

## EXAMINERS' COMMENTS ON THE PERFORMANCE OF THE EXAMINEES

### PAPER – 1: ACCOUNTING

#### Specific Comments

**Question 1.(a)** Majority of the examinees could not explain the treatment of the given expenditures as per provisions of AS 10 "Property, Plant and Equipment".

**(b)** Few examinees were not able to calculate gain / loss on account of foreign exchange difference as per related provisions of AS 11 "Effects of changes in foreign exchange rates" and consequently, they erred in computation of amount to be debited or credited to be Profit and Loss account.

**(c)** Majority of the examinees exhibited lack of understanding of the difference between change in accounting policy vis-à-vis change in accounting estimate and hence, could not give the required answer.

**(d)** Majority of the examinees failed to state the nature of loss due to fire (adjusting or non-adjusting event) and were not able to give its correct treatment as per provisions of AS 4 "Contingencies and Events occurring after the Balance Sheet Date".

**Question 2.(a)** Few examinees did not prepare investment account for bonds and equity shares account in the required manner. They failed to calculate the value of right shares subscribed and sale proceeds of right entitlement.

**(b)** Some of the examinees were not able to calculate stock destroyed by fire (loss of stock) and stock lying with customers (for approval) on the date of fire.

**Question 3.(a)** Some of the examinees were not able to prepare Trading and Profit and Loss A/c for the year and Balance Sheet as on closing date from the information given in the question.

**(b)** Few examinees failed to calculate correct amount of unrealized profit for inter-departmental stock of each department.

**Question 4.** Majority of examinees failed to compute maximum loss on monthly basis as required by question. Adjusted partners' capital balances were wrongly ascertained by most of examinees.

**Question 5.(a)** Few examinees erred in computation of sales ratio, rent and depreciation amounts for the pre and post incorporation periods.

**(b)** Large number of the examinees were not able to prepare Debenture redemption fund account and Debenture redemption fund investment account.

**Question 6.** In part (a) of the question, many examinees explained accounting policies instead of accounting standards. Most of the examinees were not aware of Neutrality as one of characteristic of financial statements in part (b) of the question. They explained neutrality as true and fair view/double entry concept of financial statements. Most of them failed to

compute exchange loss and its accounting treatment in line with the AS 11 "The Effects of Changes in Foreign Exchange Rates" in part (c). Majority of examinees could not write about conditions when a company should issue new equity shares for redemption of preference shares in part (d) of the question.

## PAPER – 2: CORPORATE AND OTHER LAW

### Specific Comments

**Question 1.(a)** Performance of the Examinees was above average. The question required application of the provisions related to One Person company. The examinees could not write the related provision correctly, however, they were able to give correct conclusion.

**(b)** Performance of the Examinees was good. Most of the Examinees have written the answer in correct lines. The question required application of section 63 of the Companies Act, 2013, related to issue of bonus shares.

**(c)(i)** Performance of the Examinees was above average. They have written the answer correctly without prescribing the relevant provision w.r.t. transfer of profit to reserve before declaration of dividend.

**(ii)** Performance of the Examinees was average. Examinees have written the correct provisions relating to lawful adjustment of dividend payable by the company against calls in arrears.

**(d)** Performance of the Examinees was average. The question dealt with section 133 of the Indian Contract Act, 1872 relating to discharge of surety. Many examinees have simply stated that Pawan, as surety, shall be discharged from his liability, without mentioning the point of time up to which he was liable.

**(e)** Performance of the Examinees was below average. The Examinees were not aware of the relevant provisions of the General Clauses Act, 1897. They answered the question only with reference to the provisions of the Companies Act, 2013.

**Question 2.(a)(i)** Performance of the Examinees was good. Majority of the Examinees have stated correct provisions relating to tenure of CA firm as statutory auditor as well as the disqualification of a retiring auditor during cooling off period.

**(ii)** Performance of the Examinees was good. Barring few, most of the Examinees have written correct answer along with the provision w.r.t disqualification of appointment of an auditor due to holding of certain securities by his relative(s).

**(b)** Performance of the Examinees was below average. The Examinees were not aware of procedure of accepting deposits from its members instead they have written general answer relating to acceptance of deposits from its members.

**(c)** Performance of the Examinees was average. Most of the examinees gave general answer. Most of the Examinees have written the answer correctly but they were not aware of the relevant provisions regarding the liability/ protection of drawee bank.

(d) Performance of the Examinees was above average. Most of the Examinees have written the answer correctly. The question dealt with section 26 of the Negotiable Instruments Act, 1881.

**Question 3.(a)** Performance of the Examinees was average. Examinees are not aware of the relevant provisions relating to issuance of Shelf-Prospectus.

(b)(i) Performance of the Examinees was below average. Only a few Examinees have stated correct provisions relating to exemption from submission of financial statements in XBRL mode.

(ii) Performance of the Examinees was average. Most of the Examinees have written the answer correctly without stating the relevant provisions about eligible limit of members to request the company to give special notice in order to move a resolution for appointment of an auditor other than the retiring auditor.

(c) Performance of the Examinees was not satisfactory. Majority of the Examinees have not written the answer correctly. The question dealt with provisions applicable to making of rules or bye-laws being made after previous publications under the General Clauses Act, 1897.

(d) Performance of the Examinees was below average. Although the Examinees are aware of the meaning of "Proviso" but they are unable to describe the word "Explanation" with reference to interpretation of Statutes, Deeds and Documents.

**Question 4.(a)** Performance of the Examinees was good. Most of the Examinees have written correct answer along with the provision relating to quorum to be present in annual general meeting.

(b) Performance of the Examinees was average. Although, the Examinees have given correct conclusion, they are not aware of Provisions relating to restriction of voting right of members.

(c) Performance of the Examinees was above average. Most of the Examinees have correctly defined the term "Financial Statements" under the Companies Act, 2013.

(d)(i) Performance of the Examinees was below average. Examinees neither correctly explained the "Mischieve Rule" for interpretation of statute nor the four matters it considers in construing an Act.

(ii) Performance of the Examinees was not satisfactory. Examinees have given very general answer since they were not aware about the usage of 'Dictionary Definition' in interpreting / constructing an Act when the statue is ambiguous.

(e) Performance of the Examinees was not satisfactory. Very few Examinees were able to state the correct difference between 'Repeal' and 'Deletion'.

**Question 5.(a)** Performance of the Examinees was above average. Most of the Examinees have given the correct answer that the status of the company is a Foreign company. But they were unable to describe the provisions of the Companies Act, 2013 regarding 'online business through electronic mode'.

(c) Performance of the Examinees was below average. The Examinees have given the correct decision regarding contention of directors, but provisions are missing in most of the cases.

(d) Performance of the Examinees was good. Most of the Examinees have given the correct answer regarding the rights of the finder of the lost goods.

(e) Performance of the Examinees was below average. The Examinees have not stated the correct provisions relating to remedy available to the bailor in case of mixed goods which are non-separable.

**Question 6.(a)** Performance of the Examinees was good. Most of the Examinees have written correct answer along with the provision relating to doctrine of Indoor management.

(b) Examinees' performance was not satisfactory as they have failed to describe the conditions & manner in which a company may issue Global Depository Receipts in a foreign country.

**OR**

In the second option, performance of the Examinees relating to registration of charge with the registrar was good which was attempted by most of the Examinees.

(c) Performance of the Examinees was not satisfactory. Very few Examinees have given the correct conclusion and not aware about the concept of substituted agent.

(d) Performance of the Examinees was not satisfactory. The Examinees have given the general points relating to bill of exchange dishonoured by non-acceptance as well as the consequences if a cheque gets dishonoured for insufficiency of funds.

### **PAPER – 3 : COST AND MANAGEMENT ACCOUNTING**

#### **Specific Comments**

**Question 1.(a)** In this question, performance of the examinees was below average. Most of the examinees have made mistake by taking output instead of raw material consumed figure for calculation of re order quantity.

(b) In this numerical problem of standard costing to calculate Fixed Overhead variances, average performance was observed. Some examinees failed to understand the concept of Standard Cost for actual output.

(c) In this numerical problem of process costing for calculation of equivalent production and cost per equivalent unit. Performance of the examinees was average.

(d) This numerical problem was related to Contract Costing. Performance of the examinees was below average. Majority of examinees failed to calculate cost of work uncertified.

**Overall performance in this compulsory question was average.**

**Question 2.(a)** This question was related to preparation of Cost Sheet. The performance of the examinees in this sub part of the question is very good and many secured 9 to 10 marks out of 10 marks.

**(b)** This question was related to Marginal costing. Most of the examinees performed well and obtained 6-8 marks out of 10 marks.

**Overall performance in this question was very good.**

**Question 3.(a)** This numerical question was based on batch costing. The majority of examinees did well.

**(b)** In this question, Part (i) was related to the calculation of cost per unit on absorption costing basis, in which most of the examinees did not understand the concept of calculation of absorption rate. Part (ii) is related to the Activity based costing and significant number of examinees answered in correct line and obtained 4 to 6 marks.

**Overall performance in this question was above average.**

**Question 4.(a)** This numerical question was related to Non Integrated Accounts. Four different ledgers are required to be prepared. Performance of the examinees was average. The examinees have made mistakes in the posting of particular transaction in concerned account.

**(b)** This practical problem was related to Service Costing. A few number of examinees secured good marks. Some of the examinees failed to calculate passenger kilometres and lost three marks.

**Overall performance in this question was average**

**Question 5.(a)** This was a simple numerical problem on preparation of production budget, purchase budget and for calculation of profit for the quarter ending on 31<sup>st</sup> March. Majority of examinees have calculated production units correctly but failed to calculate purchase units and profit for the quarter ending. Performance in the sub part was below average.

**(b)** The Sub part (i) was numerical question on employees cost. Most of the examinees did not answer in the correct line. The second sub part was related to overheads distribution cost, the performance of the examinees was not up to mark. A few number of examinees secured good marks.

**Overall performance in this question was below average.**

**Question 6.(a)** This was a theoretical question on responsibility centres. Below average performance was observed.

**(b)** This was a theoretical question on obsolescence of material. Below average performance was observed.

**(c)** This was a theoretical question on apportionment of overhead costs. A majority of examinees did well.

(d) This was a theoretical question on process costing on treatment of by product. Below average performance was observed.

(e) This was a theoretical question on Activity Based Budgeting. Poor Performance was observed. Most of the examinees confused between the concept of ABC costing and Activity based budgeting.

**Overall performance in this question was below average.**

#### PAPER – 4 : TAXATION

##### SECTION A: INCOME TAX LAW

###### Specific Comments

**Question 1.** Very few examinees could correctly compute the total income and tax payable. Donations of ₹ 12000/- given in cash was wrongly allowed as deduction by many examinees.

**Question 2(a)** Many examinees could not substantiate their answers with proper reasoning while discussing the taxability of certain items where the assessee is a resident or non-resident.

**Question 3.(a)** Many examinees failed to arrive at Gross Annual Value by considering the higher of expected rent for the whole year and actual rent for let out period, resulting in wrong computation of income from house property.

**(b)** Most of the examinees were not aware of the provisions of section 234F relating to late fee for delay in furnishing return of income, and hence could not answer this question properly.

**Question 4.(a)** Most of the examinees could not explain the tax consequences under section 50C in the hands of Mr. Subramani, the seller and under section 56(2)(x) in the hands of Mrs. Vimala, the buyer where the immovable property is acquired for inadequate consideration i.e., where the stamp duty value is different from the actual consideration.

**(b)** Many examinees have not considered the amount of depreciation not allowable on account of usage of car for personal purposes while arriving at the written down value at the beginning of the previous year (i.e., as on 1.4.2018) as well as while computing depreciation allowable as deduction during the previous year 2018-19.

**Question 5.(b)** Most of the examinees were not aware of the exemption provision in respect of the transport allowance in case of employees working in transport system. Therefore, their answers to sub-part (i) were incorrect

**Question 6.(a)** Some examinees were not aware that the loss from card games can neither be set-off against any other income nor it can be carried forward. Further, some of the examinees have not specified the items eligible for carry forward in their answer.

**(b)** Some of the examinees have not grossed up the amount of winning from lotteries by minor child N includable in the hands of his father.

(c) Many examinees were not clear with the concept of marginal relief and hence were not able to compute the tax liability correctly applying the said concept.

**Question 7.(a)** Some examinees have not mentioned in their answer that the unit set up in Domestic Tariff Area is not eligible for the benefit of deduction under section 10AA.

## SECTION B: INDIRECT TAXES

### Specific Comments

**Question 8.(a)** Most of the examinees were unaware of application of the concept of reverse charge mechanism (RCM). The implication of reverse charge provision, i.e. cash to be paid for tax liability under reverse charge and thereafter availing input tax credit of the same in case of legal fees and rent was not given effect to by large number of examinees and thus, they wrongly computed net GST liability.

(b) Some examinees did not adduce adequate reasoning in support of inadmissibility of input tax credit in respect of works contract services availed for construction of Staff quarters while making computation of input tax credit available with CANWIN Limited for the month of January, 2018.

**Question 9.(a)** Many examinees did not support their answer with suitable reasoning in support of inclusion/exclusion of various items for computation of value of taxable supply.

(b) Most of the examinees missed to refer to the major components of definition of supply like import of service, schedule I and schedule II, while explaining the meaning of supply as asked in the question.

**Question 10.(b)(ii)** Some examinees got confused regarding taxability of the business exhibition services provided in India and wrongly mentioned the same as exempt, whereas services in respect of business exhibition held outside India is exempt from GST.

(c) Some examinees mistakenly answered the question in respect of taxability as against deciding the person who is liable to pay GST. The question was regarding application of RCM under the given cases. Students lacked the ability to apply the conceptual knowledge of RCM to the given situations.

**Question 11.(b)** Most of the examinees were unaware of the provisions relating to time of issue of invoice in case of continuous supply of services (CSS), where no due date for payment is agreed upon under the contract of CSS.

**Question 12.(c)(i)** Some examinees depicted poor knowledge by wrongly stating the State levies subsumed in GST as against the Central levies, which was the requirement of the question.

(ii) In majority of the cases, examinees were unaware that input tax credit cannot be adjusted for payment of interest, penalty and payment of tax under reverse charge.