

SUMMARY OF EXAMINERS' COMMENTS ON THE PERFORMANCE OF CANDIDATES

PAPER – 4 : COST ACCOUNTING AND FINANCIAL MANAGEMENT

General Comments

Overall performance of the candidates was average. Adequate subject knowledge and rigorous study is required to attempt the questions correctly that was missing in the answers given by the students. The candidates need to understand each and every topic of the subject conceptually and also fine-tune their writing skills including presentation of data.

Specific Comments

Question 1 (i) This theory question is based on Basic Concepts of Cost Accounting. Most of the examinees have attempted the answer well.

(ii) This theory question related to 'Labour' was attempted by the majority of the students. Many out of them were unable to explain the treatment of overtime premium correctly.

(iii) This theory question part was related to Basic Concepts of Cost Accounting. Correct examples were not cited by the examinees while attempting this question.

(iv) 'Methods of Costing' covers this theory question part related to 'Contract Costing'. Some of the examinees have given the definition of cost plus contract in place of advantages of it.

(v) This theory question part was related to 'Overheads'. In general this question was well answered by the students.

(vi) This practical question part was related to 'Labour'. Many could not calculate the total wages under Emerson plan correctly.

Question 2. This numerical question was from 'Standard Costing'. Few of the candidates have prepared Flexible Budget correctly but almost all the candidates went wrong while computing different variances.

Question 3. (a) 'Method of Costing' under the topic Process Costing covers this numerical question part. Majority of the candidates were able to prepare process I & II account correctly. However, almost no students have prepared abnormal effective / wastage account correctly.

(b) This practical question related to 'Economic Order Quantity' of material was attempted by majority of the students. Many students were able to compute 'EOQ', number of orders correctly. However, only few of them could calculate total cost of ordering and storage. Almost no one could find out the time when next order is to be placed.

Question 4. (i) 'Marginal Costing' gives the answers of this theoretical question part. Although Cash Break Even Chart will be similar to normal Break-Even-Chart, students have not mentioned that in Cash Break Even Chart only cash fixed costs are considered i.e. non cash items like depreciation are excluded from fixed cost for computation of Cash Break

Even Chart. So many candidates have drawn simple Break-even Chart without explaining it correctly.

(ii) This theory question was covered under 'Materials'. Most of the candidates have attempted the answer well.

(iii) This theory question part was from 'Labour'. Students have given very sketchy answer to this question.

(iv) This numerical problem was from 'Marginal Costing'. Majority of the examinees have answered this question well.

Question 5. The performance of most of the candidates was of average level. However, most of the students did not understand the theoretical portion of this question.

Question 6. Majority of candidates have shown poor performance in this question as they lack the knowledge of topics of Fund Flow analysis and Ratio analysis.

Question 7. (a): The performance of candidates in this part of question is of average level as most of students have made errors in calculation of cost of retained earning.

(b) The performance of candidates in this part is also of average level as some students have made errors in the calculation of Accounting Rate of Returns.

Question 8. The performance of candidates in this question is of poor standard as they have shown lack of knowledge of concepts of Debt Securitization and features of External Commercial Borrowings.

PAPER – 5 : TAXATION

General comments

Overall performance of the candidates was not very satisfactory, particularly in problem oriented questions. Most of the candidates have not properly presented the solutions to computational problems stepwise in an orderly manner. Candidates have exhibited poor knowledge of the basic provisions of the Act and also of the recent amendments to the Income Tax Act.

Specific Comments

Question 1. Most of the candidates have not specified the section relevant to the question. The justification/ logic given by the candidates were not adequate.

Question 2. Most of the candidates have not understood the problem and failed to compute the total income. Some common mistakes were:

(i) Most of the candidates are confused regarding presumptive income under section 44AF & 44AD.

(ii) Many candidates have wrongly claimed part-time tuition fees paid by HUF as deduction

under section 80C.

(iii) Most of the candidates got confused while calculating the Gross Annual Value and not deducted property tax paid from Gross Annual Value.

Question 3. (a) Very few candidates have written that the loss relating to outgoing partner has to be excluded for the purpose of carried forward of losses. Almost all the candidates are not aware of the provisions of the set off and carried forward of the losses.

Question 4. (First Alternative)

(a) Most of candidates have not answered the question correctly. They have not calculated capital gains chargeable in the hands of shareholders.

(b) Many candidates are not able to calculate exemption from leave salary and gratuity.

Question 4. (Second Alternative)

(b) Most of the candidates have misunderstood the provisions of the section 24(b).

Question 7. Most of the candidates have wrongly taken the rate of Service tax of @12.36% instead of 12.24%. They have taken into consideration the secondary and higher education cess of 1% which was levied w.e.f. 11.5.07.

PAPER – 6 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

General Comments

Lack of adequate knowledge about the subject affected the overall performance of the examinees. The examiners were of the view that the candidates have taken the subject very lightly. They failed to appreciate the need to take this subject seriously and the fact that the knowledge of information technology tools has become a part of their professional competence. The candidates are required to do proper time management so that they are able to attempt all the questions within the stipulated time period.

The overall performance of the candidates in strategic management was also not very good. In fact many examinees were not able to properly answer the questions asked. More efforts are required on their part in preparation of this subject. They should also practice writing answers in good language and in legible manner.

Specific Comments

Question 1.(a) Answered by all the candidates with an average performance. They exhibited lack of conceptual clarity of basic terms. Many of them confused the term "Multiprocessing" with "Multiplexer". Instead of discussing Multiprocessing, they discussed Multiplexer.

(b): Performance of most of the candidates was not satisfactory. They confused "Multiplexer" with "Multiprocessing". Only few of them could give correct definition of "Transaction log".

Question 2.(a) Most of the examinees answered this question wrongly. They failed to

highlight the relevant factors to be considered in determining the best file organization for a particular application.

(b): Most of the candidates were not able to give proper explanation of the communication services used for data transmission in a network. Hence, the performance was very poor.

(c): Only few candidates could give correct answer for this question. They were required to discuss various disaster recovery plans.

Question 3.(a) Only few of the examinees attempted the question correctly. They got confused between generations of languages and generations of computers which resulted in poor performance.

(b): Majority of the candidates could not explain the network threats and vulnerabilities.

Question 4. Most of the candidates attempted the question correctly and performed well. Some of them were not able to understand the described situation and hence could not draw a correct flow chart.

Question 5.(i) Most of the examinees attempted the question related to Data warehouse correctly.

(ii): Most of the candidates were not aware of the term 'Bullwhip Effect in Supply Chain Management'.

Question 6. Students were not clear about the concept of resistance to change and the difference between efficiency and effectiveness. Accordingly, answers to part (c) & (d) were too general and not as expected. Answers given to other parts were largely correct.

Question 7. Candidates were having good understanding of retrenchment strategy and growth phase of product life cycle. Thus, answers to part (a) & (b) were of reasonable quality. However, answers for part (c) on strategic groups were not satisfactory as the students showed lack of conceptual articulation.

Question 8. Answers were largely of poor quality. Two approaches to the leadership style in terms of transactional and transformational were not discussed. Most of the students discussed leadership styles in general. Similarly, the third part of the question regarding steps needed to bring strategic changes was mainly discussed in general terms.

Question 9. Answers attempted by the candidates were satisfactory. Some candidates were able to reflect good knowledge of turnaround strategy.

Question 10. Candidates had good knowledge of SWOT analysis. Thus, they were able to write proper answers to part (a). They were also able to identify the strength of PTC in the case study and wrote average to good answers to part (b). Answers to part (c) & (d) were given in general terms and lacked conceptual insight.