SUMMARY OF EXAMINERS' COMMENTS ON THE PERFORMANCE OF CANDIDATES

PAPER – 4 : COST ACCOUNTING AND FINANCIAL MANAGEMENT

General Comments

Overall performance of the candidates was not upto the mark. Being a problem oriented paper candidates should practice as many practical questions as possible under examination conditions by referring to the study material, suggested answers, suggested textbooks, etc. Performance revealed lack of in-depth knowledge and rigorous study. The candidates need more practical and conceptual exposure of the subject. The candidates also need to fine-tune their presentation skills.

Specific Comments

Question 1. (a) This was a practical question part requiring students to have a sound understanding of the traditional methods of allocation and activity based costing. The question has been attempted well by most of the students; however, a few students have computed total costs rather than unit cost as asked for in the question.

(b) This theory question part required students to discuss the use of perpetual inventory. The question was well attempted by most of the candidates.

(c) The theory question required examinees to discuss the various reports prepared by the Cost Accounting Department. Although the question was attempted by most of the students, majority gave vague and sketchy answers.

Question 2. This practical problem concerning process costing was attempted by very few students. A majority from amongst those who attempted this question got their answers wrong. Some of them used the FIFO method instead of Weighted Average. Most of the examinees were unable to compute the equivalent units correctly.

Question 3. (a) This practical question part required candidates to arrive at the selling price from the given data. A conceptual understanding of capacity utilisation was needed to solve the problem on the correct lines. A majority of students could not work out correctly "Labour Cost" and "Semi Variable Cost".

(b) This theory question part was well attempted by a majority of candidates.

Question 4. (a) This was a theory question part and was very well attempted by most of the students.

(b) This practical question part required a clear understanding of material/inventory control. Most of the students got correct answers.

Question 5. (a) This practical question part required knowledge of concepts of secondary distribution of overheads. Examiners have reported that the students appeared to be confused between the direct method and the step down method.

(b) This theory part required a sound understanding of Integrated Accounting. Most of the students were not able to attempt the question on the correct lines. Examiners have reported a lack of conceptual clarity in this very important area.

(c) This theory part question required candidates to write about the advantages of an inter firm comparison. The question was well attempted by a majority; however, a few candidates misunderstood inter firm comparison as comparison within the firm and hence wrote wrong answers.

Question 6.(a) Being a compulsory question, it was attempted by a large percentage of candidates. Majority of the candidates prepared the statement showing estimate of working capital needed on correct lines. However, a few candidates incorrectly computed investment in work-in-progress (WIP) and sundry debtors.

(b) Most of the candidates attempted the theory question well.

Question 7. This question was more or less well attempted by majority of the candidates. However, only a few candidates have interpreted the results of operating, financial and combined leverages. The interpretations on the ratios were not properly provided by most of the candidates.

(b) A large number of candidates did not attempt this part of the question satisfactorily. It seems the candidates lacked knowledge of social cost benefit analysis.

Question 8. (a) This part of the question was relating to ratio analysis. Majority of the candidates have written only the formulae.

(b) A large number of candidates calculated present value of total cash outflow on machines correctly. But they faltered in the next step i.e. in the calculation of equivalent present value of annual cash outflow. Therefore, majority of the candidates arrived at wrong conclusion.

Question 9.(a) Only a very small percentage of the candidates answered this theoretical question satisfactorily.

(b) This part of the question was on preparation of cash flow statement. The performance of the candidates was just average. Many candidates were not familiar with preparation of cash flow statement as per AS-3. Several candidates attempted this question but only a few could answer on correct lines.

PAPER – 5 : INCOME-TAX AND CENTRAL SALES TAX

General comments

Most candidates do not have a thorough understanding of the provisions of the Income-tax Act and Central Sales Tax Act. They were not up to date with the recent amendments. The presentation of answers was also very poor. Many candidates have not given proper working notes for practical problems. Also, in the case of True/False questions, they have simply stated True/False, without substantiating the reasons for the same. Most candidates have not started the answer to each question on a fresh page. Further, some candidates have attempted to answer different parts of the same question at random instead of answering them one after the other consecutively.

Specific Comments

Question 1. (a) Some common mistakes are -

(i) Application of wrong rates of depreciation for calculating perquisite in respect of transfer of movable property to employees.

(ii) Failure to provide exemption under section 10(38) in respect of long term capital gains.

(iii) Wrongly indexing cost of acquisition in the case of shares held as short term capital asset

(iv) Failure to provide deduction under section 80C for repayment of principal portion of housing loan.

As a result, most candidates were not able to arrive at the correct Gross Total Income and Total Income.

(b) Some candidates wrongly indexed the cost of depreciable building to arrive at the capital gain. Most candidates failed to deduct forfeited advance from cost of land for computing the indexed cost of acquisition. Some of the candidates have wrongly carried forward short-term capital loss instead of setting off the same against long-term capital gain.

Question 2. (First Alternative)

(a) Most of the candidates have treated gold chain and diamond ring as personal effects and have wrongly answered that the compensation received is not chargeable to capital gains.

(b) Some of the candidates were not aware of the exceptions to the rule that income of an assessee for a previous year will be charged to tax in the subsequent year.

Question 2. (Second Alternative) (a) Many of the candidates were not aware of the amended provisions of section 80E and have answered that the interest deduction has to be restricted to Rs.40,000.

(b) Most candidates could not write the correct monetary ceilings of various transactions requiring quoting of PAN.

Question 3.(a) (i) Some candidates have wrongly answered that surcharge is payable only when the total income exceeds Rs.10 lakhs, whereas for artificial juridical persons, surcharge is payable whether the total income exceeds Rs.10 lakhs or not.

(v) Most of the candidates were not able to answer correctly since they were not aware of the provisions of section 40(a)(ia).

Question 4.(a) Most of the candidates could not write correctly the monetary limits for exemption under section 10(10B).

(c) Some candidates were not clear about the meaning of self-generated asset, and therefore were not able to answer the question correctly.

(d) Most of the candidates were not aware of the provisions of section 127, and hence, could not answer the question. Some of the candidates have confused this question with "transfer" for capital gains purposes.

Question 5.(a) Some candidates have simply stated true or false without giving reasons for their answer.

Some candidates have wrongly answered as "False" for sub-division (i) stating that VAT is a separate Act and is, therefore, not included in the definition of "Sales tax law".

For sub-division (iv), most candidates were not aware of the correct rate of CST in case of sale of undeclared goods to a registered dealer, where such goods are not covered in the dealer's registration certificate.

Question 6.(a) Most of the candidates have failed to write the proviso to section 2(h) relating to determination of sale price for execution of works contract. Some candidates have explained the definition of turnover instead of sales price.

(c) Most of the candidates were not aware of the difference between a sale for export and sale in the course of export.

PAPER – 6 : INFORMATION TECHNOLOGY

General Comments

The examiners were of the view that majority of the candidates appeared for this paper with inadequate preparation. Examinees exhibited lack of understanding about the basic terminology of Information Technology and conceptual clarity of the subject. Answers given by majority of the candidates were sketchy in nature. Candidates were advised to familiarize themselves with the glossary of the subject. They have also been advised to take up written test on fortnightly/monthly basis under examination conditions to enable them to gain confidence. Proper time management in the examination hall is key to success. Hence, candidates are advised to write specific and to the point answers to various questions. Examiners also mentioned that most of the candidates did not adhere to the instructions given by the Institute to commence each question on fresh page. Many candidates answered sub-parts of each question in different pages, thereby creating problem for the examiners in evaluating the answer books.

Specific Comments:

Question 1. (b) (ii) Many of the examinees confused the term 'Stored program concept' with object program. They did not mention that computer is devoid of original thinking, the reason for permanent storage.

(iii) Many of the candidates were not aware of the term 'toggle'.

(iv) & (v) Many of the candidates related the term 'Object program' with Object oriented programming instead of describing it as object code. The examinees confused the term router with other networking devices like repeater, bridges and hubs.

(c) Some of the candidates could not explain the use of macros and repeaters properly.

Question 2. Many candidates failed to highlight the differences between two aspects properly.

(i) Cache memory and ROM: Candidates confused ROM with WORM and RAM.

(ii) On line system Vs batch processing: Many candidates confused the same with part

(iv) i.e. analog and digital computers

(v) Network attached storage Vs Direct attached storage: Most of the candidates were not clear on the fundamental differences between the two types of storages.

Question 3. (b) Many of the candidates failed to give appropriate answers for various data communications modes.

(c) Only few candidates could draw a correct flow chart. Many of the examinees did not initialise the counters or cleared all working locations after START step. Generally candidates failed to comprehend the correct logic of the program. In many cases overwriting, striking, cancellation of flowchart were observed.

Question 4. (a) Only few candidates could write specific points explaining decisions influencing physical design of the database.

(b) Most of the examinees were not aware of the features of data centres. Their answers were more generic in nature.

Question 5. (b) Quite a few candidates failed to explain various types of decision tables.

(c) Tools for efficient writing in MS-Word were explained properly only by handful of candidates.

(d) Most of the examinees exhibited lack of knowledge about various MS-Excel functions.

Question 6. (a) Candidates generally failed to specify duties of certifying authority as given in Section 30 of Information Technology Act, 2000.

Question 7. (i) Candidates failed to describe WORM Disc appropriately.

(ii) Most of the candidates were not aware of the term 'Web-casting'.

(iii) The salient features of E.X.NGN. accounting package were explained by few candidates only.