Skillshort

Self-Study Preparation Pack

CA INTERMEDIATE

Paper 6: Financial Management and Strategic Management

Last-Week Revision Plan & Exam Strategy

For January 2027 attempt (Paper 6 on Tuesday 12 January 2027, 2–5 pm) · 7-day plan · 3-hour strategy

7-day plan | Time allocation | Answer-writing rules | Formulas and frameworks to memorise

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This subject pack has 6 parts

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2 Important topics & weightage
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4 Mock tests + solutions
5 Chapter practice questions
6 Last-week plan & strategy

Prepared by Skillshort for self-study. Original explanations and questions; not an official ICAI/ICMAI/ICSI publication. Items marked VERIFY should be checked against the latest official material.

1. Seven-day plan

Paper 6 is the **last paper of Group II** (Fri 8 → Sun 10 → **Tue 12** January 2027). **Monday 11 January** is the full day just before it, so do D-7 to D-3 alongside your Paper 4 and Paper 5 revision in early January.

PLAN **Day-by-day**

Day	Session 1 – FM	Session 2 – SM
D-7	Ch 1: ratios (work-back balance sheets), sources of finance theory	SM Ch 5: strategy levels, vision/mission, strategic management process; Practice Set 1
D-6	Ch 2: cost of capital (Kd, Kp, Ke – CAPM and Gordon, WACC book and market weights)	SM Ch 6: PESTLE, Porter five forces, industry life cycle, strategic groups; Practice Set 2
D-5	Ch 2: capital structure (EBIT–EPS, indifference, NI/NOI/MM, arbitrage), leverages	SM Ch 7: SWOT/TOWS, value chain, core competence, BCG/GE; Practice Set 3; D1–D4
D-4	Ch 3: capital budgeting (NPV, IRR, PI, payback, replacement, capital rationing, risk)	SM Ch 8: generic, growth, Ansoff, diversification, M&A, alliances, retrenchment; D5, D7, D8
D-3	Ch 3: dividend models (Walter, Gordon, MM, Lintner); Ch 4: WC estimation, credit policy, Baumol, Miller–Orr	**Full mock (3 h)** – Skillshort Mock 1 or ICAI MTP
D-2 (Paper 5 day, Sun 10 Jan)	–	30 minutes: the formula sheet in the notes
D-1 (Mon 11 Jan)	Formula sheet; Mock 2 Section A (timed, 90 minutes); ICAI RTP January 2027 FM questions	SM Ch 9: structures, culture, leadership, 7S, BPR, balanced scorecard, strategic control; frameworks below; sleep by 10:30 pm

EXAM TIP **What to revise on the last day**

Do not start new topics. Revise the **formula sheet**, the **WC estimation format**, the **credit-policy table**, and the SM **frameworks** below. Read two ICAI suggested SM answers to see how case facts are linked to concepts.

2. Exam-hall strategy (3 hours + 15 minutes advance reading)

Each section is 50 marks, so give each about **90 minutes**. Many students do **FM first** while fresh for numericals, then SM. You may also start with SM MCQs to settle in. Choose one order in your mock tests and keep to it.

Time	Action
1:45 – 2:00 pm (reading time)	Read Q1 and Q5; choose 2 of Q2–Q4 and 2 of Q6–Q8. In FM prefer **numericals you can finish**; Q4 is theory
0:00 – 0:25	**Section A MCQs** (15 marks): solve the numerical case in rough work
0:25 – 0:55	**Q1** (15 marks, three 5-mark parts)
0:55 – 1:35	Two of Q2–Q4 (about 20 minutes each)
1:35 – 1:55	**Section B MCQs** (15 marks) – read the caselet once, then answer
1:55 – 2:25	**Q5** (three 5-mark cases)
2:25 – 2:55	Two of Q6–Q8 (about 15 minutes each)
2:55 – 3:00	Check that every FM answer has a **final figure and decision**

STRATEGY **Answer-writing rules for FM & SM**

- **FM:** write the formula first, then substitute, then the answer with units (₹, %, times, days). Working notes earn marks even if the final figure is wrong.
- Present capital budgeting, WC estimation and credit policy in **tables**; always end with a **decision** (accept/reject, recommend Plan A).
- State assumptions (360/365 days, tax rate, end-of-year cash flows) in one line.
- **SM:** identify the concept in the first line ("The strategy is market development"), then explain with **case facts** – examiners comment that students write theory without linking to the case.
- Use headings and short numbered points; about 1 mark per relevant point. A 5-mark SM answer needs 5–6 points, not a page of prose.
- In FM theory (Q4), answer the exact sub-part; 2-mark parts need 2–3 lines only.

3. Formulas and frameworks to memorise

Topic	Remember
Cost of capital	Kd = [I(1 – t) + (RV – NP) ÷ n] ÷ [(RV + NP) ÷ 2]; Kp same without tax; Ke = D1 ÷ P0 + g; CAPM = Rf + β(Rm – Rf)
Capital structure	Indifference: (EBIT – I1)(1 – t) ÷ N1 = (EBIT – I2)(1 – t) ÷ N2; MM with tax VL = VU + tD
Leverage	DOL = C ÷ EBIT; DFL = EBIT ÷ EBT (adjust pref dividend ÷ (1 – t)); DCL = C ÷ EBT
Capital budgeting	NPV; PI = PV inflows ÷ outlay; IRR interpolation = L + NPV_L ÷ (NPV_L – NPV_H) × (H – L); CFAT = PAT + depreciation
Dividend	Walter P = [D + (r ÷ ke)(E – D)] ÷ ke; Gordon P = E(1 – b) ÷ (ke – br); MM P0 = (D1 + P1) ÷ (1 + ke)
Working capital	Operating cycle = R + W + F + D – C; Baumol √(2AT ÷ i); Miller–Orr spread = 3(¾ × b × σ² ÷ i)^(1/3), return point = L + spread ÷ 3
Credit terms	Cost of forgoing discount = d ÷ (100 – d) × 365 ÷ (credit – discount days)
SM frameworks	PESTLE; Porter five forces; value chain (5 primary + 4 support); BCG; GE 9-cell; Ansoff; Porter generic + best-cost; 7S; Lewin; balanced scorecard; strategic control (premise, surveillance, special alert, implementation)

REMEMBER **Five examiner warnings for January 2027**

1. In WACC, use **market-value weights** when asked; reserves are part of equity under book values only.
2. Debtors in WC estimation are usually valued **at cost** (unless told sales value) – read the question.
3. Do not include **sunk costs** or **interest** (already in the discount rate) in capital-budgeting cash flows.
4. In SM, identify the **exact** strategy or framework from the case before explaining it.
5. Show **working notes** for every FM figure; unexplained figures lose marks.