

MAY 2026 EDITION

CA FINAL PAPER 6: IBS 360 2.0

Strategic Integrated Material. Engineered for open-book exam execution.

Stop looking up standards. Start writing answers.

The book built for the 4-hour execution window.

ABOUT THE AUTHOR

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CA Chartered Accountant

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"IBS isn't hard because of the concepts. It's hard because of the clock. I built this book after analyzing answer scripts and the specific 'execution gaps' that cost students their 60+."

— CA Sparsh Dodani

1

SINGLE ATTEMPT
ALL CA LEVELS

100s

STUDENTS
MENTORED

7 SUBJECTS. 1 EXAM. 4 HOURS.

THE OPEN-BOOK TRAP



Having access to everything doesn't guarantee application under pressure.

The open-book format creates unique challenges. Having standards available is just the starting point — the real skill is locating and applying them efficiently when every minute counts.



Search Time = Lost Writing Time

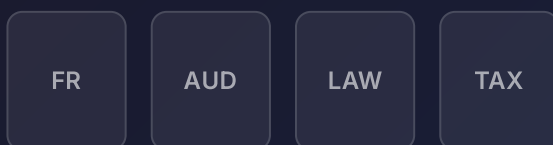
Every minute spent flipping through modules is a minute not spent crafting your answer. In IBS, time is your scarcest resource.



IBS tests Decision-Making, not Memory

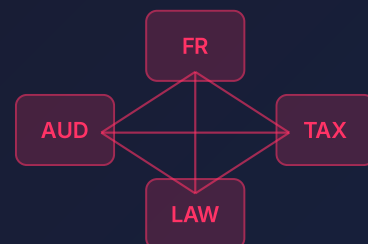
The exam rewards those who can quickly identify linkages between FR, Law, Audit, and Tax—not those who memorized isolated concepts.

THE INTEGRATION REALITY



Separate Silos
(Traditional Study)

VS



The Integration Web
(IBS Reality)

A 5-LAYER EXECUTION SYSTEM

1

Unified Master Index

Locate any treatment across 7 modules in seconds. No more flipping through hundreds of pages.

Cross-Reference

Quick Lookup

2

27 Domino Link-Chains

Pre-mapped subject intersections. Ind AS 36 + Ind AS 12 + Audit Reporting connections at your fingertips.

FR-Audit

FR-Tax

Law-Compliance

3

The Adjustment Library

Every major accounting adjustment paired with its tax and law follow-through. One change, all implications.

PPE Adjustments

Inventory

Revenue

4

Exam-Trap Master Appendix

"Immediate Trap ID" blocks to stop common mark loss before it happens. Learn from others' mistakes.

Common Errors

ICAI Patterns

5

Answer-Structuring Logic

Professional templates for Case Study responses: Issue-Treatment-Linkage-Conclusion framework.

ITLC Method

Presentation

TECHNICAL PREVIEW

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evaluated qualitative materiality factors. If there is any doubt about immateriality, the service should not be provided.

CHAPTER 2: Quality Control, SAs, and Auditing Standards

1. THE CORE CONCEPTS (DEEP DIVE)

1.1 Standards on Auditing (SAs) - Framework and Hierarchy

DEFINITION BOX

Standards on Auditing (SAs): Authoritative standards issued by the Auditing and Assurance Standards Board (AASB) of ICAI that establish requirements and provide guidance for auditors to conduct quality audits. SAs are to be complied with in the audit of historical financial information, and departure requires justification and disclosure.

SA CATEGORIES TABLE

Category	SAs Included	Purpose	Applicability
200-299 - General Principles and Responsibilities	SA 200, 210, 220, 230, 240, 250, 260, 265	Overall objectives, engagement terms, quality control, documentation, fraud, laws, communication, internal control	All audits
300-499 - Risk Assessment and Response	SA 300, 315, 320, 330, 402, 450, 500, 501, 505, 510, 520, 530, 540, 550, 560, 570, 580	Planning, understanding entity, materiality, responses, IT controls, evaluation, audit evidence, external confirmations, sampling, analytical procedures, accounting estimates, related parties, subsequent events, going concern, management representations	All audits
600-699 - Using Work of Others	SA 600, 610, 620, 630	Group audits, internal auditors, experts, component auditors	As applicable
700-799 - Audit Conclusions and Reporting	SA 700, 705, 706, 710, 720	Forming opinion, modified opinions, emphasis of matter, comparative information, other information	All audits
800-899 - Specialized Areas	SA 800, 805, 810	Special considerations - audits of specialized entities	As applicable

1.2 SQC 1 - Quality Control for Firms

DEFINITION BOX

SQC 1: Standard on Quality Control that establishes standards and provides guidance regarding a firm's responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements.

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Rule: The Bank always wins. Bank Buy Rate < Bank Sell Rate.

B. Cross Rates (Chain Rule)

Cross Rate Calculation
Use when direct quote is unavailable.

Scenario: Need ₹/₹ Rate. Given ₹/\$ and \$/₹.

Formula: ₹/₹ = ₹/\$ × \$/₹

C. Forward Rates (Premium/Discount)

Premium vs Discount

Premium: Foreign currency is stronger in future (Forward > Spot)
Discount: Foreign currency is weaker in future (Forward < Spot)

Forward Rate = Spot Rate ± Premium or Discount

9.2 FOREX THEORIES

Theory	Relationship	Formula
Interest Rate Parity (IRP)	Spot vs Forward link to Interest Rates	$F = S \times \frac{(1+rh)}{(1+rf)}$. Currency with higher interest trades at Discount
Purchasing Power Parity (PPP)	Spot vs Expected Future Spot link to Inflation	$S1 = S0 \times \frac{(1+\pi h)}{(1+\pi f)}$. Higher inflation = Currency Depreciation
International Fisher Effect (IFE)	Interest Rates vs Expected Future Spot	$(1+r_h)/(1+r_f) = E(S1)/S0$. Nominal Interest diff = Expected Inflation diff

9.3 TYPES OF EXPOSURE

Type	Nature	Mitigation (Hedging)
Transaction Exposure	Cash flow risk on ALREADY BOOKED transactions (Debtors/Creditors)	Forward Contracts, Money Market Hedge, Options, Leading/Lagging
Translation Exposure	Accounting risk on consolidating foreign subsidiary balance sheet	Balance Sheet Hedge: Match Assets and Liabilities in same currency
Operating (Economic) Exposure	Risk to FUTURE competitive position due to forex changes	Diversify markets, Source inputs locally, Change pricing strategy

9.4 HEDGING STRATEGIES

A. Money Market Hedge (MMH)

For Exporter (Receipt)

- Borrow Foreign Currency today (PV of receipt)
- Convert to Home Currency at Spot
- Invest Home Currency
- Repay Foreign Loan using export receipt

For Importer (Payment)

- Borrow Home Currency

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Asset Class	Hybrid	Mix of Debt and Equity (Balanced Advantage)
Goal	ELSS	Tax Saving (Sec 80C). 3-year lock-in

7.2 KEY METRICS & CALCULATIONS

Net Asset Value (NAV)

$NAV = (\text{Market Value of Investments} + \text{Current Assets} - \text{Current Liabilities}) / \text{Number of Units Outstanding}$

Return on Mutual Fund for Investor

$\text{Return} = (\text{NAV}_{\text{end}} - \text{NAV}_{\text{begin}} + \text{Dividend}) / \text{NAV}_{\text{begin}} \times 100$

Expense Ratio

Total Expense Ratio (TER)

Annual fee charged to the fund (Mgmt fee, Audit fee, Marketing).

Impact: NAV is calculated AFTER deducting TER.

Direct Plan: Lower TER (No agent commission) → Higher Return
Regular Plan: Higher TER → Lower Return

7.3 INVESTMENT PLANS

A. Dividend Reinvestment Plan

• Dividend declared is NOT paid out

• It is used to buy additional units at the ex-dividend NAV

• Result: No cash flow to investor. Number of units increases. NAV drops by dividend amount.

B. Bonus Issue

• Free units issued to existing investors (e.g., 1:5 ratio)

• Impact: Number of units ↑, NAV ↓. Total Investment Value remains SAME.

7.4 INTEGRATED LINKAGES (THE IBS CORE)

IBS LINKAGE: Taxation (Finance Act Amendments)

Equity Oriented Fund (>65% Equity):

- STCG (Sec 111A): 20% (if held < 12 months)
- LTCG (Sec 112A): 12.5% (if held > 12 months) on gains exceeding ₹1.25 Lakh

Debt Oriented Fund (<35% Equity):

- From 1st April 2023, gains are treated as Short Term Capital Gains regardless of holding period
- Tax Rate: Slab Rates (No Indexation Benefit)

IBS Strategy: Debt Mutual Funds have lost their tax arbitrage over Fixed Deposits.

7.5 THE ADJUSTMENT LIBRARY (EXAM TRAPS)

EXAM TRAP: TRAP #1: NAV Calculation - Accrued Income

Scenario: 'Dividend declared by a company held in portfolio but not yet received.'

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SAMPLE LINKAGE: IND AS 16 + IND AS 20

Deduct grant from cost → Lower Depreciation base → No immediate P&L income.

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Revaluation Factor = Fair Value / Carrying Amount Before Revaluation

Adjusted Gross Amount = Original Cost × Revaluation Factor

Adjusted Accumulated Depreciation = Original Accumulated Depreciation × Revaluation Factor

Net Carrying Amount After Revaluation = Adjusted Gross Amount - Adjusted Accumulated Depreciation = Fair Value

1.6 Derecognition

DERECOGNITION CRITERIA TABLE

Event	Accounting Treatment
Disposal	Derecognize on disposal date
No future economic benefits expected	Derecognize immediately
Replacement of component	Derecognize replaced part's carrying amount

Gain/Loss on Disposal = Net Disposal Proceeds (Net of disposal costs) - Carrying Amount of Asset = Gain/(Loss) Recognized in P&L

2. INTEGRATED LINKAGES (THE IBS CORE)

LINKAGE 1: Ind AS 16 ↔ Ind AS 36 (Impairment of Assets)

Connection Point: Carrying amount determination

Ind AS 16 determines the carrying amount of PPE through cost/revaluation models. Ind AS 36 requires that this carrying amount be tested for impairment when indicators exist. The recoverable amount (higher of fair value less costs to sell and value in use) is compared with carrying amount from Ind AS 16 to determine impairment loss.

Exam Integration: When PPE is carried at revalued amount under Ind AS 16, any impairment loss first reduces revaluation surplus in OCI before hitting P&L.

LINKAGE 2: Ind AS 16 ↔ Ind AS 23 (Borrowing Costs)

Connection Point: Initial measurement of qualifying assets

Ind AS 23 mandates capitalization of borrowing costs directly attributable to acquisition, construction, or production of qualifying assets. Ind AS 16 incorporates these capitalized borrowing costs as part of the cost of PPE. A qualifying asset under Ind AS 23 is an asset that necessarily takes a substantial period of time to get ready for intended use.

Exam Integration: If borrowing costs are capitalized under Ind AS 23, they form part of the depreciable base under Ind AS 16 and are subsequently depreciated over the asset's useful life.

LINKAGE 3: Ind AS 16 ↔ Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets)

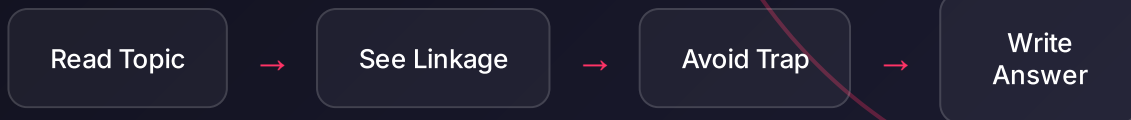
Connection Point: Initial estimate of dismantling/restoration costs

1.5

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FROM MEMORIZATION TO EXECUTION SPEED

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