their evaluation.

In examination most of the times practical questions are asked, although theoretical portion is also important and should not be ignored at all. The students are advised to attempt practical questions of the topic of Money Market from Practice Manual because of their unique nature and normal repetition in Examination.

Further while attempting the numerical questions of Mutual Fund following points should be kept in view.

- Correct calculation of NAV.
- Correct calculation of additional Bonus Units in case of reinvestment of income.

Section IV

Since now a days Indian economy has become a global economy, management of foreign exchange has become unavoidable. Accordingly one chapter on FDI and FIIs briefs about various sources of international financing and financial management in international context. Next topic mainly deals with foreign exchange rate mathematics and its risk management techniques.

The first topic of this Section is more theory oriented. Hence, in addition of plain reading of this topic from Study Material students are advised to refer Practice Manual to understand what types of question are asked in the examination.

The topic of Foreign Exchange Risk Management is more practical oriented and is important from examination point of view. While attempting numerical questions of this topic, following points need additional attention:

- Using correct symbol for currencies of different nations.
- Carefully determine whether any foreign currency is at premium or discount.

Section V

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. This is inclusive of the Business Valuation, Financial Restructuring and Demerger etc.

This topic is important from examination point of view. Student must be able to value financial assets, such as equity shares etc. and a business as a whole.

Evaluation of financial choices is key theme here and candidates are expected to be able to discuss, as well as apply a range of Valuation methods.

PAPER 3: ADVANCED AUDITING AND PROFESSIONAL ETHICS

Auditing is an important area of core competency of the Chartered Accountancy Profession. It 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.

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.

The syllabus of Advanced Auditing and Professional Ethics is divided into twenty two chapters in our study material covering in detail, principles of Auditing, Standards on Auditing issued by the ICAI, 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, Salient features of Sarbanes Oxley Act, 2002. 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. You all students of Final course should read these chapters with sincerity and imbibe the norms explained. These norms should be the guiding force while you will work as a chartered accountant.

You, at Final level in particular should gain good knowledge and expertise of Engagement and Quality Control Standards and also keep yourself well informed on the contents of various Guidance Notes, The Companies Act, 1956, Tax Audit, 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. You should understand the concept underlying the problems. The clarity in the concept will help for dealing the questions.

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

For the purpose of its full coverage you may segregate the syllabus of this paper into seven parts for preparation. In first part you may prepare Engagements and Quality Control Standards on Auditing (SA/SRS/SRE/SAE) and Guidance Notes for which list of applicable standards are published by ICAI on time to time. For doing preparation for Part First, read the bare standard alongwith its application and other explanatory material. After reading this you are advised to draw a flow chart or some diagrammatic presentation for your better understanding and revision purpose. You are also expected to focus on the application aspects of each of the Auditing Standards and guidance notes. As it is important to have the basic understanding, the objective is to the gain the ability to practice the same in the working scenario.

In part two, you may prepare audit strategy, planning and programming, risk assessment and internal control evaluation, audit under computerized information system (cis) environment, special audit techniques like selective verification; statistical sampling: special audit procedures; physical verification of assets, direct confirmation of debtors and creditors, analytical review procedures, risk-based auditing etc. While doing preparation for this part, you may interlink it with Auditing Standards, specially the series of SA 300 – 499 i.e. Risk Assessment and Response to Assessed Risks and series of SA 500 – 599 Audit Evidence.

For the preparation of Audit Strategy, Planning and Programming, you should practice developing an "Engagement Approach Document". The Approach document should primarily outlined the activity based scoping of an engagement and planning of the procedures for each of the activity. An Approach Document should treat each engagement as a project which would highlight the resource requirements in each activity area and scheduling as well.

Similarly for the Risk Assessment and Internal Control Evaluation you should gain understanding of the Risk Management Framework; relevance of control procedures, control assessment questionnaires and the complementary role that the internal and external audit plays.

Further you should apply the accounting knowledge; and business intelligence framework along with the ratio analysis and trend reviews for any un-reasonable gaps in inputs provided / made available.

In part three, you may incorporate audit of limited companies, rights, duties and liabilities of auditors, third party liability and Audit Committee and corporate governance. For better understanding, you must have good knowledge of the Companies Act, 1956 which is pre-requisite. Not only knowledge but updation of knowledge is also required on time to time basis.

In part four, you may include Audit Reports and Audit of Consolidated Financial Statements. While doing study of Audit Reports, you may interlink this with series of SA 700-799 i.e. Audit Conclusion and Reporting, Statement on CARO, 2003 and Statement on Reporting under Section 227 (1A) of The Companies Act, 1956. You are also required to practice the drafting of qualifications. You 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.

In part five, you may include miscellaneous audits like audit of banks, insurance companies, co-operative societies, nbfcs, audit under fiscal laws, cost audit and special audit assignments. For the preparation of part five, deep knowledge of statutory requirements is a pre-requisite for validation of adherence of the business with applicable laws. For this you should follow a check-list approach ensuring completeness of compliance validations. Further, you should update yourself with latest notification, circulars etc. You may also interlink the above part with guidance notes already covered in part one.

In part six, you should prepare special features in audit of public sector companies, internal audit, management and operational audit, investigation and due diligence and concept of peer review. For the preparation of this part, you are again required to have sound knowledge of statutory requirements.

Last but not the least; in the seventh part you may prepare Professional Ethics. Generally it has been observed that there is one question i.e. case studies based question of 16 marks in the examination paper. For better preparation of this part you are advised to read the 22nd Chapter of the Study Material in detail which elaborates this topic alongwith example. Further, you may write down all the clauses in notes form for the revision purpose.

While answering the case studies based question, answer should be split in to 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.

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. You 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.

Part three, five and six are based on statutory requirement. Therefore, you must be cautious about the amendments and updates happened at least six months before the exam and also go through the other amendments. Further, you should also take a keen interest in updating yourself 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.

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, Revisionary Test Papers, Standard 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

Introduction

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. No corporate entity can effectively work and survive without meeting its legal obligation. Corporate law is the study of how shareholders, directors, employees and consumers, the business community and the environment interact with each other. The Corporate Law defines the internal rules of the company. These laws are being amended and fine tuned from time to time in accordance with the changes that are taking place within the country as well as outside. This process will continue to be more dynamic in times to come, vibrant for corporate growth, infusing more capital into the country and at the same time protect and safeguard the interests of various stakeholders.

Syllabus Coverage

At the Final level, Paper-4 deals with Corporate and Allied Laws, where the level of knowledge prescribed is that of 'Advanced knowledge.' The paper consists of two sections:

Section	Name	Marks	Objective
Section A	Company Law	70	To be able to analyze and apply various provisions of the Companies Act, 1956 in practical situations
Section B	Allied Laws	30	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.

Major topics to be focussed

Our study material of Corporate and Allied Laws is divided into 22 chapters. Students may focus on the following chapterwise major topics from the examination perspective:

Chapter No.	Name of the Chapter	Major Topics
1.	Accounts And Audit	■ Maintenance of Books of Accounts ■ Persons who can Inspect ■ Persons Responsible for Maintenance & Penalty ■ Form and Contents of Balance Sheet and Profit and Loss Account ■ Deviation from Accounting Standards ■ Authentication of Annual Accounts ■ Filing with the Registrar ■ Holding & Subsidiaries Accounts ■ Disqualifications of Auditors ■ First Auditors ■ Subsequent Auditors ■ Auditors' Appointment by Special Resolution ■ Ceiling on Number of Audits ■ Remuneration of Auditors ■ Special Audit ■ Audit of Cost Accounts
2.	Dividend	■ Compulsory Transfer to Reserves ■ Transfer of Higher Percentage of Profits to Reserves ■ Declaration of Dividend out of Past Reserves ■ Declaration of Interim Dividend ■ Time Limit ■ Unpaid or Unclaimed Dividend ■ Payment of Unpaid or Unclaimed Dividend ■ Investor Education & Protection Fund

3.	Directors, Powers, Managerial Remuneration	■ Appointment of Directors ■ Share Qualification for Directors ■ Powers of Directors and Restrictions thereon ■ Directors not to hold Office or Place of Profit ■ Loans to Directors (Section 295) ■ Political Contributions ■ Managerial Remuneration ■ Managing Director ■ Inter Corporate Loans and Investments
4.	Meetings, Powers Of The Board And Related Party Transactions	■ Introduction ■ Meetings of Directors ■ Disclosure of Interest In Contracts ■ Sole Selling Agents
5.	Inspection And Investigation	■ Inspection ■ Investigation ■ Power of Inspectors
6.	Compromise, Arrangements And Reconstructions	■ Compromise and Arrangement ■ Reconstruction
7.	Prevention Of Oppression And Mismanagement	■ Oppression and Mismanagement ■ Who May Apply To The Company Law Board When Oppression or Mis-Management Is Complained of? ■ Powers of The Company Law Board on Application Under Sections 397 or 398
9.	Corporate Winding Up And Dissolution	■ General Provisions on Winding-up
10.	Producer Companies	■ Objects and Formation of a Producer Company ■ Memorandum Of Producer Company ■ Articles of Association ■ Management ■ General Meetings ■ Share Capital and Member Rights ■ Finance, Accounts and Audit
11.	Companies Incorporated Outside India	■ Foreign Companies ■ Application of Sections 592 to 602 to Foreign Companies ■ Documents, etc., to be Delivered to the Registrar By Foreign Companies

		■ Registration of Prospectus ■ Requirements as Regards Prospectus
12.	Offences And Penalties	■ Offences Compoundable – Section Wise List
13.	E-Governance	■ MCA 21 Project ■ Director Identification Number (DIN) ■ Some FAQs on DIN and E-filing
14.	Other Relevant Miscellaneous Provisions Of The Companies Act, 1956	■ Government Companies ■ Provisions for Removal of Administrative Difficulties
15.	Corporate Secretarial Practice - Drafting Of Resolution, Minutes, Notices And Reports	■ Certain Companies to have Secretaries ■ Company Correspondence & Reports ■ Record Maintenance and Filing of Documents
16.	The Securities And Exchange Board Of India (SEBI) Act, 1992	■ Establishment of SEBI Board ■ Powers & Functions of SEBI ■ Penalties ■ SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
17.	Securities Contracts (Regulation) Act, 1956	■ About Corporatisation & Demutualisation of Stock Exchanges ■ Granting of Recognition ■ Power of SEBI ■ Power to Make Rules ■ Power of SEBI to Make Regulations
18.	Foreign Exchange Management Act, 1999	■ Analysis Of Important Definitions ■ Regulations And Management Of Foreign Exchange ■ Contraventions and Penalties In Brief ■ Adjudication and Appeal
19.	The Competition Act 2002	■ Definitions
20.	Overview Of Banking Regulation Act, 1949, The Insurance Act, 1938, The Insurance Regulatory And	■ Reserve Fund ■ Audit ■ Provisions Related To Insurance ■ Important Definitions ■ Enforcement of Security Interest ■ Miscellaneous Matters

	Development Authority Act, 1999, The Securitisation And Reconstruction Of Financial Assets And Enforcement Of Security Interest Act, 2002	
21.	Prevention Of Money Laundering Act, 2002	■ Definitions ■ Obligation of Banking Companies, Financial Institutions and Intermediaries
22.	Interpretation Of Statutes, Deeds And Documents	■ Rules of interpretation/construction ■ Internal aids to interpretation/construction

Level of Knowledge

Since the level of knowledge required in this subject is that of Advanced Knowledge students should adopt practical application oriented and analytical approach. Several Final students seem to be somewhat hesitant or reluctant in giving enough attention to the provisions of various Acts and hence they tend to give a general approach to the subject which should be avoided. From the very beginning a planned approach for preparation in the subject needs to be developed.

A common comment of examiners at the Final paper relating to Law subjects was that candidates were generally weak and slippery in their knowledge of basic provisions of the relevant laws as well as in application of knowledge and skills. Students have to especially strengthen themselves on this front since working knowledge and application-oriented questions carry considerable number of marks in this paper.

Orientation to Paper

In this paper, students should be able to pinpoint the legal point or issue involved in any statement of a problem or issue and synchronize with the relevant legal provisions clearly and in a logical manner. Secretarial Practice relating to Laws should also be given due weightage for study purposes. Students have to be always alert in updating their knowledge of current developments, recent amendments in relevant laws and recent legal decisions by regularly consulting journals like Chartered Accountant and Chartered Accountant Student. Final course students have to be thoroughly knowledgeable of important guidelines, leading judgements, notifications etc. Amendments if any taking place in any of law should be applicable for the examination provided it is six months prior to the examination and if any Bill has become an Act, they should see that whether the sections in the said Act/Amendment has been notified or not.

Avoid selective reading of chapters, as the question paper contains compulsory questions with coverage on all the chapters. Changes by way of important amendments and having a wider ramification and consequential impact on other Acts as well effect of other provisions within the law should be more specifically read and understood. Give thoughts to your analysis in the form of various practical issues and situations and how you would as an Expert by giving advice on the said matter. A scan through the previous year's examination papers will give an idea as how the questions are framed so that preparation can be synchronized in that direction. While reading study material you will come across different practical problems which you may note down separately. This will enable you to consolidate your reading with practical analysis in an easier and time-bound manner. Cross check your answers to the problems with the logical analysis of the sections and draw your conclusions accordingly. Writing generalized answers should be avoided as it reflects your low preparation in the subject. Prioritize your chapter reading based on time for consumption and weightage given in terms of marks. In nut shell you have to prepare a Balanced Score card in the subject for yourselves so that you emerge as a winner.

Bare Acts

They are the life blood to law and it is very much essential to have relevant Bare Acts while reading the study material. While reading Bare Acts, you may test yourself side-by-side as to which of the subject-matter is dealt by what section.

Sections and Case Laws

It is desirable to support answers with relevant sections and leading case laws on the matter wherever necessary. Extra efforts are to be made in this direction. If by any chance, students do not remember the Section numbers and Case Law while answering any question in the examination paper on the subject, they may not lose heart on this score. They may otherwise strengthen their answer by appropriate reasoning and examples. However, they may desist from citing wrong Section numbers or irrelevant Case laws.

Develop Drafting Skills

The paper also includes secretarial practice relating to various laws and it is therefore important, that students should pay equal importance to drafting skills such as drafting resolutions, agenda, notices and minutes of meetings of the company and filing a petition/application before the Company Law Board.

Language

This is an important area of concern and advice for the students. A common feedback from the Examiners was that students are generally weak in the English Language though they are thorough in the subject. As a result, the presentation of answers does not give a brand image as of a candidate at the Final Level. This problem among many of the candidates can be overcome only by way of writing practice and also undertaking self-examination.

Handling Application Oriented Questions

Since, 90 to 95% of the paper is based on Application/Problem oriented questions; students should know how to answer these questions for scoring good marks. While attempting practical/application oriented questions, students should be able to pinpoint the legal points or issues involved in any statement, problem or situation given in the question.

The answer to the application oriented question may be presented as following:

(i) Heading (If possible)
(ii) Relevant Legal Provision (with Correct Section Number and Correct name of the Act with year)
(iii) The facts given in the problem
(iv) Correlation of the legal provision with the facts.
(v) Conclusion

We can take the help of the following example for better understanding:

Example: The Board of Directors of XYZ Limited consists of Mr. P, Mr. Q (Directors) and Mr. R (Managing Director). The company has also employed a full time Secretary.

The Profit and Loss Account and Balance Sheet of the company were signed by Mr. P and Mr. Q. Examine whether the authentication of financial statements of the company was in accordance with the provisions of the Companies Act, 1956?

Sample Answer

Heading

Authentication of Balance Sheet and Profit and Loss A/c (Section 215 of the Companies Act, 1956):

Relevant Legal Provision

According to Section 215 of the Companies Act, 1956, except in the case of a banking company, the Balance Sheet and Profit and Loss Account of a company must be signed on behalf of the Board of directors by two directors and the Manager or Secretary, if any. If the company has a Managing Director, he should be one of the signing directors.

Facts of the case

In the instant case, the Balance Sheet and Profit and Loss Account have been signed by Mr. P and Mr. Q, the directors.

Correlation

In view of Section 215 of the Companies Act, 1956, Mr. R, the Managing Director should be one of the two signing directors. Since the company has also employed a full time Secretary, he should also sign the Balance Sheet and Profit and Loss Account. In addition to the Managing Director, Mr. R, one of the directors, either Mr. P or Mr. Q should sign it.

Conclusion

Thus, authentication of financial statement of the company is not in accordance with the provisions of the Companies Act, 1956.

Hence, by writing your answers in this style would definitely improve your performance and help you in clearing this paper with good marks.

PAPER 5: ADVANCED MANAGEMENT ACCOUNTING

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 (ISCA)

Introduction

Current era is called 'Digital or IT era'. Dependency on IT enabled services is increasing at a very fast rate. The traditional working setups/systems are being replaced by the technology driven frameworks and networks. The flexibility of the software systems has transformed the success stories of the organizations' mission, plans, and policies. For example, in banking, CBS has been adapted in most of the recognized banks to run their day-to-day operations in a transparent, fast and smooth manner. Accordingly, accounting professionals have to interact with computer-based Information systems on a regular basis. As primary users of information systems in organizations, accountants need to participate in the design, development and operations of IT systems. In addition, they need to measure and evaluate the performance of information systems with the help of appropriate controls. Internal and external auditors must assess the quality of information systems and evaluate the accuracy of information input and output. Hence, Chartered Accountants must have the conceptual clarity to deal with different controls adapted in these systems and other important tasks.

In today's dynamic and changing economic environment, businesses are subjected to greater risks than ever before. Accordingly, auditors should also be in a position to identify the business risks that an organization can face and the risk management policies that an organization has to adapt to effectively manage those risks and particularly for Information Systems and their security. There are a number of Chartered Accountants, who work as IS Auditors in their professional life in the environment of information systems. In addition, some of them work as IT Managers, responsible for the development of application systems, starting from the requirements analysis and till system maintenance.

For all these tasks, CAs require a thorough knowledge/understanding of the concepts of IT. Like any other subject, IT subject is also very vast; however, topics relevant from Chartered Accountants perspective have been covered at IPCC and Final level. The paper on Information Systems Control and Audit (ISCA) forming a part of the final syllabus helps the students to understand 'how to evaluate controls and standards for information systems in an organizational environment'. The basic knowledge about Information Technology gained at IPCC level is sought to be built up further through this paper.

Outline of the Syllabus

The study material of ISCA is divided into ten chapters based on the syllabus. The following major topics are covered under this paper:

Chapter No.	Reference to the syllabus/ Name of the Chapter	Topics
1.	Information Systems Concepts	■ Introduction ■ Definition of a system ■ Types of System ■ General Model of a System ■ System Environment ■ Information ■ Information System and its role in Management ■ Types of Information Systems at different levels ■ Operations Support Systems (OSS) ■ Management Support Systems (MSS) ■ Office Automation Systems (OAS)

2.	System Development Lifecycle Methodology	■ Introduction ■ System Development Process ■ System Development Methodology ■ System Development Life Cycle (SDLC) ■ The preliminary Investigation ■ System requirement analysis ■ Systems Design ■ System Acquisition ■ Development: Programming Techniques and Languages ■ System Testing ■ Post Implementation review and maintenance ■ Operation manuals ■ Auditors' Role In SDLC
3.	Control Objectives	■ Information Systems Controls ■ Need for Control and Audit of Information Systems ■ Effect of Computers on Internal Controls ■ Effect of Computers on Audit ■ Responsibility for Controls ■ The IS Audit Process ■ Information Systems Control Techniques ■ User Controls ■ System Development and Acquisition Controls ■ Control Over System and Program Changes ■ Quality Control ■ Controls Over System Implementation ■ System Maintenance ■ Post Implementation Review ■ Control over Data Integrity, Privacy and Security ■ Security Concepts and Techniques ■ Data Security and Public Networks ■ Unauthorized Intrusion ■ Hacking ■ Data Privacy ■ Controlling Against Viruses and Other Destructive Programs ■ Logical Access Controls ■ Physical Access Controls ■ Environmental Controls
4.	Testing – General and Automated Controls	■ Introduction to basics of testing (Reasons for testing) ■ Audit Planning ■ Audit Testing ■ Testing critical control point ■ Test effectiveness of Information System Control

		■ Test of general controls at the entity wide and system level ■ Tests of general controls at the business process-application level ■ Tests of business process application controls and user controls ■ Appropriateness of control tests ■ Multiyear testing plans ■ Documentation of control testing phase ■ Audit reporting ■ Concurrent or continuous audit and embedded audit modules ■ Hardware testing ■ Review of hardware ■ Operating system review ■ Reviewing the network
5.	Risk Assessment Methodologies and Applications	■ Introduction ■ Risk, Threat, Exposure and Vulnerability ■ Threats to the computerized environment ■ Threats due to cyber crimes ■ Risk Assessment ■ Risk Management ■ Risk Identification ■ Risk ranking ■ Risk mitigation
6.	Business Continuity Planning and Disaster Recovery Planning	■ Introduction ■ Business Continuity Planning ■ Developing a Business Continuity Plan ■ Types of Plans ■ Threats and Risk Management ■ Software and Data Back-up Techniques ■ Alternate Processing Facility Arrangements ■ Back-Up Redundancy ■ Disaster Recovery Procedural Plan ■ Insurance ■ Testing Methodology and Checklist ■ Audit Tools and Techniques ■ Audit of the Disaster Recovery/Business Resumption Plan
7.	An Overview of Enterprise Resource Planning (ERP)	■ Introduction ■ ERP-Definition ■ Business Process Reengineering (BPR

		■ ERP Implementation ■ Post Implementation ■ Risk and Governance Issues in an ERP ■ How does EPR fit with E-Commerce ■ Life after Implementation ■ Sample List of ERP Vendors ■ ERP Software Package (SAP) ■ Case Studies
8.	Information Systems Auditing Standards, Guidelines, Best Practices	■ Introduction ■ IS Audit Standards ■ ISO 27001- The information security standards ■ CMM- Capability Maturity Model ■ COBIT – IT Governance Model ■ COCO ■ ITIL (IT Infrastructure Library), its details ■ Systrust and Webtrust ■ HIPAA ■ SAS 70 – Statement of Auditing Standards for Service Organizations (AICPA)
9.	Drafting of IS Security Policy, Audit Policy, IS Audit Reporting – A Practical perspective	■ Introduction ■ Important of Information System Security ■ Information System Security ■ Protecting Computer-held Information Systems ■ Information Security Policy ■ Types of Information Security Policies and their Hierarchy ■ Audit Policy, purpose, scope etc. ■ Audit Working Papers and Documentation ■ IS Audit Reports ■ Sample IS Security Policy with case studies
10.	Information Technology (Amendment) Act, 2008	■ Brief History ■ The IT Act 2000/2008 and its Objectives ■ Preliminary [Chapter I] ■ Digital Signature and Electronic Signature (Amended Vide ITAA 2008) [Chapter-II] ■ Electronic Governance [Chapter III] ■ Attribution, Acknowledgment and Dispatch of Electronic Records [Chapter IV] ■ Secure Electronic Records and Secure Electronic Signatures [Chapter V] ■ Regulation of Certifying Authorities [Chapter VI] ■ Electronic Signature Certificates [Chapter VII]

		■ Duties of Subscribers [Chapter VIII] ■ Penalties and Adjudication [Chapter IX] ■ The Cyber Appellate Tribunal (Amended Vide ITAA-2008) [Chapter X] ■ Offences [Chapter XI] ■ Intermediaries Not To Be Liable In Certain Cases (Substituted Vide ITAA-2008) [Chapter XII] ■ Miscellaneous [Chapter XIII]

Chapter-wise Tips for Preparation

First of all, students should try to understand the linkages between the chapters at macro-level. This will help them in recollecting the concepts during examination. Chapterwise tips are given as follows:

1. As the name of the paper is 'Information Systems Control and Audit'; it is highly desirable that first of all, students should understand about the information systems and its related concepts. Accordingly, first chapter of ISCA is “Information Systems Concepts”, which provides an overview of different information systems. In this chapter, students should clearly understand the general concepts of the systems, and their types. After understanding the general concepts related to systems, students should thoroughly study the information, its various attributes, and different types of information systems such as MIS, DSS, EIS, and ES etc. For each type of information systems, its features, attributes, advantages, and limitations must be clearly understood. Students should thoroughly understand the major points/subheadings as given in the material; however, they may write the description of these points in their own language with coverage of related concepts.

2. As the paper is basically dedicated to Information Systems controls, only the generalized knowledge of information systems is not sufficient; various concepts of the Software Development Life Cycle are also needed. Accordingly, the second chapter is on SDLC in which all the relevant concepts for Chartered Accountants are introduced. In SDLC, concepts related with all the development models namely waterfall, spiral etc. used for developing the software should be clearly understood. Normally, the weaknesses of the previous model are addressed by the next model, and these weaknesses become the strengths of the current model. In this way, students may remember the concepts related with various models. Further, all the phases of SDLC namely preliminary investigation, requirements analysis, designing, coding, testing, implementation, and maintenance should be read with the coverage of all the major activities in each of the phases in detail.

3. A control is a system that prevents, detects, or corrects unlawful events. In a quality software, necessary controls must be incorporated at the appropriate places starting from the development itself. Keeping in mind the aforementioned fact, next chapter is dedicated to the controls. In this chapter, first of all, students should understand the need of the controls. They should also understand the effect of computers on internal audit, responsibility for controls from the perspective of Management, IT, Personnel, Auditors, and cost effectiveness of control procedures. Then, they should try to understand various IS Control Techniques and role of an IS Auditor for each type. They should also have knowledge of controls required for system selection, acquisition and development phase should also be clearly understood. In addition, they should cover the

controls over system implementation, data integrity, privacy and security.

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4. How many controls are adapted in the process out of the prescribed controls' is provided by the testing results. This is the backbone theme of chapter four on Audit Tests of General and Automated Controls. Here, various concepts related with testing should be covered starting from basics of testing to various level/types of testing. After having an idea about these topics, students should also understand the concurrent audit modules in detail with special emphasis on SCARF and CIS. Afterwards, advantages/disadvantages of continuous auditing should be read thoroughly.

5. Consider an information system for which ten controls are recommended but due to various limitations like cost, efforts, only six controls could be implemented. This will create some risk for the information system. Hence, the fifth chapter is on risk assessments. The chapter on Risk assessment methodologies and applications addresses various concepts related with risk namely, vulnerabilities, attacks, threats etc. Once conceptual clarity has been acquired, students should have an idea about the threats to the computerized environment and threats due to cyber crimes. Risk assessment/management process must be understood in detail covering each sub-point. Finally, students should also cover the techniques for risk evaluation in depth.

6. System should continue without fail at any circumstances'. 'What strategies should be followed to achieve this goal' is discussed in this chapter on Business Continuity Planning and Disaster Recovery Planning. Business Continuity Planning (BCP), its objectives/goals must be understood in depth. Moreover, students should know how a Business Continuity Plan is actually developed, covering all the eight phases. Students should also focus on various backup techniques and disaster recovery plans. Further, various audit tools and techniques must be understood by the students and finally, audit of Disaster Recovery and Business Resumption Plan must be covered in detail, which focuses on various important checkpoints related with auditing.

7. In order to have a real-time integrated solution working on 24 * 7 basis, ERP comes into the picture. Students should understand the features of ERP, its benefits, and concepts relating to Business Process Reengineering etc. In addition, they should also have a look at ERP implementation methodology, post implementation scenarios and some risks involved in an ERP system.

8. As the paper is about the IS controls and audit, next chapter is about various IS audit standards. In this chapter, Information Systems Auditing Standards, Guidelines and best practices, various governing standards viz. ISO 27001, CMM, COBIT etc. should be thoroughly read with emphasis on the key points of each standard in depth. Student should also focus on the areas covered by each standard.

9. Information security plays a vital role in today's highly connected world. Any information system must have three fundamental properties: resist, tolerate and recover. Hence, the ninth chapter is dedicated to Information security and its related concepts. Student should clearly understand the need of information security, various information security policies and their hierarchy. In addition, they should also focus on the audit policy, audit working papers and documentations in depth.

10. In the current IT driven environment, there was a tremendous need for introducing laws to facilitate e-

commerce and give legal recognition to electronic records and digital signatures. Realizing this need, Govt. of India introduced Information Technology Act in the year 2000. However, due to various transformations in technology, it was felt necessary to carry out certain amendments to make the Act more relevant. Hence, Govt. of India passed these amendments through a bill in 2008 and the Act was called Information Technology (Amendment) Act, 2008, which is currently applicable. Students should understand various definitions covered under this act, and clearly understand different chapters and sections/subsections of this Act.

Examination related

1. In the paper of ISCA, first question may be based on a case study. These case studies may be from the practical oriented topics such as SDLC, Control Objectives, ERP, IS Audit Guidelines/Standards, and Security/Audit Policy etc. The case study may also 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/s based on which the questions are to be answered.

2. Wherever possible, students should try to include relevant diagrams, tables, rough sketch etc.

3. At the Final level, sometimes, questions are also framed on generalized topics of IT, which may not be adequately discussed in the study material. To answer such questions, students should not feel any psychological pressure; rather they should write the answer based on their general understanding of the topic/s.

PAPER 7: DIRECT TAX LAWS

Direct Tax Laws is one of the core competence areas of the chartered accountants. It is considered to be the most dynamic subject of the chartered accountancy course. The tax laws of the country undergo significant changes every year on the passing of the annual Finance Act. Apart from these major amendments which take place every year, notifications and circulars are issued by the CBDT from time to time to implement the provisions of the Act and clarify issues regarding the meaning and scope of certain provisions. Further, decisions are pronounced by various courts interpreting the provisions of law.

As a student, coming out successfully in the paper on Direct Tax Laws with a good score is indeed a challenging task. It is the endeavour of the Board of Studies to assist you to gear up to face this challenge. Planning your study in a methodical manner well in advance of your examination is very crucial for success in examination. Adherence to the study plan is equally important. Ultimately, it is the level and depth of your preparation which will determine how well you perform in the examination.

An ideal study pattern for this subject is suggested hereunder and we are hopeful that each one of you would strive to make an honest attempt to follow the same. We are sure that it would definitely have a positive impact on your performance and the same would be reflected in your score, as well. The seven-point study plan is detailed hereunder:

Point 1: Know your syllabus and expected level of knowledge

Before starting your preparation for any subject, it is important that you are aware of the scope of syllabus and the level of knowledge expected. This, in fact, should be the very first step in your study plan.

The syllabus of Final Paper 7: Direct Tax Laws covers the Income-tax Act, 1961 and Rules thereunder and the Wealth-tax Act, 1957 and Rules thereunder. You are expected to have acquired advanced knowledge of the provisions of direct tax laws as well as the ability to apply the knowledge of the provisions of direct tax laws to various situations in actual practice.

The division of marks is 90 for income-tax and 10 for wealth-tax.

The requirement of advanced knowledge implies that you have to perfect your logical and analytical reasoning, as well as interpretation of the relevant legal provisions. You have to look at the provisions and their application from several angles. You should prepare yourself to attempt complex questions and problems based on application and interpretation of provisions of law, including recent amendments, and case laws.

Point 2: Be informed of the Finance Act and Assessment Year relevant for your examination

The Finance Act of a particular year would be applicable for the May and November examinations of the next year. For instance, the Income-tax Act, 1961 and Wealth-tax Act, 1957 as amended by the Finance Act, 2011 would be applicable for May, 2012 and November 2012 examinations. The relevant assessment year for May 2012 and November 2012 examinations is, therefore, A.Y.2012-13.

You are expected to be updated with the notifications, circulars and other legislative amendments made upto 6 months prior to the examination. For May examination, such amendments made upto 31st October of the previous year would be relevant and for November examination, such amendments made upto 30th April of that year would be relevant.

Point 3: Draw up a detailed study plan and allocate time for each topic/chapter of the subject

Preparing a comprehensive study time table well in advance would be of great help in organizing your study in an effective manner. Ideally, you should allocate at least 15 hours every week for the subject of Direct Tax Laws.

The next step is to estimate the time to be allocated for each topic/chapter of the subject. The scope of syllabus, the contents of each chapter in the Study Material and Practice Manual would help you to broadly assess the time which each topic of the subject would consume. Of course, you have to keep some percentage margin over and above the time assessed by you to take care of possible difficulty in understanding or interpreting concepts, particularly relating to international taxation and certain aspects of procedural law.

Try to organize your time table to fit in theory (procedural law) and practical (substantive law) topics intermittently since reading too much theory at a stretch may cause boredom.

Point 4: Recapitulate the provisions of income-tax law covered at IPCC/PCC level

Since you are at the Final level, we can begin with the presumption that you are aware of the basic concepts of income-tax i.e. components of income-tax law, concept of income, residential status and scope of total income, revenue receipts, capital receipts etc. We can proceed on the premise that you are comfortable with the provisions of substantive law i.e. exemptions, chargeability of income under each head, deductions under each head, clubbing of income, set-off and carry forward of losses and deductions from gross total income, which you have already studied at the PCC/IPCC level. You would also be familiar with certain aspects of procedural law relating to filing return of income and provisions concerning advance tax and TDS.

You have to brush up these areas once again to recapitulate the provisions of law which you have already studied at PCC/IPCC level. Do remember that, at the PCC/IPCC level, only working knowledge was required, whereas at the Final level, you are expected to have advanced knowledge of these topics as well as the ability to apply such knowledge to practical situations. Therefore, at the Final level, you are expected to acquire the ability to apply the provisions of law to practical situations and also understand the interpretation of law by various courts, which was not required at the PCC/IPCC level.

The deductions in respect of incomes i.e., deductions under sections 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID, 80-IE etc. also assume more significance at the Final level. The students are generally not tested very much indepth in respect of these sections at the IPCC/PCC level. Also, the entire assessment procedure is dealt with at the Final level whereas only the provisions for filing of return of income form part of IPCC/PCC syllabus. Likewise, the provisions for deduction, collection and recovery of tax are all covered at the Final level whereas at the IPCC level, the syllabus was restricted to provisions concerning advance tax and tax deducted at source.

Point 5: Make full use of all the knowledge inputs of BOS

The Board of Studies brings out various publications from time to time with a view to assist the students in education. You are advised to make full use of the Study Material and other educational inputs provided to you. These educational inputs are also hosted at the BOS Knowledge Portal under the students' section of the Institute's website www.icai.org. The intention of creation of this 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. It is of utmost importance that you read these knowledge inputs to attain conceptual clarity, to remain updated with the developments in all the subjects and also to acquire the ability to apply the concepts to solve practical problems. Some of the important publications of BOS in the area of Direct Tax Laws are:

Publication	Objective	Key Features
Study Material	The aim of the Study Material is to build a strong conceptual base by explaining the complex direct tax laws in a limpid form.	■ The chapters relating to substantive and procedural law are organised in a logical sequence for clear comprehension; ■ The provisions of law have been explained in a lucid manner to facilitate easy understanding; ■ Illustrations have been given, wherever possible, to explain the provisions of law; ■ The latest amendments have been given in italics;

		■ The Circulars/Notifications issued by the CBDT have been discussed along with the respective sections to which they relate.
Supplementary Study Paper	This is a very important knowledge input in the area of taxation explaining the amendments made by the relevant Finance Act and latest circulars and notifications issued by CBDT.	■ The Supplementary Study Paper is also divided into chapters, so that you can co-relate the same with the Study Material; ■ Illustrations have been given, wherever possible, for better understanding of the amendments; ■ Related sections are grouped together and explained to facilitate interlinking and reading of interconnected provisions; ■ In respect of each notification, the relevant provision of the Act which confers the power to issue such notification is described briefly, so that you can relate the notification to the appropriate provisions of the Act.
Select Cases	Significant Court rulings are reported to help you understand the interpretation of the provisions of law by judicial forums.	■ Important decisions of the Supreme Court, High Court and Authority for Advance Rulings are reported for an insight on the interpretation of the specific provisions of law; ■ The case laws are grouped chapter-wise to enable you to co-relate the same with the provisions contained in the parallel chapter of the Study Material; ■ The case laws, when read in conjunction with the Study Material, will enable you to appreciate the issues involved in interpreting and applying the provisions of law to practical situations; ■ Case laws are also being reported from time to time in the Students' Journal "The Chartered Accountant Student" to keep you updated on a regular basis.
Practice Manual	The Practice Manual has also been grouped chapter-wise and contains a variety of problems in each topic for the better understanding and application of the concepts explained in the Study Material.	■ The questions in each chapter of the Practice Manual are taken from the past 12 years question papers set at the Final level. In addition, other questions from past RTPs etc. are also included; ■ The questions are adapted as per the provisions of law as amended by the latest relevant Finance Act; ■ Answers to the questions are based on the provisions of law as amended by the latest relevant Finance Act; For example, in the November 2011 edition of the Practice Manual, the questions and answers are

		based on the provisions of law as amended by the Finance Act, 2011 and are hence, relevant for May 2012 and November 2012 examinations. The relevant assessment year is A.Y.2012-13. ■ Key points are given at the beginning of each chapter to facilitate quick revision; ■ Self-examination questions are added at the end of each chapter to test your understanding of the concepts explained in the corresponding chapter of the Study Material.
Revision Test Papers (RTP)	The RTPs are prepared with the twin objective of- (1) updating you on the latest developments on the statutory and judicial front. (2) helping you to self-assess the effectiveness of your study and revision by solving the questions given in Part III independently and comparing the same with the answers given.	■ The RTP is divided into three parts – Part I : Statutory Update – Latest Notifications & Circulars Part II : Judicial Update – Latest case laws – Supreme Court, High Court & Authority for Advance Rulings Part III : Questions & Answers - A Self-assessment test. ■ The questions in Part III are framed to test your awareness and understanding of the provisions of income-tax law and wealth-tax law, particularly the latest developments, both on the statutory as well as on the judicial front, as well as your ability to analyse and interpret the provisions of law.
Suggested Answers	As the name depicts, this publication contains the questions set at the CA examination, as well as the suggested answers to such questions.	■ The answers are prepared with a view to assist the students in education; ■ The Suggested Answers generally represent the ideal manner in which questions should be answered; ■ Therefore, it contains references to case laws, sections (including sub-sections and clauses), notifications and circulars issued by the CBDT; ■ In solutions to computational problems, the reasons for treatment of items are explained by way of Notes, giving reference to the related provisions of law and/or court rulings.

Point 6: Follow systematic study pattern

Ideally, for the subject of Direct Tax Laws, your study pattern should be in the following sequence as briefed in the table below:

Steps in Preparation	Objective of study	Relevant Publication
Step I	Study each topic of your syllabus thoroughly for conceptual clarity	Study Material (Vol. I & II), as amended by the Finance Act relevant for your examination.
Step II	After you complete study of a chapter in the Study Material, update yourself by going through the amendments by the Finance Act relevant for your examination and recent Notifications and Circulars issued by CBDT relating to that chapter.	Supplementary Study Paper
Step III	Work out the problems and solve the questions after completing study of each chapter in the Study Material to test your level of understanding of concepts explained in the said chapter. Note – After you complete study of the entire syllabus content, solve all the problems in the Practice Manual once again to make sure there are no grey areas.	Practice Manual (Volume III of the Study Material)
Step IV	Update yourself with the latest developments on the legislative and judicial front and self-assess your preparation.	Revision Test Paper (RTP)
Step V	Test your level of preparation by solving past question papers within the given time frame of three hours and compare your answers with the answers published by the BOS. You can also check your progress by solving the Mock Test Papers hosted on the Institute's website. Mock tests are also held at the various regional offices and branches of the Institute.	Suggested Answers Mock Test Papers

Note-Case laws are being reported from time to time in the Students' Journal “The Chartered Accountant Student”. Hence, keep yourself updated on the judicial front by reading the students' journal regularly. These case laws are later compiled in the form of a publication “Select Cases in Direct and Indirect Case Laws” after addition of more cases and chapterisation thereof. The RTP generally contains some questions based on these case laws.

Step I – Study the "Study Material" for conceptual clarity

Be clear with the concepts

Ideally, when you take up any topic for study, you must first go through the relevant chapter of the Study Material for building a strong conceptual base. Make sure you read the Study Material updated on the basis of the provisions of law as amended by the Finance Act relevant for your examination. In case you have the earlier edition of the Study Material, then, you must go through the Supplementary Study Paper, which explains the amendments made by the Finance Act relevant for your examination. In addition to the Study Material, you should preferably go through at least one of the standard text books on this subject.

Try to remember important sections

You should make it a habit to read the tax provisions along with the relevant sections so that you are able to relate the provisions of law, circulars and notifications with the respective sections. At least, try to remember –

(i) the charging sections under each head, namely, section 15, 22, 28, 45 and 56;
(ii) the sections containing exemption provisions, namely, section 10, 54,54B, 54EC, 54F etc.,
(iii) important deductions under each head, like, sections 16, 24, 32, 36, 37, 57 etc.,
(iv) deductions from gross total income under section 80C, 80CCC, 80CCF, 80D, 80E, 80G, 80GG, 80-IA, 80-IAB, 80-IB, 80-IC etc.;
(v) the sections containing significant provisions relating to companies, like section 2(22), 115-O, 115JB, 115JAA etc.,
(vi) the sections containing significant provisions relating to tax deduction at source, like sections 192, 193, 194A, 194B, 194C, 194H, 194I, 194J, 195 etc. and
(vii) important sections relating to procedural and compliance law like section 139, 143, 147, 154, 234A, 234B, 234C, 263, 264, 271 etc.

Refer the Bare Acts

Do keep the Bare Acts i.e., Income-tax Act, 1961 and Wealth-tax Act, 1957 by your side for reference purposes. This will facilitate understanding of the language of law and the logical sequence of the sections.

Jot down key points for easy revision

Make it a habit to jot down the key points including formulae, if any, in each topic, and particularly, in your problem areas. This would facilitate revision, especially when you have a limited time of just one day before each examination.

Read the related provisions together

While reading the chapters in the Study Material, you should keep in mind that each chapter cannot be read on a stand-alone basis. Moreover, for proper appreciation of the income-tax law, inter-linking and combined reading of sections is an essential pre-requisite. The provisions contained in a chapter, say, Assessment of Various Entities, have to be read along with the provisions relating to business taxation, capital gains, deductions from gross total income etc., which are discussed in separate chapters of the Study Material.

We have made an attempt to explain, with the aid of a tabular presentation given in Annexure 1, the manner in which concepts contained in a particular chapter of the Study Material have to be inter-linked with the related provisions in another chapter of the Study Material and read together. Please note that the tabular presentation given in Annexure 1 is only illustrative and not exhaustive. Further, in the said tabular presentation, we have also made a mention of the provisions which are generally considered as important from the examination point of view. You can give more stress to these topics when you prepare for the examination. However, you should definitely not restrict your study only to these topics. One line of advice - Never indulge in selective study and always cover the entire syllabus.

Step II – Stay current with the "Supplementary"

An analysis of recent question papers has revealed that considerable stress is laid on recent amendments and developments. You are advised to update yourself with the help of Supplementary Study Paper which is brought out every year. In this publication, the amendments made in direct tax laws by the Finance Act of that year are categorized chapter-wise and explained with the aid of illustrations and tabular presentations to facilitate easy understanding. Further, notifications and circulars issued by the CBDT during the last 14 months (i.e., from 1st May of the previous year upto 30th June of the next year) are also explained in the Supplementary Study Paper. Accordingly, the Supplementary Study Paper-2011 explains the amendments made by the Finance Act, 2011 and significant notifications and circulars issued between 1.5.2010 and 30.6.2011.

It is observed that, generally, one question carrying 16 marks, with 3 to 4 sub-divisions, is based on the latest amendments contained in the Supplementary Study Paper. Therefore, you must carefully peruse the amendments explained therein and update yourself. The related sections are grouped together and discussed at one place in the Supplementary Study Paper and therefore, you would not face any difficulty in combined reading and understanding of the interconnected provisions.

Even if you have the latest Study Material, we would still advise you to go through the Supplementary Study Paper, since the amendments are discussed in detail therein. It would also help you understand and assimilate the recent amendments in a more effective manner.

Step III – Apply the concepts to solve practical problems in the Practice Manual

After reading each chapter in the Study Material and the corresponding chapter of the Supplementary Study Paper, try to work out the problems in the parallel chapter of the Practice Manual on your own, and thereafter compare your answers with the answers given therein. This would help you to identify your mistakes and also learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same while solving practical problems.

In the Practice Manual, the problems are solved with complete working notes and reasoning for treatment of various items by way of notes following the main solution. Court rulings have also been adequately discussed in the answers to case law based questions. You should carefully study the rationale of the court rulings in connection with the issue raised in the question.

Once you complete study of all the topics in the syllabus, try solving the problems in the Practice Manual once again to test if you are clear with all the concepts or whether there are still any grey areas which require further understanding.

Step IV – Update & Revise with the aid of the RTP

Update yourself on the statutory front

The Study Material is generally updated on the basis of the Finance Act of that year and notifications and circulars issued upto a particular date, say, 30th June of that year. The Study Material, so updated, would be relevant for

May and November examinations held in the following year. However, for the May examination to be held in the following year, the significant notifications and circulars issued upto 31st October of the previous year are relevant. The RTP for May examination, therefore, contains the significant notifications and circulars issued between 1st July and 31st October of the previous year. Likewise, for the November examination of the following year, the significant notifications and circulars issued upto 30th April of that year are relevant. The RTP for November examination would, therefore, contain the significant circulars and notifications issued between 1st July of the previous year and 30th April of the year.

For instance, the November 2011 edition of the Study Material is updated on the basis of the amendments made by the Finance Act, 2011 and circulars and notifications issued upto 30th June, 2011. This edition of the Study Material is relevant for May 2012 and November 2012 examination. However, for May 2012 examination, the amendments made by circulars and notifications issued between 1st July, 2011 and 31st October, 2011 are also relevant, and hence, the same have been explained in the RTP for May 2012 examination. Likewise, for November 2012 examination, the amendments made by circulars and notifications issued between 1st July, 2011 and 30th April, 2012 would be relevant, and the same would be given in the RTP for November 2012 examination.

Update yourself on the judicial front

The case laws reported in Part II of the RTP containing the judicial update are very important from the examination point of view. Since by the time you receive the RTP, you are in the final stage of preparation, you would be able to relate the case laws reported with the provisions of law assimilated through the Study Material and Practice Manual.

It is very important that you understand the rationale of the court ruling vis-à-vis the relevant provisions of law. Generally, one question carrying 16 marks, with 3 to 4 sub-divisions, is case-law based, and therefore you must carefully peruse the case laws reported in the RTP and Practice Manual.

Case laws are also being reported from time to time in the students' journal to keep you updated on a regular basis. These cases are later compiled as a publication “Select Cases in Direct and Indirect Tax Laws” after adding more cases and chapterisation thereof. In addition, you may go through leading tax journals like ITR, which is a tax law weekly containing regular judicial update.

Revise what you have learnt

Appropriately, the first round of study should be concluded at least three months before the examination; the initial round/rounds of revision should be done in the penultimate two months prior to the examination and the final revision in the last month before the examination wherein all the loose ends should be sorted out. Solving the questions and problems in the Revision Test Papers would help you to self-assess the effectiveness of your study and revision.

Step V - Check your level of preparation

Solve past years' question papers and compare with Suggested Answers

You should also make an honest attempt to solve the immediately preceding examination papers within a time span of three hours and compare your answers with the Suggested Answers published by the Board of Studies. This will help you to identify the areas where you are deficient and enable you to take corrective steps to avoid such mistakes in your examination.

However, remember that Suggested Answers are prepared on the basis of the provisions applicable for the assessment year relevant for that particular examination. For example, the Suggested Answers for November 2011 examination are based on the provisions applicable for A.Y.2011-12. In case you are appearing for the examination in May 2012 or November 2012, the relevant assessment year would be A.Y.2012-13.

Therefore, while checking your answers with the answers given in the Suggested Answers, you should keep in mind that your answer should vary only to the extent of amendments made by the Finance Act, 2011 and notifications and circulars issued after 30.4.2011.

Solve Mock Test Papers

You may also try attempting Mock Test Papers hosted on the Institute's website www.icai.org to complete the process of revision. You can also appear for the Mock Tests conducted at the regional offices and branches of the Institute and check your level of progress.

Point 7: Face the examination with confidence

Having prepared well for the examination, it is also important that you approach the examination with a positive attitude. Do keep in mind the following points to score well in this paper:

(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) Support your treatment with provisions of law and/or case laws - In respect of computational problems, the reasoning for treatment of various items should be given in your answer. The length and depth of reasoning to be given would depend on the marks allotted for the question. For example, in case of a 16 marks problem on computation of total income of a firm or company, where the question specifically requires treatment of various items, you are expected to give the reasons for treatment of each item supported by the relevant provisions of law and/or case law, by way of notes below the main solution depicting the additions and deductions to arrive at the total income.

(iii) Supplement your computation with Working Notes - Give complete working notes while solving computational problems. For example, if you are computing allowable salary of working partners, as part of computation of total income of a firm, the working note should specify the limits under section 40(b)(v) for allowability of salary based on book profits of the firm. The book profit to be taken into consideration for calculating these limits should also be worked out.

(iv) Relate and apply ratio of court rulings to case-law based questions - While answering case-law based questions, you must first relate the facts and the issue raised in the question with the facts and issue raised in the case decided by the Court. Thereafter, you may briefly discuss the rationale of the court ruling (giving reference to the appropriate provisions of law) and apply the ratio to the case on hand. Finally, write the conclusion to the issue raised in the question. For example, if the question requires you to examine the correctness of the contention of the Assessing Officer, then, your conclusion must address this question i.e. whether or not the contention of the Assessing Officer is correct applying the ratio of the court ruling to the facts given in the question.

(v) Try to quote relevant section numbers/case laws - Quoting section numbers would definitely add value to your answers. However, it is better not to quote than to misquote a section number/case law.

(vi) State your assumptions/views clearly - Since the provisions of tax laws are subject to different interpretations by various courts, there are possibility of alternate views in the tax treatment of a particular item of income or expense or loss or deduction. Sometimes, there may be different points of view even on procedural law based provisions. The standard text books on the subject also express divergent views on some provisions. As a student, you should state your view/assumption clearly and proceed to answer the question on that basis.

(vii) Elaborate your answer keeping in mind the marks allotted for the question - You should determine the length of your answer having regard to the marks allotted to the question. Do not have the misconception that lengthy answers fetch more marks.

(viii) Avoid using short forms - Use of short forms like AO, ITO, IT Act, WT Act etc. should be avoided. Write the full names of the statutes, like, "Income-tax Act, 1961" or "Wealth-tax Act, 1957".

(ix) First answer the question which you know best - This will boost your confidence while attempting the remaining questions and create a positive impression of your level of knowledge.

(x) Present your answers well - Underline important points, case laws and section references as and when you answer each question. Also, make sure that your handwriting is neat and legible. Answer all parts of a question one after the other. Do not answer different parts of the same question at different places.

(xi) Follow instructions given on the cover page of answer paper- Pay heed to the instructions given on the cover page of the answer paper.

To summarize

If you have cleared PCE/IPCE and registered for Final course, it is the ideal time to start preparing for the Final examination. Remember, that it is ultimately the level and depth of your study which will determine how you well perform in the examination.

Try to enjoy what you study and do not consider learning as an onerous task. When you enjoy studying, your learning is deeper and long lasting. Do not resort to rote learning, since it is no substitute for comprehension. When you try to understand something, it stimulates your thinking ability.

Also, concentrate while learning so that whatever you learn goes into your permanent memory and can never be erased. Make sure to adhere to the study plan and avoid significant deviation. Approach the examination with a positive attitude. Rest assured, if you put in your best efforts, success will surely follow!

ANNEXURE 2

Inter-linking of provisions of tax laws & a glimpse of important provisions of Income-tax

A. Substantive law-based Chapters (Chapters 1-14 & 18)

<table>
<tr><th>Chapter</th><th>Inter-linking/ Important provisions</th></tr>
<tr><td>1 - Basic Concepts
■ Overview of Income-tax law in India
■ Charge of tax
■ Rates of tax
■ Important definitions, etc.</td><td>The definitions given herein have to be kept in mind while reading the related concept contained in the relevant chapter of the Study Material. For example,
■ the definition of “manufacture” under section 2(29BA) has to be read in the context of deductions from gross total income (like say, section 80-IB) contained in Chapter 11.
■ the definition of “income” under section 2(24) needs to be referred to while determining the taxability of receipts under various heads of income discussed in Chapters 4 to 8. For instance, any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or Employees State Insurance or any other fund for the welfare of such employees is includible in the income of the assessee as per this definition. Thereafter, if such sum is deposited on or before the due date under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, the same is allowable as deduction under section 36(1)(va) while computing business income.
■ The definition of “assessee” and “assessment” under sections 2(7) and 2(8), respectively, have to be kept in mind while reading other chapters, especially chapters relating to procedural law, particularly Chapter 21 on “Assessment Procedure”.
■ The definitions of “Infrastructure Capital Company” and “Infrastructure Capital Fund” in sections 2(26A) and 2(26B), respectively, have to be kept in mind while understanding deductions under sections 80-IA and 80-IAB in Chapter 11 on “Deductions from gross total income”.
Further, the rates of tax applicable to various assessees have to be kept in mind while computing the tax liability of various entities dealt with in Chapter 13 on “Assessment of Various Entities”.</td></tr>
<tr><td>2 - Residence & Scope of Total Income</td><td>Since it is the residential status of the assessee which determines the scope of income chargeable to tax, the concepts contained herein are very important in computing the total income of various entities dealt with in Chapter 13 on “Assessment of Various Entities”.
The concept of residence is also relevant in the context of Chapter 15 on “Double Taxation Relief” and Chapter 17 on “Foreign Collaboration”.</td></tr>
<tr><td>3 - Incomes which do not form part of total income</td><td>Many of the exemption provisions contained in this chapter have to be read along with the relevant head of income, since they affect the computation of income under that head. For example,</td></tr>
</table>

- Incomes which are excluded from total income, wholly or partially
- Conditions to be fulfilled to claim such exemption
- Provisions relating to charitable trusts
- Conditions to be fulfilled by charitable trusts to claim exemption, etc.

- the exemption provisions under section 10(10) in respect of gratuity, section 10(10A) in respect of commuted pension, section 10(10AA) in respect of leave encashment, section 10(13A) providing for HRA exemption etc. are required to be applied for computation of salary income (Chapter 4).
- The exemption provisions under section 10(37) providing for capital gains exemption on compulsory acquisition of agricultural land situated within specified urban limits are relevant for computation of "Capital Gains" (Chapter 7).
- The provisions of section 10(34) providing for exemption of dividend distributed by domestic companies in the hands of the recipient have to be considered while computing "Income from other sources" (Chapter 8).

Recently, amendments have been made in the definition of "charitable purpose" by three successive Finance Acts. Computation of income of a charitable trust is one of the favourite topics on which questions are being set in the examination.

4 to 8 - Heads of Income

- Salaries
- Income from House Property
- Profits and Gains of Business or Profession
- Capital Gains
- Income from other sources.

The concepts contained in the chapters relating to heads of incomes are not only relevant for computation of income under each head, but are also very important in computing the total income of various entities as required in Chapter 13 on "Assessment of various entities".

The provisions relating to deduction of tax at source which are explained in Chapter 28 are important to determine whether disallowance under section 40(a)(i)/(ia)/(iii) is attracted. Therefore, the provisions of Chapter 6 has to be read with the related provisions in Chapter 28.

Amongst the heads of income, "Profits and Gains of Business or Profession" is the pet topic on which questions are set at the Final level. Here are some of the important sections under this head of income –

Section	Particulars
28	Chargeability
32 & 43	Depreciation & Actual Cost
35	Expenditure on scientific research
35AD	Investment-linked tax deduction
36 & 37	Other deductions
40	Inadmissible deductions
40	AExpenses not deductible
41	Profits chargeable to tax
43B	Deductions only on actual payment
44AA	Compulsory maintenance of books of account
44AB	Audit of accounts
44AD & 44AE	Presumptive tax provisions relating to residents
44B, 44BB, 44BBA, 44BBB, 44DA	Presumptive tax provisions relating to non-residents
Rule 7A, 7B & 8	Composite income

	Capital Gains is again a popular topic in the examinations, especially provisions relating to chargeability, transfer, stamp duty valuation, indexation, cost to previous owner, transactions not regarded as transfer and exemption provisions. As regards "Income from other sources", the provisions relating to section 56, especially the provisions on taxability of any sum of money or property received by an individual/HUF without consideration or for inadequate consideration are contained in section 56(2)(vii), the provisions relating to taxability of shares received by a firm or company without consideration or for inadequate consideration are contained in section 56(2)(viia) and the provisions relating to taxability of interest received on compensation or enhanced compensation are contained in section 56(2)(viii). These provisions, as well as the deductions contained in section 57, amounts not deductible as per section 58 and the provisions of section 115BB relating to casual income are important provisions under the head "Income from other sources".
9 to 11 ■ Clubbing of income ■ Set-off and carry forward of losses ■ Deductions from gross total income	The provisions relating to clubbing of income and set-off and carry forward of losses have to be applied while computing income under any particular head and in computing the gross total income of an assessee. The deductions from gross total income have to be considered while computing the total income of an assessee. ■ Where income of a person is to be included in the income of another person by virtue of the clubbing provisions, the income will be so included under the respective head to which it relates. For instance, interest income of a minor child is includible in the income of the parent under the head "Income from Other Sources" after providing exemption of up to Rs.1,500 as per section 10(32). ■ Further, the provisions for set-off of current year losses and brought forward losses are also to be considered to determine the net income under each head. The deductions from gross total income have to be given effect to in computation of total income of any assessee discussed in Chapter 13.
12 - Inter-relationship between Accounting & Taxation	For better understanding of the convergence and divergence between Accounting Standards and Income-tax law explained in this chapter, you should refer to the related provision of income-tax law contained in the respective chapter and also the Accounting Standards. For example, ■ the divergence between the treatment of depreciation under income-tax law and Accounting Standard can be better understood by going through the provisions contained in section 32 in Chapter 6 "Profits and gains of business or profession" and AS-6. ■ the provisions of section 35D in Chapter 6 "Profits and gains of business or profession", AS-26 and section 78 of the Companies Act, 1956 would help you to clearly understand the divergence between the treatment of

	preliminary expenses under the income-tax law, Accounting Standard and the Companies Act, 1956.
13 - Assessment of various entities ■ Individuals ■ HUFs ■ Local authority ■ Firms ■ Companies ■ Co-operative societies ■ Mutual Concerns etc.	Generally, the question paper contains a question carrying 16 marks on computation of income of a firm or company. In fact, explanation is required for the treatment of various items. Apart from the provisions contained in this chapter, the provisions contained in the following chapters have to be applied and integrated for solving the problem: Chapter No. — Particulars 1 — Basic Concepts 2 — Residential Status & Scope of total income 3 — Incomes which do not form part of total income 4-8 — Heads of Income 10 — Set-off and carry forward of losses 11 — Deductions from gross total income 28 — Deduction, Collection and Recovery of tax In case of a company, the problem may also require computation of MAT under section 115JB and 115JAA vis-à-vis computation of total income under the provisions of the Act.
14 - Tax Planning & Ethics in Taxation	A thorough knowledge of the provisions of each head of income and exemptions and deductions permissible is required for tax planning. For instance: ■ for tax planning in relation to a company, the provisions relating to business taxation, deductions from gross total income and exemptions available under section 10 have to be considered. ■ tax planning for a salaried employee requires consideration of the deductions from salary income, exemptions available under section 10, deductions from gross total income under section 80C, 80CCC, 80CCF, 80D, 80E, 80G etc. Therefore, a knowledge of provisions contained in Chapters 1-11 & 13 is required to appreciate the tax planning provisions contained in Chapter 14.
18 - Business Restructuring ■ amalgamation ■ demerger ■ capital reduction ■ conversion of firm into a company etc.	The tax implications of the various forms of business restructuring are basically derived from the provisions of Chapter 7 on "Capital Gains" and presented in such a manner so as to help you understand the tax implications of the various forms of restructuring. A popular topic from this chapter on which students are generally tested in the examination is slump sale.

B. International taxation-based Chapters (15 to 17, 19 & 23)

15 -Double Taxation Relief	The provisions of section 90 and 91 relating to double taxation relief are very significant in the context of International taxation and also, from the examination point of view –

Section	Applicability	Provision
90	Countries with which India has a DTAA	The provisions of the Act or the DTAA, whichever is more beneficial, will apply. Therefore, knowledge of the provisions of the Act as discussed in the earlier chapters is required for application of section 90.
91	Countries with which India does not have a DTAA	Deduction in respect of doubly taxed income is available at the lower of Indian rate of tax or rate of tax in the other country. For calculating Indian rate of tax, knowledge of the rate of tax and the provisions for computation of total income, as discussed in the earlier chapters, is required.

16 - Transfer Pricing and other provisions to check avoidance of tax	The meaning and significance of the following terms are very crucial for attempting a question relating to determining the effect of transfer pricing provisions: ■ Arm's length price ■ International transaction ■ Associated enterprise Specific anti-avoidance measures have been introduced in respect of transactions with persons located in notified jurisdictional area by insertion of section 94A. Transfer Pricing is a very important aspect of international taxation and accordingly, questions are being set from this topic from time to time in the examinations.

Note: Chapter 17 on “Foreign Collaboration”, Chapter 19 on “Taxation of e-commerce transactions” and Chapter 23 on “Advance Rulings” also relate to International taxation. It is generally observed that one question for 16 marks, having 2 to 3 sub-divisions, is based on provisions relating to international taxation.

C. Procedural and Compliance law-based Chapters (20 to 22, 24 to 28)

20 - Income-tax Authorities
21 - Assessment Procedure
24 - Appeals & Revision

These chapters relate to the key provisions of procedural law. The following are the sections relating to the cardinal provisions of procedural law -

Chapter	Heading	Important sections
20	Income-tax Authorities	131, 132, 132B, 133A
21	Assessment Procedure	139, 139A, 143, 144, 145, 145A, 153, 153A, 153B, 154
24	Appeals & Revision	246A, 254, 263, 264

25 - Penalties
26 - Offences & Prosecution

Penalty is leviable for failure to comply with the provisions of law. Likewise, a fine is imposed or a prosecution is launched for any offence under the Act. Therefore, these chapters, i.e., Chapters 25 and 26, have to be linked with the respective chapters where compliance of the relevant provision of law is required. In fact, you can make a note of the penalty imposable in the margin when you study the specific provision, the non-compliance of which would attract penal provisions. For instance,

- The requirement to maintain books of account under section 44AA is discussed in Chapter 6 on "Profits and gains of business or profession". Penalty of Rs.25,000 is imposable under section 271A for failure to maintain books of account as per section 44AA.
- The requirement to furnish audit report under section 92E is discussed in Chapter 16 on "Transfer Pricing". Penalty of Rs.1,00,000 is imposable under section 271BA for failure to furnish audit report.

Therefore, you can make a note of the penalty provisions under section 271A and section 271BA in the margin when you study section 44AA and section 92E, respectively.

- Likewise, the requirement to produce accounts and documents under section 142(1)/142(2A) is explained in Chapter 21 on "Assessment Procedure". Willful failure to produce the same attracts rigorous imprisonment of up to one year or a fine of Rs.4 to Rs.10 for every day of default or both under section 276D.

Therefore, a combined study of the provision, the non-compliance of which attracts penalty or prosecution, will help you grasp the penalty and prosecution provisions in an easier manner rather than rote learning the quantum of penalty for each default one after the other on a stand-alone basis.

28 - Deduction, Collection & Recovery of Tax

Certain provisions relating to tax deduction at source have to be read with the related provisions contained in the chapters dealing with the respective head of income or assessment of various entities. For instance,

	■ Section 194B requires deduction of tax at source from winnings from lotteries, crossword puzzles and horse races, which are taxable @30% as per section 115BB, which is discussed in Chapter 8 on "Income from Other Sources". ■ Section 195 provides that any person responsible for paying interest or any other sum chargeable to tax (other than salaries) to a non-resident or foreign company is liable to deduct tax at source at the rates in force. The provisions relating to taxation of non-residents and foreign companies are discussed in Chapter 13 on "Assessment of various entities". The scope of income chargeable to tax in the hands of non-residents are discussed in Chapter 2 "Residential Status and Scope of Total Income". It is only when the payment to a non-resident is taxable under the provisions of the Act, does liability to deduct tax at source under section 195 arises.

Note - Chapter 22 on "Settlement of tax cases" and Chapter 27 on "Miscellaneous Provisions" also form part of the syllabus of income-tax. It is observed that, generally, in the question paper, one question for 16 marks, with 2 to 3 sub-divisions, relates to application of the provisions relating to procedural law.

Wealth-tax

Wealth-tax portion is for 10 marks and generally, questions on wealth-tax, are asked in the compulsory segment of the question paper. Three chapters are devoted to wealth-tax in Volume II of the Study Material.

Chapter	Inter-linking / Important Provisions
1 - Levy of Wealth-tax	The following provisions contained in this chapter are very important from the examination point of view: Provision — Section (1) Definition of asset] — 2(ea) (2) Definition of net wealth — 2(m) (3) Definition of valuation date — 2(q) (4) Chargeability — 3 (5) Deemed wealth — 4 (6) Exemptions — 5
2 - Valuation under Wealth-tax Act, 1957	The valuation provisions are contained in section 7 read with Schedule III to the Wealth-tax Act, 1957. It may be noted that Chapter 1 explains the definition of assets chargeable to wealth-tax as well as the chargeability, deeming and exemption provisions. The valuation of such assets is, however, provided in Chapter 2. Therefore, the provisions contained in both these chapters have to be applied for computing the net wealth and wealth-tax liability of an assessee on the valuation date.

3 - Assessment Procedure	This chapter deals with the procedural law relating to wealth-tax. Many of the provisions are akin to the related provisions under the income-tax law. For example, Section 35GA conferring power to the Commissioner to grant immunity from prosecution is in line with section 278AB of the Income-tax Act, 1961. Section 35K provides for bar on prosecution and inadmissibility of evidence in certain circumstances in line with sections 279(1A)& 279(3) of the Income-tax Act, 1961. Section 37 on power to take evidence on oath is akin to section 131 of the Income-tax Act, 1961. Therefore, if you are thorough with the provisions relating to procedural law under the Income-tax Act, 1961, you would be able to easily relate the parallel provisions under the Wealth-tax Act, 1957 contained in this Chapter. In fact, it would be easier for you to remember the corresponding section under the Income-tax Act, 1961 and make a note of the same in the margin when you study the related section under this Chapter.

PAPER 8: INDIRECT TAX LAWS

The following procedure is recommended for the preparation of Indirect Tax Laws:-

Step-1: Prepare your study schedule for Indirect Tax Laws

1. The aim of the paper is to test whether students have acquired an expert knowledge of the principles of the laws governing central excise and customs, service tax and the ability to apply such knowledge to various situations in actual practice.
2. The division of marks is 40 for Central excise, 40 for Service tax and VAT and 20 for Customs. While making schedule of Indirect Tax Laws, devote appropriate time for all three sections- Central excise, Service tax and VAT and Customs, keeping in view the weightage of each of the three sections.

Step-2: How to prepare each section of Paper 8: Indirect Tax Laws?

1. Go through each chapter meticulously thereby understanding the concepts covered therein. A word of advice - keep the Bare Acts and the Relevant Rules of the relevant statutes by your side when you read the Study Material and Practice Manual.
2. Prepare short summaries of each chapter. These summaries would be very useful for quick revision at the time of examinations.
3. It is important to note that for May, 2012 and November, 2012 examinations, you are required to cover with the following provisions:-

May, 2012, Examinations	Law as amended by the Finance Act, 2011 and Notifications and circulars issued till 31.10.2011
November, 2012 Examinations	Law as amended by the Finance Act, 2011 and Notifications and circulars issued till 30.04.2012

4. Specific guidance for each of the three sections:-

Service tax & VAT

(a) In service tax, first prepare thoroughly Chapter-2-Preliminary legal provisions and Chapter-3-Basic concepts applicable to all services. Thereafter, cover other substantive provisions and the procedural law.

(c) In Chapter-4-Gamut of taxable services, you would be tested only in respect of the taxable services as notified by the Board of Studies. At present, there are 32 services notified for the said purpose. Practical questions requiring computation of value of taxable services and/or service tax payable may also be asked in respect of such services requiring the application of specific provisions pertaining to these services.

(d) It has been observed that in Service tax & VAT, practical questions are usually based on valuation of taxable services, computation of service tax liability, CENVAT credit of service tax, penalty provisions, computation of VAT liability or input tax credit etc.

Central Excise

(a) In Central excise, one should be conceptually clear in first four key chapters of Central Excise section which covers the Chapter-1-Basic concepts, Chapter-2 & 3-Classification and Valuation of excisable goods, Chapter-4-CENVAT credit. Thereafter, other substantive provisions and procedural law should be covered.

(c) It has been observed that in Central excise, practical questions are usually based on central excise valuation, computation of duty, CENVAT credit, small scale exemption etc.

Customs

(a) First of all, first five key chapters of Customs section which covers Chapter-1-Basic concepts, Chapter-2-Levy of and exemptions from customs duty, Chapter-3-Types of duty, Chapter-4-Classification of goods and Chapter-5-Valuation under Customs Act, 1962 should be strengthened followed by Chapter-8-Warehousing and Chapter-11-Duty Drawback. Thereafter, other substantive provisions and procedural law should be covered.

(c) It has been observed that in customs, practical questions are usually based on customs duty calculation, customs valuation etc.

5. You are advised to go for comprehensive study instead of selective study and should pay due emphasis on the following mentioned topics:

CENTRAL EXCISE	
Chapter-1-Basic concepts	Judgments testing the excisability of the product
Chapter-3-Valuation of excisable goods	Computation of assessable value under section 4 and 4A and excise duty payable thereof
Chapter-4-CENVAT credit	Computation of CENVAT credit admissible, ascertaining the admissibility of CENVAT credit in the given cases
Chapter-5-General procedures under Central Excise	Persons exempt from obtaining registration under excise, Excise returns, due date for payment of excise duty
Chapter-9-Refund	Principle of unjust enrichment
Chapter-11-Remission of duty and destruction of goods	Remission of excise duty

Chapter-13-Exemption based on value of clearances-SSI	Computation of excise duty liability for SSIs, ascertaining the eligibility of a manufacturing unit for exemption under Notification No. 8/2003 dated 01.03.2003.
SERVICE TAX & VAT	
Chapter-2-Preliminary legal provisions	Computation of value of taxable services
Chapter-3-Basic concepts applicable to all services	Import of services, export of services, exemption to small service providers
Chapter-4-Gamut of taxable services	Practical problems based on following services: ■ construction in respect of commercial or industrial buildings or civil structures ■ construction services in respect of residential complexes ■ banking & other financial services ■ goods transport agency's services ■ cargo handling services
Chapter-5-Service tax procedures	Due dates for payment of service tax, service tax return, registration under service tax
Chapter-8-Input tax credit	Computation of VAT payable and input tax credit
Chapter-9-Small dealers and composition scheme	Composition scheme for small dealers
Chapter-10-VAT procedures	VAT invoice
CUSTOMS	
Chapter-3-Types of duty	Determination of duty where goods consist of articles liable to different rates of duty
Chapter-5-Valuation under Customs Act, 1962	Computation of assessable value and the duty payable thereon
Chapter-7-Importation, exportation and transportation of goods	Baggage, transshipment

6. Important publications of Board of Studies for Indirect Tax Laws

(i) Study materials (Volume I and II) - are updated with the provisions of the relevant Finance Act and the relevant notifications and circulars. For instance, Study material for May, 2012 and November, 2012 examinations is updated with the provisions of the Finance Act, 2011 and the notifications and circulars issued till June 30, 2011.

Practice Manual (Volume III) has been updated with the provisions of the relevant Finance Act and the relevant notifications and circulars. Hence, the questions have been adapted in the light of the amended provisions of the law. Similarly, answers have also been amended as per the revised provisions of the law.

(ii) Supplementary Study Paper - is a compilation of the recent amendments and developments in the field of indirect taxation published annually. In this publication, the amendments by the latest Finance Act and the relevant notifications and circulars in both Direct and Indirect Tax Laws are explained. For instance, Supplementary Study Paper-2011 contains the amendments made by the Finance Act, 2011 and the notifications and circulars issued between May 01, 2010 and June 30, 2011.

Students having old study material may refer it along with Revision Test Paper to have a complete set of revised material. For instance, in case you have the earlier edition of the Study Material (based on the provisions of law as amended by the Finance Act, 2010), the same should be read along with the Supplementary Study Paper – 2011 and the Revision Test Papers for May, 2012 examinations.

(iii) Select Cases in Direct and Indirect Tax Laws - This is an annual publication contains an update on important judicial rulings, both Supreme Court and High Court.

(iv) "The Chartered Accountant Student" - The monthly Students' Journal contains regular academic updates.

(v) Revision Test Paper: Revision Test Paper for Indirect Tax Laws (IDTL) not only enables the students to assess their preparation for the examinations, but also updates them with the latest developments (which are applicable for the examination) of the central indirect tax legislations and judicial pronouncements. Like every subject, the RTP of IDTL also has questions and answers and latest updates. However, being a law subject, it also has one more segment of latest judicial rulings. Thus, the RTP of IDTL is divided into following three parts:

Part I Statutory Updates

Significant amendments as relevant for the examinations (For instance, RTP for May, 2012 examinations contains the amendments made by the Notifications and circulars issued between 01.07.2011 and 31.10.2011)

Part II Judicial Updates

Significant Recent Legal Decisions

Part III Questions and Answers

(vi) Suggested Answers: Suggested answers for Indirect tax laws, provided by the Board of Studies after each examination, are prepared as per the provisions of law applicable for the respective examination. Therefore, while referring the answers, subsequent amendments should also be taken into consideration.

Special guidance for

1. Practical problems

You should work out the practical problems from Practice Manual (Volume III of Study Material) on your own and then compare it with the solutions provided therein. Besides, the practical problems given in the book recommended on Indirect Taxes may also be referred to. At the time of first practice, mark the problems which contain some difficult issues or the problems which you find important from the examination point of view. Moreover, summarise the treatment of the said issues and mention it at the end of that question with the marker pen. When you practice the same Chapter subsequently, pay special attention to these marked questions. This will help you in preparing a gist of critical issues and their treatment thereto.

In the preparatory leave for the Indirect Tax Laws paper, since it is not possible to solve all the practical questions in one day, going through the gist of these issues would suffice.

While solving the practical questions in examination, answers must be presented in a proper manner. You should give assumptions wherever required and should provide explanations for treatment of various items.

2. Case laws based questions

For case laws based questions, you should refer the cases reported in the Select Cases and Part-II: Judicial Updates of the Revision Test Paper as well as the landmark judgments in the field of indirect tax laws. Besides, you should refer the tax journals on a regular basis. It is recommended that you should prepare a gist of important/latest Supreme Court decisions laying down important principles of law or High Court rulings in each Chapter for reference. It has been observed that usually in examination, two questions in each of the central excise, service tax and customs law are based on the case laws.

While attempting the questions based on the case laws, first identify the case law with which the facts given in the question relate to. Applying the ratio of the case law to the given question, analyse the given problem and then arrive at a conclusion. It is important to note that mentioning the name of the case certainly provides an extra edge to your answer. However, it is better not to quote than to misquote a case law. Moreover, providing complete citation of the case law is not required.

3. Latest amendments based questions

An analysis of the question papers reveals that considerable stress is laid on recent amendments and developments. It has been observed that generally, one question in each of the central excise, service tax and customs is based on recent amendments. Hence, you should be update yourselves with the help of Supplementary Study Paper as well as the Part-I of the Revision Test Paper as relevant for the examinations.

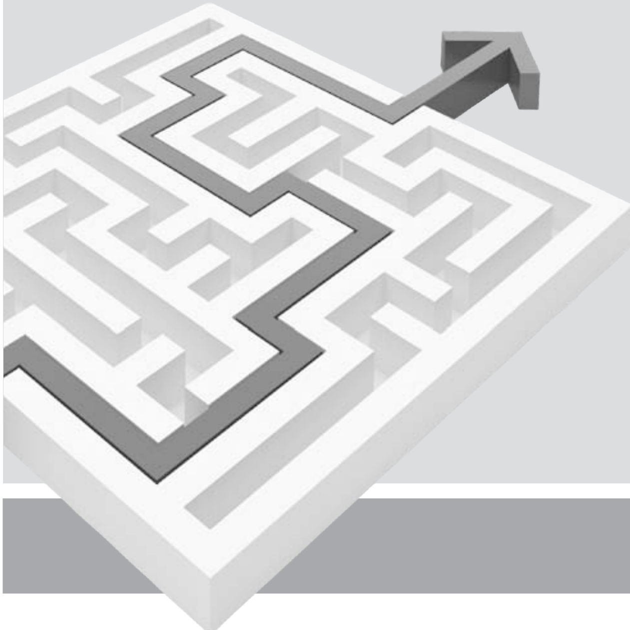
Step-3: Revision before examination and assessment of your preparation through Revision Test Papers

Before examination, you should revise the entire syllabus. Thereafter, for assessing your level of preparation before examination, go through Part-III of the Revision Test Papers. Try to attempt the questions given in Part-III on your own and then compare it with the answers given therein. Small hints have also been provided at the end of many questions to help you recall the relevant sections, rules or case laws. The questions are an appropriate mix of case studies based on recent judicial pronouncements and amendments, practical problems and theoretical questions.

Step-4: Preparatory leave before examination

In preparatory leave before examination, you should not go into much detail due to time constraints. Just go through:

- Summary of each chapter.
- Gist of important/latest Supreme Court decisions laying down important principles of law or High Court rulings in each chapter.
- Selected practical questions and the treatment of significant issues.
- Judicial updates.



Reading List of Books

I. INTEGRATED PROFESSIONAL COMPETENCE COURSE (IPCC)

GROUP - I

PAPER 1: ACCOUNTING

Text Books

1. First Lessons in Accounting Standards (IPCC / PCC / ATC) - M.P. Vijay Kumar; Snow White; 7^{th} Edition, 2012.
2. Students' Guide to Accounting Standards (CA IPCC / PCC / ATC) - D.S. Rawat, Taxmann, 18^{th} Edition, 2012.
3. Accounting for CA - IPCC - Amitabha Mukherjee & Mohammed Hanif, Tata McGraw Hill, 1^{st} Edition, 2009.
4. Advanced Accounting (Vol-I and II) - Dr.Ashok Sehgal & Dr.Deepak Sehgal, Taxmann; 6^{th} Edition, 2008.
5. Tulsian's Accountancy for CA - IPCC and Quick Revision Book Gr. I - Dr. P. C. Tulsian - S. Chand; 2^{nd} Edition 2012.
6. Advanced Accounts - M. C. Shukla, T. S. Grewal & S. C. Gupta - S. Chand & Company Ltd.; Revised Edition, 2011.

PAPER 2: LAW, ETHICS AND COMMUNICATION

Reference Books

1. Bare Act of the Companies Act, 1956 .
2. Bare Act of the Negotiable Instruments Act,1881 .
3. Bare Acts of Labour Laws as covered in the syllabus
   (i) The Payment of Bonus Act, 1965
   (ii) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
   (iii) The Payment of Gratuity Act, 1972.
4. Business Ethics And Communication, V.K. Jain, S. Chand ; Edition 2011-2012.

PAPER 3: COST ACCOUNTING AND FINANCIAL MANAGEMENT

PART I: COST ACCOUNTING

Text Books

1. Cost Accounting Methods & Problems - B.K Bhar, Academic Publishers; 18th Edition 2010.
2. Cost Accounting Principles & Practices - S. P Iyengar, Sultan Chand & Sons Educational Publishers ; 10th Edition , 2005.
3. Cost Accounting - V. K Saxena & C. D Vashisht ,Sultan Chand & Sons; 11th Edition, 2008.
4. Cost Accounting A Managerial Emphasis - Charles T. Horngren, Srikant M. Datar and George M Foster, Prentice Hall of India; 14th Edition , 2011.

Reference Books

1. Cost accounting & Financial Management - Ravi M Kishore, Taxman Allied Services Ltd.; 6th Edition, 2009.
2. Principles of Cost Accounting - Edward J. Vanderbeck, Thomsan South Western 15th Edition; 2010.
3. Cost and Management Accounting - Basu & Das, Rabindra Library, Kolkata; 13th Edition, 2009.

PART II: FINANCIAL MANAGEMENT

Text Books

1. Financial Management - I. M. Pandey, Vikas Publishing House Pvt. Ltd.; 10th Edition.
2. Financial Management - Text, Problems and Cases - M. Y. Khan and P. K. Jain, Tata Mc Graw Hill Publishing Company Ltd.; 5th Edition.
3. Fundamentals of Financial Management - Prasanna Chandra, Tata Mc Graw Hill Publishing Company Ltd.; 4th Edition.
4. Fundamentals of Financial Management - J. Van Horne and John M. Wachowicz, Prentice Hall; 13th Edition.
5. Principles of Financial Management - R. P. Rustagi, Taxmann; 5th Revised Edition.

Reference Books

1. Financial Management - Theory and Practice - Prasanna Chandra, Tata Mc Graw Hill Publishing Company Limited; 6th Edition.
2. Financial Management - Jonathan Berk and Peter Demarzo, Pearson; 3rd Impression.
3. Fundamentals of Financial Management - Eugene F. Brigham and Joel F. Houston, Thomson South- Western; 12th Edition.

PAPER 4: TAXATION

Text Books

1. Systematic Approach to Income-tax, Service Tax & VAT - Dr. Girish Ahuja & Dr. Ravi Gupta, Bharat Law House (Edition based on provisions applicable for A.Y.2012-13).
2. Students' Guide to Income-tax, including Service Tax/VAT - Dr. Vinod K. Singhania & Dr. Monica Singhania, Taxmann (Edition based on provisions applicable for A.Y.2012-13).
3. Students Handbook on Income-tax, VAT & Service Tax - T. N. Manoharan & G.R. Hari, Snow white Publications (Edition based on provisions applicable for A.Y.2012-13).

Reference Books

1. Income-tax Act, 1961 .
2. Service Tax Manual - R. K. Jain, Centax Publications P. Ltd.

Note: Students should follow the edition based on the provisions of law applicable for the assessment year relevant for their examination.

GROUP - II

PAPER 5: ADVANCED ACCOUNTING

Text Books

1. First Lessons in Accounting Standards (IPCC / PCC / ATC) - M.P.Vijay Kumar, Snow White; 7th Edition, 2012.
2. Students' Guide to Accounting Standards (CA IPCC / PCC / ATC) - D. S. Rawat, Taxmann; 18th Edition, 2012.
3. Advanced Accounting for CA- IPCC - Amitabha Mukherjee & Mohammed Hanif, Tata McGraw Hill; 1st Edition, 2009.
4. Advanced Accounting (vol. I and II) - Dr.Ashok Sehgal & Dr.Deepak Sehgal, Taxmann; 6th Edition, 2008.
5. Tulsian's Accountancy for CA - IPCC and Quick Revision Book Gr-II - Dr. P. C. Tulsian, S. Chand, 5th Edition, 2012.

PAPER 6: AUDITING AND ASSURANCE

Text Book

Student's Guide to Auditing and Assurance - Aruna Jha, Taxmann Publications Pvt. Ltd.; 2012 Edition.

Reference Books

1. Student's Guide to Auditing Standards - D. S. Rawat, Taxman Allied Services Pvt. Ltd.; 2012 Edition.
2. Auditing and Assurance - Varsha Ainapure & Mukesh Ainapure, PHI Learning Pvt. Ltd.; 2009 Edition.

PAPER 7: INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

PART I: INFORMATION TECHNOLOGY

Text Books

1. Introduction to Computers - Peter Norton, Tata McGraw Hill; 7th edition.
2. Information Technology - Dennis P. Curtin, Kim Foley, Kunal Sen Cathleen Moring, Tata McGraw Hill; 6th Reprint 2000.
3. Fundamentals of Information Technology - Alexis and Mathews Leon, Vikas Publication House; 2nd Edition.
4. Introduction to Information Technology - V. Rajaraman, PHI Learning; 2008.

Reference Books

1. Database System Concepts - Avi Silberschatz, Henry F. Korth, S. Sudarshan, McGraw-Hill; 6th Edition.
2. Database Management Systems - Raghu Ramkrishnan, Johannes Gehrke, McGraw Hill International; 3rd Edition.
3. Data Communication and Networking - Behrouz Forouzan, Tata McGraw Hill; 4th Edition .
4. Internet: The Complete Reference - Margaret Levine Young, Osborne/McGraw-Hill; 2nd edition, 13th reprint 2008.

PART II: STRATEGIC MANAGEMENT

Text Books

1. Strategic Management and Business Policy - Azhar Kazmi, Tata McGraw Hill; 3rd edition, Reprint 2011.
2. Strategic Planning and Management - P.K.Ghosh, Sultan chand & Sons, New Delhi; 12th Edition, Reprint 2011.
3. Strategic Management, Text and Cases - Ravi M. Kishore, Taxman Publications Pvt. Ltd; 2nd Edition, 2011.

Reference Books

1. Exploring Corporate Strategy: Text and Cases - Johnson Gary and Kevan Scholas, Pearson Education; 7th Edition, 2011.

2. Concepts in Strategic Management and Business Policy - Wheelen & Hunger, Pearson Education; 12^{th} Edition, 2010.
3. Strategic Management - John A Pearce II and Richard b Robinson, Tata McGraw Hill; 10^{th} Edition, Reprint 2011.
4. Strategic Management - Fred R. David, PHI; 12^{th} Edition, 2009.

II. FINAL LEVEL

PAPER 1: FINANCIAL REPORTING

Text Books

1. First Lessons in Financial Reporting - M. P. Vijay Kumar, Snow White; 5^{th} Edition, 2011.
2. Students' Guide to Accounting Standards (CA Final) - D.S. Rawat, Taxmann; 20^{th} Edition, 2012.
3. First Lessons in Accounting Standards (CA Final) - M.P. Vijay Kumar, Snow White; 11^{th} Edition, 2012.

Reference Books

1. Indian Accounting Standards and GAAPs - Dolphy D' Souza, Snow White.
2. Text of Accounting Standards and Guidance Notes issued by the ICAI.
3. Text of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

PAPER 2: STRATEGIC FINANCIAL MANAGEMENT

Text Books

1. Financial Management - Text & Cases 1st Ed.- Brigham Eugene F. & Ehrhardt Michael C., Cengage Learning India Private Ltd.; 1^{st} Edition.
2. Principles of Corporate Finance - Steward C. Myers, Richard A. Brealey , Tata McGraw Hill Publishing Co. Ltd.; 7^{th} Edition.
3. Financial Management Text, Problems and Cases - M. Y. Khan & R. K. Jain, Tata McGraw Hill Publishing Co Ltd.; 6^{th} Edition.
4. Financial Management - I. M. Pandey, Vikas Publishing House; 10^{th} Edition.
5. International Financial Management - P. G. Apte, Tata McGraw Hill Publishing Co. Ltd.; 6^{th} Edition.
6. Investment Analysis and Portfolio Management - Prasanna Chandra, Tata McGraw Hill India; 3^{rd} Edition.
7. Strategic Financial Management - Dr. J. B. Gupta, Taxmann; 2^{nd} Edition.
8. Strategic Financial Management - Dr. R. P. Rustagi, Sultan Chand & Sons; 3^{rd} Edition.

Reference Books

1. Mergers, Acquisitions, and Other Restructuring Activities- An Integrated Approach to Process, Tools, Cases, and Solutions - Donald De Pamphilis, Elsevier India; 5^{th} Edition.
2. Financial Derivatives - Theory, Concepts and Problems - S. L. Gupta, PHI Learning Private Ltd.; 1^{st} Edition.
3. Financial Management - Theory and Practice - Prasanna Chandra, Tata McGraw Hill Book Co., New Delhi; 8^{th} Edition.
4. Corporate Finance: Theory and Practice - Aswath Damodaran, Wiley India Pvt. Ltd.; 2^{nd} Edition.
5. International Financial Management - Jeff Madura, Cengage Learning India Private Ltd.; 1^{st} Edition.
6. International Financial Management - P K Jain, Josette Peyrard, Surendra Singh Yadav, Macmillan Publishers India; 1^{st} Edition.
7. International Financial Management - Vyuptakesh Sharan, PHI Learning Private Ltd.; 5^{th} Editon.

8. Portfolio Management - S. Kevin, PHI Learning Private Ltd.; 2nd Edition.
9. Fundamentals of Financial Derivatives - N. R. Parasuraman, Wiley India Pvt. Ltd.; 2nd Edition.
10. Mergers, Acquisitions and Corporate Restructuring - Strategies and Practices - Rabi Narayan Kar, International Book House Pvt. Ltd.; 1st Edition.

PAPER 3: ADVANCED AUDITING AND PROFESSIONAL ETHICS

Text Book

Professional Approach to Advanced Auditing - Kamal Garg , Bharat Law House Pvt. Ltd. ; 12th Edition - 2012.

Reference Books

1. Compendium of Expert Advisory Committee Opinions - ICAI.
2. Compendium of Auditing Standards and Guidance Notes of ICAI (2011 Edition).
3. Student's Guide to Auditing Standards - D. S. Rawat, Taxman Allied Services Pvt. Ltd.; 2012 Edition.

PAPER 4: CORPORATE AND ALLIED LAWS

Text Books

Company Law and Practice - A. K. Majumdar Dr. G. K. Kapoor, Taxmann ; 16th Edition, July, 2011.

Reference Books

1. Guide to Companies Act, 1956 Part 1, 2 and 3 - A. Ramaiya, Lexis-Nexis ; 17th Edition.
2. Bare Act of Corporate Laws (Pocket Edition).
3. SEBI Manual.
4. FEMA Manual.

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PAPER 5: ADVANCED MANAGEMENT ACCOUNTING

Text Books

1. Advanced Management Accounting - Ravi M Kishore, Taxmann Allied Services Pvt. Ltd, 5th Edition, 2008.
2. Advanced Cost and Management Accounting Textbook - V. K. Saxena C. D. Vashist, Sultan Chand & Sons; 2007.
3. Advanced Cost And Management Accounting Problems And Solutions - V. K. Saxena & C. D. Vashist, Sultan Chand & Sons; 19th Edition, 2011.
4. Cost Management Accounting & Control - Hanse , Mowen, Guan, Thomas South Western; 6th Edition, 2009.
5. Management & Cost Accounting - Colin Drury, Thomas Learning; 2008.
6. Advanced Management Accounting - Robert S. Kaplan , Anthony A. Atkinson, Prentice Hall; 2010.
7. Operation Research - S. D Sharma, Kedar Nath Ram Nath and Co; 2008.
8. Quantitative Techniques in Management - N .D Vohra, McGraw Hill; 4th Edition 2009.
9. Operation Research: An Introduction - Hamdy A. Taha, Pearson Education; 9th Edition 2011.

PAPER 6: INFORMATION SYSTEMS CONTROL AND AUDIT

Text Books

1. Information Systems Control and Audit - Ron Weber, Pearson Education; 3rd Impression, 2009.
2. Management Information Systems - Kenneth C. Laudon & Jane P. Laudon, Pearson; 11th Edition, 2009.
3. Accounting Information Systems - James A Hall, South-Western College Publishing; 7th Edition, 2012.

Reference Books

1. The Information Technology Act, 2000.
2. Information Technology Control and Audit - Sandra Senft and Frederick Gallegos, CRC Press; 3rd Edition, 2008.
3. Information Technology Risk Management in Enterprise Environments - Jake Kouns & Daniel Minoli, John Wiley & Sons; 2010.
4. CISA Review Manual 2012, Published by: ISACA, 2011.
5. Concepts in Enterprise Resource Planning - Ellen F. Monk, Bret J. Wagner, Course Technology, Cengage Learning; 3rd edition, 2009.
6. Software Engineering - A Practitioner's Approach - Roger S. Pressman, McGraw-Hill; 7th Edition, 2010.

PAPER 7: DIRECT TAX LAWS

Text Books

1. Direct Tax Laws - T. N. Manoharan & G. R. Hari, Snow white Publications (Edition based on provisions applicable for A.Y.2012-13).
2. Professional Approach to Direct Taxes Law & Practice - Dr. Girish Ahuja & Dr. Ravi Gupta, Bharat Publications (Edition based on provisions applicable for A.Y.2012-13).
3. Direct Taxes Law & Practice - Dr. Vinod K. Singhania & Dr. Kapil Singhania, Taxmann Publications (Edition based on provisions applicable for A.Y.2012-13).

Reference Books

1. Income-tax Act, 1961
2. Income-tax Rules, 1962
3. Wealth-tax Act, 1957

Note: Students should follow the edition based on the provisions of law applicable for the assessment year relevant for their examination.

PAPER 8: INDIRECT TAX LAWS

Text Books

1. Indirect Taxes Law and Practice - V. S. Datey, Taxmann Publications.

Reference Books

1. Central Excise Law Manual - R. K. Jain, Centax Publications P. Ltd.
2. Customs Manual - R. K. Jain, Centax Publications P. Ltd.
3. Service Tax Manual - R. K. Jain, Centax Publications P. Ltd.
4. Service Tax-How to meet your obligations - S. S. Gupta, Taxmann Publications.

Note: Students should follow the edition based on the provisions of law as amended by the Finance Act relevant for their examination.