

EXAMINERS' COMMENTS ON THE PERFORMANCE OF THE CANDIDATES

PAPER – 1 : ACCOUNTING

Question 1. This question was fairly well answered by most of the candidates.

Question 2. The overall performance of the candidates was below average. Most of the candidates prepared combined Income and Expenditure account instead of giving separate accounts for Hospital, Dispensary and Trust.

Question 3. Majority of the candidates have correctly calculated cash flows from investing and financing activities. However, some of the candidates computed cash flows from operating activities by "Indirect Method" instead of the "direct method", as asked in the question.

Question 4. Most of the candidates were not able to prepare partners' capital accounts and could not calculate the settlement amount for the executor of the deceased partner as per Section 37 of the Partnership Act.,1932.

Question 5.(a) Large number of candidates failed to give the correct journal entries and answered it as internal reconstruction.

(b) Candidates performed satisfactorily in this part of the question.

Question 6.(a) Average performance was observed in this part of the question. Candidates failed to calculate pre and post sales, salary, rent and interest ratio and hence arrived at wrong pre and post incorporation profit or loss.

(b) Few candidates were not able to calculate 'installment due but not received' and therefore erred in the calculation of hire purchase profit.

Question 7. The performance of the candidates was average except part (b) and (c) in which they have performed fairly well.

PAPER – 2 : BUSINESS LAWS, ETHICS AND COMMUNICATION

Question 1. Overall performance has been satisfactory. In respect of part (a) of the question, many candidates answered incorrectly by stating that the Star Bank can collect only Rs. 40,000 from the Railways instead of the full amount of Rs. 60,000/-. Further, large number of candidates did not give reasons or the provisions of the Indian Contract Act, 1872 in support of their answers as required by the question.

Question 2. Performance was satisfactory in respect of part (a) of the question. Part (b) of the question was either not attempted by the candidates or wrongly answered stating the general philosophy of Mahatma Gandhi without stating the social sins as enunciated by him. In part (c) quite a few candidates gave notice of the statutory / General Meeting instead of the first Board Meeting as required by the question.

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Question 3. In respect of part (a) of the question, performance was satisfactory. In part (b) of the question, in place of fundamental principles of ethics, many candidates discussed vaguely ethics and its utility in business based on guesswork. With reference to part(c) of the question, the answer on drafting of the “deed for reconstitution of partnership” was not given in legal format by many candidates.

Question 4. Performance was satisfactory except that in part (c) of the question, many candidates have answered the benefits of communication instead of the forms of formal communication as required by the question.

Question 5. Overall performance of the candidates on the question were satisfactory, except in respect of part (b) (ii) of the question. Most of the candidates not attempted the part of the question and those who attempted, were unable to give reasons and as such, their answer was found to be unsatisfactory.

Question 6. The overall performance was satisfactory except that with respect to part (c) of the question, instead of explaining the basic principles of interpersonal communication, number of candidates discussed 7 c's of communication.

Question 7. Overall performance was satisfactory except that in part (d) of the question, the answer of many candidates on drafting of the gift deed was not in the legal format as required in the question and expected from the student.

PAPER – 3 : COST ACCOUNTING AND FINANCIAL MANAGEMENT

Question 1. It is a compulsory question divided into four sub-parts:

(a) It is a practical question based on calculation of sales variances. Performance of candidates was average in this part. Some of the examinees were confused in identifying the favourable and adverse variances.

(b) It is a practical problem related to economic order quantity and divided into two sub parts. Part (i) was not attempted by most of the candidates on correct lines while part (ii) was answered well by majority of them.

(c) This practical problem is related to calculation of different ratios. Overall performance of the candidates in this part was observed to be satisfactory.

(d) This practical problem is on computation of weighted average cost of capital on the basis of market price. Some of the candidates were not able to compute the weight of the equity capital on correct lines as they did not consider the reserves and surplus to arrive at the figure. Average performance was observed.

Question 2.(a) This numerical part pertained to the concept of contract costing. Performance of candidates was average as many candidates could not understand the requirement of the question. They failed to calculate amount of estimated profit and amount to be transferred to reserve.

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(b) It is a practical problem related to receivables management for recommendation of appropriate credit policy. Most of the candidates did not answer in the desired manner.

Question 3.(a) It is a practical problem of process accounting relating to equivalent production. Most of the candidates solved it correctly.

(b) Part (i) of this question is related to calculation of operating, financial and combined leverages. A good number of candidates attempted this part very well. Part (ii) is a theoretical question on liquidity and profitability issues in management of working capital. It was responded well.

Question 4.(a) This numerical problem is related to calculation of funds flow from operations. Most of the candidates prepared fund flow statement unnecessarily, which was not required in the question. Average performance of the candidates was observed.

(b) This practical problem is related to marginal costing. It required candidates to calculate P/V ratio, BEP, and desired sales levels to achieve a particular level of EBIT and PAT. Average performance was observed, as most of the candidates could not answer cash break-even point on correct lines.

Question 5.(a) It is a practical problem related to reconciliation of profit as per cost accounting and financial accounting by preparation of memorandum reconciliation account. It was well attempted though in statement form.

(b) This theoretical question related to distinction between profit maximization and wealth maximization, and Global depository receipts (GDRs) and American depository receipts (ADRs). Average performance was observed.

Question 6.(a) It is a practical problem on capital budgeting to select the most favourable option of machine by using net present value method. Overall performance of the candidates was satisfactory.

(b) This is a theoretical question divided into two parts Part (i) on essential factor for installing cost accounting system and Part (ii) on treatment of under and over absorption of overheads. It was not answered in appropriate manner by most of the candidates.

Question 7. This question comprises of five theoretical parts, and the candidates were required to answer any four. Average performance was observed.

Concluding Observations

The overall performance of the candidates was satisfactory.

PAPER – 4 : TAXATION

Question 1.(a) This question requires computation of gross total income and losses eligible for carry forward. The number of adjustments and issues were much more considering the marks this question carries. Many candidates exhibited their lack of knowledge in set off and

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carry forward provisions. As a result, they could not secure full marks and got only some marks for steps.

(b) This question requires computation of capital gain on slump sale of an undertaking. It is a different type of question which the candidates found it difficult to answer. Many candidates did not answer well and secured only some marks for steps.

(c) This question is on computation of value of taxable service and service tax payable thereon. It requires not only calculation of value of taxable service but also reasons in brief for the treatment given to the items. Candidates have computed value of taxable service and /or service tax liability for some of the items and secured some step marks only.

(d) This question is on computation of net VAT liability taking into account input tax credit. Many candidates solved this question correctly and secured full marks.

Question 2.(a)(i) This question requiring knowledge of the specific income exempt in the hands of a Sikkimese individual was not understood properly by the candidates and was, therefore, not answered well.

(a)(ii) This question requires calculation of the period of holding of some capital assets. Candidates have mainly answered only regarding the date of transfer and not the date of commencement of holding of capital asset. Hence, they could only secure some marks for steps.

(b) This question requires the candidates to explain as to how the excess payment of service tax is to be adjusted and what are the conditions to be satisfied in this regard. Many candidates gave very general answers.

(c) This question was in relation to the records to be maintained by a registered dealer under VAT and was answered reasonably well by the candidates.

Question 3.(a) The candidates have attempted to compute income from profession, income from other sources and eligible deduction under section 80D. Most of the candidates secured only some marks for steps in this question.

(b) This question was not understood by many candidates. They have explained the provisions relating to payment of service tax instead of "provisional payment of service tax" which was asked for in the question.

(c) In this question, candidates were required to state variants of VAT, their schematic diagrams and also a brief explanation of each of them. It was written reasonably well by the candidates.

Question 4.(a)(i) This question requires the consequences of not deducting tax at source and it was answered vaguely by the candidates.

(a)(ii) The exemption available to political parties was not explained properly by the candidates and thus, they could not secure good marks.

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Question 5.(a) This question requires computation of salary income chargeable to tax. It was answered reasonably well by the candidates.

(b) This question requires the candidates to explain e-filing of service tax returns. However, they have explained about e-filing of income-tax returns. Also, the later parts of the question were not answered by many candidates.

(c) This question seeks to test the candidates knowledge about the conditions to be fulfilled by a dealer accepting composition scheme under VAT. It was not answered well by many candidates.

Question 6.(a) This question requires allocation of depreciation between two companies on the basis of number of days the assets were held by them. However, the candidates were not able to score full marks.

(b) This question requires the candidates to state the correctness of two statements in the context of service tax. This was answered reasonably well by the candidates and many candidates secured full marks in it.

(c) Candidates were expected to list items of purchases not eligible for input credit under VAT in this question. It was answered reasonably well by the candidates.

Question 7.(a)(i) Many candidates have computed taxable gratuity and exempt gratuity and secured full marks.

(a)(ii) This question testing the candidates on conceptual issues was answered reasonably well by many candidates to secure good marks.

(a)(iii) This question was answered by less number of candidates (on account of internal choice). The answers were very general and not up to the expectation level.

(b) This question had some complicated issues involving dual interpretations and hence, the candidates could not secure full marks.

(c) This question was easy and candidates secured good marks.