CA Final (New Syllabus)
Strategic Cost Management and
Performance Evaluation (Paper 5)
Changes applicable from May 2021 Exam

Introduction

Recently, ICAI published new study material (November, 2020 edition), which was made available for public in December, 2020. It was mentioned on ICAI website that : "It is relevant for May 2021 examination and onwards".

The immediate **reaction** by students community was : "There is a change in syllabus again. We will have to study everything afresh now". What to do?

Friends, there is a difference between **reaction and response**. The reaction is instant and without logical thinking. Whereas, response is given after a careful thinking and analysis. Please find below my **response** to the above changes :

General Observations

- First of all, there is no change in syllabus at all. Don't worry.
- It is just an **updation** of module by ICAI.
- The previous printing errors are corrected and irrelevant portion is dropped.
- Additional case studies and questions uploaded on ICAI website are now included in the module.
- Some cosmetic changes are made in the presentation, to make is more user friendly.
- At some places, few questions are inserted / modified / deleted.
- The main purpose of bringing new module seems to be : to accommodate few new questions of Past Exam Papers and RTP's published in between the previous module and this module.
- Our classroom notes plus amendment batch notes have much higher coverage of syllabus than ICAI module. Specially, the practical questions covered by our classroom notes are **4 to 5 times** more than what is covered in ICAI module.
- To conclude : Even if you have studied from previous module, don't worry. Nothing has changed. Just update yourself by downloading Amendment Batch notes from our website : **www.CaRakeshAgrawal.in** by visiting 'Students Corner' section.
- Version 2 students should study Amendment Batch 2 & 3 both.
- Version 3 students should study Amendment Batch 3 only.

I am providing a chapter wise analysis of changes below :

Chapter 1 - Introduction to SCM

- No major change. Only 2 new questions are added.
- These new questions are already covered in our Version 3 + Amendment Batch 3 notes.

Chapter 2 - Modern Business Environment

- No major change. Only 4 new questions are added.
- These new questions are already covered in our Version 3 + Amendment Batch 3 notes.
- ICAI has provided some new examples of Cost of Quality for better understanding.

Chapter 3 - Lean System and Innovation

- No major change. Only 4 new questions are added.
- These new questions are already covered in our Version 3 + Amendment Batch 3 notes.

Chapter 4 - Cost Management Techniques

- No major change. However, theory portion is revised nicely to make it more user friendly and understandable with the help of pictures, graphs, tables, diagrams etc.
- Two new but small illustrations are added in the main notes with answers.
- Only 2 new questions are added at the end. However, these are already covered in our Version 3 + Amendment Batch 3 notes.

Chapter 5 - Cost Management for Specific Sector

- There is a major change in the theory of this chapter. As compared to earlier 8 pages, now it contains 32 pages of theory. No practical questions so far.
- The theory portion is revised nicely to make it more user friendly and understandable with the help of pictures, graphs, tables, diagrams etc.
- Lot of data and facts are downloaded from internet and added in the module.
- Only 1 new case scenario is added in this chapter. We have already covered it in our Amendment Batch 3 notes.
- Students are advised to download the soft copy of this chapter from ICAI website and go through it. It contains more information and data about the Power Sector, Agriculture Sector and IT Sector. It doesn't need any interpretation or explanation as such.

Chapter 6 - Decision Making

- Minor changes as follows :
- A new illustration added on page 6.5 with solution. Please go through it.
- CVP analysis under the conditions of uncertainty is **dropped**. It required the use of statistical techniques, normal distribution curve, standard deviation, probability etc. I think, students would welcome this change.
- Only 5 new questions are added under test yourself section. However, all these questions are already covered in our Version 3 + Amendment Batch 3 notes.

Chapter 7 - Pricing Decision

- No major change.
- Only 1 new question is added. It is already covered in our Version 3 or Amendment Batch 3 notes.

Chapter 8 - Performance Measurement & Evaluation

- Minor changes as follows :
- Shareholders Value Added (SVA) method of performance measurement is **deleted**.
- A new case scenario of Lite Automobile Ltd. is added. Please go through it.
- The module doesn't cover the theory and explanation of EVA model by Stern & Stewart. However, practical questions are included in 'Test Yourself' section. Don't worry, we have already covered it in detail (with practical questions) in our Version 3 notes.

Chapter 9 - Transfer Pricing

- No major change.
- Only 2 new questions are added. But these are already covered in our Version 3 + Amendment Batch 3 notes.

Chapter 10 - Strategic Analysis of Operating Income

- No major change.
- Only 3 new questions are added. But these are already covered in our Version 3 + Amendment Batch 3 notes.

Chapter 11 - Budgetary Control

- Almost the same. No change.

Chapter 12 - Standard Costing

- Minor changes as follows :
- Under the sub-topic of 'Investigation of Variances', Statistical Decision Model & Statistical Control Charts are **deleted**. Only theory portion is retained. It required the use of statistical techniques, normal distribution curve, standard deviation, probability etc. I think, students would welcome this change.
- A new illustration no. 4 on page 12.20 is added. Please go through it.
- 7 new questions are added and 1 question is deleted. But all these are already covered in our Version 3 + Amendment Batch 3 notes.

Chapter 13 - Case Study

- No major change.
- In the earlier module, 19 case studies were covered. Now, they have covered 24 case studies.
- All these are already covered in our Version 3 + Amendment Batch 3 notes.

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