

PAPER 16 : Advanced Financial Accounting and Reporting

Overall performance of the Students and suggestions regarding how they can improve their performance

Questionwise Performance

Part - A

Question 1 (Compulsory- objective type question)

- (a) Performance was above average. However, some examinees did not substantiate their answers with workings, which was required to be shown.
- (b) Performance was above average.
- (c). Generally well answered. Some examinees could not work out correctly the amount of discount and finance cost correctly and could not answer the question.

Part- B

Question 2

- (a)Most of the examinees did well. A few, however, committed error in the second part as they inter changed Rs 70,000 of Deferred Tax. Some examinees did not work out the percentages for each amount of Application of amount.
- (b) (i) Performance was below average. Common mistake was failure to work out Present value of MLP of Rs 2,69,948 and not considering the percentage to be considered to arrive at finance lease.
- (ii) Answers were poor as many examinees considered wrongly Rs 1,00,000 as annual lease payment and multiplied the same by 2.4868.

Question 3

- (a) Performance was very poor. Most of the examinees failed to work out correctly amount of net assets and ratio of exchange of shares. Many included revised figure of stock for closing capital employed under asset method and did not calculate by equity method. . Some examinees failed to take into account that since investments are tax free, tax liability will not change over three years.

Question 4

Performance was poor in most cases. It appeared that the examinees did not have adequate knowledge of solving problems of chain holding. The examinees failed to work out correctly the amount of Revenue Reserve and Profit and Loss account. Other common mistakes noticed were (i) not calculating unrealized profit on stock thereby getting Minority Interest figure incorrect (ii)not showing working for cash in transit (iii)) deduction of Rs 36,000 from Debtors and creditors and (iv) not preparing balance Sheet as per revised Schedule VI..

Question 5

- (a) Generally well answered.
- (b) (i) Performance was satisfactory
- (ii)Most of the answers were incorrect as the Investments were not taken at market price.
- (iii) Many candidates did not show the Notes to Balance Sheet.

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Question 6

(a) Performance was very poor of the limited number of examinees, who attempted. This clearly indicated that the examinees lacked the fundamental knowledge of dealing with ESOP related problem.

b) Good performance.

Question 7

(a)

(i) Performance was not satisfactory because large number of students did not consider the notional call amount of Rs 90 lakh on 45 lakh equity shares @ Rs 2/-.

(ii) Performance was satisfactory

(iii) Performance was average because of non – consideration of amount of Rs 1,635 lakh being total share capital to calculate EPS.

(b) Below average performance. Most of the Examinees failed to consider that 50% of CENVAT credits to be availed immediately and balance 50% in subsequent year.

Question 8

Short Notes

Most of the answers were sketchy and did not cover all points.

(a) Average performance. Some examinees confused PAC with Committee of Public Undertaking (COPU)

(b) Poor answers. Examinees only stated the meaning of Corporate Social responsibility and did not state the aspects of reporting.

(c) Poor Performance. Examinees simply wrote the meaning of Human resource without giving all relevant points.

(d) Poor performance as most examinees considered the question as Environmental accounting and did not deal with reporting requirements.

Suggestions to improve performance

It should be appreciated that there is scope to score high marks in this paper. But the performance of the candidates were below expected level. It appeared that most student did not prepare well for the Examination through intensive study of the Institute Study material and prescribed texts. The students must appreciate that there is no alternative to learn about the subject matter and they must also practice to solve all types of problems from past question papers of the Institute and those of other professional bodies covering the various topics of the syllabus so that they can face the examination more confidently.

They must also improve their skill of presentation of their answers in a neat and well arranged manner. This will help them to score higher marks.

Other suggested steps are

- Read the questions carefully more than once before starting to answer the question so that they understand clearly what is required in the question
- When writing Journal entries, proper narrations must be written

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- Practice doing accounting problems and pay attention to proper presentation supporting by adequate working note
- Improve skill of English language so that their answer to theory part have clarity and precision.