

Clarification for Changes Made by ICAI in New Syllabus of Inter - FM

Dear Student Friends,

ICAI has made an announcement date 24.06.2019 about a minor change in the New Syllabus of CA Intermediate. This change is applicable from **November, 2019** examinations. You will be happy to note that there is a some reduction in the syllabus of Paper 8A - Financial Management. Let's understand those changes.

Subject : Financial Management (Paper 8A - 60 Marks)

S.N.	Particulars
1.	<p>Capital Budgeting Topic :</p> <p>ICAI Announcement Says : The impact of taxation on NPV analysis, the impact of inflation on NPV analysis, Adjusted Present Value has been excluded.</p>
	<p>ICAI Module Reference : It is chapter no. 7 - Investment Decision in the module.</p> <p>Note : It is surprising to note that in the ICAI Module there is no mention of the 'Impact of impact of inflation on NPV analysis" as well as 'Adjusted Present Value'. It is not there at all in the module and hence question of excluding it doesn't arise at all.</p>
	<p>Our Classroom Notes Reference : We have solved many questions having tax adjustment while calculating NPV. Specially, tax saved on depreciation. Now, I think tax calculation is deleted from NPV analysis. The questions will become simpler now.</p> <p>As impact of inflation was not there in the syllabus, we don't have it in our notes. Similarly, we don't have Adjusted NPV also in our notes.</p> <p>However, in the next chapter i.e. "Risk Analysis in Capital Budgeting", we do have one method called as 'Risk adjusted discount rate'. I think, it will remain as it is.</p>
2.	<p>Risk Analysis in Capital Budgeting Topic :</p> <p>ICAI Announcement Says : Monte Carlo Simulation and Decision Tree Analysis has been excluded.</p>
	<p>ICAI Module Reference : Please refer page 8.18 and point no. 8.8.3 in the module. It is removed now.</p> <p>Please refer page 8.21 and point no. 8.8.4 in the module. It is removed now.</p> <p>Two techniques are deleted to reduce your workload.</p>
	<p>Our Classroom Notes Reference : In our notes, this topic is discussed on page 193 and page 195. You may deleted it now.</p>
	<p>Note : The above interpretation is done by me to help the students community. But, we will have to wait till ICAI releases new module. Till then, you can rely on me.</p>

Changes effective from May 2020 Examination :

S.N.	Particulars
3.	Types of Financing Topic : ICAI Announcement Says : Introduction to lease financing has been included .
	ICAI Module Reference : Please refer Chapter 9 page 9.2 of ICAI Module. This portion is now included in Chapter 2.
	Our Classroom Notes Reference : We have discussed it in the classroom in Chapter 10 and page no. 200.
4.	Lease Financing : ICAI Announcement Says : The entire topic has been excluded .
	ICAI Module Reference : It means, Chapter 9 is completely deleted and the theory is shifted to Chapter 2.
	Our Classroom Notes Reference : Please ignore the practical questions of Chapter 10 of our classroom notes, but read the theory part. It can appear as short note question.

I hope that the above clarification from my side will provide some help in interpretation of ICAI announcement.

Note : I think, students would be happy if ICAI deletes the entire portion of Paper 8B i.e. Economics for Finance from the syllabus and make only FM as 100 marks paper.

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