

SUMMARY OF EXAMINERS' COMMENTS ON THE PERFORMANCE OF THE CANDIDATES

PAPER - 4 : COST ACCOUNTING AND FINANCIAL MANAGEMENT

General Comments

Overall performance of the candidates was not satisfactory. Most of the candidates were not able to give satisfactory answers showing lack of conceptual clarity and understanding of the subjects. Performance revealed lack of in-depth knowledge and rigorous study. 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. Most of the examiners were of the opinion that the candidates need to fine-tune their presentation skills and should attempt different parts of the same question consecutively.

Specific Comments

Question 1.(a) This question related to computation of operating and financial leverage for two plans. Majority of the candidates performed well except a few of them, who failed to show the calculations separately for the two plans under the given situations.

(b) Problem based on calculation of remuneration of the workers under Halsey and Rowen plans. Since many candidates could not arrive at the time saved correctly, therefore, were not able to calculate the correct remuneration.

(c) This question requires preparation of stores ledger. Since it is also a compulsory question almost all the candidates tried to prepare the ledger accounts but many candidates could not prepare it since they were confused with the methods to be adopted though the date is clearly mentioned in the problem. Most of the candidates ignored the format while preparing the store ledger.

(d) Short note on factoring and its advantages was discussed by many candidates on correct lines. However, a small percentage of the candidates explained the concept of present value tables or factors of working capital management instead.

Question 2.(a) Problem on machine hour rate was not attempted well by many candidates since they could not calculate the effective working hours. Apportionment was made by almost all the candidates.

(b) The question required the candidates to advise the management regarding adoption of new credit policy. Majority of the candidates have well attempted the question and have advised correctly. However, few of them have wrongly calculated investment in receivables on the basis of total sales instead of total cost.

Question 3. A large percentage of the candidates have attempted this problem on Preparation of estimated working capital statement but only a few could attempt it on correct

SUMMARY OF EXAMINERS' COMMENTS

lines. Only a handful of the candidates have calculated the cash cost of sales correctly and majority have computed debtors on the basis of sales.

Question 4. Majority of the candidates revealed lack of knowledge in preparation of Cash Flow Statement under indirect method. Candidates could not work out cash flow from operating activities correctly and only a few have computed the cash and cash equivalent at the beginning as well as at the end of the year. Further, the candidates have not presented their answers supported by proper working notes and have also failed to present it in the proper format.

Question 5.(a) This problem was on cost ledger. No candidate was able to calculate the profit under both costing and financial methods. Almost all the candidates just opened the head of relevant accounts but the figures given were irrelevant.

(b) Majority of the candidates were not able to discuss debt securitisation well and gave answers based on security for a debt or loan.

Question 6.(a) This question on Computation of earnings per share was well attempted by many candidates. Majority of the candidates faltered in computing indifference points between different proposals and computation of total shares on correct lines.

(b) This theory question on cost unit and cost centers were generally discussed without correct definition and proper points.

Question 7.(a) Packing expenses and Fringe benefits were generally explained by the candidates but without indicating the requirement of treatment.

(b) A large percentage of the candidates explained Operating Profit ratio and Operating leverage instead of Operating ratio.

(c) Many candidates explained the meaning without giving the causes of labour turnover.

(d) Majority of the candidates explained correctly William J. Baumal versus Miller Orr cash management model.

(e) Process of estimating profit/loss on incomplete contracts was given correctly by many candidates.

PAPER - 5 : TAXATION

Specific Comments

Question 1.(a) Few candidates were not aware of the enhanced turnover limit of ₹ 60 lacs to be eligible to opt for presumptive taxation under section 44AD of Income-tax Act, 1961. Most of the candidates have not answered that maintenance of books of accounts under section 44AA and audit under section 44AB would become mandatory if the assessee does not opt for presumptive taxation and claims a lower business income.

(b) Majority of candidates were not aware that the loan transaction would be deemed as dividend under section 2(22)(e) in case the loan was taken from a private company in which the loanee held more than 10% of equity shares.

(c) Most of the candidates have not considered the amount of ₹ 20 lacs invested in NHAI Bonds on 16.04.2011 for the purpose of exemption under section 54EC.

(d) Some candidates had wrongly taken the service provided to UNICEF as liable to service tax.

Question 2.(a) Most of the candidates have wrongly calculated the depreciation on fixed assets. They have not applied the correct rates of depreciation.

(b) Few candidates answered that service rendered in Jammu and Kashmir are liable to service tax.

Question 3.(a) Some of the candidates have wrongly answered that medical facility in a hospital maintained by the company is a taxable perquisite. Few candidates have also erred in calculating the value of the taxable perquisite in respect of use of movable assets.

Question 4.(a)(i) Many candidates were not aware of the provisions of section 56(2)(viii) and were hence, not able to state that the same were not applicable in this case in the hands of transferee.

(a)(iii) Most of the candidates were not aware of the provisions of section 56(2)(vii) and that the same would not apply to any sum of money or property received from any trust or institution registered under section 12AA. Hence, they were not able to answer correctly.

(b) Majority of the candidates could not answer that since tax is deductible at source under section 194B in respect of lottery income and the remaining tax liability is less than ₹ 10,000, advance tax liability is not attracted. Neither were they able to state the provisions of the first proviso to section 234C(1) correctly.

Question 5.(a) Most of the candidates have wrongly considered the deposit of ₹ 50,000 in the name of major son as eligible for deduction under section 80C. Some of candidates were not aware of the eligible limit under section 80CCF.

(b) This question required the candidates to list the instances where the tax deductible at source in terms of section 194A will not apply. Most of the candidates could not understand the requirement of the question and their answers were vague and general.

(c) Many candidates did not mention that amount of service tax paid by utilization of CENVAT credit shall also be included while computing the total service tax paid in preceding year.

Question 6.(a) Majority of candidates were not aware of the provisions of section 72A(6A) and hence could not answer the question correctly. Most of the candidates were not able to bring out the non-fulfillment of condition under section 47(xiii) to answer this question.

SUMMARY OF EXAMINERS' COMMENTS

(b) In respect of computation of income under section 44AE, some of the candidates have failed to solve this problem applying the presumptive taxation provisions. Further, they have not set-off the brought forward business loss of discontinued business from such income to arrive at the total income chargeable to tax.

(c) Most of the candidates were not aware of the provisions of section 35AD and hence have failed to calculate the correct amount of deduction under section 35AD.

Question 7.(a)(i) Few candidates were not able to state correctly all the conditions to be fulfilled for allowing expenditure under section 37.

(ii) Most of the candidates have incorrectly answered that the recovery of bad debts disallowed in the earlier year is taxable under Income-tax Act, 1961.

(iii) Many of the candidates were not able to answer correctly giving the reasoning based on the respective TDS provisions along with threshold limits.

(iv) Most of the candidates were not aware of the method of calculation of deduction under section 10AA and hence, their answers were wrong.

PAPER - 6 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

SECTION – A : INFORMATION TECHNOLOGY

General Comments

The overall performance of the candidates was below average. However, there is a scope for improvement. The question paper was well balanced. Thorough and in-depth reading of the study material was lacking on the part of candidates. However, the study material of Information Technology is well prepared and has wide coverage of all the topics. Most of the candidates have answered the questions without adequate preparation. In fact, candidates should answer the questions based on the conceptual understanding of the topics.

Specific Comments

Question 1.

- (a) Most of the candidates failed to explain the importance of virtual memory in computers. They explained virtual memory as a volatile memory that increases the processing efficiency of the primary memory, which is not logically correct answer. Hence, the performance was poor for this part.
- (b) Most of the candidates were not able to give proper answer to this question. They failed to provide the unit of measurement and their conversion into number of cycles per second. Hence, the performance was observed below average.
- (c) Most of the candidates confused with the definition of 'Message Switching'; hence, an average performance has been observed for this part.

- (d) This question was well attempted by the candidates by explaining the core function of ALU. However, some of them were failed to mention about the flow of data from storage unit to ALU and vice-versa. Hence, the overall performance was average.
- (e) Many candidates could not answer the question correctly by giving appropriate difference between 'File Volatility' and the 'File Activity'. This resulted in a below average performance.

Question 2.

- (a) Most of the candidates could not answer this question up to a satisfactory level. They gave generalized answer instead of discussing limitations given in the study material. Some of them explained unemployment effects after being introduced computers in our daily workings. Hence, the performance was poor.
- (b) Only few candidates could able to answer this question well. Most of them gave generalized answer instead of explaining schema, sub-schema, and physical and logical data levels. Some of them explained DML functions in place of DDL functions. Candidates were confused in answering this question. Hence, the performance was very poor.

Question 3.

- (a) Instead of explaining significance and various task performed by utility programs, most of the candidates explained either types or software used as freeware. Some of them gave vague answer to this question. Hence, the performance was below average.
- (b) Most of the candidates exhibited lack of technical knowledge about various tools that are available for the protection of information and system against compromise, intrusion or misuse. They gave answer out of the context explaining IDS components, passwords and anti-virus softwares . Hence, the performance was below average.

Question 4.

- (a) Most of the candidates answered this question well by discussing various advantages / disadvantages of Star Network Topology. Hence, the performance was satisfactory.
- (b) Most of the candidates discussed about general problems of Supply Chain Management (SCM) functions instead giving specific answer by describing the problems faced by the system implementer of SCM. Hence, the overall performance was poor.

Question 5.

- (a) In this part, most of the candidates drew the correct flowchart as per the expectations. But, few of them were unable to write the condition and also formula for calculating custom duty levied on each category of items. However, some of the candidates did not use appropriate flow chart symbols. But, the overall performance was satisfactory.
- (b) Most of the candidates gave general answers to this question. Many candidates failed to explain 'why a decision table is required' and 'what is the importance of making decision

SUMMARY OF EXAMINERS' COMMENTS

table'? Most of them wrote 'Conditions and Actions' rather than 'Condition Stub, Condition Entries, Action Stub and Action Entries' as a part of the decision table. Hence, the overall performance was below average for this part.

Question 6.

- (a) Most of the candidates showed lack of knowledge in explaining problems with File Processing System that limit its efficiency and effectiveness for end user applications. The candidates were not clear about the concept of File Processing Systems with reference to DBMS. Some of them could not understand the meaning of the question as well. Hence, the overall performance was not satisfactory.
- (b) Generalized answers were given by most of the candidates. Instead of explaining 'how CRM improves customer relationship', they explained purposes and implementation procedures of Customer Relationship Management. Hence, the performance was observed below average for this part.

Question 7.

- (a) Candidates attempted this question well by explaining the functions of Control Unit. Hence, the performance was satisfactory for this part.
- (b) Only few candidates could answer the question well. Most of them were not clear whether 'start/stop bits were placed before/after each bit, byte, word or messages'. Hence, the overall performance was poor.
- (c) Some of the candidates have wrongly written 'Mobile Commerce' as 'trading in sale & purchase of mobile phones' rather than using the same for commerce transactions. Hence, the overall performance was moderate for this part.
- (d) Most of the candidates were failed to discuss various advantages of data warehouse point-wise. Hence, the performance was below average for this part.
- (e) Very few candidates could explain hashing concept in Random Access Method. Random Access Method was wrongly interpreted as Random Access Memory by some of the candidates. Hence, the overall performance was below average for this part.

SECTION – B : STRATEGIC MANAGEMENT

General Comments

- .. In several cases the answers from the candidates lacked the desired conceptual depth and analysis.
- .. Some candidates have given vague and irrelevant answers. They have also unsuccessfully tried to fill in the space by repeating the sentences. It is suggested that the candidates should answer what has asked and should not write irrelevant.
- .. In several cases answers were poorly presented or written in illegible handwriting.

Specific Comments

Question 8. The overall performance of the majority of the candidates was average. There were four questions asked to the candidates at the end of the case study. Diverse answers were written by them. The performance was fairly good in part (a) and (b). In part (c) candidates found it difficult to write the next move for Sharp Corporation. In part (d) many candidates restricted themselves to the theoretical aspect of the concept – 'key success factors'. They were not able to properly link their answers to the Sharp Corporation.

Question 9. In part (a) Majority of the candidates were able to provide answers in terms of correctness or incorrectness of the statements. However, they were not able to substantiate their answers with adequate and valid reasoning. In part (b) the performance of majority of the candidates was found to be very poor. They hardly found appropriate word for fill in the blanks.

Question 10. The Question was divided into seven parts of one mark each. The overall performance of the majority of the candidates was found to be satisfactory.

Question 11. The overall performance of the examinees in the answers to this question was not satisfactory. The question was also generally avoided by the candidates. A few examinees who attempted the question were not able to explain how evaluating the worth of a business is central to strategy implementation.

Question 12. Most of the examinees were able to explain correctly the meaning and the elements involved in the process of benchmarking. At the same time, a few candidates gave vague and incorrect answers. In the second part of the question they have not been able to explain how corporate culture can become strength or weakness of the organization.

Question 13. Many candidates were able to write satisfactorily the differences between TQM and Traditional Management Practices while answering the part (b). However, answers for part (a) were not of reasonable quality as the candidates showed lack of conceptual articulation of the concept of strategy formulation and strategy implementation. Accordingly, the candidates were not able to explain the differences between strategy formulation and strategy implementation properly.

Question 14. Majority of the students attempted this question but could not do it well. Generally, they wrote about the introduction and meaning of strategic management and SBU rather than the importance of strategic management and advantages of SBU. The performance was better in part (a) in comparison of part (b) of this question.