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The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events

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Success doesn't come from what you do occasionally, it comes from what you do consistently

• Naryana Murthy •

INSIDE

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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

Dear Students,

Warm greetings to all of you.

The path to becoming a Chartered Accountant requires sustained effort, clarity of purpose, and the ability to rise stronger with every challenge faced.

At the outset, I extend my heartfelt congratulations to all students who have successfully cleared the CA Foundation, Intermediate and Final examinations held in January 2026. Your achievement shows your hard work, discipline and dedication to become successful professional. These milestones are not just about passing exams; they also reflect your determination and ability to overcome challenges on your journey. The key highlights of the results of these examinations may be summarised as follows:

At the Foundation level, out of 1,09,694 candidates who appeared, 21,099 students have successfully passed, resulting in a pass percentage of 19.23%. At the Intermediate level, 1,05,526 candidates appeared for Group I, with 14,733 students passing the examination (13.96%). In Group II, 69,477 candidates appeared of whom 10,798 students passed (15.54%). For both groups combined, 41,798 candidates appeared, and 3,924 students qualified, resulting in a pass percentage of 9.39%.

At the Final level, 53,652 candidates appeared for Group I, with 11,282 students passing (21.03%). In Group II, 38,169 candidates appeared, of which 3,726 students passed (9.76%). For both groups combined, 22,293 candidates appeared, and 2,446 students qualified, resulting in a pass percentage of 10.97%. With this, a total of 7590 students qualified as Chartered Accountants.

While we celebrate the achievements, I would also like to address those who could not clear the examinations in this attempt. The CA journey is rigorous and demands conceptual clarity, disciplined preparation and sustained effort. Temporary setbacks are not failures but opportunities to reassess, recalibrate and return stronger. **As Thomas Edison said, *"Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time."***

Roadmap for Preparation and Approach

It is often observed that students who succeed in subsequent attempts often do so by refining their approach rather than merely increasing study hours. A balanced strategy built on conceptual clarity, regular revision, and consistent practice is essential.

Students should objectively evaluate their previous attempt, identify gaps and adopt a structured and disciplined preparation plan. Continuous practice, effective time management and clarity in presentation remain critical for success. If required, our Board of Studies faculties are available to guide you and provide the requisite support in your academic endeavour.

As you prepare for the forthcoming May 2026 examinations, your focus now should be on consolidation and effective revision. A structured approach should include:

- **Strengthening conceptual clarity** across all subjects.
- **Practising Revision Test Papers, Mock Test Papers and past examination papers.**
- **Focusing on answer-writing skills,** presentation and time management.
- **Undertaking multiple revisions** to reinforce retention and build confidence.

Consistency, discipline and a well-planned study schedule will enable you to approach the examination with clarity and confidence. As Brian Tracy observed, ***"Successful people are simply those with successful habits."***

Academic Support initiatives for students

The Board of Studies (Academic) continues to provide structured and technology-enabled academic support to students across the country through initiatives such as Live Virtual Classes, Live Virtual Revisionary Classes, Revision Test Papers, Mock Test Papers, and Mentoring sessions.

The Mock Test Registration Portal has streamlined the conduct of Mock Test Papers (MTP) Series I and II for Foundation, Intermediate and Final Courses ensuring a uniform and transparent experience closely simulating actual examination conditions. Importantly, the portal facilitates a student-centric evaluation mechanism, wherein registered students receive their evaluated answer scripts within seven days from their respective Regional Offices and Branches, helping them identify gaps, improve time management and align their responses with model solutions.

The Fortnight Programme, designed for the final phase of preparation, helps students revisit key concepts, refine examination strategy and address practical challenges such as time management and answer-writing.

Success in the CA examinations is built on clarity, consistent practice and composure. Students are therefore, encouraged to actively utilise these resources.

Exam Centre Selection: Improving accessibility

The introduction of the Exam Centre Selection facility from May 2026 marks a progressive and student-centric initiative by ICAI. By empowering students to choose their preferred examination centres, this thoughtful reform enhances flexibility and significantly improves accessibility.

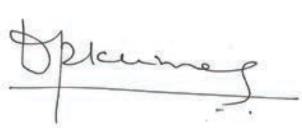
This welcome step effectively addresses logistical challenges, reduces travel-related stress, and enables students to channel their energy and focus more productively on their preparation. It reflects ICAI's deep understanding of students' needs and its continuous endeavour to create a supportive and enabling examination environment.

E-Diary: Promoting Accountability in Articleship

ICAI has introduced the E-Diary for students commencing articleship on or after 1st January 2026, to enhance transparency, accountability and structured learning in practical training. It enables recording their daily assignments, with fortnightly submissions and monthly stipend reporting while facilitating timely review and feedback by principals. Students are advised to maintain it regularly and adhere to timelines, as it is an important tool for learning and professional development.

Dear students, the profession is evolving rapidly, and the Chartered Accountant of tomorrow will be defined not just by knowledge, but by adaptability, integrity and sound judgment, and the ability to leverage technology effectively. I encourage you to continuously build these competencies and prepare yourselves to meet the emerging expectations of the profession with confidence.

With best wishes for all your future endeavours.



CA. PRASANNA KUMAR D

PRESIDENT, ICAI

Discipline is the bridge between goals and accomplishments - Dr. A.J. Abdul Kalam

Dear Students,

Warm greetings to each one of you!

The Results for CA Final, Intermediate and Foundation Examinations held in January 2026 were declared recently. My sincere congratulations to every student who has cleared the January 2026 examinations. Your success is driven by your confidence, persistence, and strong will. I also proudly welcome those who have now become part of this distinguished profession after passing the Final Examination.

To those who could not get through this time, remember that failure is part of the process that leads to success. ***"Success is not final; failure is not fatal: it is the courage to continue that counts"***- This quote by ***Winston Churchill*** beautifully highlights that neither success nor failure has the power to define us. Success is only a milestone; failure is only a lesson and it is the courage that carries us forward. What truly matters is the mindset we carry through both extremes. Success should inspire humility and continued effort, while failure should build resilience and determination. The real measure of a person lies not in how often they win or lose, but in their willingness to keep moving forward despite uncertainty or setbacks.

In essence, it is the persistence that matters, the decision to rise again, to try once more and to not give up, that ultimately shapes our growth and leads us closer to meaningful success.

S.M.A.R.T - Strategies for CA May 2026 Exams

Study/Master/Apply/Revise/Triumph

The May 2026 Examinations is round the corner. By now, you are likely well-prepared with determination and consistent effort. Stay focused, avoid distractions and aim to achieve excellent results. Follow the S.M.A.R.T Strategies for your well- planned study and structured revision to excel in the examination.

- **Study:** Focus on building a solid foundation by truly understanding concepts instead of rote learning. Rely on ICAI study material and aim for clarity right from the start.
- **Master:** Reinforce your understanding through consistent practice and problem-solving. Revisit weak areas until you gain complete confidence in every topic.
- **Apply:** Put your knowledge into action by solving case study-based questions. Practice through Revision Test Papers (RTPs) and attempt Mock Test Papers (MTPs) to get familiar with exam patterns and improve time-bound performance.
- **Revise:** Consistent revision ensures better retention. Use concise notes, summaries, *Saransh*- Last Mile Referencer as brought by BoS (A) and follow a structured revision plan to revisit concepts and revise them in lesser time as exams are near.
- **Triumph:** Walk into the exam hall with confidence and a composed mindset. Trust your preparation, manage your time wisely and perform to the best of your ability to succeed.

Fortnight Programme: Unlock Success through Clarity, Strategy and Confidence

Recently Board of Studies (Academic) conducted a **Fortnight Programme**- ***"Unlock Success through Clarity, Strategy & Confidence",*** in Virtual Mode for Intermediate and Final Students from 9th March to 24th March 2026. In that programme for each day for two hours - one Paper from Intermediate Course/Final Course was covered with focused sessions by subject faculty to gear up students for their May 2026 Examinations and to address the challenges/difficulties/concerns of the students in that Paper.

The programme with expert-driven sessions was designed to strengthen understanding of selective and important topics, to sharpen exam strategy, clear subject-wise doubts and exam-writing techniques. The programme offered insights on course structure, section-wise weightage, preparation tips and common mistakes to avoid. Hope, you had availed the advantage by attending those sessions for your Exam preparation.

Balance between studies and wellness

A healthy routine acts as your anchor. Structuring your day with dedicated study hours, proper breaks, healthy meals and proper rest ensures stability and consistency in your studies and reduces fatigue. Instead of cramming endlessly, studying in focused intervals with short pauses in between helps your brain to absorb and retain information more effectively. A well-rested mind learns faster and performs better under pressure.

Equally important is nurturing activities that recharge you. Hobbies, whether it's reading, music, sports, or drawing provide a mental reset. They reduce stress and bring a sense of joy and balance, preventing your life from becoming one-dimensional.

In the end, success isn't about studying nonstop; it's about sustaining your ability to learn, adapt and grow. When you take care of both your mind and body, you don't just become a better student but you become a more resilient, balanced and capable individual.

Closing Thoughts

You've spent months, maybe years, building this academic journey. It has shaped you into someone stronger than you realize. Now this is your moment. You are capable. You are prepared. And most importantly, believe in yourself. Give your best and trust that it's enough.

Wishing you success and confidence in your May 2026 exams. May your efforts truly pay off.

CA. MANGESH PANDURANG KINARE
VICE PRESIDENT, ICAI

Your dedication today will decide your designation tomorrow - Anand Mahindra

Dear Students,

It gives me immense joy to welcome you to the ICAI family—a community built on excellence, integrity, and professionalism.

The journey of Chartered Accountancy is not merely about clearing examinations; it is about transforming yourself into a professional of substance. It is a path that challenges you, sharpens your thinking, strengthens your character, and prepares you to stand with confidence in any situation. Along this journey, you will realise that discipline, perseverance, and clarity of purpose are your greatest strengths.

As you prepare for the May 2026 examinations, remember—success is never accidental; it is the outcome of consistent, focused, and intelligent effort. Every hour you invest today brings you closer to your goal. Stay committed to a structured plan, revise regularly, and practice diligently. Small, consistent efforts create extraordinary results.

The theme of this edition,

"S.M.A.R.T – Strategies for CA May 2026 Exams: Study / Master / Apply / Revise / Triumph,"

is not just a slogan—it is a practical roadmap to guide you from preparation to performance and ultimately to success.

BoS Knowledge Portal and Examinations

The CA examination system is designed with fairness, objectivity, and multiple checks and balances. With sincere and reasonable preparation, success is well within your reach. At the same time, it demands seriousness and commitment—there are no shortcuts, only smart and consistent effort.

To support you at every stage, the Board of Studies (Academic) has created a comprehensive ecosystem of learning resources through the BoS Knowledge Portal. I urge you to actively utilise these resources and make them an integral part of your preparation strategy:

- **Recorded sessions of Live Virtual Classes for May 2026**
- **Revision Test Papers (RTPs)**
- **Mock Test Papers (MTPs) of recent attempts**
- **Saransh – Last Mile Reference and revised Case Scenario Booklets**
- **Capsules for key papers across all levels**
- **Suggested Answers for January 2026 examinations**
- **Exclusive webinars for Foundation students (April 2026)**
- **Mock Test Series (Series I & II) across all levels**
- **"Success at CA Exam" Series**
- **ICAI Mentorship Programme** – CA Saarthi

ICAI Mentorship Programme – CA Saarthi: Your Guide, Your Companion

The right guidance at the right time can transform your journey. The ICAI Mentorship Programme – CA *Saarthi* connects you with experienced professionals who mentor, motivate, and support you through your final phase of preparation.

I am delighted to share that in the January 2026 examinations, 29 students mentored under this programme achieved success—a reflection of how structured guidance, combined with sincere effort, leads to meaningful outcomes.

I strongly encourage you to participate and benefit from this initiative. Sometimes, a small step towards guidance can lead to a big leap in success.

Learning Together: The Power of Collective Effort

The Fortnight Programme on "*Unlock Success through Clarity, Strategy & Confidence*" witnessed enthusiastic participation from students across the country. Your engagement made these sessions vibrant and impactful.

Remember, learning grows stronger when it is shared. Discussions, interactions, and collective efforts enrich your understanding and strengthen your confidence.

To Those Who Succeeded—and Those Who Will

My heartfelt congratulations to all students who cleared the January 2026 examinations. Your success reflects your dedication, discipline, and resilience.

To those who could not clear this time—pause, reflect, and rise again. This is not failure; it is feedback. It is an opportunity to refine your approach, strengthen your preparation, and come back stronger.

Many accomplished Chartered Accountants have faced setbacks before achieving success. What sets them apart is not the absence of failure, but the courage to continue despite it.

Your journey is still unfolding. Stay determined.

Believe in Yourself—You Are Capable

As Chairman, Board of Studies (Academic), I remain committed to supporting you, understanding your needs, and continuously strengthening the academic ecosystem to help you succeed.

I firmly believe that each one of you has the potential to become a successful Chartered Accountant. Trust yourself, stay focused, and move forward with confidence.

The journey may be demanding—but the destination is worth every effort.

Stay disciplined. Stay focused. Stay unstoppable.

With my best wishes for your success.

CA. BABU ABRAHAM KALLIVAYALIL
CHAIRMAN, BOARD OF STUDIES (ACADEMIC)

Dear CA Aspirants ,

April marks the commencement of a new financial year an inflection point that brings with it renewed aspirations, disciplined planning, and a forward-looking approach to growth. It is also the time when the provisions of the Union Budget begin to take tangible shape, gradually influencing business decisions, compliance frameworks, and economic behaviour across sectors. For you, as students of the profession, this transition is not merely procedural but deeply educational an opportunity to observe, analyse, and internalize the interplay between policy and practice in a dynamic economic environment.

As different parts of our country celebrate their New Year with lively festivals like Baisakhi, Poila Baisakh, and others, there's a feeling of new beginnings everywhere. We hope this fresh start inspires each of you to aim for your best, keep growing, and achieve your important goals.

"नवीनता ही सृजन का आधार है,
और संकल्प ही सफलता का द्वार।"

We are truly delighted and encouraged by the widespread and positive adoption of the e-Diary initiative among both our students and their principals. This marks a significant and progressive step, reflecting a collective commitment to fostering a more structured, transparent, and meaningfully engaging environment during practical training periods. The encouraging response we have observed so far clearly indicates that the e-Diary is gaining the desired momentum and proving to be a valuable tool in enhancing the learning journey.

Looking ahead, we are fully committed to continuously refining the e-Diary. Please note that the e-Diary will be mandatory for all students commencing their articleship from January 1, 2026, onwards. Any suggestions for improvement or opportunities to enhance its functionality will continue to be thoughtfully considered and addressed to ensure seamless integration into your daily routines. Our aim is to strengthen the vital connection between your academic studies and practical experiences, thereby significantly enriching the overall learning journey and preparing you more effectively for your future endeavors.

I am also pleased to share positive developments regarding the revised scholarship scheme. The enhanced support has instilled renewed motivation and stability among students, enabling them to pursue the Chartered Accountancy course with greater focus and consistency. This initiative has especially empowered meritorious and deserving students, equipping them to continue their journey toward a globally respected profession. The gratitude expressed by beneficiaries stands as a testament to the thoughtful efforts of the Board of Studies (Operations) in nurturing aspirations and enabling academic excellence.

Get ready for an amazing journey of growth and discovery! Over the next few months, we have lined up a fantastic series of opportunities just for you. This isn't just about attending events; it's about diving into a vibrant mix of academic and professional activities, from important conferences at every level (State, Mega, Branch, and National) to specialized training workshops and exciting National Talent Search initiatives. All of these are designed with one goal in mind: to keep you super updated on everything happening in the business world and to make you incredibly adaptable, no matter how fast things change around us.

We are providing a unique and supportive platform to help you overcome that "stage fright" and build real strength in areas you might find tough now. We'll have dedicated, hands-on workshops specifically focused on mastering Group Discussions, becoming a persuasive Public Speaker, developing powerful Leadership qualities, and sparking your inner Entrepreneur. These are practical sessions to help you become fearless.

Ultimately, these initiatives are here to empower you with essential life and career skills the ability to speak clearly and convincingly, to think critically and solve problems, and to have the unwavering confidence to present your perspectives with clarity, purpose, and genuine conviction. These aren't just extra skills; they are the fundamental building blocks for shaping you into an incredibly impactful and successful professional. Don't wait! Seize this incredible opportunity to join these niche skills, develop these vital competencies, and unlock the formidable, confident professional you are meant to be!

"शिक्षा केवल ज्ञान का अर्जन नहीं,
बल्कि व्यक्तित्व और चरित्र का निर्माण भी है।"

Equally encouraging is the growing acceptance of the AURA (Virtual) workshops, which provide a technology-oriented perspective on the financial landscape. It is satisfying to observe increasing enrolments and commendable completion rates. More importantly, students are effectively translating these learnings into their practical training environments, demonstrating enhanced competence and earning recognition at their workplaces. Such outcomes reaffirm the relevance and effectiveness of integrating technology-driven learning with professional education.

As we continue this journey together, your energy, resilience, and aspirations remain the driving force behind every initiative undertaken by The Institute of Chartered Accountants of India. It is this collective spirit that lends agility to our endeavours and strengthens our resolve to shape Chartered Accountants who are not only professionally and intellectually proficient but also guided by values of integrity and humanity.

Let this spirit of perseverance and youthful determination continue to inspire each one of you. Your dreams, your dedication, and your discipline are the pillars upon which the future of this noble profession stands.

"सपनों को सच करने का साहस रखो, क्योंकि शुरुआत करने वालों
के हाथ ही इतिहास लिखे जाते हैं ।"

Jai ICAI. Jai Hind.

Warm regards,

CA. RAJESH SHARMA
CHAIRMAN, BOARD OF STUDIES (OPERATIONS)

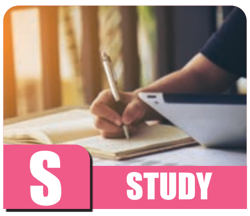
Focus on the journey, not just the result. - Nandan Nilekani

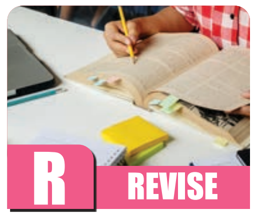
STUDY | MASTER | APPLY | REVISE | TRIUMPH

For every Chartered Accountancy student, the examination months represent a defining phase of the journey. These months are not merely about studying chapters and solving problems; they represent a period of **discipline, determination, resilience and aspiration**.

Across the country, thousands of CA aspirants are preparing for the **May 2026 examinations**, dedicating long hours to their books with the dream of moving one step closer to the prestigious CA designation. The Chartered Accountancy course is known for its rigour and success in the examinations requires not only hard work but also **strategic preparation and a positive mindset**.

At this crucial stage of preparation, adopting a structured approach can significantly improve productivity and confidence. One simple yet powerful framework that can guide students effectively is the **S.M.A.R.T Strategy**





This framework offers a practical roadmap that can help students transform their preparation into performance and ultimately into success.

S – STUDY: BUILD A STRONG CONCEPTUAL FOUNDATION

Every successful preparation begins with a strong foundation. For CA students, this foundation is built through **systematic study and conceptual clarity**.

The Institute's study material has been designed carefully to ensure that students gain a comprehensive understanding of the syllabus. It should therefore remain the **primary source of preparation**.

Students should approach their study with the objective of **understanding concepts rather than merely memorising them.** When concepts are clear, applying them in the examination becomes far easier.

STUDY SMART, NOT JUST HARD

Effective study involves planning and discipline. Students may consider the following strategies:

- Prepare a **structured study schedule** covering all subjects.
- Divide large topics into **smaller manageable sections**.
- Allocate specific time slots for **practical and theory subjects.**
- Maintain **consistency in daily study routines.**

Studying regularly and consistently is far more effective than attempting to study everything at the last moment.

FOCUS ON UNDERSTANDING

Instead of simply reading the material, students should ask themselves:

- Why does this concept work?
- How is it applied in practice?
- How can this concept appear in examination questions?

This approach helps develop deeper understanding and long-term retention.

Focused and disciplined study is the first step toward achieving that goal.

As Swami Vivekananda said:

"Arise, awake and stop not till the goal is reached."

M – MASTER: STRENGTHEN YOUR COMMAND OVER THE SUBJECTS

Studying introduces students to concepts, but **mastery comes through practice and repetition.**

The CA examination often tests students' ability to handle different variations of questions. Therefore, mastering the subjects requires consistent problem-solving and conceptual reinforcement.

PRACTICE MAKES PREPARATION PERFECT

Students should regularly practice:

- Illustrations from the study material
- Practice questions and case scenarios
- Past examination questions

Practice not only improves conceptual clarity but also enhances **speed and accuracy**, both of which are essential during examinations.

TURN WEAKNESSES INTO STRENGTHS

Every student encounter certain topic that appears challenging. Instead of avoiding these areas, students should identify them early and devote extra time to understanding them.

Seeking clarification through lectures, discussions, or reference material can help eliminate confusion.

PREPARE QUICK REVISION NOTES

Short notes prepared during the study phase become extremely useful during revision. Students may create:

- Summary points for each chapter
- Formula sheets
- Concept charts or diagrams

These notes allow quick recall during the final stages of preparation.

Mastery is achieved when students begin to feel comfortable with the subject and can approach questions with **confidence rather than hesitation**.

A – APPLY: CONVERT KNOWLEDGE INTO EXAM PERFORMANCE

Understanding a concept is one thing; applying it in an examination setting is another. The CA examination assesses not only theoretical knowledge but also the **ability to apply concepts in practical scenarios.**

Therefore, students must focus on translating their preparation into **exam-ready skills.**

ATTEMPT MOCK TEST PAPERS

Mock Test Papers provide a valuable opportunity to simulate the actual examination environment. Attempting them helps students:

- Understand the pattern of questions
- Evaluate their preparation level
- Improve time management skills

Mock tests also help identify areas that require further revision.

PRACTICE ANSWER WRITING

For theory subjects, clarity and presentation play a significant role in scoring marks. Students should practice writing answers in a structured format using:

- Clear headings and subheadings
- Logical explanation of concepts
- Bullet points for key ideas

A well-structured answer makes it easier for the examiner to evaluate and award marks.

DEVELOP EFFECTIVE TIME MANAGEMENT

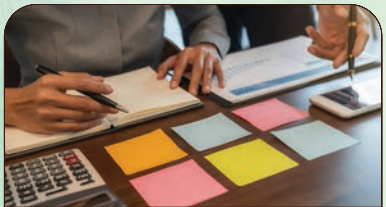
During the examination, time is limited. Students should practice allocating appropriate time to each question and avoid spending excessive time on any single problem.

Strategic answering ensures that students **maximize their score within the available time.**

R – REVISE: REINFORCE LEARNING THROUGH REPETITION

Revision is the stage where preparation becomes **solid and reliable**. Even well-studied concepts may fade from memory if they are not revised regularly.

Effective revision strengthens retention and builds confidence.



PLAN MULTIPLE REVISIONS

Experts often recommend completing **at least two to three revisions** before the examination.

The first revision strengthens understanding, while subsequent revisions improve recall and familiarity.

FOCUS ON KEY CONCEPTS

During revision, students should concentrate on:

- Important concepts
- Frequently tested topics
- Key formulas and provisions

Revision is not about learning new topics but about **consolidating what has already been studied**.

USE QUICK REVISION TECHNIQUES

Students can make revision more efficient by using:

- Summary notes
- Mind maps and charts
- Flashcards

These tools allow quick and effective revision during the final days before the examination.

As the saying goes:
"Success is the sum of small efforts repeated day in and day out."
Revision represents those repeated efforts that ultimately lead to success.

T – TRIUMPH: APPROACH THE EXAMINATION WITH CONFIDENCE

The final stage of the S.M.A.R.T strategy is **Triumph** — performing confidently in the examination.

At this stage, students should focus on maintaining **mental composure, positivity and confidence in their preparation.**

MAINTAIN A POSITIVE MINDSET

While examinations can naturally create anxiety, students should remind themselves that their preparation has equipped them well.

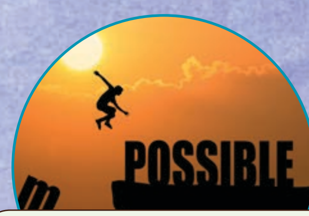
Confidence comes from **consistent effort and disciplined preparation.**

TAKE CARE OF HEALTH AND WELL-BEING

During the examination period, students should ensure:

- Adequate sleep
- Balanced meals
- Short breaks during study sessions

A healthy mind and body improve concentration and productivity.



BELIEVE IN YOUR EFFORTS

The CA journey demands perseverance, but every challenge faced during preparation contributes to personal and professional growth.

As Dr. A.P.J. Abdul Kalam beautifully stated:
"Dream, dream, dream. Dreams transform into thoughts and thoughts result in action."

Students who combine dreams with disciplined action ultimately achieve success.

The S.M.A.R.T Preparation Framework

Students may visualise their preparation through the following progression:

STUDY → MASTER →APPLY → REVISE → TRIUMPH

Each stage strengthens the next. When followed systematically, this cycle transforms preparation into performance.

CONCLUSION: TURNING PREPARATION INTO SUCCESS

The Chartered Accountancy journey is one of the most **challenging yet rewarding professional paths**. It requires dedication, perseverance and disciplined preparation.

The **S.M.A.R.T strategy** offers students a practical and structured approach to preparing for the **May 2026 examinations.**

Stage	Focus
Study	Build conceptual clarity
Master	Strengthen knowledge through practice
Apply	Develop exam-oriented problem solving
Revise	Reinforce learning through repetition
Triumph	Perform confidently in the examination

As the examination approaches, students should remain focused on their preparation and maintain confidence in their efforts.

Every Chartered Accountant once stood exactly where you stand today — preparing, revising and striving to succeed.

With dedication, discipline, and the **S.M.A.R.T strategy**, success is not merely a possibility — it becomes an **achievable goal**.

Your journey toward becoming a **Chartered Accountant** is a journey toward professional excellence and a future filled with opportunities.

SHASHANK SHUKLA
Reg. No. CRO0766938

Accountants & Capitalism: Guardians of Wealth, Trust, and Strategy

Introduction: The Most Invisible Pillar of Capitalism

Accounting is the **Language** of Business. We have all heard this line since school. Yet, when people talk about **capitalism**, they usually talk about entrepreneurs, industrialists, bankers, investors, and stock markets. They celebrate **innovation, risk-taking**, and **wealth creation**. Very rarely does anyone talk about **accountants**. If they do, it is usually as clerks, compliance officers, or tax calculators. This is a serious misunderstanding.

Capitalism does not survive on **ambition** alone. It survives on **measurement, trust, calculation**, and **discipline**. And the profession that quietly provides all four is accounting. Without accountants, capitalism does not collapse **dramatically**. It collapses **silently**. Capital goes to the wrong places. Profits become **illusions**. Fraud looks like success. And trust **evaporates**.

This article argues one central idea: Accountants are not **peripheral** to capitalism. They are its **invisible infrastructure**. Philosophers **imagined** capitalism. Entrepreneurs **powered** it. But Accountants made it **operational**.

Before Capitalism: Luca Pacioli and the Moral Roots of Accounting

Modern capitalism did not begin with greed. It began with order. Long before Adam Smith & advancements of Stock Exchanges, a Franciscan monk named **Luca Pacioli** wrote a mathematical treatise named as **Summa de Arithmetica, Geometria, Proportioni et Proportionalità** in 1494. Buried inside it was a description of double-entry bookkeeping. Pacioli was not a capitalist. He was neither an Economist nor command any School of Economic Thought. He was a **mathematician** and a moral thinker shaped by **Renaissance humanism and Christian ethics**.

The **Core Idea** of Renaissance Humanism lies in Reason, Mathematics, Order, Proportion & Rationality. For Pacioli, accounting was not about profit maximisation. It was about **honesty, balance, proportion**, and **truth**. Books of accounts were **moral mirrors**. They forced the merchant to face reality, not desire. And yet, history played a beautiful irony. By making profit and loss measurable, by separating capital from income, by allowing ownership to be tracked without physical presence, Pacioli **unintentionally** gave capitalism its language.

He did not **create** capitalism, but he gave Capitalism grammar. By Virtue of this Subject, Capitalism embedded with **Discipline** and **Auditors** get Power to **Act** on behalf of Owners.

Adam Smith: The Silent Presence of the Accountant

Adam Smith never wrote a chapter titled "**The Role of Accountants**." Yet, it is impossible to read ***The Wealth of Nations*** without feeling their presence everywhere. Smith believed in division of labour. Accounting is one of the purest forms of **specialization**. It allows entrepreneurs to focus on **production** while someone else measures results. Smith was very worried about joint-stock companies, saying that **negligence** and **profusion** were common in this system. He warned that when managers control other **people's money**, negligence and misuse become natural tendencies. This is the earliest articulation of the agency problem.

Accounting and auditing are the quiet answer to that problem. The accountant can act as a **Guardian Against Fraud** in Such Situation. Smith's invisible hand needs visible numbers. Without reliable accounts, prices lie, profits mislead, and capital misallocates. Smith did not glorify accountants, but he assumed their necessity. **Capital accumulation**, which Smith saw as the **engine** of growth, cannot occur without accurate records. In Smith's world, accountants are not **heroes**. They are **essential custodians of economic reality**.

John Locke: Property, Contracts, and the Need for Measurement

If Adam Smith explained how markets work, **John Locke** explained why they are **morally** legitimate. Locke argued that property is a **natural right** arising from labor. What a person mixes his labor with becomes his property. This idea is foundational to capitalism. But property without records is **insecurity**. Contracts without verification are **disputes** waiting to happen in Court Rooms. Locke emphasised **consent, obligation**, and **trust**. Accounting turns

these **abstract** principles into measurable facts. Who owns what? Who owes whom? What was promised, and what was delivered? Accountants become the **neutral guardians** of property rights. They do not create wealth. They protect its **legitimacy**. In a Lockean society, accountants are not servants of the state. They are **allies** of individual liberty.

Weber and Sombart: Accounting as the DNA of Capitalism

Two thinkers made what earlier philosophers **implied** very explicit. Max Weber, in ***The Protestant Ethic and the Spirit of Capitalism***, argued that modern capitalism required rational calculation. Emotional trade, arbitrary pricing, and moral intuition were not enough. **Rational bookkeeping** was essential. Weber saw accounting as a **discipline**. It forced predictability, planning, and responsibility. Capitalism became a system, not a **gamble**.

Werner Sombart went even **further**. He famously argued that **double-entry bookkeeping was as important to capitalism as writing was to civilization**. For Sombart, capitalism was not just private ownership. It was a calculative mindset. Accounting transformed trade into a **rational enterprise** capable of scaling beyond family and locality. This is a **crucial** insight. Capitalism is not just about markets. It is about measurement over intuition.

Ludwig von Mises: Accounting as the Compass of Entrepreneurs

No economist understood the role of accounting better than **Ludwig von Mises**. Mises' famous **Economic Calculation** Problem argued that without market prices, rational allocation of resources is impossible. **Socialism** fails not because people are **immoral**, but because economic calculation collapses. In his famous book ***Bureaucracy***, under the chapter titled ***Profit Management***, Mises argued that profit is not **greed** rather it is the **verdict** of the market. To understand this verdict, we need accountants and auditors.

The accountant is the **translator** of consumer sovereignty, while the auditor is the **judge** of entrepreneurial honesty and efficiency. The consumer neither **speaks** nor **vote**; he spends, and that spending is **converted** into numbers, which are **readable** only through accounting. Mises further argued that economic calculation is possible only through money prices, **double-entry bookkeeping**, and profit and loss statements. This is where our hero, **the accountant**, enters. He distinguishes **capital from revenue**, maps **costs versus returns**, identifies which products **satisfy** consumers and which fail, and reports which decisions **create** wealth, and which **destroy** it.

Accounting, in Mises' framework, becomes the **compass of entrepreneurs**, because without accounting the entrepreneur is **blind**. According to him, the **primary regulator** in capitalism is profit and loss, and its **guardian** is the auditor. The auditor verifies the **preservation** of capital and **exposes** false profits. He binds **managerial discretion** with numbers to prevent fraud, negligence, and profusion. If one reads the Companies Act and other statutory laws, the auditor appears as an **agent of law**, but for Mises, the auditor is the **conscience of the market**. He also exposes the limitations of **government bureaucracy**. According to Mises, where there is no profit motive, accounting becomes **ritual**, not revelation. But when we talk about profit management, particularly in private firms, the situation is the **opposite**.

Accounting is not **bureaucracy**. It is market feedback. The books and balance sheets are the conscience of business. Profit and loss are the **instruments** by means of which consumers keep a tight **rein** on all business activities. As per Mises, bookkeeping by double entry is one of the **finest inventions** of the human mind. The figures of the ledger **serve** as a guide for the **conduct** of the **whole business** and each of its **divisions**. Mises argued that branches which do not pay are **discontinued**, while those **yielding** profit are expanded. This is not an **emotional, political**, or **moral decision**; it is purely **cold economic justice**. In other words, capitalism does not run on **intentions** or **ethics**; it runs on accounting. Profit and loss are its **courts**, and accountants its **judges**.

No economist understood the role of accounting better than **Ludwig von Mises**. Mises' famous **Economic Calculation** Problem argued that without market prices, rational allocation of resources is impossible.

Hayek: Accountants as Filters of Knowledge

F.A. Hayek viewed the market as a vast information system. Knowledge is **dispersed**. No central authority can possess it all. Prices transmit information but raw business data is messy. It needs structure. This is where accountants enter. Accountants are **filters and interpreters.** They convert scattered operational facts into **coherent** financial signals.

They translate reality into a language that investors, lenders, and entrepreneurs can understand. Hayek **opposed** excessive regulation, but he did not oppose **transparency**. He believed **disclosure** evolves naturally under competition. Auditors, in this sense, are not state agents. They are **trust creators** in voluntary exchange. When accountants stop **interpreting** and start merely **complying**, Hayek's information system breaks.

Milton Friedman: Disclosure Over Control

Milton Friedman believed that **markets discipline** behaviour better than governments. His solution to **corporate abuse** was not control, but transparency. He trusted **disclosure**. Investors would punish dishonesty. Consumers would withdraw trust.

In Friedman's capitalism, accountants are **information providers**. Their credibility allows **rational choice**. A failed audit is not just a technical error. It is a **market signal**. For Friedman, the danger was not **too** little regulation, but too much interference that replaced market judgment with **bureaucratic comfort**. Accounting, done honestly, allows capitalism to regulate **itself**.

Ayn Rand: Accounting as a Tool of Justice

Ayn Rand **rarely** spoke about accountants, but her philosophy leaves **little** ambiguity. Rand believed in **rationality, objectivity**, and **earned reward**. She despised **unearned claims** and **moral fuzziness**. Accounting is the language of **objectivity**.

It shows who created **value** and who **consumed** it. It distinguishes profit from **plunder**. It makes exploitation visible. In Rand's moral universe, accounting becomes a **tool of justice**. But only if it remains **independent**. Once it becomes a **servant** of political agendas or bureaucratic convenience, it turns **parasitic**. Rand respected producers. She would **respect** accountants only as long as they defend **truth against pressure**.

The Birth of the Profession: ICAS and Classical Liberalism

The **Industrial revolution** created scale which demanded trust.

The **Institute of Chartered Accountants of Scotland**, founded in **1854**, was the first professional body of its kind. Its founders were **not theorists**. They were practitioners responding to capitalism's growing complexity. They believed in self-regulation, professional ethics, and independence. Their intellectual climate was shaped by the **Scottish Enlightenment** and **classical liberalism**.

Accounting was not a **government job**. It was a **market necessity**. Other institutes followed. The same path. England & Wales, Ireland, and later the United States institutionalised accounting as **capitalism's trust infrastructure**.

From Deloitte to Andersen: Ethics, Audits, and Capitalism

William Welch Deloitte (1818–1898) stands as the **original**

auditor of industrial capitalism. By founding **Deloitte** in **1845**, he addressed a core problem of the industrial age. Ownership, management, and investors were no longer the same people. **Railways** and **large industrial companies** needed **credibility**, and Deloitte transformed **auditing** into a scalable trust infrastructure. Capitalism could expand only when trust itself became scalable.

Samuel Lowell Price (1852–1927), co-founder of **Price Waterhouse**, took this idea further by protecting **shareholder capitalism**. His focus was clear, i.e., **independent audits** and **strict accountability** to shareholders. Price believed capital was not just money but **responsibility**. Without this discipline, the rise of **public companies** would have been impossible.

Arthur E. Andersen (1885–1947) added an **ethical spine** to capitalism. By founding Arthur Andersen in **1913**, he argued that markets **collapse** without ethics. His famous line, "**Think straight, talk straight**" captured his belief that accountants are the conscience of capitalism. The later **Enron scandal** remains a **tragic irony**, but Andersen's original philosophy was **deeply** capitalist and fiercely ethical. Together, these **three men** built the moral and institutional foundations on which **modern capitalism** still stands.

George O. May: Accounting Beyond Bureaucratic Regulation

George O. May (1875–1961) was a **British-born accountant** who later migrated to the United States and became a **senior partner** at Price Waterhouse. In the 1920s to 1940s, he was one of the most **powerful** thinkers shaping **American accounting**, acting as a bridge between the SEC and the profession. But May was not a **rule-making accountant**. He was an **anti-rule intellectual**. His core belief was **radical**: Accounting is not law.

He argued that accounting **requires** judgment and context, not **rigid statutes** or **checklists**. If accounting is reduced to legal rules, **business reality** gets distorted. This thinking echoed that no **central rulebook** can handle every situation. May believed capitalism **survives** on trust and professional judgment. **Excessive state prescription** and **over-standardisation** turn numbers into **legal weapons** and **kill entrepreneurship**.

Shockingly, his warnings feel modern today, in an era of **box-ticking audits** and rule-obsessed standards. In one line, **Capitalism works when accountants think; it collapses when they only comply**.

Robert S. Kaplan: The Architect of Strategic Capitalism

Robert S. Kaplan (born 1940) is a **Harvard Business School professor** and one of the biggest thinkers in **managerial accounting**. He is not an auditor or tax expert. He is the **Architect** of strategic capitalism. Kaplan co-created the **Balanced Scorecard** and **Activity-Based Costing** (ABC), shifting accounting from **back-office compliance** to the **CEO's dashboard**.

He identified a major **flaw** in traditional accounting that it only talks about the **past**, focuses only on financial numbers, and **ignores** long-term strategy. Kaplan clearly said, *"If you can't* ***measure strategy****, you can't* ***execute it****."* Through the Balanced Scorecard, he redefined capital itself. Capital is not just money.

It includes **customers, internal processes, learning** and **growth**. This was capitalism's next stage: not just profit, but sustainable profit. In a world of global competition, innovation, and knowledge economy, Kaplan argued that accounting must become the **language of strategy**. Otherwise, finance professionals will remain mere **scorekeepers**. In one line: **capitalism is not run by profits alone, but by the metrics that create future profits**.

ICAI's Founding Vision: Accounting in a Mixed Economy India

After gaining independence in **1947**, India adopted a **mixed economic philosophy**. Political leadership under **Jawaharlal Nehru** leaned toward **socialism**, with Five-Year Plans, public sector undertakings, and strong state control. At the same time, the business community groups like Tata and Birla remained **largely** capitalist, driven by **private enterprise** and industry. In this backdrop, there was a **clear need** for an **independent accounting regulator** to build investor confidence and public trust.

The founders of the Institute of Chartered Accountants of India (ICAI) designed it as an **autonomous, self-regulated professional body** created by an **Act of Parliament**, not as a government department. This reflected a strong belief in professional independence combined with **public accountability**. They understood that for joint-stock companies and foreign investment, "**true and fair view**" reporting was essential. Hence, **ICAI** was positioned as a **watchdog of corporate governance**.

At the same time, the founders **consciously** balanced **socialism with capitalism**. The profession was expected to **support** private enterprise while also serving **state-led planning** through reliable financial data. This is why subjects like cost accounting, auditing, and public finance were emphasised. In essence, ICAI was **envisioned** as a bridge between the state and the market. An institution compatible with India's mixed economy.

Evolution of ICAI: From Mixed Economy Servant to Global Hybrid Regulator

From its **inception** in 1949 till the 1980s, ICAI largely functioned as a **servant** of India's mixed and socialist-leaning economy. Its role was focused on regulatory compliance, taxation, audits, and cost control to support **state-led industrialisation**. With **limited space** for private enterprise, free-market thinking remained weak. Post-**1991 liberalization** marked a clear shift.

As India embraced **Liberalization, Privatization**, and **Globalization**, ICAI moved **closer** to market-oriented thinking. It began emphasizing **corporate governance, capital market transparency**, and alignment with international standards like **IFRS** and later **Ind-AS**, working closely with regulators such as **SEBI** and **RBI**.

Between 2015 and 2025, ICAI has evolved into a **hybrid global regulator**. It aligns with global **capitalist standards** through **investor protection, ESG reporting**, and **startup frameworks,** while continuing its partnership with the **Indian state** in taxation, GST, public sector audits, and insolvency. In simple terms, ICAI today acts as a **bridge** between India's **mixed economy** and **global capitalism**.

Conclusion: A Call to India's Chartered Accountants

India stands at a **decisive** moment in history. If India is to become a **true global economic superpower**, it must confidently **embrace** capitalism, **laissez-faire thinking**, and a free market economy rooted in **trust**. In this journey, the **vision** of ICAI is not secondary. It is **central**.

The Chartered Accountant is not merely a **Accounting Hawk** of the State. The CA is the professional **backbone** of India's wealth creators. Our duty is not to fly low under fear, but to rise high with clarity. ICAI's symbol, the Garuda, represents Garuda Drishti, i.e., Strategic vision. Sharp sight & Fearless flight. The Garuda does not ask permission to **fly in the sky**. It **owns** the sky.

Indian Chartered Accountants must **reclaim** this spirit. We are **accountable** to India's **entrepreneurs, investors**, and **shareholders**. We exist to present a **true** and **fair view**, not a convenient one. **Independent** from the State, yet **respectful** of law. **Loyal** to **shareholders**, **capital**, and **economic truth**.

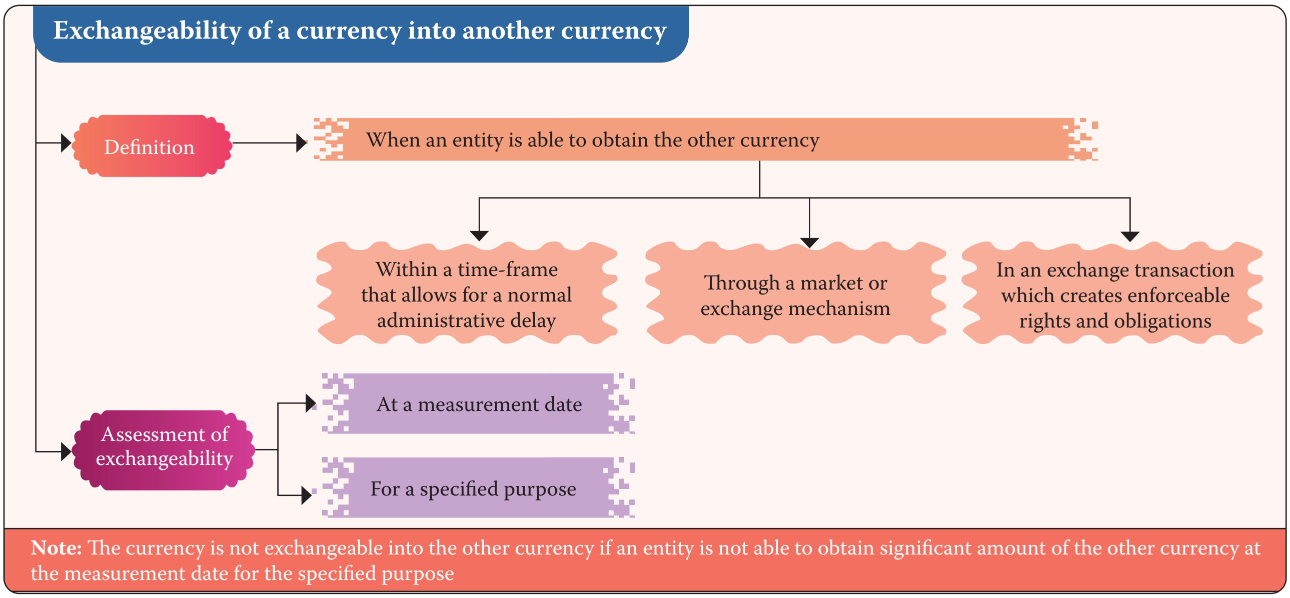
Accounting must once again become a **business enabler**, not a **bureaucratic ritual**. The time has come for ICAI to **lead** India toward a **mature, confident capitalism**. A system where trust replaces **control** and **judgment** replaces **fear**. India once **led** the world in **trade, wealth**, and **enterprise**. With **courage, independence**, and **Garuda Drishti**, Indian **Chartered Accountants** can help take India back to that **rightful** place.

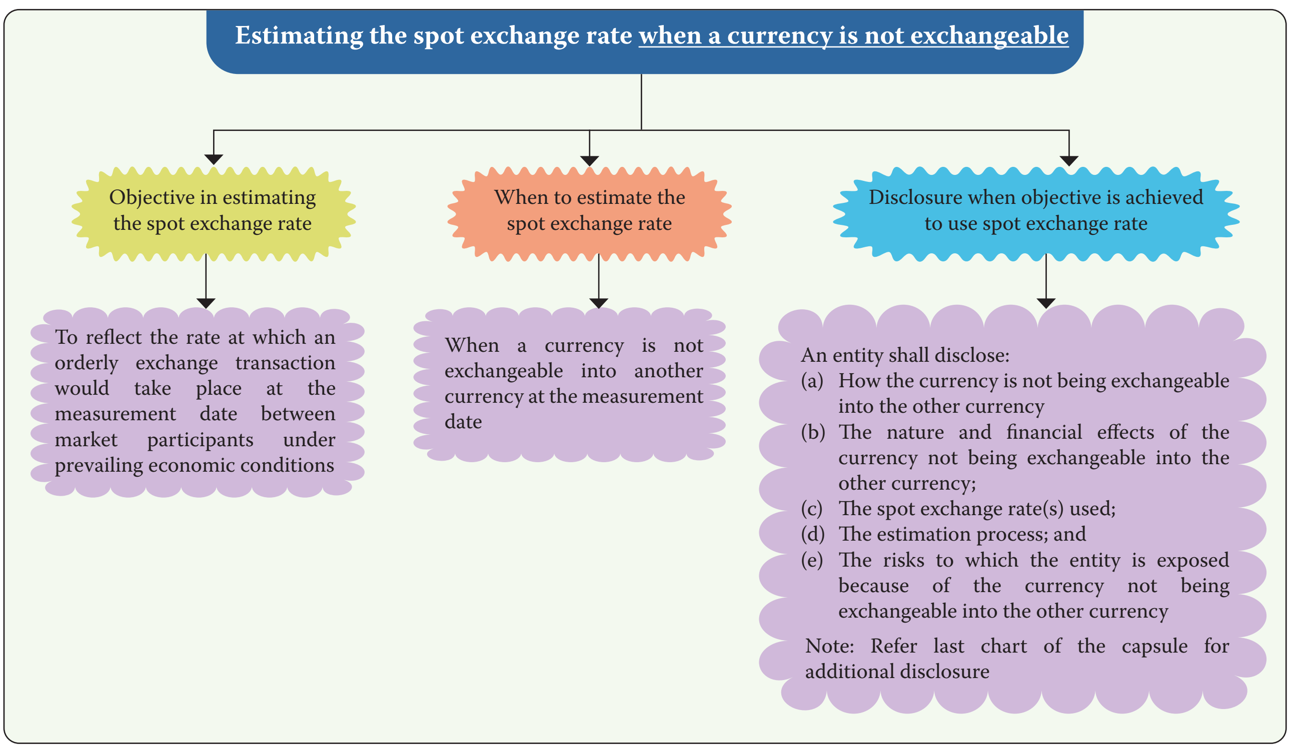
CA FINAL - PAPER 1: FINANCIAL REPORTING

The Ministry of Corporate Affairs (MCA), vide the Companies (Indian Accounting Standards) Amendment Rules, 2025 issued on May 7, 2025, has primarily amended Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" to address situations involving a "lack of exchangeability" of foreign currencies, with effect from annual reporting periods beginning on or after April 1, 2025. These amendments bring Ind AS 21 in alignment with IAS 21 by providing guidance on determination of the spot exchange rate in cases where a currency cannot be exchanged into another currency. The said amendment is applicable for May 2026 examination and has been provided in the RTP of Final Paper 1 Financial Reporting.

INDIAN ACCOUNTING STANDARD 21 : THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

AMENDMENT IN IND AS 21 THROUGH NOTIFICATION G.S.R. 291(E) DATED 7TH MAY, 2025





Effective date and transition of amendments in Ind AS 21

Effective date

An entity shall apply the amendments related to lack of exchangeability for annual reporting periods beginning on or after 1st April 2025

Transition

When functional currency is not exchangeable into the foreign currency or vice versa

In applying 'Lack of Exchangeability', during transition period

An entity shall **not** restate comparative information **at the date of initial application**

Instead

When the entity reports **foreign currency transactions in its functional currency**

and

Functional currency is not exchangeable into the foreign currency or vice versa

Translate affected foreign currency **monetary and non-monetary items measured at fair value in a foreign currency, using the estimated spot exchange** rate at the date of initial application

+

Recognise any effect of initial application as an adjustment to the opening balance of retained earnings

When the entity uses a **presentation currency other than its functional currency**

and

Functional currency (or the foreign operation's functional currency) is not exchangeable into its presentation currency or vice versa

Translate **affected assets and liabilities using the estimated spot exchange** rate at that date

+

Translate **affected equity items using the estimated spot exchange** rate at that date if the entity's **functional currency is hyperinflationary**

+

Recognise any effect of initial application as an adjustment to the cumulative amount of translation differences - accumulated in a separate component of equity

Assessment whether a currency is exchangeable and estimation of the spot exchange rate when a currency is not exchangeable

Step I: Assessing whether a currency is exchangeable

Is the currency exchangeable into the other currency at the measurement date for the specified purpose

Yes → Apply the applicable requirements in Ind AS 21

No ↓

Step II: Estimating the spot exchange rate when a currency is not exchangeable

At the measurement date, estimate the spot exchange rate that meets the objective in paragraph 19A by using either:

(a) An observable exchange rate without adjustment (see paragraphs A11–A16); or

(b) Another estimation technique (see paragraph A17)

Step I: Assessing whether a currency is exchangeable

When an entity determines that currency PC is not exchangeable into currency LC, even though currency LC is exchangeable into currency PC.

Following key factors are required to be considered when determining that a currency is exchangeable:

Factors considered in determining that a currency is exchangeable

- Spot exchange rate is used as the exchange rate for immediate delivery

Time frame

- Delay in exchange transaction might be due to legal or regulatory requirements, or for practical reasons such as public holidays
- A normal administrative delay in obtaining the other currency does not preclude a currency from being exchangeable into that other currency

Ability to obtain the other currency

An entity shall consider its ability to obtain the other currency directly or indirectly, rather than its intention or decision to do so

Markets or exchange mechanisms

An entity shall consider only markets or exchange mechanisms which would create enforceable rights and obligations

Purpose of obtaining the other currency

When	Then
When reporting foreign currency transactions in its functional currency	Assume purpose in obtaining the other currency as to realise or settle individual foreign currency transactions, assets or liabilities
When presentation currency is used which is other than its functional currency	Assume purpose in obtaining the other currency as to realise or settle its net assets or net liabilities
When the results and financial position of a foreign operation are translated into the presentation currency	Assume purpose in obtaining the other currency as to realise or settle its net investment in the foreign operation

Note: An entity shall assess whether a currency is exchangeable into another currency separately for each above-specified purpose

Ability to obtain only limited amounts of the other currency

- A currency is not exchangeable into another currency if an entity is able to obtain no more than an insignificant amount of the other currency
- Significance is assessed by comparing the amount obtained vis-a-vis the total amount of the other currency required for that purpose

Step II: Estimating the spot exchange rate when a currency is not exchangeable

An entity can use **an observable exchange rate** as **spot exchange rate**

Either

Without adjustment (if it meets the objective in paragraph 19A)

An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions

An observable exchange rate includes

A spot exchange rate used for another purpose

Factors considered

Whether several observable exchange rates exist → The existence of several observable exchange rate might not reflect the prevailing economic conditions

The purpose for which the currency is exchangeable → If availability is only for limited purposes, then it might not reflect the prevailing economic conditions

The nature of the exchange rate → A free-floating observable exchange rate more likely reflects the prevailing economic conditions rather than an exchange rate set through regular interventions by the relevant authorities

The frequency with which exchange rates are updated → An observable exchange rate unchanged over time is less likely to reflect the prevailing economic conditions than an observable exchange rate that is updated on daily basis or frequently

The first subsequent exchange rate as spot exchange rate

Factors considered

The time between the measurement date and the date at which exchangeability is restored → The shorter this period, the more likely the first subsequent exchange rate will reflect the prevailing economic conditions

Inflation rate → The first subsequent exchange rate for a currency of hyperinflationary economy might not reflect the prevailing economic conditions

Or

Use another estimation technique

An entity may **use any observable exchange rate** — including rates from exchange transactions in markets or exchange mechanisms **that do not create enforceable rights and obligations** and **adjust the same** to meet the objective in paragraph 19A

Disclosure when a currency is not exchangeable

When a currency is not exchangeable into another currency

- The currency and a description of the restrictions that result in that currency not being exchangeable
- A description of affected transactions
- The carrying amount of affected assets and liabilities
- Are the spot exchange rates used and whether those rates
  - Observable exchange rates without adjustment
  - Spot exchange rates estimated using another estimation technique
- A description of any estimation technique the entity has used, and qualitative and quantitative information about the inputs and assumptions used in that estimation technique
- Qualitative information about each type of risk to which the entity is exposed due to non-exchangeability and the nature and carrying amount of assets and liabilities exposed to each type of risk

When a foreign operation's functional currency is not exchangeable into the presentation currency or vice versa

- • The name of the foreign operation
  • Whether the foreign operation is a subsidiary, joint operation, joint venture, associate or branch
  • Its principal place of business
- Summarised financial information about the foreign operation
- The nature and terms of any contractual arrangements requiring the entity to provide financial support to the foreign operation, including the entity's exposure to a loss

CA INTERMEDIATE – PAPER 4: COST AND MANAGEMENT ACCOUNTING

MARGINAL COSTING

Marginal Costing is a practical and adaptable technique in Cost and Management Accounting that empowers businesses to make informed decisions, optimize costs, and improve profitability in today's dynamic and competitive business environment. It offers valuable insights into the behavior of costs and revenues, enabling companies to adjust their strategies and operations in response to contemporary business changes. Additionally, Marginal Costing forms the basis for Cost Volume Profit (CVP) analysis, which helps businesses understand the impact of changes in costs, volume, and profit. Students are encouraged to thoroughly study the concept of Marginal Costing and diligently practice the practical questions provided in the Study Material for a deeper understanding. While this capsule serves as a quick revision aid, it should not be considered a substitute for the comprehensive study of the Study Materials provided by the Board of Studies (A).

Coverage

- Explain the meaning and characteristics of Marginal Costing.
- Describe the meaning of CVP Analysis and apply the same in making short term managerial decisions.
- Describe the meaning and application of Break-even point, Margin of safety, etc. and apply the same in making computations.
- Calculate and explain the various formulae used in CVP analysis.
- Apply the concepts of marginal costing and CVP analysis in short term decision making.

Marginal Cost

- The ascertainment of marginal cost and of the effects on profit of changes in volume or type of output by differentiating between fixed costs and variable costs.
- In this technique of costing only variable costs are charged to operational process or products, leaving all fixed cost to be written off against contribution in the period in which they arise.
- Is not a system of costing such as process costing, job costing, operating costing, etc.
- A technique which is concerned with the changes in costs and profits resulting from changes in the volume of output.
- It is also known as variable costing.

Cost –Volume-Profit Analysis

(i) Marginal Cost Equation

For the sake of convenience, a marginal cost equation can be derived as follows:-

Sales – Variable cost = Contribution.

Or, Sales = Variable cost + Contribution.

Or, Sales = Variable cost + Fixed cost ± Profit / Loss.

Or, Sales - Variable cost = Fixed cost ± Profit / Loss.

(ii) Contribution to Sales Ratio (Profit Volume Ratio or P/V Ratio)

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

By transposition, we have derived the following equations:

(a) Contribution = Sales × P/V ratio

(b) $\text{Sales} = \dfrac{\text{Contribution}}{\text{P/V Ratio}}$

(iii) Break-Even Analysis

$$\text{Break- even point in units} = \frac{\text{Total Fixed Cost}}{\text{Contribution per Unit}}$$

$$\text{Break- even point (in Rupees)} = \frac{\text{Total Fixed Cost}}{\text{P/V Ratio}}$$

Equation Approach of calculating BEP

Sales revenue – Variable exp. – Fixed exp. = Profit/(loss)

Sales revenue = Variable exp. + Fixed exp.

(iv) Margin of Safety

The margin of safety can be defined as the difference between the expected level of sale and the breakeven sales.

$$\text{Margin of Safety} = \text{Total Sales} - \text{BES or } \frac{\text{Profit}}{\text{P/V ratio}}$$

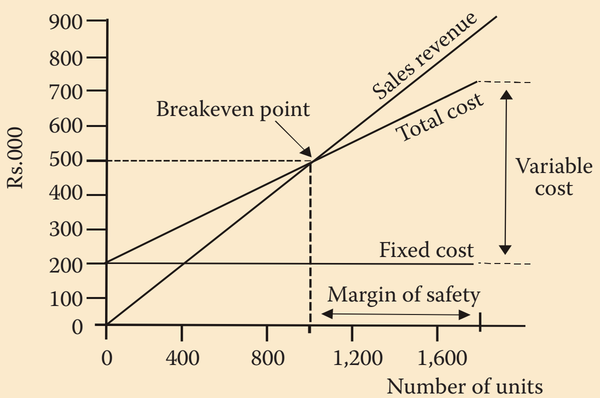
The safety margin gives management a feel for how close projected operations are to the organization's break-even point.

Graphical method of CVP

Selling price per unit: ₹500

Variable cost per unit: ₹300

Fixed Cost: ₹2,00,000



Problem

Priyanshi Pvt. Ltd. is a medium-sized Indian manufacturing company that produces industrial safety helmets used in construction, manufacturing, and mining industries across India. Over the past decade, the company has steadily expanded its operations and developed a strong reputation for producing durable and affordable safety equipment.

The company operates a manufacturing plant in Pune and distributes its products through wholesalers and industrial suppliers across several Indian states. Due to increasing government regulations regarding workplace safety and the growth of the construction sector, demand for safety helmets has been rising steadily.

To plan for the upcoming financial year, the Budget Committee of Priyanshi Pvt. Ltd., which includes representatives from finance, production, marketing, and operations departments, has convened a meeting to review the projected income statement for 2025–2026 and to prepare the budget for 2026–2027.

The projected income statement consists of the actual financial results for the first ten months up to January 2026 and estimated figures for the final two months of the financial year.

Projected Income Statement 2025–2026

(₹ in thousands)

Particulars	Amount (₹)
Sales (120,000 units)	15,600
Cost of Goods Sold	9,360
Gross Profit	**6,240**
Selling Expenses	1,900
Administrative Expenses (Fixed)	1,200
Total Operating Expenses	**3,100**
Net Profit Before Tax	**3,140**

During the meeting, the Finance Director Mr. Rajiv Sharma presented several projections and assumptions that will affect the 2026–2027 budget. After detailed discussion, the Budget Department agreed on the following assumptions:

- The number of units sold is expected to increase by 25% due to rising demand in the construction sector.
- The unit cost of raw materials is expected to increase by 18% due to rising steel and polymer prices.
- Direct labour cost per unit is expected to increase by 6% because of wage revisions and labour union agreements.
- Variable production overhead per unit is expected to increase by 12% due to higher energy and maintenance costs.
- Fixed production overhead is expected to increase by 7% due to higher depreciation and factory maintenance expenses.
- Selling expenses are expected to increase by 9% solely because of increased volume.
- Administrative expenses are expected to increase by 6% due to higher managerial salaries and office expenses.

The increase in sales volume is expected to help the company achieve a larger market share in the Indian safety equipment market. Management also believes that improvements in inventory management and logistics systems will help maintain stable inventory levels even with higher sales volumes.

The composition of production cost per unit in 2025–2026 was as follows:

Materials : Direct Labour : Production Overhead = 3 : 2 : 1

In the year 2025–2026, approximately ₹50,000 of the production overhead was fixed while the remainder was variable.

The Managing Director, Mr. Amit Mehta, has set a target profit before tax of ₹31,00,000 for the year 2026–2027. The Budget Committee must determine what selling price per unit would be required to achieve this desired profit.

However, the Marketing Manager, Mr. Karan Kapoor, has raised concerns that a significant increase in selling price could reduce the company's competitiveness and negatively affect its long-term market share in India.

His assistant suggested that instead of increasing the price, the company should determine how many units must be sold at the current price to achieve the target profit.

Meanwhile, the Production Manager, Mr. Suresh Iyer, informed the committee that the manufacturing plant has a maximum production capacity of 1,80,000 units per year. However, operating at full capacity continuously may require additional investment in machinery and production facilities.

The Budget Committee must now analyze the financial data carefully and make recommendations regarding pricing, production levels, and profit targets.

1. According to the Budget Committee's projections, what selling price per unit should Priyanshi Pvt. Ltd. charge in 2026–2027 in order to achieve the target profit of ₹31,00,000?
   A. ₹145 per unit
   B. ₹152 per unit
   C. ₹160 per unit
   D. ₹131 per unit
2. If the company does not change the current selling price, how many units must be sold to achieve the target profit of ₹31,00,000?
   A. 150,000 units
   B. 165,064 units
   C. 175,050 units
   D. 1,54,013 units
3. Considering the maximum production capacity of 180,000 units, which of the following statements is correct regarding the feasibility of achieving the desired profit at the current selling price?
   A. The desired profit is achievable within existing plant capacity
   B. The desired profit requires production beyond plant capacity.
   C. The desired profit can be achieved only if costs decrease.
   D. The desired profit requires reducing selling expenses.
4. If the new selling price calculated to achieve the target profit is implemented, but the sales volume increases by only 10% instead of 25%, what would be the profit?
   A. 35 lakhs
   B. 30 lakhs
   C. 24.25 lakhs
   D. 29.54 lakhs
5. If the calculated selling price is adopted and sales volume increases by 20%, the expected profit would be:
   A. 28.77 lakhs
   B. 32.50 lakhs
   C. 24.25 lakhs
   D. 30 lakhs

Your report should also include Any other factors that should be considered when deciding next year's price, including risk in the cost–volume–profit relationship, capacity constraints, etc.

Solution

1. D. ₹131 per unit

Sales = ₹15,600 (thousand)

Units sold = 120,000

Selling Price per unit

$SP = \dfrac{1,56,00,000}{1,20,000}$ $SP =$ ₹130 per unit

Determine Cost Structure (2025–2026)

Total Production Cost (COGS) = ₹93,60,000

Materials : Labour : Overhead = 3 : 2 : 1

Material Cost $= \dfrac{3}{6} \times 93,60,000 = 46,80,000$

Per unit: $\dfrac{46,80,000}{120,000} =$ ₹39

Labour Cost $= \dfrac{2}{6} \times 93,60,000 = 31,20,000$

Per unit: $\dfrac{31,20,000}{120,000} =$ ₹26

Production Overhead $= \dfrac{1}{6} \times 93,60,000 = 15,60,000$

Per unit: $\dfrac{15,60,000}{120,000} =$ ₹13

Fixed production overhead = ₹50,000

Variable production overhead =15,60,000-50,000=15,10,000

Variable overhead per unit: $\dfrac{15,10,000}{120,000} =$ ₹12.58

Adjust Costs for 2026–2027

Cost	2025–26	Increase	New Cost
Materials	39	+18%	46.02
Labour	26	+6%	27.56
Variable OH	12.58	+12%	14.09
Total Variable Production Cost	77.58		87.67

Expected Sales Volume

Increase = 25%

Expected Sales Volume = 1,20,000 x 1.25 = 1,50,000 units

Variable selling expenses* $= \dfrac{19,00,000 \text{ x } 9\%}{30,000} =$ ₹5.7

Total Variable Cost per unit = ₹87.67+ ₹ 5.7 = ₹93.37

* Selling Expenses were ₹19,00,000 in total and go up by 9% in 2026-27 in total solely because of the extra 30,000 units sales volume increase.

Accordingly, fixed selling expenses in 2025-26 and 2026-27 will be : = ₹19,00,000 – (₹5.7 x 1,20,000 units) = ₹12,16,000

Fixed Costs

Fixed Cost	2025–26(₹)	Increase	New Cost (₹)
Production OH	50,000	+7%	53,500
Selling Expenses	12,16,000	No change	12,16,000
Admin Expenses	12,00,000	+6%	12,72,000
Total Fixed Cos	24,66,000		25,41,500

Target profit = ₹31,00,000

Calculation of Required Selling Price

Using Profit Equation (CVP Analysis)

Profit = PQ - (a+bQ)

Where

P = Selling price Q = Units sold

a = Fixed cost b = Variable cost per unit

31,00,000 = P(1,50,000)-(25,41,500+93.37×1,50,000)

Variable cost total=93.37×1,50,000 = ₹1,40,05,500

Total cost = 25,41,500+1,40,05,500 = ₹1,65,47,000

31,00,000 = 150,000P-1,65,47,000

150,000P = 1,96,47,000

P = ₹131

Required Selling Price = ₹131 per unit (approx.)

2. D. 1,54,013 units

Calculation of Units Required at Current Price

Current price = ₹130

Contribution per unit = 130-93.37=36.63

$$\text{Units required to be sold} = \frac{\text{Fixed Cost + Target Profit}}{\text{Contribution per unit}}$$

$$Q = \frac{25{,}41{,}500+31{,}00{,}000}{36.63} \quad Q = 1{,}54{,}013 \text{ units}$$

3. A. The desired profit is achievable within existing plant capacity

Since plant capacity = 180,000 units

Desired profit is achievable within existing plant capacity

4. C. 24.25 lakhs

Calculation of Profit if Sales Increase by Only 10%

Units = 120,000×1.10 = 132,000

Profit = PQ-(*Fixed cost+Variable cost x Q*)

Revenue = 131×132,000 = 1,72,92,000

Variable cost = 93.37×132,000 = 1,23,24,840

Total cost = 25,41,500 + 1,23,24,840 = 1,48,66,340

Profit = ₹24,25,660 = 24.25 lakhs

5. A. 28.77 lakhs

Calculation of Profit if Sales Increase by 20%

Units =120,000×1.20 = 144,000

Revenue = 131×144,000 = 1,88,64,000

Variable cost = 93.37×144,000 = 1,34,45,280

Total cost = 25,41,500+1,34,45,280 = 1,59,86,780

Profit = ₹28,77,220 = 28.77 lakhs

Additional Factors

While deciding the selling price, the company should also consider:

1. Cost–Volume–Profit Relationship

Break-even point for 2025-26

$$\frac{\text{Fixed Cost}}{\text{Contribution per unit}} = \frac{24{,}66{,}000}{130-77.58}$$ **= 47,043 units which is within the capacity and output for the year is 1,20,000 units**

Break-even point for 2026-27

$$\frac{\text{Fixed Cost}}{\text{Contribution per unit}} = \frac{25{,}41{,}500}{37.63}$$ **= 67,539 units which is within the capacity and output for the year is 1,50,000 units**

Break-even point for 2026-27 at current selling price

$$\frac{\text{Fixed Cost}}{\text{Contribution per unit}} = \frac{25{,}41{,}500}{36.63}$$ **= 69,383 units which is within the capacity and output for the year is 1,50,000 units**

Higher dependence on sales volume increases operational risk. If demand falls, profits may decline significantly.

2. Market Share Considerations

Increasing price may reduce competitiveness and market share in the Indian safety equipment industry.

3. Capacity Constraints

Production capacity is limited to 180,000 units, so aggressive volume strategies may require capital investment.

Summary

Recommendation: The Budget Committee at Priyanshi Pvt. Ltd. should implement a selling price of ₹131 per unit for 2026–2027 to achieve a profit before tax of ₹31,00,000 as targeted by management, assuming the projected 25% increase in sales volume is achieved. This recommendation reflects a balanced approach between cost increases and expected market demand.

Break-even and Feasibility: Achieving the target profit at this price and projected sales volume is well within the plant's maximum annual capacity of 180,000 units. However, if current selling prices are maintained, the company would need to sell approximately 1,54,013 units to achieve the same profit, which is also within operational capacity but increases operational risk due to higher dependence on sales volume.

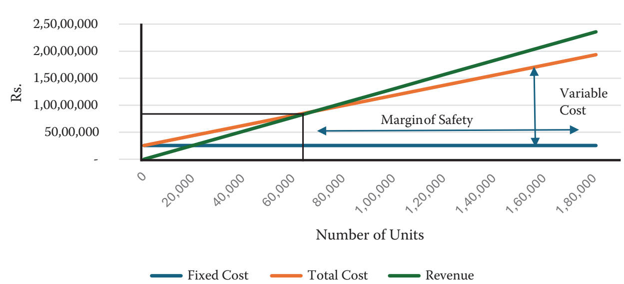
Sensitivity to Sales Growth: If the target selling price is implemented but the sales volume rises by only 10% or 20% (instead of 25%), the profit before tax would be reduced to ₹24.25 lakhs and ₹28.77 lakhs, respectively. Thus, accurate forecasting of demand, monitoring of cost changes, and proactive sales and marketing efforts will be crucial.

Risks & Strategic Considerations:

- **Cost–Volume–Profit Risks:** The CVP analysis indicates that higher fixed and variable costs in 2026–27 would increase the break-even point, making the company more sensitive to changes in sales volume.
- **Competitive and Market Risks:** A significant price increase could threaten Priyanshi Pvt. Ltd.'s market share in a price-sensitive market. Maintaining competitive pricing and considering long-term market positioning versus short-term profitability targets is key.
- **Capacity Constraints:** Production strategies that seek to push volumes close to plant capacity might require capital investments and could strain facilities if sustained over long periods.

Conclusion: The recommended combination of a selling price of ₹131 per unit and a 25% sales volume increase is expected to meet the company's profit target, provided market conditions align with projections. Management must also prepare contingency plans in case of lower-than-expected volume growth or higher cost inflation, and continuously review product positioning, capacity utilization, and competitor strategies to adapt as needed.

Cost - Volume - Profit Chart for 2026-27



CA FOUNDATION – PAPER 1: ACCOUNTING

Tangible and intangible assets represent key resources that help a business to generate income and grow. Depreciation and Amortisation is the systematic allocation of the cost of tangible asset and intangible asset over its useful life.

The Board of Studies (Academic) has developed a crisp and concise capsule on Depreciation and Amortisation as covered in Foundation Paper 1: Accounting. The capsule presents the concepts in visually engaging pictorial formats to enable students to understand the practical aspects of depreciation and amortisation more effectively. While it serves as a quick revision tool, it is not intended to replace the comprehensive study of the detailed material provided by the Board of Studies (Academic).

CHAPTER 5: DEPRECIATION AND AMORTISATION

Tangible Assets are assets that have a physical substance, i.e., they can be seen and touched, held for use in production or supply of goods or services, for rental to others, or for administrative purposes. Useful life of tangible asset is based on expected usage.

Property, Plant and Equipment (PPE) are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes
- are expected to be used during more than a period of twelve months

These are also called fixed assets in common parlance. When a fixed asset is purchased, it is recorded in books of account at its original or acquisition/purchase cost. However fixed assets are used to earn revenues or save costs for several accounting periods in future with the same acquisition cost until the concerned fixed asset is sold or discarded.

Value of fixed assets decreases with passage of time mainly due to:

- Wear and tear due to its use in business
- Efflux of time (even when it is not being used)
- Obsolescence due to technological or other changes
- Decrease in market value
- Depletion mainly in case of mines and other natural reserves

Depreciation

As per Schedule II under the Companies Act, 2013, Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Cost of a tangible asset − Residual value = Depreciable Amount of a Tangible asset

Objectives of providing depreciation

Correct income measurement:	Depreciation should be charged for proper estimation of periodic profit or loss.
True position statement:	Value of the fixed Asset should be adjusted for depreciation charged in order to depict the actual financial position.
Funds for replacement:	Depreciation is a good indication of the amount an enterprise should set aside to replace a fixed asset after its economic useful life is over
Ascertainment of true cost of production:	For ascertaining the cost of the production, it is necessary to charge depreciation as an item of cost of production.

Following factors are taken into consideration for calculation of depreciation:

- Cost of Asset, including installation, trial run expenses etc
- Estimated useful life of the asset, (both in terms of time and also in utility/units)
- Residual value of the asset at the end of the of its estimated useful life

(a) Cost of Asset

its purchase price, including non-refundable import duties and purchase taxes, after deducting trade discounts and rebates.

+

any cost directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in a manner intended by the enterprise.

+

the initial estimate of the costs of dismantling, removing, the item and restoring the site on which an asset is located.

=

Cost of Property, Plant and Equipment

Examples of directly attributable costs are:

- Cost of employee benefits arising directly from acquisition or construction of an item of property, plant and equipment.
- Cost of site preparation
- Initial delivery and handling costs
- Installation and assembly costs
- Cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling the items produced while testing
- Professional fees e.g. engineers hired for helping in installation of a machine

Thus all the expenses which are necessary for asset to bring it in condition and location of desired use will become part of cost of the asset

Expenses should not become part of cost of asset:

Costs of opening new facility or business, such as inauguration costs; → Cost of introducing new product or service (for example advertisement cost). → Cost of conducting business in a new location or with a new class of customer (including cost of staff training); and → Administration and other general overhead costs

(b) Useful Life

'Useful Life' is either

- the period over which a depreciable asset is expected to be used by the enterprise or
- the number of production or similar units expected to be obtained from the use of the asset by the enterprise.

Determination of the useful life is a matter of estimation and is normally based on various factors including

- Experience with similar type of assets
- Several other factors like estimated working hours, production capacity repairs and renewals, etc.

(c) Scrap (residual) Value

Determination of the residual value

- If residual value is insignificant → it is normally regarded as nil.
- If the residual value is considered significant, → it is estimated at the time of acquisition/ installation, or at the time of subsequent revaluation of asset.

(d) Depreciable Amount

Depreciable amount of a depreciable asset → is its historical cost or → other amount substituted for historical cost → in the financial statements, → less → the estimated residual value.

Methods for providing depreciation

Straight Line Method

As per this method, an equal amount is written off every year during the working life of an asset so as to reduce the cost of the asset to nil or its residual value at the end of its useful life.

The advantage of this method is that it is simple to apply and gives accurate results especially in case of leases, and also in case of plant and machinery.

This method is also known as Fixed Instalment Method.

$$\text{Straight Line Depreciation} = \frac{\text{Cost of Asset} - \text{Scrap Value}}{\text{Useful life}}$$

$$\text{Straight Line Depreciation Rate} = \frac{\text{Straight Line Depreciation}}{\text{Cost of Asset}} \times 100$$

Reducing or Diminishing Balance Method or Written Down Value (WDV) Method

A fixed percentage of the diminishing value of the asset is written off each year so as to reduce the asset to its residual value at the end of its life. This method is commonly used for plant, fixtures, etc.

Under this method, the annual charge for depreciation decreases from year to year, so that the earlier years suffer to the benefit of the later years.

The rate of depreciation under this method may be determined by the following formula:

$$1-\sqrt[n]{\frac{\text{Residual Value}}{\text{Cost of Assets}}} \times 100$$

where, n = useful life

Accounting Entries under Straight Line and Reducing Balance Methods:

There are two alternative approaches for recording accounting entries for depreciation

Alternative 1

A provision for depreciation or Accumulated Depreciation account is opened to accumulate the balance of depreciation and the assets are carried at historical cost.

Accounting Entries

Depreciation A/c Dr.
To Provision for Depreciation A/c or Accumulated Depreciation

Profit and Loss A/c Dr.
To Depreciation A/c

Alternative 2

Amount of Depreciation is credited to the Asset Account every year and the Asset Account is carried at historical cost less depreciation.

Accounting Entries

Depreciation A/c Dr.
To Asset A/c

Profit and Loss A/c Dr.
To Depreciation A/c

Sum of Years of Digits Method

It is a variation of the "Reducing Balance Method". In this case, the annual depreciation is calculated by multiplying the original cost of the asset less its estimated scrap value by the fraction represented by:

$$\frac{\text{The number of years (including the present year) of remaining life of the asset}}{\text{Total of all digits of the life of the asset (in years)}}$$

Machine Hour Method

The depreciation is calculated after estimating the total number of hours that machine would work during its whole life

however, it may have to be varied from time to time, due to economic and technological conditions, to ensure that the depreciation amount corresponds to the changed circumstances

This method is a variation of the Straight Line Method under which depreciation is calculated per year.

Here the depreciation is calculated for each hour the machine works

Production Units Method

Under this method, depreciation of the asset is determined by comparing the annual production with the estimated total production. The amount of depreciation is:

$$\text{Depreciable Amount} \times \frac{\text{Production during the period}}{\text{Estimated total production}}$$

Depletion Method

This method is used in case of mines, quarries etc. containing only a certain quantity of product.

The depreciation rate is calculated by dividing the cost of the asset by the estimated quantity of product likely to be available to be extracted.

Annual depreciation will be the quantity extracted multiplied by the rate per unit.

Profit or Loss on the Sale /Disposal of Property, Plant and equipment

Whenever any depreciable asset is sold during the year,

depreciation is charged for the period it has been used in the sale year.

The written down value after charging such depreciation is used for calculating the profit or loss on the sale of that asset.

The resulting profit or loss on sale of the asset is ultimately transferred to Profit and loss Account.

Change in the method of Depreciation

The depreciation method applied to an asset should be reviewed

at least at each financial year-end and if there has been a significant change

in the expected pattern of consumption of the future economic benefits embodied in the asset,

the method should be changed to reflect the changed pattern.

Whenever there is any change in depreciation method, such change in method is treated as change in accounting estimate as per Accounting Standards.

Its effect needs to be quantified and disclosed separately.

A change in the method of Depreciation may affect the current period only or both the current period and future periods.

Revision of the estimated useful life of Property, Plant and equipment

The residual value and the useful life of an asset should be reviewed at least at each financial year-end, and

if expectations differ from previous estimates, the change(s) should be accounted for as a change in an accounting estimate in accordance with Accounting Standards.

Whenever there is a revision in the estimated useful life of the asset,

the written down value or balance depreciable amount

should be charged over the

revised remaining estimated useful life of the asset.

Revaluation of Property, Plant and Equipment

If there is an upward revision in the value of asset for the first time → the amount of appreciation is debited to Asset Account → and credited to Revaluation Reserve Account

If there is downward revision in the value of asset then → Profit and Loss Account is debited → and Asset Account is credited

If an asset was earlier revalued downward and later on revalued upward → then the appreciation to the extent of earlier downfall is credited to profit and loss account.

If an asset was earlier revalued upward and then later on it was revalued downward → then the downfall to the extent of earlier appreciation is debited to Revaluation Reserve Account.

In case the revaluation has a material effect on the amount of depreciation, the same should be disclosed separately in the year in which revaluation is carried out.

Revaluation

Increase

- Credited directly to owners' interests under the heading of Revaluation surplus
- Exception: When it is subsequent Increase (Initially Decrease)
  - Recognised in the Statement of Profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of profit and loss

Decrease

- Charged to the Statement of profit and loss
- Exception: When it is subsequent Decrease (Initially Increase)
  - Decrease should be debited directly to owners' interests under the heading of Revaluation surplus to the extent of any credit balance existing in the Revaluation surplus in respect of that asset

Intangible Assets

An intangible asset is an identifiable non-monetary asset, without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

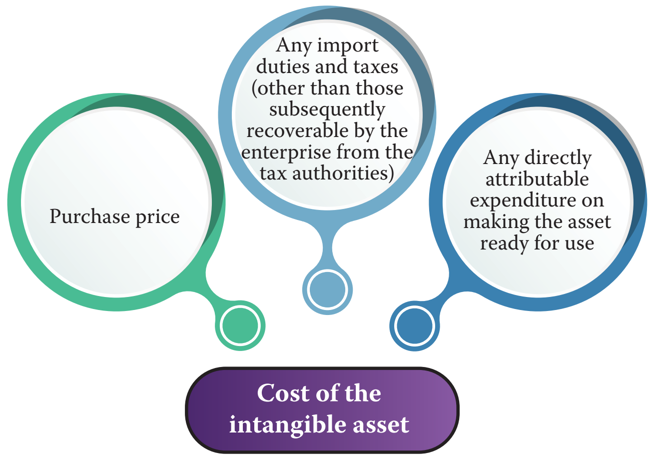
Examples of intangible assets include

Streaming rights of movies / TV shows / web series on platforms like Netflix, Amazon etc	Broadcasting rights of events such as the Cricket World Cup, etc	Landing rights / time slots at airports which permit aircrafts to land or take-off during a particular time frame	Patents, Trademarks, Copyrights
Distribution rights for motion pictures in theatres	Long-term customer contracts	Goodwill (purchased)	Computer Software

Intangible assets can be recognized in the financial statements provided they meet the following conditions:

- The intangible asset is **identifiable**.
- The enterprise can **exercise control** over such intangible asset.
- It is probable that the future economic benefits attributable to the asset will flow to the enterprise; and
- The cost of the intangible asset can be measured reliably.

An intangible asset acquired separately usually measured at cost, as cost can be measured reliably in such cases. The cost of the intangible asset would comprise of:



Difference between Tangible and Intangible Assets

Tangible Assets	Intangible Assets
These are assets that have a physical substance i.e., they can be seen and touched, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.	These are identifiable assets that do NOT have a physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.
Tangible Assets have a finite life based on expected usage.	Intangible Assets have a finite life based on contractual terms. In some cases, intangible assets could also have an indefinite life e.g. purchased goodwill.
Useful life is based on expected usage, with no presumption laid down for the same.	Useful life of Intangible Assets is presumed not to exceed 10 years unless evidence exists to the contrary.
Tangible Assets are depreciated over the useful life. In other words, writing off the value of tangible assets on an annual basis is known as depreciation.	Intangible Assets are amortised over the useful life. In other words, writing off the value of intangible assets on an annual basis is known as amortisation.
Examples include Property, Machinery, Vehicles etc.	Examples include software, streaming rights, landing rights, trademarks, patents etc.

Amortisation

Amortisation can be defined as the systematic allocation of the depreciable amount of an intangible asset over its useful life. In other words depreciation of an intangible asset' is called **Amortisation**.

Cost of an intangible asset − Residual value = Depreciable Amount

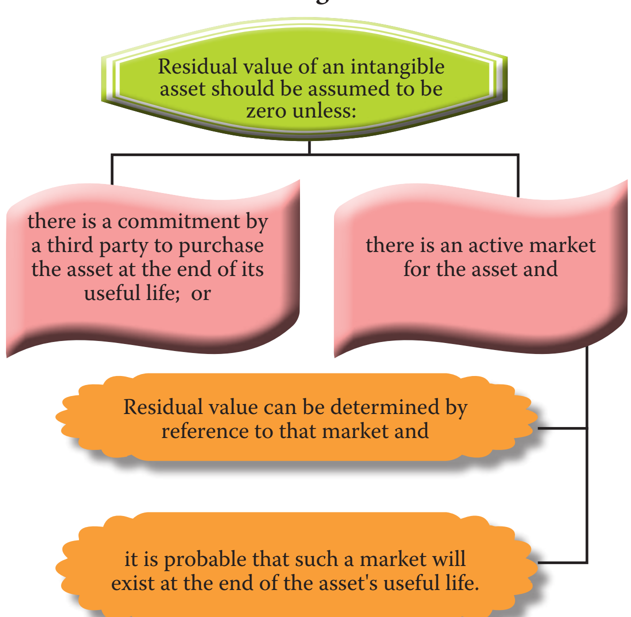
Useful Life of an Intangible asset

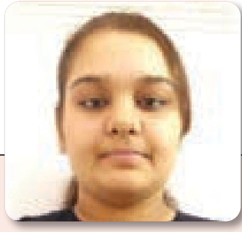
the period of time over which an asset is expected to be used by the enterprise

OR

the number of production or similar units expected to be obtained from the asset by the enterprise

Residual Value of an Intangible Asset





DIKSHA GOYAL

AIR 1 – CA FINAL, JANUARY 2026 EXAMINATION

Congratulations on securing AIR 1! What inspired you to choose Chartered Accountancy and how did your family support you throughout your journey?

I made the decision to pursue Chartered Accountancy two months before my 12th board examinations. Although I initially lacked a detailed understanding of the course structure, my strong interest in accountancy and numbers guided my choice with conviction.

When did you start your preparation for the CA Final examination and how did you plan your overall study duration from the beginning phase until the final exam?

After completing the initial four months of my articleship, I began attending lectures with the goal of finishing the syllabus before my study leave commenced. During the five months of study leave, I dedicated myself entirely to revision and consistently evaluated my progress through mock exams which I self-evaluated. This disciplined approach enabled me to achieve my academic targets effectively.

How effectively did you use ICAI's Study Material, LVC classes, RTPs and MTPs? Which of these BoS resources played the most crucial role in your success?

Institute's resources formed the foundation of my preparation. For written practice, I relied on the mock tests available on ICAI's website, including past year papers and MTPs. The ICAI material proved to be an invaluable resource, equipping me with the clarity and confidence needed to excel in the CA Final examinations and sufficient for everyone to ace the examinations.

Can you share your structured daily routine during the last two months before the examination—study hours, revision cycles, mock tests, sleep pattern and break management?

In the final two months of preparation, I maintained a balance between writing mock exams and focusing on topics I found more challenging. My routine involved studying for 10–11 hours a day, with frequent short breaks of no longer than 15 minutes. This disciplined approach allowed me to strengthen weaker areas while ensuring consistent practice.

How many revisions did you complete before the examination and what was your revision strategy for theory-based and practical subjects?

I managed to complete two to three rounds of revision for each subject. For both theoretical and practical components, I consistently referred to the Institute's study material.

How many Mock Test Papers did you attempt for each subject and how did analysing these papers help improve performance?

I appeared for two written mock exams in each subject, which helped me develop effective time management skills and learn to manage stress during the three-hour exam sessions. This practice significantly improved my ability to stay composed under pressure.

Was this your first attempt? If not, what changes did you incorporate in this attempt—especially with respect to the guidance and support available from the Board of Studies?

Yes, this was my first attempt.

Did you attempt the full paper in each subject? What time-management and answer-presentation strategies did you adopt in the exam hall?

I attempted full 100-mark papers for each subject during my mock practice. Writing these mocks at home helped me learn to manage the entire paper within the three-hour time frame, thereby strengthening both my time management and presentation strategy.

What message would you like to convey to students appearing for the CA Final examination, especially regarding the effective use of BoS resources and maintaining consistency?

I relied extensively on the BOS portal throughout my preparation. I attempted the MCQs provided there along with the case scenario booklets which proved enough without leading me to rely on external sources.

CROSSWORD SOLUTION – MARCH 2026

[1]C	[2]A	[3]S	[4]A		[5]F	R	[6]E	E	[7]D	[8]O	[9]M
[10]U	N	I	C	E	F		D		[11]E	M	I
R			[12]E	F	T	A		[13]R	O	B	B
[14]R	[15]N	[16]S	R				[17]D	A			O
[18]E	A	H		[19]C	[20]R	[21]R		[22]T	[23]I	[24]F	R
[25]N	T	A	[26]B		[27]C	A	[28]P	I	T	A	
[29]C	O	R	R	U	P	T	I	O	N		[30]E
Y		[31]p	E			E		N		[32]O	B
			[33]X	[34]I	C			[35]I	[36]F	C	I
[37]E		[38]I	I	P		[39]G		[40]N	E	E	T
U		[41]B	T	C		I		[42]G	M	A	A
[43]R	[44]O	E			[45]C	I	[46]I		A	N	
[47]O	C	F		[48]S	A	F	T	A			

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

BOARD OF STUDIES - OPERATIONS

MERIT AWARD & STUDENTS SCHOLARSHIP SCHEME

MERIT AWARD

For Final Course Students

Award Amount	₹5000 per month
Eligibility	a. Rank holders of Intermediate Examinations upto 10th Rank b. Student must register for Final Course c. Student must commence his Articleship
Period of Scholarship	24 Months or remaining period of Articleship, whichever is less

TYPES OF SCHOLARSHIPS

1) Economically Needy Students Scholarship for Final Course Students - Merit based

Award Amount	₹4000 per month
Eligibility	a. Rank holders of Intermediate Examinations from 11th to 50th Rank b. Student must register for Final Course c. Student must commence his Articleship d. Income of Parents should not exceed ₹5,00,000 per annum
Period of Scholarship	24 Months or remaining period of Articleship, whichever is less

2) (i) Economically Needy Students Scholarshipfor Final Course Students

Award Amount	₹2500 per month
Eligibility	a. Students who are registered for Final Course b. Student must commence his Articleship c. Income of Parents should not exceed ₹5,00,000 per annum
Period of Scholarship	24 Months or remaining period of Articleship, whichever is less

2) (ii) Economically Needy Students Scholarship for Intermediate Students

Award Amount	₹2500 per month
Eligibility	a. Students who are registered for Intermediate Course either through Foundation Route or through Direct Entry Route. b. Income of Parents should not exceed ₹5,00,000 per annum.
Period of Scholarship	a. 8 months commencing from the following month of registration for Intermediate Course b. Additional 3 months if the Student has completed ICITSS within first 8 months of registration for Intermediate Course. c. Additional 3 months if the Student has passed any one Group in Intermediate Examination within 12 months of registration for Intermediate Course.

3) Economically Needy Students Scholarship for Foundation Course Students

Award Amount	₹1500 per month
Eligibility	a. Students who are registered for Foundation Course b. Income of Parents should not exceed ₹5,00,000 per annum
Period of Scholarship	4 months commencing from the following month of registration for Foundation Course

Students enrolled in the Foundation, Intermediate, and Final Courses are notified that the revised scholarship scheme amounts will take effect with the January 2026 quarter selection and shall be applied accordingly.

Students can apply online anytime for the Scholarship by login at Self Service Portal (SSP) at https://eservices.icai.org
In case of any clarification, please contact at Ph: 0120-3045914; Email : bosscholarship@icai.in; Website: www.icai.org

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
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Board of Studies - Operations

AURA
ARTIFICIAL INTELLIGENCE UNDERSTANDING FOR RISING ACHIEVERS

CA. Prasanna Kumar D
President, ICAI

CA. Mangesh Pandurang Kinare
Vice-President,ICAI

CA. Rajesh Sharma
Chairman BOS-Operation, ICAI

CA. Gyan Chandra Misra
Vice - Chairman BOS-Operation, ICAI

2 DAYS AI WORKSHOP FOR CA STUDENTS

Key Outcomes

- Understand concepts of Artificial Intelligence and Automation relevant to Future Chartered Accountants
- Grasp ethical boundaries & professional responsibility with AI
- Learn to conduct a Smart Financial Review end-to-end

AI Tools

- ICAI CA GPT
- Midjourney, Sora
- Google AI Studio
- Perplexity AI
- Bricks.com, Rows.com
- Gemini
- ChatGPT
- Canva AI
- Claude
- Notebook LM

& Other AI Tools

Session Title	Day 1: Foundation & Application
Introduction to AI	History & Evolution Concepts - Machine Learning, MLP, Deep Learning Prompt Drafting/ Crafting How to use CA GPT
AI in Finance & Accounting	Drafting Financial Statements and Other Financial Reports Case Study on Accounting & Expense Mapping Personal Finance and Wealth Management powered by AI
Ai in Auditing & Taxation	AI Use Cases and Risk Analysis: Case Study 1: Income Tax | Case Study 2: GST
Ethical Use of AI	Foundation of Ethical AI Biasness and Hallucination in AI - How to Contral Building an Ethical AI Culture
Assessment	Day 1 MCQ Evaluation

Session Title	Day 2: Hands-on with Smart Financial Review
Productivity Enhancement Tool	Vibe Coding Google App Script Macros and VBA Script
Data Visualization & Reporting	Building AI Powered Visuals for Presentation AI task Automation
AI in Presentation	Design using AI | Presentation using AI
To onhance Academics	AI-based Study Planning | Mock Tests
Assessment	Day 2 MCQ Assessment Presentation - Project Submission and Use Case

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
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Online Workshop On Artificial Intelligence(AI) For

[CA STUDENTS]

on ICAI Digital Learning Hub [DLH] Platform

By Board of Studies-Operations

Registration Fees ₹100

Eligibility : Foundation-Intermediate-Final Student

Upon completion, a participation letter will be issued.

AURA
ARTIFICIAL INTELLIGENCE UNDERSTANDING FOR RISING ACHIEVERS

What You Will Learn

- Introduction to Artificial Intelligence (AI)
- Data Visualization & Reporting
- AI in Finance & Accounting
- AI in Auditing and Taxation, Ethical Use of AI
- Productivity Enhancement Tools
- AI in Presentations & AI to Enhance Academics

Unlock the Future of Accounting with AI

- **Empowered with AI Tools**
  More than 7,000 students already enriching their skillswith practical AI applications
- **Flexible Learning**
  Study anytime, anywhere at your own pace and convenience
- **Cutting-Edge Knowledge**
  Hands-on experience with the latest AI tools
- **Affordable Access**
  Gain AI insights at a nominal registration fee

SCAN FOR REGISTRATION

https://learning.icai.org/committee/bos/workshop/online/
Login using your Student SSP Credentials (SRN@icai.org)

Follow us on @bosoicai bosoai@icai.in Follow ICAI

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ICAI E-Diary

Students Advisory & Compliance Notes

Record Right → Learn Right → Grow Right

Board of Studies – Operations

1. Login Process

1. **Visit SSP Portal:** https://eservices.icai.org
2. Click on **E-Diary Redirect Link**
3. Enter **SSP User ID & Password**
4. Click **Sign In**
5. The **Dashboard** opens automatically

Ensure your SSP credentials are active. In case of login issues, reset password through SSP.

2. Student Login – Daily & Fortnightly Filing

A. Dashboard Information

After login, student dashboard displays:

- Name
- SRN (Student Registration Number)
- Articleship Status
- Registration Date
- Termination Date (if applicable)

B. Daily Entry Process

1. Select **Date**
2. Select **Duration**: Half Day Full Day
3. Select **Task** (from dropdown list)
4. Select **Sub-Tasks** (Minimum 1, Maximum 5)
5. Add **Other Task** (optional – if task not listed)
6. Click **Save**

Entries can be Edited/Deleted before submission.

C. Stipend Entry (Only in F1 of Next Month)

Stipend details must be entered in F1 (1–15) of the following month. Fields to fill:

- Stipend Amount
- Received (Yes/No)
- Mode of Payment
- Date of Payment
- Submit

Monthly Stipend entry is mandatory.

D. Fortnight System

Each month is divided into	F1 → 1st to 15th F2 → 16th to Last Day
Submission Rule:	Student must submit previous fortnight entries in the **current fortnight**. Example: Work done from 1–15 Jan → Submit in 16–31 Jan.

Very Important: Students are advised to record their E-Diary every day. Missed entries will be considered as leave and viewed seriously.

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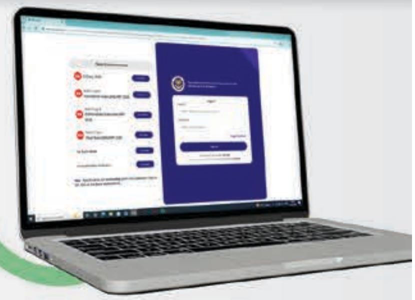
ICAI E-Diary

Clarity, Guidance, and Governance Insights for Principals and Members

Board of Studies – Operations

1. Login Process



Visit SSP Portal: https://eservices.icai.org → Click on E-Diary Redirect Link → Enter SSP User ID & Password → Click Sign In → The Dashboard opens automatically

Ensure your SSP credentials are active. In case of login issues, reset password through SSP.

2. Principal Login - Review and Action

A. Principal Dashboard

- Principal Dashboard
  - Displays
    - List of Submitted E-Diaries (default view)
    - Search by:
      - SRN
      - Fortnight
  - Left Panel Filters:
    - Not Submitted
    - Approved
    - Ask for Correction

B. Review Process

Click Action

View full details:
- Date-wise entries
- Tasks performed
- Duration
- Stipend details

C. Available Actions

- Available Actions
  - Approve → Click Confirm
  - Ask for Correction → Comments mandatory → Click Confirm

D. Principal Deadline

- Principal Deadline
  - Principal must take action within 2 fortnights from student submission.
  - If no action is taken → System will **Auto Approve** at the beginning of the 3rd fortnight.

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SPARK
Skills Potential Awareness Resilience Knowledge

An Online Workshop to Ignite the CA within!

Organised by:
BOARD OF STUDIES - OPERATIONS

CA. Prasanna Kumar D
President, ICAI

CA. Mangesh Pandurang Kinare
Vice-President,ICAI

CA. Rajesh Sharma
Chairman, BOS-Operation, ICAI

CA. Gyan Chandra Misra
Vice Chairman, BOS-Operation, ICAI

CA. Aspirants may register your interest in Key Skill Development tracks under SPARK

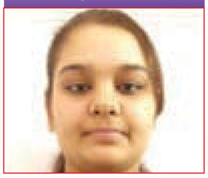
Google form Link: **https://forms.gle/KCuUPQmzvByRjAH9A**

Skill Edge
- Improve your confidence to speak, present, and express ideas clearly.
- Strengthen your mindset to handle pressure and stay focused.
- Develop better communication and teamwork skills for real success.
- Build resilience to face challenges and grow stronger every day.

TOPPERS OF CHARTERED ACCOUNTANTS

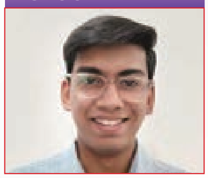
FINAL EXAMINATION JANUARY-2026

ALL INDIA FIRST RANK



DIKSHA GOYAL
KARNAL

ALL INDIA SECOND RANK

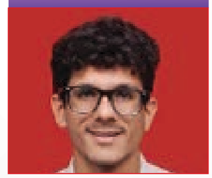


ANIRUDH GARG
PAONTA SAHIB

ALL INDIA THIRD RANK

RISHABH JAIN
NEW DELHI

ALL INDIA THIRD RANK



DHRUV DEMBLA
SONEPAT

INTERMEDIATE JANUARY-2026

ALL INDIA FIRST RANK

KANHIYA LAL
ELLENABAD

ALL INDIA SECOND RANK

FATHIMA SHEHZA K
PERINTALMANNA

ALL INDIA THIRD RANK

VANYA BANSAL
FARIDABAD

FOUNDATION JANUARY-2026

ALL INDIA FIRST RANK

LOGAPRIYA P P
MADURAI

ALL INDIA SECOND RANK

KHUSHI SIKARIA
MIDNAPORE

ALL INDIA THIRD RANK

HIBA P
KANNUR

ALL INDIA THIRD RANK

SUMAN KARKI
KATHMANDU

ALL INDIA THIRD RANK

RAGHAV NARESH GUPTA
SURAT

Congratulations

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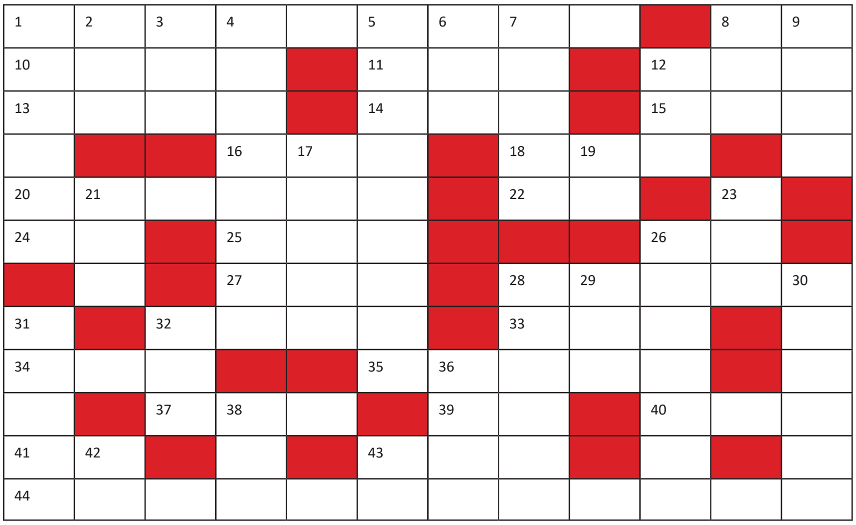
CROSSWORD - APRIL 2026



ACROSS

1. When strategic management is ineffective and operational management is efficient, organization will ___________
8. _____communication is a common, inexpensive, and easy to use wireless.
10. ________is a modest and quiet individual who doubts his own strength
11. _______strives to improve health through research on risk factors, prevention, and early detection of serious health conditions
12 A set of criteria for securing US Government IT Systems
13. Abbre: volumetric liver fat fraction
14. A person of wealth or high social position.
15. The independent voice of Army families and works hard to improve the quality of life for Army families around the world
16. ________ ensures that the seats are allotted to the passengers as per their tickets and the accommodation is convenient for the passenger in the railway.
18. _______Suspension is a combination medicine which may be used for the treatment of bacterial and protozoal infections
20. Something that reduces speed or activity.
22 Account holder can choose to invest a fixed amount each month while earning decent interest on the amount.
24. One of the most common prepositions in English and is also used in set phrases.
25. A progressive neurodegenerative disease that affects nerve cells in the brain and the spinal cord
26 A non-full-service firm that focuses on M&A Advisory or Restructuring
27. ___ is extended maternal child health of family welfare or safe motherhood or child survival and safe motherhood programme.
28. The smallest item of information in an image.
32. An annual informatics competition for secondary school students.
33. _______is created in the liver and binds to retinol along with prealbumin to then carry it to other tissues such as eye, bone marrow,
34. A method of entering data into a computer system.
35. The best possible quality
37. An Indian multinational conglomerate company,
39. Used as a function word to indicate inclusion, location, or position within limits.
40. An elite counter-terrorism unit under the Ministry of Home Affairs.
41. An written abbreviation for mount or, mountain.
43. The world governing body of cricket.
44. A person who searched for business opportunity and starts a new enterprise to make use of that opportunity called

DOWN

1. What does Dogs symbolize in BCG matrix?
2. A professional men's Twenty20 cricket league,
3. A network of parliamentarians across Europe who are committed to protecting reproductive health and rights of the world's most vulnerable
4. A set of instructions that tells the hardware what to do and how to do it is called__
5. The lease transfers _____ of the asset to the lessee by the end of the lease term.
6. A specialized agency of the United Nations responsible for international public health.
7. The benchmark interest rate at which major global banks lend to one another
8. An organization of 190 countries, working to foster global monetary cooperation,
9. Patent right is in the nature of ----- account -
12. System's short-term memory is ....
17. ___ Systems is a global leader in telecommunications,
19. A financial instrument that provides safe and guaranteed return on your investment.
21. An American indie rock band from Duluth, Minnesota,
23. The__ is a global center of excellence in curriculum and related matters.
26. The premium arising at the inception of a forward exchange contract should be amortised as ____.
28. A ____is also a male ruler of a small country.
29. An American multinational technology corporation headquartered in Armonk, New York,
30. Principal book of Accounts
31. Luxury silk wear label
32. The percentage of a bank's total deposits that it needs to maintain as liquid cash.
36. Abbre: Restricted Indirect Cost Rate
38. ____provides students throughout India the opportunity to pursue higher education in Engineering without the constraints of time or distance.
42. Abbre: Tamil Nadu
43. Which is the set of rules governing the format of data sent via the internet or local network.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110002