SUMMARY OF EXAMINERS & HEAD EXAMINERS COMMENTS
JUNE 2010 EXAMINATION – SYLLABUS 2008

INTER GROUP- I

PAPER: IP- 05: Financial Accounting

Question wise comments:

1) The question comprises of some short type theoretical questions relating to basic accounting ideas. Most of the candidates answered satisfactorily. However, some examiners reported average performance.

2) Many candidates could not prepare Replacement Account properly. Proper knowledge f Accounting Standard is lacking. Overall performance was poor.

3) Some of the examinees have attempted the question fairly well while some of them have not been able to prepare Hire Purchase Stock Account and Hire Purchase Debtors Account properly. Further, many of the candidates could not bring out the accounting treatment of the Goods Repossessed account properly.
However, the overall performance of 3(b) was satisfactory.

4) Most of the candidates could not correctly prepare Revaluation Account, Partner's Capital Account and Bank Account. Treatment of General Reserve was not correctly done by many candidates. Some of the Journal Entries were passed which were not asked for. Overall performance was poor.

5) The answers were generally not satisfactory showing lack of proper understanding of Accounting Standard and Statutory provision. Many candidates wrote "True" or 'False" without assigning any reasons. The overall performance was not satisfactory. The knowledge of Company Law and Accounting Standard was not found to be adequate.

6) The accounting treatment for forfeiture and reissue of shares were wrong in many cases. Some of the candidates committed mistake in treatment of transfer of balance Forfeiture account to Capital Reserve account. The overall performance was poor.

7) The overall performance was average. However, some of the candidates failed to prepare Contract account correctly due to wrong calculation of proportionate profit transferred to Contract account.

8) Most of the answers were not to the point and the candidates wrote unnecessary and irrelevant matter. Some candidates confused cum-interest with ex- interest. The utilization of the Capital Redemption Reserve was not correctly mentioned by many candidates.

GENERAL COMMENTS and SUGGESTIONS:

1) It is advisable that candidates should study the question paper thoroughly and carefully before writing the answers.

2) Candidates should study the basic accounting concepts more extensively.

3) Candidates should intensively read the study material and practice various illustrations given in the study material.

PAPER: IP- 06: <u>Commercial & Industrial Laws and Auditing.</u>

Qs. No.	Question wise remarks.
1)	Performance was average. Very few candidates could apply legal provisions. Many deviated from basic points.
2)	Performance was not satisfactory. Majority ignored to answer first portion of the question. Whereas for b, c, d & e poor presentation and lack of logical approach was noticed.
3)	For (a) large number of candidates attempted but answers were not up to the mark. For (b) performance was very poor. Only one or two candidates answered correctly.
4)	Most candidates attempted this question but could not present it properly. Performance was not satisfactory.
5)	Performance was poor. Wrong answers by many and poor presentation is noticed.
6)	Wrong answers to (d) by many due to lack of understanding the question.6 (e) was a tricky question and candidates could not answer in proper form.
7)	Average performance. Mostly common sense answers were given by the candidates.
8)	Performance was average and lacks logical approach. Lack of understanding of the question.

GENERAL COMMENTS & SUGGESTIONS:

It is suggested:-
(i) to keep in touch with periodical amendments, to study the Institute's study notes and text books of latest edition,
(ii) thorough and in depth study is necessary specially for compulsory question of 1 &5,
(iii) careful reading and understanding the meaning and basic requirement of question,
(iv) to avoid repetition of same points,
(v) to provide margin on both sides of the answer book, with adequate space in between two answers, to present in a legible manner,
(vi) not to write vague answers,
(vii) to improve handwriting,
(viii) to improve communication skills.

PAPER : IP-7: APPLIED DIRECT TAXATION

Question No.	**General comments of the answers given by the examinees.**	**Guidelines identifying deficiency in answers given and suggested steps for improvement.**
1	- In true or false question, almost all candidates did not furnish proper reasoning. - IT provisions as to Appeal Procedures are not known to majority of candidates. - Generally very poor performance is noticed in the answers to this compulsory question set.	Lack of clear knowledge of the subject is the reason for this deficiency. Just a mechanical reading of the law provisions should be avoided.
2	Provisions of Sec.43B is not properly understood by the candidates, as to deduction of any interest on loans and advances from scheduled banks allowable only in the year of actual payment irrespective of the method of accounting adopted	A thorough reading of the provision is warranted.
3	Lack of understanding is noticed in distinguishing as to capital or revenue nature of the expenditure incurred on partly convertible debentures and MS Office Software. Case law dealing with the issue is found not known to almost all the candidates.	A careful examination is necessary as to the enduring nature or otherwise of the impact of the expenditure.
4	-Procedure of computation of deduction with ref. to Sec.80C of the IT Act is found not well known to the candidates. - IT Law Provisions in Sec.2(24) and 13B as to when and how the income of electoral trust by way of receipt of donations becomes eligible for exemption.	- Deep study is required. -Updation with reference to amendments is required while preparing for the examination.
5	The amended provisions of Sec.5Oc and explanation 2 inserted to Sec.50C(2) in order to prevent tax evasion on capital gains through	Updation with reference to amendments is required while preparing for the examination.

	Power of Attorney transactions are found not known to almost all the candidates.	
6	The candidates are generally found to have not understood, the amended provisions of Sec.89, where, any exemption in respect of compensation received on voluntary retirement u/s 10(10C) for the same A.Y or any other A.Y..	Updation with reference to amendments is required while preparing for the examination.
7	i) Provisions of IT Law as to capital gain on buy back of shares ,ii) restriction for carry forward and setoff of losses with ref. to Sec.79 in case of certain companies, iii) escapement of wealth from taxation and iv) liability of charitable trust under WT Act are found not understood by the candidates.	Mechanical preparation for examination should be avoided.
8	Typical points involved are rarely found known to the candidates in computation of wealth and the question is found attempted by the candidates mechanically. The answers required as to the sources of IT Law is found not known to the examinees.	Mechanical preparation for examination should be avoided.

INTER GROUP-II

PAPER: IP- 08: COST & MANAGEMENT ACCOUNTING

Question wise comments and suggestions:

1) Performance was by and large satisfactory. However, for improvement, in depth study of Institute's study material is required.

2) a) Performance was satisfactory. Many students have not discussed ABC properly.
b) Most of the students failed to understand the question and show the advantages to employees and management separately. Acquiring proper knowledge of the subject is necessary.

3) a) Concept of Relevant cost was not clear to many.
b) Performance was average. However, most of the candidates was lacking of proper knowledge in decision making topics.

4) a) Performance was average. Many students did not have any idea about inter firm comparison.
b) Performance was satisfactory. Except few who were not having clear concept of treatment of 'key factor'.

5) Performance was very poor. Hardly a few students could attempt this question. Basic concept of computation of variance was lacking.

6) Very few students could understand and answer both the parts of this question. A thorough knowledge of the subject is required and students must make regular practice of problems regularly.

7) Performance was satisfactory. Most of the candidates did well.

8) Performance was average.

GENERAL COMMENTS:

Students are advised to give a concise and to the point answers. In depth study of Institute's study notes supplemented by good text books is essential.
Lot of spelling mistakes and calculation mistakes are found throughout. It is a matter of serious concern.
Further practice of question papers of past years is also essential.

Paper: IP-9: Operation Management And Information Systems:

Question wise Comments:

Q. No.	COMMENTS
1 (a), (b) & (c)	Objective type. Weakness was noticed in respect of (a). Average performance was quite good in respect of (b) & (c).
2 (a)	Average performance.
2 (b)	Could not be explained correctly by many. Needs study on this topic.
2 (c)	Performance was good.
2 (d)	Average performance.
3 (a)	Good performance.
3 (b)	Good performance.
3 (c)	Objective type. Performance was good.

3 (d)	Average performance.
4 (a)	Not attempted by many. Those who attempted could score good marks.
4 (b)	Average performance.
4 (c)	Correct answer could be arrived by a few. Stepwise marking could be scored.
4 (d)	Those who attempted performed well.
5 (a), (b) & (c)	Objective type based on general conception about the subject. Performance was quite satisfactory.
6 (a), (b) & (c)	Good performance
7 (a), (b), (c) & (d)	Good performance
8 (a) to (h) (short notes on any six topics out of eight)	Performance was satisfactory.

It is suggested: -

i) To practice sums given in the study notes. No chapter should be left out, as questions can be from any topic within the study note / syllabus. Those who desire to score high marks should be able to do sums correctly.

ii) To test one's knowledge, Revisional questions should be thoroughly gone through. Currently, Revisionary Test Paper has been made available by the Institute bringing scope for further preparation.

iii) While preparing theoretical questions, various terminologies or acronyms used should be noted and remembered. Students may prepare a table of such acronyms for occasional revision. Questions are set on this and there is scope to score full marks.

iv) To maintain neatness and clarity in presentation.

PAPER: IP – 10: APPLIED DIRECT TAXATION

Question wise Comments:

1) Most of the candidates attempted this question. Their answers reflected confused knowledge of the concept. The overall performance was average.

2) The overall performance of the examinees is quite dismal. Those who attempted this question failed to answer correctly and it reflected lack of knowledge of various provisions of CEA and Customs Act.

3) Being theory questions most of the candidates were able to write few points or steps correctly. Some of them performed well while the overall performance was of average level.

4) a) No examinee could answer this question correctly. They erred in calculation of Assessable value and customs duty payable.Performence was quite dismal and exhibited lack of knowledge of the subject matter.

b) Most of the candidates failed to answer this question correctly. Performance was very poor.

5) Performance was average.

6) Answers of all the parts of the question showed an unsystematic approach and in most cases were generally not satisfactory. The overall performance was below average.

7) Some of the candidates performed well. The overall performance was above average.

8) Part (a) and (b) were answered reasonably well by most of the candidates but answers of part © on service taxation were not up to the mark.

GENERAL COMMENTS:

The examinees are advised to read and understand the question thoroughly and carefully before writing answers.

They should consult/refer standard books (latest edition)/study materials thoroughly and analytically.

Adequate practice of theoretical and practical model problems is essential to acquire command over the fundamentals of the subject matter.

Due attention must be given to orderly presentation of solutions to problems in suitable FORMAT along with sufficient working notes in order to secure good marks.

Comprehensive preparation and acquiring in depth knowledge of the subject matter is extremely required.

Avoid unnecessary and irrelevant details in answers.

Consult the past questions and suggested answers of the Institute to know the presentation of the answers.

FINAL GROUP-III

PAPER: FP- 11: <u>CAPITAL MARKET ANALYSIS & CORPORATE LAWS</u>

Question wise comments:

1) Attempted by most of the examinees but some failed to give reasons and working notes. Examinees are required to read the question carefully.

2) a) Most of the examinees attempted the question but failed to answer briefly the terms used with respect of future contract.
b) Majority answered it correctly but some failed to discuss the methods of raising funds by companies. Some discussed about the money market which was not asked for.
c) Most of the candidates failed to arrive at the correct answer and chose the most favorable hedging alternatives.

3) Performance is very poor. Examinees are required to read the questions carefully and answer accordingly.

4) a) Very few answered it correctly and failed to compute the market capitalization.
b) Performance was poor. Most failed to calculate the ex. ante beta and ex. ante alpha of systematic and unsystematic risk and determine the under price and overprice of stocks.

5) a) Most of the examinees attempted it but failed to indicate True or False with correct reasons.
b) Performance of majority was satisfactory.

6) Examinees have failed to give correct advice with reference to relevant sections and case laws.

7) Majority have attempted the question and answered in a general way without discussing and indicating the relevant provisions and amendments.

8) Performance was not satisfactory. Most of them answered it correctly.

GENERAL COMMENTS:

The essential requirement is to have a sound grasp of the subject, provisions of the Acts and rules. They should lay emphasis on the requirement of well thought answers. Before beginning answers the examiners are required to read the entire question paper carefully, understanding the requirement of the questions thereof clearly. They are advised to quote sections and case laws carefully only if they are sure of their correctness and avoid vague answers.

In case of solution to the problem examinees are advised to support their answers with working notes or assumptions as required.
Presentation of answers is a must since poor presentation cost marks.

PAPER: FP- 12: Financial Management and International Finance

Question wise comments:

1) Compulsory objective type question was generally well answered. Since these questions are set to test the practical knowledge of the subject it is recommended to have an in depth study of the same.

2) a) The theory question on EBIT- EPS analysis was poorly answered by most and were not to the point.
b) Generally well answered by large number but some candidates failed to work out the indirect method and also made mistakes in grouping of items.

3) Very few attempted and those who attempted had no clear idea about how to calculate the value of the company. Majority of the candidates failed to link probability to work out turnover.

4) a) Answers were not brief and to the point.
b) Majority of answers were incorrect as the treatment of minimum level of EBIT relative to EPS.From the answers it appeared that most of the candidates were not clear regarding the steps needed to solve the problem.

5) a) and b) are generally well answered. However, some failed to use one series of random no. for Inflow and the other for Outflow.

6) a) Well answered.
b) Those who attempted failed to arrive at correct answers, which clearly showed lack of knowledge of the particular aspect of International Finance.

7) a) Generally well answered .
b) Calculation of NPV was done correctly by most but many fumbled while working out IRR, indicating lack of knowledge of the topic.

8) Question asking for short notes brought out mostly average answers. Presentation of the answers would have improved if those were to the point and brief.

GENERAL SUGGESTIONS:-

The candidates must realize that for a professional examination better knowledge of the subject is expected from them. Therefore, they should study the text books of the relevant subject intensively and also practice to solve questions relating practical problems more extensively from past question papers of the Institute and from papers on such subject of other professional bodies.

Candidates must learn to improve presentation of their answers in a well laid out and concise manner to score higher marks. Ability to keep in view the main requirement of the question is very important to score good marks.

It appeared that the candidates lacked skill to deal with problems in International Finance, and to do well in their future pursuits they should do well to get exposure to those areas.

PAPER : FP- 13: Management Accounting- Strategic Management

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Question wise comments:

1) Generally answered by all students and the answers were more or less good.

2) Attempted by majority, but answers of (b) were not satisfactory. Need to prepare thoroughly to obtain better marks.

3) Answered by many but answers were not as good as were expected, part (b) is not satisfactory. Hard work to prepare for the exam.

4) Good answers were there, part(b) was not satisfactory.

5) Part (b) was not satisfactory. Sincere preparation is required for good performance.

6) Majority attempted but failed for part(b).

7) Answers were very poor.

8) Both (a) and (b) were attempted by majority and were successful

9) This question was not very popular and poor answers were offered.

10) This is a popular question and moderate response obtained.

PAPER: FP- 14: DIRECT AND INDIRECT-TAX MANAGEMENT

Question wise comments:

1) Many students missed the chance of scoring high marks in the objective type questions, lack of preparation was evident.

2) a) Levy of penalty has not been properly explained by many candidates.

c) Very few candidates could furnish ‘the persons not eligible for compounding offences’ u/s 9a(2).Lack of knowledge of the relevant provisions of the Act is evident.

3) a) Only very few answer the ‘transaction value’ relevant to the question.
c) None could give an exhaustive list of the situations for withdrawal of facilities. Answers were not focused to the questions asked.

4) b) Candidates couldn’t calculate the correct rate of customs duty.

5) b) Candidates lack the basic condition for levy of service tax.
c) Candidates didn’t add the CST paid while calculating the output tax and incorrect credit calculated for goods imported from outside India.

6) a) Majority of the examinees did not write EPC for EOU/SEZ and Export promotion Council.
b) Few could write upon drawback rates.

7) a)ii) Many missed working out total disallowance.
iii) Students in general could not answer properly the difference between building taken on lease and land with building.

b) None could correctly calculate the sum. Foreign Income, Advance return of tax, Double tax relief was not mentioned.

c) Very few correct answer.

8) Understanding the provisions of bad debts and levy of penalty on legal heirs is totally missing.

GENERAL REMARKS:

In depth study of the subject is required with special emphasis on amendments, notifications and case laws. Tendency write unnecessary and irrelevant details should be avoided. Most of the candidates have not correctly mentioned the question no. of answers given by them.

FINAL GROUP- IV

PAPER: FP 15: Management Accounting- Enterprise Performance Management

QUESTION WISE COMMENTS AND SUGGESTIONS:

1) Answers were in the whole not satisfactory. Very few examinees could put up correct statements. They are advised to go through the study materials along with past suggested answers and prepare themselves fully to answer Qs. No.1.

2) Generally well answered. Many could solve 2b correctly.

3) Very few have attempted this question. Examinees could not understand the question properly. Most of the students gave answer on simple statement basis instead of applying marginal costing system where make or export comparison was required.

4) On an average this question was well attempted.

5, 6& 7) Majority of students could do well in these questions.

8) Very few attempted this question. Many could not explain 8(a) & (c) correctly.
For those examinees who did not do well, they are advised to go through the study materials along with past suggested answers to get a hold on the subject. Answers of theory must be precise and to the point, does not require much elaboration.

PAPER: FP 16: ADVANCED FINANCIAL ACCOUNTING AND REPORTING

QUESTION WISE COMMENTS AND SUGGESTIONS:

1) Performance was satisfactory. Lack of knowledge in A.S. in 1c and 1d.Students fail to quote the appropriate reasons and full abbreviations in case of 1d.

2) Good attempt.
   a) Very poor knowledge. Few students attempted this part.
   b) Attempted by most of the students with accuracy.

3) Very good attempt.
   b) Few students attempted this question on the basis of "amalgamation in nature of purchase" which was not desired. This was due to lack of clarity in AS-14.

4) Excellent performance. Both the part was attempted with better presentation and with conceptual clarity on the subject. "Segment results" was not clear to most of the students. Clarity and thorough understanding in AS 17 is required.

5) Very poor performance. Lack of fundamental knowledge on the subject. Most students secured very poor marks.

6) Poor performance. Around 99% students failed to attempt this part. Fundamental knowledge is not clear to most students.

7) Very good attempt. Few students fail to prepare "reconciliation part" as desired in the last part of the question.

8) Performance was below average.
a) Poor knowledge in 'Drafting of Notes of Account'as required in Annual report. Students are advised to refer to 'Annual Report of Various Listed Co' for their knowledge on drafting.
b) Most students fail to calculate the amount of Capital reserve and P/L a/c balance.

PAPER: FP 17: COST AUDIT & OPERATIONAL AUDIT

QUESTION WISE COMMENTS:

1) Generally well attempt **-** Candidates need to have a clear view about the provisions u/s 224-1B & 233B of Co. Act. The examinees need to improve the presentation avoiding grammatical mistakes.

2) The question has been poorly performed not going through the question properly. The scope and constitution of CASB not stated by most of the candidates. One needs to have the background information of CASB and its objectives and how these differ from the Cost Accounting Record Rules. The data given in the given in the question should be properly understood instead of wasting time in duplicating.

3) Many examinees have not spelled out clearly how to treat the cost of treatment and providing waste. Emphasis should be more on how to treat the expenses in Cost Accounting Records.
b) Generally correct answers.
c) Incomplete answers. The candidates appear not to be aware of the CASB and its members.

4) a) Practical approach for various stages of production process not known to many.
b) Very few have solved the question correctly. Value addition and EBIDT not clear.
The candidates appear to be lacking solving such practical questions. Many approached on average basis which was not required.

5) a,b,c- Generally well attempted.

6) a) Average performance. Lack of book knowledge and practical idea. The candidates need to see and study some printed corporate reports.

b) What a Corporate Governance Report should be is not clear to many. Art of presentation is must.

7) a) Most of the examinees attempted and did well.
b) Performance is good. For improvement thorough knowledge of Excise Audit,CWA Act 1959, is must.

8) Most of the examinees have done well. For improvement, thorough reading of Cost Audit Application is must. Functioning of Govt.Audit Dept. need to be understood in clear terms.

GENERAL SUGGESTIONS:-

Students must know the syllabus and marking scheme covering problem and theory. They should be prepared with the time schedule i.e. with 2hrs 30 mins. Revision must be given within 10 -15 mins.Try to understand what is asked for in the question.Sutdy notes must be studied thoroughly. Lack of book knowledge must be improved.

PAPER: FP 18: BUSINESS VALUATIONS MANAGEMENT

General comments on the answers given by the examinees	**Guidelines identifying deficiency in answers given and suggested steps for improvement.**
1) Most of examinees have done well in Q.No.1(a),1(b),& 1(c).However, Q.No.1(d) of selecting correct option was not answered properly.	Examinees are advised to go through the study materials in depth for thorough knowledge.
2) Question on share valuation & determining exchange ratio was answered satisfactorily.	________________
3) Q.No.3(a) was on Need of Brand Valuation.However, most of the examinees restricted their answers only to Steps in Valuation of a Brand. But Real Estate Valuation was answered satisfactorily.	Reading additional books will help in understanding concepts.
4) Performance was on the whole good.	Definitions and examples should be given highlighting points where possible.
5) The performance was on the whole good. The question on synergy was answered descriptively but salient points need to be highlighted.	________________
6) Majority of students have done Brand Value calculation properly.	_________________
7) Few students attempted question on Business Acquisition. Those who did	Examinees are advised to practice solving both theory and practical questions under

attempt did not answer correctly.	examination conditions and develop their confidence level.
8) Generally answered well by students including calculations of share exchange ratio.	______________________

Disclaimer : The summery of comments of the Head Examiner/Examiners' have been given as guidance to assist the students in preparing themselves for the Institutes examinations. The opinion has been given by the Head Examiners'/Examiners' and should not be taken to reflect the views of The Institute of Cost And Works Accountants of India, Kolkata.