

## EXAMINERS' COMMENTS ON PERFORMANCE OF THE EXAMINEES

### PAPER – 5: ADVANCED ACCOUNTING

**Question 1.(a)** Most of the examinees could not compute the amount of profit/loss for the year and amount due from/to customers as at the year end.

**(b)** Many examinees were not able to compute weighted average number of equity shares outstanding during the year. As a result they were not able to compute basic EPS correctly.

**(c)** Few examinees erred in calculation of amortization ratio for cost of patent. Consequently, they failed to find out the correct amount of amortisation cost of the patents as per AS- 26 "Intangible assets".

**(d)** Most of the examinees could compute the amount of profit/loss correctly but could not explain the correct accounting treatment thereof in line with the AS 19 "Leases".

**Question 2.** Many examinees failed to prepare the necessary journal entries and the balance sheet of the company after buy back and issue of bonus shares in the required manner in part (a) of the question.

**Question 3.** The amount of purchase consideration and correct number of equity shares to be issued to Y Ltd. could not be arrived correctly by many examinees and consequently, they could not prepare realisation account in Books of Y Ltd. and Balance sheet of X Ltd. after absorption.

**Question 4.(a)** Most of the examinees failed to segregate the capital funds into Tier I and Tier II capitals and find out the risk-adjusted assets and risk weighted assets ratio compute correct risk weighted assets ratio.

**(b)** Most of the examinees calculated correct amount of total yield of the Mutual Fund Schemes but could not compute correct effective yield per annum.

**(c)** Few examinees failed to calculate amount of provision for NBFC company.

**Question 5.** Some of the examinees were not able to compute profit or loss on revaluation of assets, cost of control and minority Interest. Consequently, they failed to prepare the Consolidated Balance Sheet in the required manner.

**Question 6.(a)** Few examinees could not compute the amount of Employee's Compensation Expenses.

**(b)** Examinees showed lack of knowledge of different types of marine losses. and gave generalised answers.

- (c) Most of the examinees could not write about presentation of Minimum Alternative Tax (MAT) in the financial statements.
- (d) Most of the examinees could not compute value of goodwill by long term fund approach, hence they failed to compute correct leverage effect on goodwill.
- (e) Very Few examinees could not compute the amount to be realized from B list Contributories.

### PAPER – 6: AUDITING AND ASSURANCE

**Question 1.(a) Appointment of Internal Auditor (Sec. 138):** Many candidates did not mention qualification and also some did not mention about that internal auditor may or may not be an employee of the company.

**(b) Independence of Auditor on appointment {Sec. 141(3)(d)}:** Many candidates did not discuss about disqualification and also did not mention that he would be lacking independence.

**(c) Audit Documentation (SQC-1):** Many candidates did not possess knowledge of SQC 1 and they were not aware of requirement of SQC 1 regarding establishing policies and procedures for the retention of engagement documentation.

**(d) Testing the effectiveness of Control:** Majority of the candidates did not discuss that inquiry along with other audit procedures would only enable the auditor to test the operating effectiveness of controls.

**(e) Detection of Mistakes and Manipulations:** Many candidates did not mention that certain other procedures also have to be applied like trend and ratio analysis.

**(g) Appointment of First Auditor:** Most of the candidates correctly mentioned the relevant provision of appointment of new auditor. However, some of them wrongly interpreted it as Managing Director himself as auditor.

**(h) Communicating key audit matters in Auditor's Report:** Candidates, in general, have fair idea of the topic but failed to explain it correctly.

**(i) Statistical Sampling:** Most of the candidates came out with correct conclusion but failed to highlight the size of the sample.

**(j) Sharing of Audit Documents (SA-230):** Majority of the candidates gave correct conclusion but lacked knowledge regarding discretionary power of the auditor in this matter.

**Question 2.(a) Identifying the Assertions:** Most of the candidates have only general idea of the assertions. Some of them reproduced all the assertions in all the sub parts which was not required. Also, many wrote about audit process which was not required.

(d) **Understanding of the Company's Automated Environment:** Many candidates wrote general essay on computers. Also, few wrote about audit process in IT environment instead of writing about understanding of the company's automated environment.

**Question 3.(a) True and fair view of Financial Statements:** Candidates in general correctly highlighted some of the important aspects to be reviewed by the auditor to establish true and fair view.

(b) **Verification of depreciation and amortization expenses:** Most of the candidates did not have idea of the attributes to be considered while verifying for depreciation and amortisation expenses rather they wrote general points regarding depreciation.

(c) **Procedures to verify –Interest/Dividend/Sale of Mutual Fund:** Candidates did not have knowledge of how to verify the receipts of dividend and gain from sale of mutual fund and the disclosure of the same in the financial statements.

**Question 4. (b) Reporting under CARO, 2016:** Most of the candidates did not have idea of the requirement of reporting under the given clauses and gave only irrelevant points.

**Question 5.(a) Emphasis of Matter Paragraph:** Most of the candidates failed to properly explain the topic and mixed it with Auditor's opinion.

(b) **Casual Vacancy by resignation {Sec. 139(8)}:** Most of the candidates failed to correctly mention the relevant requirement of the section and mentioned only about appointment by Board of directors.

(c) **Evaluating the operating effectiveness of Internal Controls:** Candidates did not have idea of the requirement of the question and mostly discussed about internal control measures.

(d) **Reporting of fraud to Central Government {Sec. 143(12)}:** Candidates in general mentioned only some of the steps required to be followed for reporting of high valued fraud and also failed to mention the reporting requirements under CARO, 2016.

**Question 6.(a) Appointment of Auditor {Sec.141(3)(d)(i)}:**Candidates had good idea of relevant provision for appointment of auditor having shareholding by relatives in a company.

(b) **Nature of securities to be offered to Bank:** Candidates, in general, mostly answered the question as type of security rather than nature and examples of security.

(c) **Objectives of Audit of Local bodies:** Candidates have no clear idea of the important objectives of audit of Local Bodies and mentioned only few points to be covered by the auditor.

(d) **Risk associated with use of Information Technology systems:** Candidates, in general, failed to mention the risk in using the IT systems and gave only general answer of use of IT system. Some of them reproduced the answer of question 1(d)

## PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

### SECTION – A: ENTERPRISE INFORMATION SYSTEMS

#### Specific Comments

**Question 1.** This was a compulsory question consisting of five sub-parts, one from each chapter.

(a) This sub part was based on “Business Intelligence”. Most of the examinees attempted this question but failed to explain the term. The overall performance was below average.

(b) Most of the examinees did not answer this subpart on “Line Error Control”. Those few who attempted could not provide an appropriate answer and their overall performance was poor.

(c) This sub-part was based on “Internet of Things (IoT)”. Significant number of examinees did not answer this question correctly but instead, explained about Internet instead of IoT. Few examinees could explain the term appropriately but the overall performance was average in this question.

(d) Most of the examinees attempted this question on “Cyber Crime” and performed well. The overall performance was good in this part.

(e) Most of the examinees attempted this question on “Risk Assessment”. Most of the examinees answered this question out of their common understanding and performed averagely in this.

**Question 2.(a)** Many examinees attempted this question on “Design Criteria for designing Data Warehouse”, but only few of them answered it properly. Most of the examinees could not mention design criteria in a proper way.

(b) This question was based on “Positive aspects contained in IT Act 2000 and its provisions for E - Commerce in India”. Many examinees attempted this question and performed well. However, some of them could not list out all aspects contained in the Act perfectly.

**Question 3.(a)** Many examinees attempted this question that sought them to “Identify the modules of an Ideal ERP System” and performed satisfactorily. Though most examinees only listed out all the modules of ERP systems, few examinees could only explain them.

(b) Even though many examinees attempted this question on “Objectives of Information Systems Auditing”, only some of them answered it satisfactorily. Some of them explained how to do auditing rather than explaining the objectives of Information System precisely.

**Question 4.(a)** Many examinees did not point out the “Internal controls to be implemented by a CBS branch manager” as desired to be answered in the question. Few examinees could write the relevant answer, whereas most of the examinees gave description of all type of general controls for IT system in a generic manner.

(b) Many examinees did not point out the “Control Objectives for E-Commerce or M-Commerce” in an appropriate manner. Most of the examinees gave description of only security aspects with only few mentioning about all the control objectives of E-commerce and M-commerce correctly. The performance was below average in this part.

**Question 5.(a)** This was a flowchart based question which most of the examinees could draw perfectly till the end. However, few examinees could not draw flowchart properly till the end.

(b) Many examinees did not point out the “Risk involved in credit card processing in a bank” in a desired manner. Mostly gave description of operational problems of credit card faced from a customer’s perspective rather than the Risks involved in the credit card processing in a bank.

**Question 6.(a)** Many examinees attempted this question on “Workflow Diagram for e-commerce and describe various steps and corresponding activities involved” and performed well. However, some examinees only listed out the headings but did not elaborate them. The overall performance was good.

(b) This question was having an internal choice. Most of the examinees preferred attempting the question on “Front and back End in a Software” over “Various types of Data Coding Errors” and performed reasonably well.

## SECTION – B: STRATEGIC MANAGEMENT

### General Comments

Answers, in general, were lacking in content and quality. Conceptual clarity and proper presentation was missing in many cases.

### Specific Comments

**Question 7.(a)** Some of the candidates have confused the concept of competitive advantage with the concept of core competence. Accordingly, the performance was average.

(b) The candidates explained the mission statement instead of strategic vision. Besides, the answers of many candidates lacked substance.

(c) The performance was poor as candidates were not clear about the concept. They understood directional strategies as one of the functional strategies instead of grand strategies.

(d) Most of the candidates were lacking conceptual knowledge on core competence and accordingly their performance was below average.

(e) Most of the candidates were able to answer it correctly but the proper explanation was missing. Accordingly, the performance was average.

**Question 8.** The candidates were able to provide the answers in terms of correctness or incorrectness of statement but were not able to substantiate their answers with proper reasoning.

(a) Majority of the candidates were not clear about the role of strategic management in non-profit organizations.

(b) The performance was below average as candidates lacked knowledge of role of HR manager in building up the core competency of firm.

(c) Some of the candidates were lacking conceptual knowledge on the concept of corporate culture and accordingly their performance was poor.

(d) The candidates could not explain properly the relation of marketing function with production function. Hence, performance was below average.

(e) The performance of majority of candidates was good as most of them possessed sufficient knowledge of the concept of economies of scale and they also explained it correctly.

**Question 9.(a)** The candidates were able to mention the strategic options correctly but were not able to explain in clear and precise terms. Accordingly, performance was average.

(b) Majority of the candidates were able to properly explain the leadership styles followed by Ram and Shyam.

**Question 10.(a)** Majority of the candidates were able to present good answers.

(b) Most of the candidates were not able to understand what has been asked in the question and they were not able to give proper answers. Almost all of the candidates explained the various stages of strategic process instead of principal aspects of strategy execution process.

**Question 11.(a)** The performance of a majority of candidates was good as most of them possessed sufficient knowledge of the competitive forces identified by Michael Porter.

(b) The difference between social marketing and service marketing was not properly brought out by most of the examinees. Answers were not precise and lacked substance.

**Question 12.(a)** Comparatively question was found to be tough by the candidates as the adequate knowledge in the area of strategy audit was missing.

(b) The performance was above average as candidates had reasonable knowledge of different types of strategic control and SWOT analysis.

**PAPER – 8: FINANCIAL MANAGEMENT AND ECONOMICS FOR FINANCE****SECTION A – FINANCIAL MANAGEMENT****Specific Comments**

**Question 1.(a)** This was a Numerical question on '**Capital Structure**'. Performance of the examinees was poor in this question.

**(b)** This was a Numerical question on '**Leverage**'. A majority of examinees answered the question correctly.

**(c)** This was a problem related to complete a '**Balance Sheet by finding out the missing items**'. Performance of the examinees was good in this question

**(d)** This was a Numerical question related to '**Financing Decisions**'. Most of the examinees did well in this question.

**Question 2.(a)** This was a numerical question on '**Capital Budgeting**'. Most of the examinees failed to understand the present value concept properly which led to very poor performance in this question.

**(b)** This was a theoretical question on the topic '**Types of financing**'. Most of the examinees misunderstood the name of Bond and answer incorrectly.

**Question 3** This was a numerical question requiring advice to acquire a plant either by '**purchase or by lease**'. Performances of examinees were not satisfactory.

**Question 4** This was a practical question on '**Financing as well as investment decision**'. Performance of the examinees was above average in this question

**Question 5** This was a numerical question on estimation of '**Working Capital Requirement**'. In general, most of the students estimated it correctly.

**Question 6.(a)** This was a theoretical question on '**sources of short-term financial requirement**'. Performance of the examinees was average.

**(b)** This was a theoretical question on '**meaning for Certainty Equivalent**'. Average performance was observed by the examinees.

**(c)** This was a theoretical question on '**roles of Finance Executive in modern world**'. Most of the answers were in general not specific in the modern world scenario. An average performance was observed by the examinees.

## SECTION – B: ECONOMICS FOR FINANCE

**Specific Comments**

**Question 7.(a)** The performance of majority of examinees was good as they were able to solve the question to **calculate Marginal Propensity to Consume and Marginal Propensity to Save** – Many solved and scored Full Marks.

**(b)** Most of the examinees performed below average level to answer the theory question related to credit Multiplier and Money Supply.

**(c)** Examinees attempted moderately the question related to Role of government in market economy.

**(d)** A satisfactory performance was noticed by the examinees in relation to the question on **fixed and floating exchange rate**.

**Question 8.(a)(i)** **Theory question on modified equation of exchange**. In general, most of the examinees performed below the average in this question.

**(ii)** Most of the examinees did not perform well in the question related to **Crowding effect of public expenditure**.

**(b)(i)** The performance of the examinees in this question on **leakages in the circular flow of Income** was average.

**(ii)** The performance of the examinees in this question on **features of public goods** was good.

**Question 9.(a)(i)** Many of the examinees listed out the **reasons for holding money** correctly.

**(ii)** An average performance by the examinees was noticed in the question related to **Types of Government Interventions for correcting information failure**.

**(b)** An average performance by the examinees was noticed in the numerical question related to **National Income**.

**Question 10.(a)(i)** The question on enumerating the **difference between Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF)** was attempted by many examinees in a fair manner.

**(ii)** Most of the examinees answered correctly the numerical problem relating to calculation of Gross National Product at Market Price.

**(b)(i)** The performance of examinees was good in the question related to **Meaning of Anti-dumping duties**.



(ii) Majority of the examinees wrongly answered the **question on deterrents of FDI**. They listed out its merits and demerits.

**Question 11.(a)(i)** The answers of examinees on the question on **objectives of WTO** were general and not specific .

(ii) Most of the candidates failed to give proper reasons **for losing relevance of GATT as** asked in the question.

**(b)(i)** An average performance of examinees was observed on the question related to **objectives of Fiscal Policy**.

(ii) A below average performance of the examinees was noticed in the question on **demerits of import tariffs in international trade**.

OR

**Question 11.(b)(ii)** Many examinees performed well in the question **on impact of changes in Cash Reserve Ratio**.