

## SUMMARY OF EXAMINERS' COMMENTS ON THE PERFORMANCE OF CANDIDATES

### PAPER – 1 : ADVANCED ACCOUNTING

#### General Comments

The overall performance of the candidates was average. Most of the examiners complained that understanding of accounting standards and conceptual clarity of theoretical portion of the subject is not upto the level of knowledge expected at PCC. It is advised that the candidates should go through the study material thoroughly. Also candidates should append their solutions with proper working notes. Short length questions with reasoning, intricately test the candidates' understanding of the topics covered under the study material. Therefore, candidates are advised to work hard on such questions. Candidates are also suggested to strictly follow the instructions given in the question paper.

#### Specific Comments

##### Question 1. Partnership Accounts:

Performance of the candidates in this question was satisfactory. Few candidates did not give the required treatment of goodwill on the basis of AS 10, hence, not calculated the gaining and sacrificing ratio. Also some candidates had not increased the value of investment to its market value and some had not transferred investment fluctuation reserve and contingency reserve to partners' capital accounts. Consequently, they could not prepare the capital accounts of partners, and balance sheet of the firm after reconstitution in the correct manner.

##### Question 2. Accounting for Amalgamations:

The performance of candidates specifically on this question was very poor. Most of the candidates were not able to compute the purchase consideration correctly. Thus they failed to pass the journal entries with correct amounts, in the books of AB Ltd., for acquisition of A Ltd. and B Ltd. Also many candidates were not able to draw the balance sheet of AB Ltd. after amalgamation. Candidates were able to fetch step wise marks in this question but no candidate was able to fetch more than 50% marks. Candidates require lots of practice on this topic.

##### Question 3. (a) Insurance Claim:

Candidates were not able to perform well in this part of the question. It is noted that candidates got confused with the treatment of damaged goods and thereby calculated wrong closing stock destroyed by fire and insurance claim on it.

##### Question 3. (b) Self Balancing Ledgers:

Overall performance was good and most of the candidates secured full marks in this part of the question.

Question 4. Financial Statements of Not-for-Profit Organisations:

Satisfactory performance has been noted by the examiners in this question. However, sufficient working notes were not found for calculation of insurance, stationery, sports material etc.

Question 5. Short Answers:

This question was based on short answers and has been asked in 10 parts out of which candidates have option to answer any 8 parts (2 Marks each). These parts are an appropriate blend of theory and practical problems to judge the conceptual knowledge of the candidates on various topics. The performance of the candidates was satisfactory. Few candidates solved all the 10 parts although only 8 parts were required to be answered and this should be avoided.

Question 6. Questions based on Accounting Standards and Theory of the Subject:

This question was asked in 6 parts out of which candidates were required to answer any 4 parts (4 marks each) only. These questions are also a mix of theory and practical problems. In part (c) of this question, candidates were not able to explain the circumstances when the Garner v/s Murray rule is not applicable. This shows their lack of understanding of the topic. However, overall performance of the candidates was satisfactory.

## PAPER – 2 : AUDITING AND ASSURANCE

General Comments

Performance of the examinees in general was average. Students should be conscious that this is a technical paper requiring answers to the point.

Specific Comments:

Question 1. All the 12 parts of the question were straight forward and within the syllabus. The students generally answered well and majority has scored more than 50%.

Question 2. (a), (b) and (c) These are application oriented questions, testing the knowledge of students with regard to objective and scope of audit of financial statements, going concern and relying upon the work of internal auditor. Generally the approach was good with proper reference to AAS.

Question 3. (a) Most of the students were very much confused with regard to the term "assertions an auditor is concerned with". The answers were below average and many of the students did not attempt this question.

(b) Many candidates answered this question well. While some other students' answers were akin to beating about the bush.

Questions 4. (a) Students were not clear about reliability of internal control system in a computerised information system. Majority of the students answered wrongly.

(b) Answers to this part of the questions were average.

Question 5. (a) Some students were confused the term "interest out of capital" with "interest on capital". Some students wrote about AS 16, which was totally irrelevant. Very few students have written correct answer.

(b) Answers were generally average and some answers were mainly out of imagination.

Question 6 (a) Many students attempted this part fairly well. However, some students left out the important points to be kept in mind while verifying the correctness of bank balance of an Educational Institution which deposits all its collection/receipt in separate collection account of a bank.

(b) Majority of the students answered correctly but a few students gave inaccurate answer.

Question 7. (a) It is good to note that many students attempted this part keeping practical aspects in their mind.

(b) Many students answered well by covering all the relevant points on vouching and verification of Sale of Scrap/Borrowings from Bank.

(c) Answers to this part were below average.

Question 8. (a) Most of the examinees gave correct answer.

(b) Answers to this part of question were poor.

(c) Answers were generally good except some students wrote on Contents of Permanent and Current Audit File.

### PAPER – 3 : LAW, ETHICS AND COMMUNICATION

#### General Comments

The performance of the examinees in general was average. The following improvements are required:

1. Examinees to provide case-laws and specific provisions in their answers.
2. Examinees to make use of Bare Acts.
3. Examinees to improve their English language skills such that their answers make clear sense.
4. Examinees to focus on certain Acts such as Negotiable Instruments Act, 1881, and Payment of Bonus Act, 1965.

#### Specific Comments

Question 1. The answer, in general, was highly satisfactory though some candidates displayed only a mediocre knowledge of law of agency. Some candidates had answered that 'the principal can sue the agent' instead of correctly answering that 'the principal can repudiate the contract'.

Question 2. Candidates' performance in Part (a) was satisfactory. The performance in Part (b) (based on objective type questions in Company Law) was poor. It seems that the candidates were not aware of the fundamental principles of Company Law.

Question 3. The performance of the candidates was found highly satisfactory. Most of the candidates stated correctly the entitlement of bonus under the Payment of Bonus Act, 1965.

Question 4. Performance of the candidates was not satisfactory. Most of the candidates did not state the conditions whereunder presentment of Bill of Exchange is not necessary under the Negotiable Instruments Act, 1881.

Question 5. In general, the performance of the candidates was satisfactory. But many candidates had not mentioned the relevant provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 that were required to answer this question.

Question 6. Performance of the candidates was not satisfactory. Most of the candidates did not answer the problem correctly, especially the second part of the question.

Question 7. This question was well attempted. Candidates' performance was highly satisfactory. Some candidates failed to discuss properly the conditions when gratuity is paid even when the employee is not working.

Question 8. Candidates' performance was satisfactory.

Question 9. Performance of the candidates was average. Most of the candidates did not explain the power of Registrar of Companies to permit registration of charge after expiry of prescribed period under Companies Act, 1956. Some candidates mentioned the time required for registration as 'one month' instead of as 'thirty days'.

Question 10. Candidates' performance was satisfactory.

Question 11. Performance of the candidates was satisfactory. Some candidates had erroneously outlined the procedure of shifting of registered office from one State to another whereas the question was regarding the procedure of shifting the registered office from one jurisdiction to another jurisdiction within the same State.

Question 12. Performance of the candidates was highly satisfactory.

Question 13. In both the parts of the question i.e. (a) and (b), performance of the candidates was average. With regard to part (a) some candidates did not have a clear idea about the various committees; and with regard to part (b) candidates could not explain fully the "self" interest threats "to auditors and employees".

Question 14. Majority of the candidates avoided this question, which related to "ethical behaviour in marketing". The performance of those, who attempted was average.

Question 15. Performance of the candidates was satisfactory.

Question 16. Performance of the candidates was satisfactory.

Question 17. (a) This part of the question was attempted by almost all the candidates and performance of the candidates was highly satisfactory. The candidates understood the language of the question well and attempted the question in a dignified manner.

(b) Drafting of the Power of Attorney was not satisfactory. It appears that the most of the candidates were ignorant about the art and principles of drafting Power of Attorney. Some candidates authorized 'a firm of Chartered Accountants', whereas it was required to authorize 'Chartered Accountant's. The candidates are advised to practice the drafting of legal deeds and documents.

Question 18. Overall performance of the candidates was not satisfactory. Most of the candidates were not able to distinguish between General Meeting and Extraordinary General Meeting of the Company. The concept of the notice was not clear to the candidates. Mostly, the candidates did not know the Resolution in the notice. The candidates lacked professional approach in attempting such a practical question.

Question 19. Notice for calling the meeting of the Board of Directors was not properly and satisfactorily drafted by the candidates. Most of the candidates did not mention time, date, address, agenda, signature etc. in the notice. This question was attempted by a few candidates.

Question 20. Performance of the candidates was outstanding. By and large, the candidates explained clearly the Process of the Communication.