

**SUMMARY OF EXAMINERS & HEAD EXAMINERS COMMENTS**  
**JUNE 2011 EXAMINATION – SYLLABUS 2008**

**INTER GROUP- I**

**PAPER: IP- 05: Financial Accounting**

**Question wise comments:**

- 1) Overall performance was good.
- 2) a) Performance of the candidates is not satisfactory. The candidate must appreciate the concept of double entry while working on the various adjustments involved in finalizing the accounts.  
b) Lack of knowledge in Accounting Standards.
- 3) a) Answers were mostly incorrect and carryover of short workings was wrongly calculated.  
b) Candidates failed to arrive at the cost price of both the opening and closing stock with customers.  
c) Generally well answered.
- 4) a) Answers were mostly incorrect as the calculations of new profit sharing ratio could not be done properly.  
b) Failed to work out R's commission and share of profits among partners correctly.  
c) and d) Poor performance.
- 5) a) Candidates mostly failed to calculate unrealized profit on transfer as well as cost of transfer.  
b) Journal entries for depreciation and goods sent to H.O. were incorrect.
- 6) a) Journal entries for receipt of allotment and final call money and forfeiture of shares was mostly incorrect.  
b) Lack of knowledge on AS is seen.
- 7) Average performance.
- 8) Answers were not brief and to the point. Majority did not have clear knowledge about Capital Base of Electric Supply Company.

**General comments and guidelines:**

- Adequate knowledge of double entry system is required.
- In-depth study of Institute's study material and reference books is recommended.
- Practice of practical problems.
- Improve communication skill.

- Stress on proper and well mannered presentation.

**PAPER: IP- 06: Commercial & Industrial Laws and Auditing.**

**Question wise comments:**

- 1) Few candidates presented satisfactory correct answer with proper reasons Majority lacked logical presentation and performance was average.
- 2) More or less satisfactory but logical approach with legal provisions was absent. Performance was not satisfactory.
- 3) a) Unsatisfactory performance. Majority could not differentiate “Superannuation and Retirement”.  
b) Lacks logical and systematic presentation covering basic points.  
c) Although majority attempted but relied on contract act avoiding sale of goods act.
- 4) Average performance. Majority failed to indicate related provisions.
- 5) More or less satisfactory performance.
- 6) Average performance. Some gave wrong answers due to lack of knowledge.
- 7) A limited number of examinees attempted. Quality of answers was not up to the mark. It seems that students are not updated with the changes in law. Lacks pin point answers.
- 8) Average performance lacking systematic presentation.

**General comments and guidelines:**

- to keep in touch with periodical amendments, to study the Institute’s study notes and text books of latest edition,
- thorough and in depth study is necessary specially for compulsory question of 1 &5,
- careful reading and understanding the meaning and basic requirement of question,
- to avoid repetition of same points,
- to provide margin on both sides of the answer book, with adequate space in between two answers, to present in a legible manner,
- not to write vague answers,
- to improve handwriting,
- to improve communication skills.

**PAPER: IP-7: APPLIED DIRECT TAXATION**

**Question wise comments:**

- 1) Average performance.
- 2) Very few had the correct answer.
- 3) Average performance.
- 4) Average performance.
- 5) Very few had answered correctly.
- 6) Poor performance.
- 7) Average performance.
- 8) Very few could tackle.

**General comments and guidelines:**

- Students should be well versed with the recent amendments.
- Lack of subject knowledge was evident.
- Thorough and in-depth study of study materials and reference books is recommended.
- Improve communication skills.
- Stress on presentation of answers in a neat and precise manner.

**INTER GROUP-II****PAPER: IP- 08: COST & MANAGEMENT ACCOUNTING****Question wise comments and suggestions:**

- 1) All candidates have attempted this question and performance was more than average.
- 2) Most of the candidates could not solve Part (b) correctly. Answering such practical problems need to be improved only through extensive solving of such sums.
- 3) For Part (a) performance was satisfactory.  
For Part (b) performance was average. Most of the candidates failed to calculate cost per KWH. Proper attention is required for orderly presentation. This could be possible only through solving practical problems from study notes and past questions.

4) Performance was moderate. But for improvement practical application of Marginal Costing is necessary.

5) a) Answers were largely satisfactory.

b) Majority of the examinees could not explain chargeable expenses properly.

6) Performance was satisfactory. However for perfection adequate practice is recommended.

7) a) Performance was satisfactory.

b) Most of the candidates mixed up the apportionment of cost for joint products.

8) Answers were average. But most of the candidates were lacking knowledge of profit centre, cost control and cost reduction.

#### **General guidelines and comments:**

- In-depth study of Institute's study notes followed by reading standard text books.
- Regular solving of practical problems from text books and past questions.
- Answer the questions in an orderly and systematic manner.

#### **Paper: IP-9: Operation Management And Information Systems:**

##### **Question wise Comments:**

1) Theory question and answered well by majority.

2) Performance was not up to the mark. Majority of the candidates could not arrive at the correct mathematical solution.

3) Performance was satisfactory.

4) Average performance.

5) Students' performance is overall satisfactory.

6) Lack of to the point answer and majority gave irrelevant details.

7) Satisfactory performance. SDLC and source of document preparation were not explained by many.

8) Majority attempted and satisfactory performance.

##### **General comments and guidelines:**

- Go for in-depth knowledge.

- Thorough reading of study materials and suggested answers is suggested.

**PAPER: IP – 10: APPLIED DIRECT TAXATION**

**Question wise comments:**

- 1) It was a good question and normally attempted well by the students.
- 2) Satisfactory performance.
- 3) Attempted reasonably well by the candidates.
- 4) Average performance.
- 5) Average performance.
- 6) Very well attempted.
- 7) Majority avoided this question and performance was poor.
- 8) Average performance.

**General comments and suggestions:**

- The examinees are advised to read and understand the question thoroughly and carefully before writing answers.
- They should consult/refer standard books (latest edition)/study materials thoroughly and analytically.
- Adequate practice of theoretical and practical model problems is essential to acquire command over the fundamentals of the subject matter.
- Due attention must be given to orderly presentation of solutions to problems in suitable FORMAT along with sufficient working notes in order to secure good marks.
- Comprehensive preparation and acquiring in depth knowledge of the subject matter is extremely required.
- Consult the past questions and suggested answers of the Institute to know the presentation of the answers.

## **FINAL GROUP-III**

### **FP/11: CAPITAL MARKET ANALYSIS & CORPORATE LAWS**

#### **Question wise comments:**

- 1) Part a, b, and c was answered by and large well by most of the candidates.
- 2) The overall performance for part (a) was of average level. In part b their answers exhibited confused knowledge of concepts i) ex ante betas of stock ii) under price or over price of stock iii) systematic and unsystematic risk e.t.c. However the overall performance for part b was below average level.
- 3) Most of the students erred in ETF. The overall performance for Part (a) was poor. Performance for Part (b) and (c) was average.
- 4) For Part (a) and (b) the overall performance was of average level. For Part (c) and (d) most of the candidates failed to answer correctly and the overall performance was below average level.
- 5) Performance was good.
- 6) Most of the candidates could get few points right. Overall performance for Part (a) and (b) was of average level. In Part(c) candidates performed more or less well.
- 7) Performance for Part (a) and c) was good. Most of the examinees failed to answer for question 7(b). and the overall performance was not up to the mark.
- 8) Most of the candidates could get few points right and overall performance was of average level.

#### **General suggestions and comments:**

- Students are advised to read the questions thoroughly before answering.
- Examinees should consult standard reference books (latest edition) and study materials thoroughly and analytically.
- Adequate reading/practice of theoretical and practical models is essential for acquiring command over the fundamentals of the subject.
- Due attention must be given for presentation of solution for practical problems with suitable formats and working notes to secure good marks.
- Avoid unnecessary and irrelevant details in the answers.
- Never tend to indulge in selective studies.
- Consult past questions and suggested answers of the Institute.

### **FP/12: Financial Management and International Finance**

**Question wise comments:**

1) **Performance is satisfactory.** However, answers of all the parts were not fully correct. In depth knowledge is necessary. Working notes with reasons should be carried out in support of the answers.

2) Performance is poor. Majority of the students did not understand the concept of working capital properly. Need to practice more.

3) Performance is satisfactory. However, few could not indicate the correct values under operating, investing and financial activities & proper Cash Flow Statement format not correctly followed.

4) Majority answered correctly but could not explain the concept with formulae properly. Few made mistakes in determining optimum debt- equity mix. Need to improve presentation.

5) Performance is average. Part B not well attempted. Majority failed to work out arbitrage gain. Lack of knowledge about ask rate, bid rate spread e.t.c.

6) Poor performance. Lack of knowledge about NPV under Incremental Cash Flow. Problems not answered as per requirement of the question. Need to read the questions carefully before answering.

7) Satisfactory. Majority answered well. But few could not calculate Leverages, ROI & EBIT correctly.

8) Average performance. Lack of comprehensive answers.

General suggestions and comment:-

- Highest marks scored is 70 whereas the lowest scored mark is 05 with an average marks of 38.426.
- Question numbers must be written properly.
- Start new answers from fresh page and leave margins.
- Study of suggested material along with reference books are absolutely essential for up gradation of knowledge.
- Need to stress on practicing problems regularly specially from Capital Budgeting, International Finance and Working Capital Management.

**PAPER: FP- 13: Management Accounting- Strategic Management**

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**Question wise comments:**

1) Majority of the candidates performed well in this section.

- 2) Majority of the candidates attempted this question and performed well except for Part (b) where they gave wrong answers and mostly out of the context answers.
- 3) Most of the candidates answered very well the concept of PIMS. But performance for Part (b) was average.
- 4) A few candidates attempted this short note question and their performance was not satisfactory.
- 5) Good performance.
- 6) Candidates performed very well.
- 7) Few attempted this question and performance was of below average level. Majority failed to show the differences in hedging of Mutual funds and Equity market and could not get in to the critical area of discussion.
- 8) Majority of the students attempted this question very well especially for Part (a) and (c) but for Part (b) their answers were of average standards.

**General comments and suggestions:**

Candidates must go through the study materials and students' edition and suggested answers of past question papers. Then they would have profound knowledge for the subject which is essential for scoring good marks.

**PAPER: FP- 14: DIRECT AND INDIRECT-TAX MANAGEMENT**

**Question wise comments:**

- 1) Objective type question and most of the students scored well.
- 2) Students were not conversant with the latest provisions of service tax including composition scheme. Very few students could give correct answers.
- 3) Some students could not determine Assessable Value properly for Part (a). For Part (b) and (c) majority answered fairly well.
- 4) Average performance. It seems that students could not understand the question properly as many answered what is drawback whereas the question required to explain exports.
- 5) The procedure for registration under CST Act was not brought out by many students.
- 6) Students were confused in applying 8% on turnover u/s 44AD. The wealth tax question was answered well by most students.



7) The computation of taxable profit was attempted well. However, many could not get the correct taxable profits and working notes were not given.

8) A few students answered this question on Transfer Pricing but were answered well.

**General comments and guidelines:**

- Read the question carefully and understand what is required to be stated.
- Answers written should have relevance to the marks allotted and the question asked.
- Candidates should learn to manage their time so that they can complete the paper.
- Examinees need to revise the topics before examination.

**FINAL GROUP IV**

**PAPER: FP 15: Management Accounting- Enterprise Performance Management**

**Question wise comments:**

- 1) Objective type question and performance was satisfactory.
- 2) Good performance. Answered correctly by majority.
- 3) Below average performance.
- 4) Performance was good.
- 5) Majority committed mistake in calculating transfer price.
- 6) Poor performance. Most of the students failed to answer correctly Cause Effect Diagram.
- 7) Majority failed to solve the problem of Decision Tree. Performance was not up to the mark.
- 8) Performance was not satisfactory.

**General comments and guidelines:**

- Students are advised to go through the study materials along with suggested answers.
- Try to build up fundamentals and basics of the subject by extensive reading.
- Practice answering numerical questions in study materials and reference books.
- Try to improve communication skill.
- Avoid answering questions by mere guesswork.

**PAPER: FP 16: ADVANCED FINANCIAL ACCOUNTING AND REPORTING**

**Question wise comments:**

- 1) a) Few calculation mistakes were noted. Students also made mistakes in opting exchange rates and it seems that concept for AS is not clear to many.
- 1b) Except few majority of the students had no clear idea as to which standards use fair value.
- 2) Performance is below average. Majority made mistakes in calculation of book cost and could not differentiate from book cost and recoverable amount. Calculation mistakes were seen.
- 3) In the first part only basic entries for sales were correct, students applied poor knowledge of conversion rates. In the second part mistakes were made in calculation of net assets and for entries for Employee Stock Option O/s.
- 4) For Part (a) investment of B Ltd in A Ltd was not considered by most of the students. For Part (b) mistakes were seen in calculating Purchase Consideration.
- 5) a) Poor performance. None could get right.  
b) Students preparation lacked basic understanding regarding consolidation.
- 6) Concept of embedded derivative was not clear among many students. None of the students attempted part © correctly.
- 7) Good performance. But mistakes were seen in adding present value of ungaranteed residual value and calculation of percentage for GVA in Part (b).
- 8) Average performance. To the point answers were rare, most of the candidates tired to fill pages with unnecessary details.

**PAPER: FP 17: COST AUDIT & OPERATIONAL AUDIT**

**Question wise comments:**

- 1) Performance was good. However some of the candidates could not give proper justification and it seems that the abbreviations were also not understood by many.
- 2) Overall performance was satisfactory. Man of the examinees went for unnecessary details. Some mixed up the requirement of preparing Cost Accounts and Cost Audit and the distinction between operational profit and value addition is not clear to many.
- 3) The question was attempted by most of the students and answered well. While doing reconciliation the net impact of OB/CB has not been clearly worked out by many.

- 4) Good performance.
- 5) Good performance.
- 6) Almost all mixed up with opening and closing WIP. Developments leading to Management Audit are not clear to many.
- 7) Well answered by all.
- 8) Performance was good.

**General comments and suggestions:**

- Students should write one question with all its sub parts at a time.
- Answer each question in a fresh page.
- Go through the Cost Audit Record Rules and Cost Accounting Report Rules carefully.
- Students must enlighten themselves with the recent developments in Management Audit field.
- Thorough study of study materials is a must.
- Excise and Customs Act items need to be studied properly.
- Stress on proper presentation of practical problems.
- Students should not use red ink while answering.

**PAPER: FP 18: BUSINESS VALUATIONS MANAGEMENT**

**Question wise comments:**

- 1) Most of the examinees have done well.
- 2) Good attempt. Theory question on M&A and DCF was generally answered well.
- 3) Answered well for 3(a). For 3(b) candidates made lengthy discussion avoiding the main point of discussion.
- 4) Short notes question was answered well except McKinsey and Walter's Model.
- 5) Majority answered well for 5(a) but for 5(b) it was a poor performance.
- 6) a) Majority answered but could not estimate the share price properly.  
b) Students had difficulty in calculating excess earning for while estimating value of goodwill.
- 7) Most of the candidates answered wrongly. Majority could not calculate EPS for Vasudha ltd.

8a) few students attempted. Amortization was not done properly.

b) Students made mistakes in calculating joint probability and could not calculate P/E ratio and share price.

**General comments and guidelines:**

- Examinees are advised to go through the study materials provided by the Institute.
- Reading reference books prescribed in the syllabus will enhance their knowledge.
- Students should regularly practice solving questions from past examination papers and reference books.

**Disclaimer: The summary of comments of the Head Examiner/ Examiners' has been given as guidance to assist the students in preparing themselves for the Institutes examinations. The opinion has been given by the Head Examiners/ Examiners and should not be taken to reflect the views of The Institute of Cost and Works Accountants of India.**