

## SUMMARY OF EXAMINERS' COMMENTS ON THE PERFORMANCE OF CANDIDATES

### PAPER – 5 : ADVANCED MANAGEMENT ACCOUNTING

#### General Comments

Overall performance of the candidates was not satisfactory, question paper was a standard one. Preparation on the part of the student for the subject was lacking.

#### Specific Comments

Question 1. Part (a) was a question of make or sub-contract . Most of the candidates failed to answer full question correctly. Performance is below average. Part (b) was on theory of skimming pricing policy and performance was fairly good.

Question 2. Part (a) was on budgeting and performance of candidates was fairly good. Part (b) was on theory on transportation problem and performance was average.

Question 3. Part (a) was on product pricing and pricing strategy. Performance was fair. Part (b) was on theory of Total Quality Management and performance was good. Part (c) was on value analysis and performance was average.

Question 4. Part (a) was question on transfer pricing and the performance was poor. Concept of goal congruence was good. Part (b) was a theoretical question of assignment - performance was average.

Question 5. Part (a) is on variance analysis which involves calculation of workers of different categories and then computation of variances. Performance is average. Part (b) is on setting up initial simplex tables from a linear programming problem. Performance was not satisfactory.

Question 6. Part (a) was on PERT- CPM : critical path & crashing. Performance was average. Part (b) was on Testing of Hypothesis . Performance was not satisfactory. Part (c ) was on learning curve ratio and performance was average.

#### Observation on the question paper.

The question paper covers syllabus contents evenly and aims at testing knowledge on Management Accounting.

### PAPER – 6: INFORMATION SYSTEMS CONTROL AND AUDIT

#### General Comments

The overall performance of the examinees was not satisfactory. Thorough reading of the study material was lacking on the part of the candidates. They were required to have in-depth knowledge of various case studies, discussed in the study material to answer the practical oriented questions.

## SUMMARY OF EXAMINERS' COMMENTS

### Specific Comments

Question 1. This was a case study based question.

(a) A similar case study has been discussed in the study material but examinees were not able to give a clear answer to the question.

(b) Many examinees failed to discuss the international standard BS7799, which showed lack in thorough reading of the chapter on Auditing Standards.

(c) The examinees were not able to contrive the ways to enrich human resources for effective utilization of the proposed new system.

Question 2.(a) Application of the concept of systems, discussed in the study material was required to answer this question. Lack of understanding resulted in poor performance.

(b) The answer of this question was well replied by the examinees, as examinee were aware of the threats due to cyber crimes.

(c) This was a straight forward question on 'Physical and Environmental Security with Control and Objectives' and was attempted well.

(d) This was also a straight forward question on IT Act, 2000 and was attempted well by the examinees.

Question 3.(a) The answer to this question based on 'the analysis to be done to understand the degree of potential loss to the organization' is clearly discussed in the study material but most of the examinees could not attempt it properly.

(b) The question was based on the 'Risk Management Process'. Candidates seems to have neglected the study material contents and gave a generalized answer.

(c) Most of the examinees were unable to give the proper explanation of 'Cryptosystems' and 'Data Encryption Standard'.

Question 4.(a) Most of the candidates failed to discuss IS Audit documentation procedures.

(b) Majority of the examinees correctly explained the basic types of Information Protection that an organization can use.

(c) In this question also, majority of the examinees discussed the processes of Access Control Mechanism, correctly.

Question 5.(a) Performance of the examinees was satisfactory as the question was based on IT Act, 2000.

(b) Examinees were not clear with the technical term, Black Box Testing.

(c) The question, based on anti-virus software and its types, was poorly attempted by the examinees.

(d) This question, based on ERP System, was well attempted by the examinees.

## **FINAL EXAMINATION : NOVEMBER, 2009**

### **PAPER – 7 : DIRECT TAX LAWS**

#### **General Comments**

The overall performance of the candidates was found to be below the expected level depicting lack of knowledge and application skills. Answers to some questions were found to be extremely vague and lacking in substance. Though the concept asked in some of the questions was simple and straight, but the candidates have failed to understand the issues raised in those questions.

#### **Specific Comments**

Question 1.(a) The adjustments relating to traveling expense incurred on foreign tour of a director, non-refund of sales-tax to the customers and depreciation on the commercial vehicle purchased were not properly dealt with by many candidates.

(b) Deduction under section 91 was not worked out rightly since the candidates have not computed the Indian rate of tax and rate of tax on the income in foreign country correctly.

Question 2.(b) This question is based on the amendment in section 143(1), but many of the candidates have wrongly explained the powers of the Assessing Officer while making an assessment under section 143(3) or section 148.

Question 3.(a) Majority of the candidates have wrongly answered that the non-deposit of sales tax shown under "Contingency Deposit" was not a default for invoking the provision of section 43B and therefore, the action of the Assessing Officer in invoking section 43B and taxing the amount of sales tax kept in contingency deposit account was incorrect.

(b) Many of the candidates have wrongly answered that the receipt is taxable as business income or income under the head "Income from other sources".

(c) Many candidates have simply stated that the Appellate Tribunal cannot rectify the order under section 254 beyond 4 years from the date of the order sought to be revised. Very few candidates have mentioned that where the application for rectification is made within four years from the date of the order, the Appellate Tribunal is bound to decide the application on merits and not on the ground of limitation.

Question 4.(a) Very few candidates could apply the provisions of section 33AB and Rule 8 correctly to compute the taxable income.

(b) Very few candidates could give the correct answer to this part of question and instead, explained the meaning of "question of law", "question of fact" and "mixed question of law and fact".

(c) Some candidates have stated that the expenditure disallowed in an assessment completed under section 143(3) can be allowed as deduction when the case is being reopened under section 147 and section 148 on production of evidence by the assessee.

Question 5.(a) Most of the candidates were not able to apply the provisions of section 167B and 86 correctly to compute the income of the AOP and its members.

## SUMMARY OF EXAMINERS' COMMENTS

(c) Though the candidates have correctly explained the provisions of section 2(15), as amended by the Finance Act, 2008, however, the application thereof in both the situations was not correct in some cases.

Question 6.(b) Some candidates have not calculated the tax liability under both the options and wrongly concluded that since, in case of HRA, the take-home-salary is more, Mr. Kadam should avail HRA.

Question 7.(a) The various items to be included in the computation of wealth of the individual were correctly considered except that the gold jewellery not held by the assessee on the valuation date was treated as chargeable to tax and the exemption of one house was claimed in respect of the house against which the loan of Rs.15 lacs was outstanding.

### PAPER – 8 : INDIRECT TAX LAWS

#### General comments

Overall performance in the paper was unsatisfactory. Candidates showed marked tendency to write general answers instead of referring to actual provisions in a concise and to the point manner. Candidates are advised to carefully study the latest case laws, particularly decided by the Supreme Court and the latest amendments made in the Acts (relevant for the particular exams). Further, the presentation of answers was not up to the mark. Candidates are advised to improve their presentation skills and follow an analytical approach and logical reasoning while answering the questions.

#### Specific Comments

Question 1.(a) Many candidates did not deduct the installation and erection charges and cost of bought out accessories while computing the transaction value.

(b) A large number of candidates included the CENVAT credit of duty paid on the office equipment and diesel while arriving at the total amount of CENVAT credit admissible.

Question 3. In sub-part (a), majority of the candidates were not aware of the explanation inserted in the section 2(d) by the Finance Act, 2008.

Question 4.(a): Most of the candidates did not compute the taxable turnover correctly on which VAT is payable.

(b) Many candidates failed to compute the value of taxable services correctly.

Question 5.(a): A large number of candidates did not attempt the question properly and failed to quote the correct case law.

Question 6. Candidates failed to discuss the specific provisions of law and provided vague answers.

Question 7. Candidates wrongly took the exchange rate as US \$ 1=Rs. 50. Further, proper working notes were not provided with the answers.

Question 8. Majority of the candidates provided general answers without referring to the case law.