

SUMMARY OF EXAMINERS' COMMENTS ON THE PERFORMANCE OF CANDIDATES

PAPER – 4 : COST ACCOUNTING AND FINANCIAL MANAGEMENT

General Comments

Overall the performance of the candidates was average. Performance revealed a lack of knowledge of concepts in the area of Cost Accounting and Financial Management while answering the questions. Working notes to practical problems were either absent or not exhibited by most of the candidates. Majority of the candidates answered the sub parts of each question in different pages of the answer book instead of writing them consecutively. Some other deficiencies were poor handwriting, poor presentation and spelling and grammatical mistakes.

Specific Comments

Question 1.(a) This practical problem of 'Activity Based Costing' requires sound understanding of 'Activity Based Costing' to solve correctly. This question was attempted by maximum of students however many of them failed to calculate labour hour rate for overhead allocation. Infect statement showing total cost and profit as per traditional costing and ABC were not prepared correctly.

(b) This theoretical part related to 'Cost Reduction' was well attempted by most of the students. They were able to state some of the assumptions involved in the definition of cost reduction.

(c) This theory question was related to 'Uniform Costing' and the answer given by many of the examinees was satisfactory. They were able to exhibit some of the objectives of 'uniform costing'.

Question 2.(a) To solve this numerical part conceptual understanding of "Contract Costing" is required. Few students attempted this question and the performance of those was not satisfactory. Many of the students failed to calculate 'cost of work uncertified' and 'notional profit' correctly, hence contract account also not correctly prepared.

(b) This theory question was related to 'Basic Concepts'. Most of the candidates were able to state appropriate cost unit for various industries.

(c) This theory question related to 'Process Costing' is covered under 'Method of Costing II' was attempted well by the majority of the candidates. They were able to define 'Abnormal gain on loss' but their treatment was not stated correctly by the examinees.

Question 3.(a) This practical problem related to calculation of total earnings and effective hourly rate under the different incentive wage systems was attempted by large number of candidates. However most of them were not able to do the calculations under 'Emerson's Efficiency and Birth System'.

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(b) This theoretical question concerned with the 'Installation of Uniform Costing System' was attempted well by the majority of the candidates. Most of them state the factors for installing a costing system correctly.

(c) This practical question related to 'Overheads' was attempted by a large number of students. But most of the examinees could not calculate the amount of variable and fixed overhead accurately.

Question 4.(a) This numerical part requires the sound understanding of 'Product Cost Sheet'. Most of the students attempted this question but their performance was not satisfactory. Only few of the candidates were able to calculate the correct amount of material cost and labour cost for each product.

(b) This numerical question related to 'Economic Order Quantity' was attempted by most of the students. Most of the candidates have applied their knowledge to calculate E.O.Q and various level of inventory.

Question 5.(a) This practical question related to 'Non-Integrated Accounts' was attempted by a large number of students. Maximum of the students were able to answer it correctly. However some of the students were confused between the 'Cost of Goods Sold' and 'Cost of Sales'. Consequently, they were not able to calculate the value of closing stock accurately.

(b) This theory question related to 'Material' was attempted by the majority of the students. But most of them were not able to answer 'Two Bin System' and 'Multiple Costing' appropriately.

Question 6(a): Being a compulsory question, it was attempted by a number of candidates. Majority of the candidates exhibited poor knowledge of financial ratios.

(b) This part of the question was well attempted by most of the candidates.

(c) A large percentage of the candidates attempted this question on Baumal's cash management model on correct lines. However, only a few candidates explained the formula with the help of an example as required in the question.

(d) This part of the question required candidates to describe the main features of deep discount bonds. It was well answered by most of the candidates.

Question 7.(a) Very few candidates attempted this part of the question. Those candidates, who attempted it, failed to compute the net operating cycle period on correct lines and hence led to wrong figures of number of operating cycle in the year and also, the amount of working capital required.

(b) A large percentage of the candidates attempted this question on short notes on cut-off rate and floating rate bonds and was well answered by them.

Question 8.(a) Majority of the candidates attempted this part of the question and on correct lines. However, few of them omitted to discount the scrap value of the machines and hence arrived at the wrong conclusion.

(b) This practical question part required candidates to compute the weighted average cost of capital (WACC). Most of the candidates calculated the WACC correctly; however, a few candidates erred in arriving at the correct post tax cost of debentures.

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Question 9.(a) Most of the candidates determined the leverages and earnings per share correctly. However, only a few of the candidates were able to compute the likely levels of earnings before interest and tax (EBIT) at different earnings per share (EPS).

(b) Most of the candidates described properly the three principles relating to selection of marketable securities.

(c) Most of the candidates solved this practical problem on correct lines.

PAPER – 5 : INCOME-TAX AND CENTRAL SALES TAX

General Comments

Overall performance of the candidates is not satisfactory. Many candidates are not aware with the provisions of Income Tax Act, particularly application of the provisions while solving the computational problems. Candidates are lacking with the awareness about the latest amendments in the Act and therefore they exhibited satisfactory performance. They tried to answer the questions without linking the proper application of related provisions of Act at appropriate stage while solving the problem. Few candidates overlooked what is exactly required by the questions and therefore answers are not tailored to suit what has been asked in the questions.

Specific Comments

Question 1.(a) Most of the candidates are not able to compute the taxable income and the tax thereon. The answer to this part lacks clarity and presentation. Mostly candidates are not giving weightage to the working notes, which is essential part of the solution.

(a) Most of the candidates have not worked out the consumption of medicines correctly. Some candidates include the net medicine consumed as sales / receipts.

(b) Some of the candidates include the sum of Rs.3,100 given by a patient as Income from other sources instead of income from profession.

(c) Many candidates have not been considered repayment of Housing loan under section 80C.

(d) Most of the candidates have considered honorarium from medical college as income from salary instead of income from other sources.

(b) Most of the candidates have incorrectly dealt with premium paid at London. Some candidates arrived at the rent with out giving standard deduction @30%. Many candidates have not exempted the agricultural income in the hands of NRI.

Question 2. (a) (First Alternative) Majority of the candidates are not correctly aware about the provision of clubbing of income of minor.

Question 2.(b) (First Alternative) Majority of the candidates are unaware about the provisions relating to assessee, deemed assessee and assessee in default. The literal dictionary meaning of “default” has been discussed instead of discussing the failure on part of the assessee in complying with the law.

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Question 2.(a) (Second Alternative) Most of the candidates have been dealt elaborately the rules of residence instead of discussing the citizenship is not a determining factor for residential status.

Question 3.(iv) Most of the candidates have given wrong answers regarding income of a Non Resident under section 44BBA.

Question 5.(b) Majority candidates have failed to understand the question and answered provision relating to Form 'C' & 'F' instead of provisions relating to time limit for submission of these forms. Some of the candidates have discussed about the registration procedure instead of discussing time limit for submission of Form C and Form F.

Question 5.(c)(i) Most of the candidates have given wrongly 30 days time limit for this question.

PAPER – 6 : INFORMATION TECHNOLOGY

General Observations

The overall performance of the candidates was very poor. It appeared that most of the candidates did not read study material and attempted the paper without adequate preparation. Examinees have been advised to study the prescribed study material in depth. Examiners were of the view that conceptual understanding of the subject was required to properly answer the practical oriented questions. Candidates have to improve the subject knowledge as well as the language skills for better performance. Candidates should understand the technical terms with regard to information technology.

Specific Comments:

Question 1.(a) Few examinees committed mistakes in the decimal part conversion.

(b) Most candidates failed to give answer with proper explanation. Concept of ASCII number system, Extranet and Overlaying were unclear to most of the examinees.

(c) Majority of the candidates were unable to describe RS-232C port.

(d) Some of the candidates could not provide correct answer for this True and False type question.

Question 2. Most of the candidates could not properly explain the differentiation between CMOS and BIOS, Synchronous and Asynchronous transmission, Black Box and White Box of Audit. Instead of giving to the point answer, most of the candidates gave general discussion.

Question 3.(a) The candidates exhibited lack of knowledge relating to data access and organization methods.

(b) Most of the candidates gave irrelevant answer for this question relating to Decision support System.

(c) Candidates were unable to understand this flowchart question. Most of the candidates calculated the discount on unit price without taking into consideration the number of copies

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purchased by the customer and hence very few candidates could draw the flow chart correctly, properly and logically.

Question 4.(a) Few candidates confused 'Mesh Network' with 'Star Network ' Topology.

(b) Most of the candidates failed to describe various security mechanisms to protect the information from intrusion and misuse.

(c) Some of the candidates could not enumerate various steps required for documenting imaging.

Question 5.(a) The candidates were not clear about data integrity controls to ensure the accuracy and completeness of data in database environment.

(c) Many of the candidates got confused between 'Slide View ' & 'Slide Show View'.

(d) Majority of the candidates failed to define MS-EXCEL functions viz DCOUNT and DB. Only few examinees could correctly define these functions.

Question 6.(a) Only few examinees wrote correctly about IT act. 2000.

(b) Only few candidates were able to explain the Audit techniques used in computerized environment.

(c) Very few candidates could describe the salient features of Ex-NGN financial accounting package.

(d) Most of the candidates answered the definition of 'LAN' correctly but did not mention the NIC and NOS as component of LAN.

Question 7.(ii) Majority of the candidates discussed the EDI in terms of Internet usage. Very few were able to explain EDI syntax, standards and advantages.

(iv) Most of the candidates wrongly explained turn around document.

(v) Candidates gave generic answers for SAN without having clarity of the concept.