

EXAMINERS' COMMENTS ON THE PERFORMANCE OF EXAMINEES

PAPER – 5 : ADVANCED MANAGEMENT ACCOUNTING

Specific Comments

Question 1.(a) Many examinees failed to arrive at best product mix showing maximum contribution using limiting factor. Only some of the examinees answered it well.

(b) Most of the examinees could not performed well.

(c) Majority of the examinees attempted this question and scored good marks in this question.

(d) Majority of the examinees attempted this question and scored full marks.

Question 2.(a) This question required the examinees to evaluate proposals independently based on alternative use of released capacity. Many examinees answered this very well.

(b) Well answered by many examinees. Question specifically states that only one bridge will be awarded to one contractor, however some of the examinees ignored this information and hence failed to arrive at the correct answer.

Question 3.(a) Examinees were required to find out the missing information using the formulas of labour variances. Average performance was observed.

(b) Examinees were required to calculate the net income and break-even point of a health centre, however examinees had not responded well.

Question 4/(a) Examinees had shown good understanding of concept of activity based costing. Most of the examinees answered it well and scored full marks.

(b) Average performance was observed.

Question 5.(a) Most of the examinees had shown good knowledge of PERT and CPM techniques and scored good marks.

(b) Many examinees failed to prepare revised budget on the basis of revised target labour hours. Average performance was observed.

Question 6.(a) Many examinees failed to prepare the budget correctly. Average performance was observed.

(b) Examinees were required to calculate transfer price under different situations. Average performance was observed.

Question 7.(a) Candidates showed poor knowledge of concept of Pareto Analysis.

(b) Many examinees answered it well.

(c) Many examinees answered in general. Average performance was observed.

(d) Most of the examinees could not answer correctly.

(e) Examinees showed good knowledge of methods of transportation problem.

PAPER – 6: INFORMATION SYSTEMS CONTROL AND AUDIT**Specific Comments**

Question 1. This was a case study based compulsory question consisting of four sub-parts.

(a) In this sub-part, examinees were required to explain the “Steps involved in the Business Process Design”. Most examinees could not perform well and rather mentioned the steps involved in SDLC.

(b) This sub part sought the examinees to “Discuss the means of achieving Network Access Control”. Being a simple question, most of the examinees provided the answers well and scored satisfactorily.

(c) This question further had two sub-parts:

- The first subpart required the examinees to “explain as how training can be used as a tool to initiate BCM culture”. Most examinees provided generalized answer about the need for training whereas the question was specific on how training can be used as a tool to initiate BCM culture.
- The second subpart was based on the “explanation to the support needed for the development of BCM culture”. Most of the examinees answered only one point (support from top management) correctly while other points were wrongly answered.

(d) In this sub- part of the question, the examinees were asked to “write various types of information that can be collected using SCARF”. Being a simple and practical question, majority of the examinees answered it correctly and scored marks.

Question 2.(a) The question was based on “Issues to be considered by the Auditor to understand the technology environment during preliminary evaluation”. This being a simple and straight forward question, most examinees answered well and scored good marks.

(b) In this question, examinees were required to write “Goals and metrics that can be used to measure specific success of GRC program using COBIT 5”. Being a specific question, to the point answer was expected; which most examinees could not provide and performed poorly.

(c) This being a simple and straight forward question on “Benefits of Mobile Computing”; most of the examinees could answer well and scored good marks.

Question 3.(a) The examinees were asked to “explain any six cyber frauds”. Though the examinees provided a satisfactory answer; it was noticed that conceptual clarity was found to be lacking in many answers.

(b) This part sought examinees to specify the “main objectives of Information Technology Act 2000”. The answers of few examinees were correct though most answered it in a generic manner based on their common understanding.

(c) This question was based on “Categories of System Maintenance”. There are six specific ways in which system maintenance can be categorized though the examinees were required to explain any four. The performance was satisfactory in this question.

Question 4.(a) The question specifically asked about the “Definition of Information Technology Act 2000 and the condition under which the Electronic Signature is considered reliable under the IT Act 2000”. Many examinees could not answer the question correctly. Though few examinees could give the definition part, majority failed to explain the conditions under which it is considered reliable.

(b) The examinees were asked to explain the “key management practices required to align the IT strategy with management strategy”. Being a straight forward question, many could answer well and scored reasonable marks.

(c) This was a straight forward question wherein examinees were required to state about “Important Characteristics of CBIS”. This being a very simple question, many examinees could answer correctly and scored good marks.

Question 5.(a) This question was very specific about the “Management practices for assessing and evaluating the system of Internal Control in an enterprise”. Though there are eight specific points to this question; however, examinees were asked to explain any six points. The examinees could perform well and scored satisfactorily.

(b) The examinees were asked to mention the “Characteristics required for a good coded application software”. Most examinees provided the headings correctly but could not explain them satisfactorily.

(c) The question was based on “Advantages of Private Cloud and Public Cloud”. Most examinees could answer very well and scored good marks.

Question 6.(a) The examinees were asked to elucidate the “factors influencing an organization towards control and audit of Computers and the impact it had on the information system”. Many examinees performed reasonably well in this question.

(b) The question was simple and straight forward based on “Security issues to be covered in the Contract with third party for back up and recovery of data”. Most examinees answered well and scored good marks.

(c) The examinees were asked to explain “Asynchronous attack and subversive threats to an Information system”. Most examinees answered Asynchronous attack, however they could not explain the subversive threats properly, rather they explained the examples of asynchronous attack under Subversive threats.

Question 7. This question was based on short notes having an internal choice with five sub-parts out of which examinees were required to attempt any four questions.

(a) Most of the examinees could answer this subpart on “Benefits of Expert System”. The examinees performed reasonably well in this.

- (b) In this question, the examinees were asked to explain "Inherent Limitation of IS Audit". Few examinees could provide the limitations correctly while most of the answers were vague.
- (c) The examinees were asked to mention "Advantages of BYOD". Being a simple and straight forward question, most examinees answered the advantages correctly and scored good marks.
- (d) In this question, the examinees were required to explain the "Role of IS Auditor in Physical Access Control". Many examinees did not attempt this question and left out as choice. Those who answered could not explain the role of IS Auditor correctly.
- (e) The examinees were questioned on "Limitations of MIS". Being a very simple question, most examinees answered it correctly and scored fairly good marks.

PAPER – 7: DIRECT TAX LAWS

Specific Comments

Question 1.(a) Examinees were not aware of adjustments relating to Ind-AS and hence, many of them have not attempted the question. Even those who have attempted the question did not give the correct treatment of various items in their answers.

(b) Examinees were not aware of the provisions of section 115AD relating to computation of tax liability of foreign institutional investors, and were hence not able to apply the special rates contained therein to compute the tax liability correctly.

Question 2. Examinees committed mistakes in computation of depreciation and additional depreciation, impact of interest included in cost of inventory and treatment of income by way of transfer of carbon credits.

Question 3.(a) The question required the examinees to state whether business connection was established in each of the three cases given thereunder. However, many examinees did not state whether or not a business connection existed, but stated whether the income was taxable in India.

(b) Many examinees did not write the assessment year in which the long-term capital gain/short-term capital gain is taxable.

(c) Many examinees were not aware of the GAAR provisions in the Income-tax Act, 1961 and were hence, not able to answer the question properly.

Question 4. This is a case law based question, to be answered covering the issue involved, the provisions applicable, analysis and conclusion. The examinees failed to bring out the provisions applicable and analysis part properly in their answers.

Question 5.(a) Many examinees were not aware of the secondary adjustment to be made applying transfer pricing provisions. Even those who were aware of the provisions, failed to note that secondary adjustment was not required, if the primary adjustment related to P.Y.2015-16.

(c)(ii) In sub-part (1), some examinees have failed to restrict the TDS to ₹ 60,000, being rent for February, 2018.

Question 6.(a) Even though the question required the examinees to state the correctness or otherwise of the given statements, the same was not stated by some of them. Sub-parts (v) and (vi) were poorly answered. Reason given for the conclusion were not precise and lacked clarity.

(b) Examinees gave vague and incorrect answers for part (ii) of the question, which required them to specify the circumstances under which the Assessing Officer is empowered to invoke the bank guarantee.

Question 7.(a) Some examinees failed to restrict the set-off of loss from house property against business income to ₹2,00,000. Some examinees wrongly provided for indexation benefit while computing long-term capital gains, though such benefit is not available while computing long-term capital gains under Chapter XII-A.

(b) For sub-part (iii), examinees failed to appreciate that revision petition under section 264 is not maintainable, where the order is pending before Commissioner (Appeals), even if the revision pertains to a matter, other than the matters covered in the appeal.

PAPER – 8: INDIRECT TAX LAWS

Specific Comments

Question 1.(a) Although most of the examinees correctly answered the question, few of them erroneously allowed the ITC on capital goods procured on 12-09-2017 also.

(b) Most of the examinees exhibited lack of knowledge of the provisions relating to composite and mixed supply and thus, failed to elaborate the conditions to be satisfied for a supply to be classified as a composite supply and mixed supply.

(c) Many candidates did not arrive at the correct transaction value of identical goods and mistakenly took the unit price of the consignment under valuation to be US \$ 350 per metric tonne.

Question 2.(a) Many examinees computed the total common credit correctly, but wrongly calculated the common credit for the tax period (month).

(b) A large number of examinees correctly wrote that in case of non-payment towards a supply along with tax thereon to the supplier, ITC will be added to its output tax liability. However, most of them did not mention that the fact of non-payment also needs to be reported in the ITC return for the month immediately following the period of 180 days from the date of the issue of the invoice.

Question 3.(c) Some examinees wrongly computed the number of days for which interest is chargeable from Abdul Overseas Pvt. Ltd. as 123 days since they included the date of cause of action while calculating the number of days of delay.

Question 4.(d) Some examinees got confused and erroneously answered the question on the basis of the pre-deposit provisions prevalent under GST.

Question 5.(b) Many examinees provided wrong and vague answers simply stating that the amount of tax demanded in the order needs to be paid. They were not aware of the relevant statutory provisions.

(c) Some examinees failed to highlight substantial points that for averting the issuance of show cause notice, under section 73 of the CGST Act, 2017 interest also needs to be paid alongwith the amount of tax short paid before the service of notice and under section 74, interest and a penalty equal to 15% of tax short paid also need to be paid alongwith the amount of such tax before the service of notice.

Question 6.(c) Most of the examinees did not provide the time-limit for giving intimation of the date of retirement of the retiring partner to the Commissioner. Few examinees stipulated the time-limit as 30 days instead of 1 month.

Question 7.(a) Some examinees got confused between departmental audit and special audit and interchanged the two concepts.