

SUMMARY OF EXAMINERS' COMMENTS ON PERFORMANCE OF THE CANDIDATES

PAPER - 5 : ADVANCED ACCOUNTING

General Comments:

Questions based on practical application of Accounting Standards have not been answered well. It is also observed that the candidates neglect the theoretical aspects of the subject; they should go through the study material carefully. A thorough practice and lots of reading of the subject is required to maintain the level of knowledge expected from the students of IPCC level. The candidates must present their answers in organized manner and solutions to practical problems should be given in prescribed formats along with suitable working notes. It is advised that they should read the questions carefully before writing the answers.

Specific comments

Question 1. In part (c) of the question, candidates erred in the valuation of opening and closing stock and also rate of gross profit of various departments. In part (d), majority of the candidates could not give the required journal entries of ESOP and at many instances, it has been found that the candidates did not provide the narrations for the journal entries.

Question 2. Most of the candidates did wrong calculation of goodwill and failed to prepare the correct capital accounts of the partners.

Question 3. Many candidates were not able to appreciate the concept of share surrender account and also were not able to differentiate it with capital reduction account.

Question 4. In part (a) of the question, most of the candidates failed to calculate the correct payment to be made to the equity shareholders.

Question 5. The profit and loss account of Jawahar Bank Ltd. was prepared inaccurately by most of the candidates. The answers of many of the candidates reflected that they were not aware of different categories of investment and their valuation provisions as per RBI Guidelines.

Question 6. In part (a) of the question, many candidates failed to arrive at the correct present value of minimum lease payments.

Question 7. In part (a) of the question, many candidates erred on the point of conversion of debentures into equity shares. In part (c), most of the candidates failed to arrive at the correct amount of impairment loss. In part (e), most of the candidates did not give the right reason for sending the goods on invoice price by the head office to the branch.

PAPER – 6 : AUDITING AND ASSURANCE

General Comments

The overall performance of the candidates has been below par. Many candidates neither refer the relevant Standards on Auditing (SAs) nor gave due explanation of SAs. As contemplated by the examiners, spelling mistakes and poor usage of grammar was the common problem among the candidates. Also, most of the answers lacked proper presentation, good expression, clarity and precision. The command over language was very poor and lots of grammatical mistakes were committed. In many cases, answers of sub-questions were not in proper sequence and were scattered throughout the answer-sheet. These mistakes may affect marking. Therefore, one should take care of it in future. Read the question carefully more than once before starting the answer to understand very clearly as to what is required in the question. Always be concise and write to the point and do not try to fill pages unnecessarily. It is also suggested that the candidates should go through the study material thoroughly.

Specific Comments

Question1.(a) Majority of the candidates could not understand the question regarding reviewing the work performed by assistant and mostly answered it in a general way as guidance to assistants and taking expert advice. Although they agreed that the statement is true however, they were not able to write how the work of assistants shall be reviewed and checked.

(b) Most of the candidates explained the general purposes of audit documentation alongwith its definition instead of stating its additional purposes.

(c) Many candidates answered consideration of laws and regulations in audit as implementation of internal control, internal audit and management's responsibility towards the same. Some candidates explained Auditor's duties in case of non compliance rather than emphasizing the role of the management.

Question 2.(a) Some candidates mentioned the types of evidences rather than the methods of obtaining audit evidence.

(b) Most of the candidates failed to mention the various circumstances and mechanism through which fraud can be committed by ledger keeper. Their answer was on the various types of errors and its impact on profit.

Question3.(a) Some of the candidates did not have an idea of the basic limitations that hinders an auditor and gave general constraints of time, cost and scope. Some candidates mystify it with problems faced by the auditor to perform his duty with due care and skills.

(b) Most of the candidates mentioned only half of the relevant points regarding fundamental principles to be possessed by an auditor. Further, they unnecessarily added auditing

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techniques and methods in their answer. Moreover, many candidates wrote the basic principles governing an audit instead of auditor.

Question 4.(a) Few candidates were not able to iterate factors which increase gross profit and drafted the answer in a very vague manner.

(b) Some of the candidates mentioned the methods of charging depreciation instead of stating the various purposes of charging depreciation.

Question 6.(a) Majority of the candidates were not able to write the satisfactory answer of the Joint Audit and its relative advantages and disadvantages.

(b) Some of the candidates failed to present required provisions of section 77A

Question 7.(a) Majority of the candidates could not bring out the relevant provisions and requirement in re-issuing the redeemed debentures.

(b) Candidates in general failed to describe the problems in implementation of internal control in a small business and instead discussed the methods and techniques to introduce the same.

(c) Many candidates discussed the definition of sampling, benefits and methods of test checking instead of explaining the stratified sampling.

(d) Few candidates explained balance sheet audit of Government Entrepreneurs in place of Audit of expenditure in Government audit.

(e) Most of the candidates gave general answer and failed to mention the need and area to be applied for cut-off procedure.

PAPER - 7 : 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.

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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 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.

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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.