

EXAMINERS' OBSERVATIONS AND COMMENTS ON THE PERFORMANCE OF EXAMINEES FOR EXECUTIVE PROGRAMME AND PROFESSIONAL PROGRAMME IN DECEMBER 2013 EXAMINATION*

The December 2013 session of the Company Secretary Examination was held from 20th December, 2013 to 29th December, 2013. The marks obtained position of candidates for all papers of Executive Programme (Old Syllabus), Executive Programme (New Syllabus) and Professional Programme have been compiled and presented in Table A, B & C, hereunder for the information of the candidates. Though the marks obtained position showed good performance by the candidates in most of the papers, some candidates were not able to clear the examination due to various drawbacks in their answers. Therefore, it would be beneficial for those candidates to know the general weakness/drawbacks in their answers. Some common drawbacks based on the comments and observations noted by the examiners have been given paper-wise hereunder for information of the candidates so as to enable them to overcome their deficiencies and improve their performance in the forthcoming examination.

Table - A
Statement Showing the Marks Obtained Position of Candidates in all Papers of Executive Programme (Old Syllabus) in December 2013 Examination

Subjects		Percentage of Candidates Secured		
		40 to 49% marks	50% to 59% marks	60% and above marks
EXECUTIVE PROGRAMME				
MODULE I				
1	General and Commercial Laws	33.05	25.82	2.36
2	Company Accounts, Cost and Management Accounting	28.23	22.90	0.96
3	Tax Laws	30.86	20.78	2.54
MODULE II				
4	Company Law	32.94	15.62	1.15
5	Economic and Labour Laws	35.94	32.76	3.29
6	Securities Laws and Compliances	33.41	26.02	2.78

Table - B
Statement Showing the Marks Obtained Position of Candidates in all Papers of Executive Programme (New Syllabus) in December 2013 Examination

Subjects		Percentage of Candidates Secured		
		40 to 49% marks	50% to 59% marks	60% and above marks
EXECUTIVE PROGRAMME				
MODULE I				
1	Company Laws	24.33	34.92	1.95
2	Cost and Management Accounting	16.86	23.12	2.78
3	Economic and Commercial Laws	20.96	37.98	2.97
4	Tax Laws and Practice	16.00	25.26	3.96
MODULE II				
5	Company Accounts and Auditing Practices	16.93	32.36	6.75
6	Capital Market and Securities Laws	16.64	21.35	1.07
7	Industrial labour and General Laws	23.29	35.14	1.90

Table - C
Statement Showing the Marks Obtained Position of the Candidates in all Papers of Professional Programme in December 2013 Examination

Subjects		Percentage of Candidates Secured		
		40% to 49% marks	50% to 59% marks	60% and above marks
PROFESSIONAL PROGRAMME				
MODULE I				
1	Company Secretarial Practice	43.93	15.92	2.58
2	Drafting, Appearances and Pleadings	44.05	31.70	5.92
MODULE II				
3	Financial, Treasury and Forex Management	32	19.50	8.60
4	Corporate Restructuring and Insolvency	46.40	19.38	2.69
MODULE III				
5	Strategic Management, Alliances and International Trade	41.59	21.70	3.32
6	Advanced Tax Laws and Practice	31.14	16.10	0.65
MODULE IV				
7.	Due Diligence and Corporate Compliance Management	44.62	18.75	2.46
8.	Governance, Business Ethics and Sustainability	44.64	27.95	4.88

***Compiled from Examiners' Report**

EXECUTIVE PROGRAMME

MODULE - I

1. GENERAL AND COMMERCIAL LAWS(Old Syllabus)

The overall performance of the candidates in this paper depicted lack of conceptual and fundamental understanding of the subject. It was observed that most of the candidates emphasize on quantity of answers as a result of which their answers were sketchy and vague. Many candidates failed to substantiate their answers with decided case law even when asked in the question paper. Sound legal reasoning and specific answers were not given by many candidates while dealing with questions based on problems. The presentation skills were also not up to the mark.

The performance of the candidates in Question No.1 was far from satisfactory. In Question No.1(a) most of the candidates could not explain whether Article 14 of the Constitution of India does not rule out classification for purposes of legislation; what it requires for a valid classification for the same. Powers of President of India to promulgate ordinance in Question No.1(b) were well described by the candidates. Question No.2 was attempted in an average manner. Many candidates lacked conceptual clarity while attempting part (iii) and (iv) relating to 'Fraudulent Transfer' and 'Summary Suit' respectively. Question No.3 was attempted satisfactorily by the candidates. However, many candidates could not properly draw distinction between 'Doctrine of *res sub judice*' and 'Doctrine of *res judicata*' in part (iii). The overall performance in Question No.4 was just average as most candidates wrote generalised answers. Many candidates displayed lack of knowledge while explaining part (v) relating to form and contents of an arbitral award. Question No.5(a) & (b) relating to filling-in the blanks and choosing the most appropriate answer from the given options were satisfactorily answered by most of the candidates. Question No.6 relating to true/false statements with reasons in brief was though attempted well by majority, some candidates failed to give satisfactory reasons in support of their answers. The candidates displayed average performance in Question No.7 and 8 both being problem oriented questions. Most of the candidates were not able to support their answers with relevant case laws and legal provisions.

Candidates are also advised to start a new answer from a fresh sheet and answer the paper chronologically. Candidates are further advised to improve upon their English so that the grammatical mistakes can be removed. Further, this paper requires continuous updation of knowledge and candidates are expected to be well versed with latest amendment in General and Commercial Legislations for scoring good marks. Candidates are advised to regularly read the Law Journals and develop analytical and logical skills and improve their presentation skills.

2. COMPANY ACCOUNTS, COST AND MANAGEMENT ACCOUNTING(Old Syllabus)

Company Accounts, Cost and Management Accounting being a practical paper require clear conceptual understanding and thorough practice of practical problems to score good marks. Being a practical paper the performance in this paper was just average and candidates could have scored more marks if they had done adequate preparation required for the exam. Answers of the theoretical questions were also not up to the mark.

Question No. 1 being compulsory question was attempted by most of the candidates and overall performance was satisfactory. However logical reasoning required for answering true /false was missing in some cases. Question no. 2 was averagely attempted by the candidates. But most of the candidates could not derive the correct amount of capital reserve and minority interest in the holding company problem of part (a). Performance in question no. 3 was below average. Very few candidates could correctly do part (a) and (c). In part (a) most of the candidates were not able to calculate net assets and intrinsic value of equity share. In part (c) candidates lacked conceptual clarity and could not provide correct accounting treatment and journal entries. In question no. 4(a) performance of the candidates was good, however in question no 4(b) and 4(c) the performance was below average. In part (b) candidates lacked conceptual clarity and most of the candidates were not able to pass correct journal entries regarding redemption of debentures.

Question no 5 being a compulsory question was attempted by most of the candidates and the performance was satisfactory. However some answers were not logical due to lack of understanding of fundamental concepts of cost and management accounting. Question no. 6 was rarely attempted by the candidates and those who attempted could not work out profit to be recognised as per AS-7 in part (a). Further answers to part (b) and (c) regarding flexible budget and key factor respectively were vague and not clear. Performance in question no. 7 was not satisfactory. Most of the candidates could not provide correct machine hour rate in part (a) and profit forgone on account of labour turnover. Question no. 8 was widely attempted by most of the candidates but the performance was below average. Most of the candidates showed lack of conceptual clarity in working out cash flow statement and proper working notes were not provided. In part (b) many candidates failed to calculate the break-even point.

Candidates are advised to have clear knowledge of fundamental concepts to solve practical questions correctly. In theory questions, it is important to write answers in clear and precise manner. They should practice exhaustively by solving practical problems from standard text books and suggested readings. It is also important to write answers neatly and present them in proper format.

3. TAX LAWS (Old Syllabus)

The overall performance of the candidates was average. Generally, answers to the questions have exhibited lack of systematic and logical approach, conceptual clarity and analytical thinking. The presentation of answers was also very poor in many cases. Most of the students attempted this paper without adequate preparation. The performance of candidates was better in part B: Service tax and part C: VAT as compared to part A: Income-tax, where candidates lacked in-depth understanding of the provisions. Candidates should pay more attention towards Part-A and do rigorous training and practice to enrich their knowledge and exposure in the subject. Candidate's understanding on the subject is found to be shallow without knowledge of practical application.

Question no. 1(a) and 1(b) were MCQ and fill in the blanks respectively, and satisfactorily attempted by most of the candidates. In-depth study of the subject is necessary for answering objective type questions. However the performance in Question no. 1(c) was not up to the mark. Most of the students failed to calculate the value of rent free accommodation. Question no. 2(a) being a true/false question was attempted fairly well but candidates failed to

give logical reasoning. Question no. 2(b) was not answered satisfactorily by the candidate where most of the candidates have done wrong calculations on income from sub-letting. Question 2(c) has been answered averagely.

In Question no. 3(a) candidates performed poorly as in-depth knowledge of interest on borrowed capital was missing. Performance in Question no. 3(b) was not up to the mark as most of the candidates failed to explain best judgment assessment u/s 144. Performance in Question no. 3(c) was average. Performance of candidates in Question no. 4(a), 4(b) and 4(c) was very poor. Most of the candidates failed to calculate the Long term capital gain in 4(a). In Question no. 4(b) and 4(c) the candidates lacked in understanding the concept of depreciation.

Question no. 5(a) most of the candidates failed to calculate the amount of penalty u/s 271(1)(c). Whereas in Question no. 5(b) and 5(c) performance was average. In question no. 5(b) in-depth knowledge of exemption from wealth tax was missing. Answer to Question no. 6(a) and 6(c) were satisfactory, but most of the candidates failed to explain taxation of voluntary contribution received by a charitable trust and corpus donation in Question no. 6(b). Performance of candidates in Question no. 7 pertaining to service tax was fairly well. But most of the candidates did mistake in calculation of service tax in 7(ii) and in 7(v) they wrongly assumed that the consideration of Rs. 50,000 was exclusive of tax.

Question no. 8 on VAT was answered well by the candidates.

The subject of taxation requires that students should keep themselves updated with the upcoming amendments and therefore candidates are advised to refer the Student's Company Secretary, Chartered Secretary and the upcoming notifications, circulars and case laws regularly. For scoring good marks the answer should be precise, length should be reasonable and the answer should cover only the relevant provisions which are asked in the question. This paper is based on practical aspects which require thorough and deep study of the legal provisions hence it is advisable to practice more and more problems. The candidates should pay more attention towards Income tax portion and the questions need to be properly read before being attempted.

MODULE II

4. COMPANY LAW (Old Syllabus)

Overall performance of the candidates was not satisfactory. The presentation and writing skills of the candidates need improvement. Lack of knowledge was evidenced in the case based Questions, indirect questions and provisions of The Companies Act, 1956.

The performance of the candidates in Question No.1 was not satisfactory. Very few students could answer question no 1(ii), (iii). Most of the candidates answered the question. Question No 2 was containing Objective type questions and answered well by most of the students. Very few students could answer the 3(a),(i) to (viii) it being objective question. Many students could not answer question No 3(c) relating to companies required to file annual statement in XBRL format. The overall performance of students in question No 4 was found satisfactory except for question no 4(iii). The performance of students in question No 5 was not found upto the mark. Only few candidates could answer to question No 5(a), 5(b) and 5(c) correctly. In question No 6, the overall performance of students was very poor. Very few students could answer question No 6(i), 6(ii), 6(iii) and 6(iv) correctly. Most of the student's answered

question NO 6(iii) relating to lifting of corporate veil satisfactorily. The replies of students to question No 7 was found satisfactory. However many students could No answer 7(b) satisfactorily. The overall performance of students in question no 8 was found satisfactory. Many students were not aware about basic principles of co-operative and very few students could answer question 7(d) relating to sanctioning of a scheme of demerger.

Candidates are advised to read the question carefully. Candidates are further advised to avoid irrelevant matter, illegible handwriting. Lastly candidates are advised to read the Study Material thoroughly along with the Bare Act and keep themselves updated with latest development in the area by reading regularly “Chartered Secretary”, “Student Company Secretary” bulletin and visit the Ministry of Corporate Affairs website (i.e. www.mca.gov.in).

5. ECONOMIC AND LABOUR LAWS(Old Syllabus)

The overall performance of the candidates in this paper was found to be average. This paper is divided into two parts i.e. Part-A and B. Part-A covers Economic Laws whereas Part-B covers Labour laws. It was observed that in general, conceptual clarity was missing and many of the answers were not upto the desired level. In-depth knowledge of the provisions of various Acts especially Foreign Examination Management Act, Intellectual Property Rights etc. was also missing. Their written communication skills need improvement. They were found lacking in logical presentation and clarity of thoughts. Candidates even at executive level don't write question numbers clearly and need to learn to start a new question from a fresh page. Candidates resorted to writing unnecessary long answers and effective presentation and expression was missing.

The performance of the candidates in Question No.1 was good. However, it was observed that candidates were not able to understand the short notes on Know your customer guidelines and hence the performance in Question No.1 (i), was found to be average. The performance of the candidates in Question No.2 was below average, candidates were unable to answer the questions with reason in brief, whether the statements are true or false. The performance in Question No.3 (a), was average and in Question No.3(a)(iv), on 'proprietor of a registered trade mark' and 'registered user of a trade mark' was not satisfactorily answered by most of the candidates. The Question No.4(a) based on Foreign Exchange Management Act, 1999 was attempted by a few candidates and the performance was found to be poor. The performance of the candidates in Question No.4(b) and (c) was good. The Question No.5 was attempted by most of the candidates and it was answered well. The performance of the candidates in Question No.6 of Part-B was the best out of all the questions. However, part (iv) of Question No.6 relating to 'Excluded employee' under the Employees' Provident Fund Scheme, 1952 lacked proper explanation. The performance in Question No.7 was found to be very good with most of candidates attempting it. Question No.8 was attempted by few candidates. However, most of the candidates fails to give their answers with citing decided case law, therefore, the performance of candidates were not up to the mark.

Candidates are advised to go through the Study Material provided by the Institute rather than reading any brief material for examination. They should avoid casual approach towards their studies and study seriously so as to have at least basic understanding of the subject. Before writing the answers, they should read the question thoroughly to understand the exact requirements before attempting the answer. Mentioning of

relevant legal provisions and case laws helps in securing good marks. They should read 'Chartered Secretary' and 'Student Company Secretary' bulletin to update their knowledge about current developments on the subject. Read Bare Acts to have knowledge about legal provisions. Avoid writing irrelevant answers and write legibly.

6. SECURITIES LAWS AND COMPLIANCES (Old Syllabus)

The overall performance of the candidates in this paper was satisfactory. Since the paper was easy, the candidates could have attempted the questions well. But the candidates attempted some questions very well, some average and others below average.

Question No. 1(a) on True & False was attempted well by candidates but Question No. 1 (b) relating to filling-in the blank the performance of the Candidates was below average. In Question No. 2 (a) relating to distinguish between the terms were explained correctly by majority of candidates except 'buy-back through stock exchange and buy- back through book building'. Very few candidates could answer the abbreviations in Question No. 2(b). Majority of the candidates could not expand the abbreviation for 'NDTL'. Question No. 3 (a) on margin trading, candidates were not much aware about the concept. The candidates wrote very general or vague answers due to lack of conceptual understanding on the topic.

In Question No. 3(b) on buy- back of securities, the candidates elaborated the answers in a very precise manner and answer was descriptive in nature. Response to Question No. 4(a) on benefits of treasury bills, the performance of the candidates was poor. Though the concept of treasury bills as a money market instrument is known to candidates, the candidates were not much aware about the benefits. In part (b) of Question No 4, majority of the candidates explained correctly terms like GDR, Sweat Equity Shares and Angel Investors but went wrong on 'money market mutual funds'. Question No. 5(a), (b) and (c) on suspicious transaction report, depository system and functioning of securities market the candidate elaborated the concept correctly. It also seems that the candidates have good knowledge and conceptual clarity on the topic. Response to answer to Question No. 6 on explaining various statements was not satisfactory and candidates were unable to explain the answers and were confused while answering the statements. Answer to Question No 7 (a), (b) (c) and (d) were by and large found to be attempted by majority of candidates and the performance of the candidates was good. Question No. 8 on short notes on different concepts was attempted by most of the candidates but the candidates wrote lengthy answers and explanation was not specific.

It was observed that candidates did not read the questions thoroughly before attempting them. Most of the candidates started answering question by giving introduction of particular topic asked in the question without directly answering the questions. The candidates should adopt professional approach.

Securities Laws and Compliances being a dynamic subject require understanding of procedures and practices being followed in capital markets. Students are advised to attend study circle meetings organised by the chapters regularly, keep themselves updated by accessing the websites of SEBI, MCA, BSE and NSE etc, one financial daily and journal, apart from the study material..

EXECUTIVE PROGRAMME (NEW SYLLABUS)

Module I

1. COMPANY LAWS

The overall performance of the candidates in this paper was satisfactory. The candidates attempted some questions very well, some average and others below average.

The performance of the students in question No 1 was found satisfactory. Very few students could envisage the role of a Company Secretary beyond the corporate laws. Many students referred the common seal of the company as rubber stamp. The performance of the students in question No 2 was found well however in some cases the students could not define transmission in many cases. Very few students attempted question No 2A. Very few could answer question No Q 2A (iv) correctly. The overall performance of the students in question No 3 was not found satisfactory. Mostly students wrongly referred inter corporate loan provisions in answering question No 3(a). In answering Question No 3(b), Students defined liabilities of partners as partnership firm. They were not aware that partnership firm cannot be a member of company. Very few students could answer question No 3A correctly. Most of the answers were based on general logic and assumptions without any reference to Companies Act, 1956. Answer to question No 4(a) was found satisfactorily but 4(b) was poorly attempted by most of the students. Overall performance of students in Question no 5 was found average. Many students could not answer to question 5(a) and 5(c) correctly. The overall performance of students to question No 6 was found satisfactory. Most of the Students were not aware about Doctrine of alter ego and rights of dissentient shareholders.

Candidates are advised to read the question carefully. Candidates are further advised to avoid irrelevant matter, illegible handwriting. Lastly candidates are advised to read the Study Material thoroughly along with the Bare Act and keep themselves updated with latest development in the area by reading regularly “Chartered Secretary”, “Student Company Secretary” bulletin and visit the Ministry of Corporate Affairs website (i.e. www.mca.gov.in).

2. COST AND MANAGEMENT ACCOUNTING

Cost and Management Accounting being a practical paper requires knowledge of practical use of various cost and management accounting concepts. The performance of the students in practical question was not satisfactory in this paper and various students could not solve the questions based on standard costing, Marginal costing, Contract costing, Cash flow and Reconciliation of cost and financial records. It is important for students to understand the subject with clear concept and practice practical problems regularly to score good marks.

Question No. 1 candidates should classify the reasons of the statement and not merely rewrite the statement. Majority of the candidates have answered the question in an average manner which shows lack of conceptual clarity. Due to internal choice many students attempted Question No. 2 and some students selected Question no. 2A. In Question no. 2(a) most of the students have attempted satisfactorily. In Question no. 2(b) understanding of the candidates needs to be improved as answering to the machine hour rate is most unsatisfactory. Question no. 2A (i) many candidates have not answered in the cost sheet format and in Question no. 2A (ii) regarding contract account, many candidates could not correctly solve the question. Question no. 3(a) was simple question and was answered fairly well by most of the candidates. Question no. 3(c), 3(d), 3A (iv) were rarely answered correctly by the candidates. Most of the candidates could not solve problem on Halsey Rowan Plan.

Question no. 4 has been answered well by the students except Question no.4 (d) related to labour cost variance. Question no. 5(a) performance of candidates is poor as basic

understanding of standard costing is not there. Question no. 5(b) was attempted well by the candidates. Question no. 6(a) on cash flow was poorly attempted by majority of candidates. Many candidates wrongly brought in materials consumed and failed to answer this question to the conclusion. Also the cash flow statement should be prepared in accordance with AS-3. Question no. 6(b) had the most marks (12 marks) for any sub-part. Many candidates lacked knowledge of ratio analysis and therefore could not calculate the full ratios correctly. Here the candidates should note that the Balance sheet and Profit and Loss account should be prepared in accordance with revised schedule VI.

Candidates are advised to do an extensive study of the subject and try to understand the concepts clearly. They should practice exhaustively solving of practical problems from standard text books and suggested readings. They should make point wise presentation of answers and follow step procedure so that marks can be awarded accordingly. The candidates should understand their subject with clear concept and practice practical problems regularly.

3. ECONOMIC AND COMMERCIAL LAWS

In this paper, the candidates exhibited reasonable academic knowledge but lacked practical knowledge. Analytical ability was found missing in most of the answers. Majority of the candidates could not refer to the relevant sections of the respective statutes. Lack of systematic study and thorough knowledge of the subject were the reasons for low performance.

In question No. 1, the answer furnished were fairly reasonable except part (e) relating to Usufructuary mortgage. In question No. 2(b), candidates showed lack of knowledge of describing the essential elements of a valid contract. In question No. 2A(i), while attempting to state the law of admissibility in evidence of an instrument not duly stamped, many relevant aspects were missing. Majority of the candidates were unaware of the absolute grounds for refusal of registration of trade marks in Question No.2A (v). Satisfactory answers were given for Question No.3 as regards Anti-competitive agreement and arbitral award respectively . By and large satisfactory answers were given with respect to Question No.4, but majority of the candidates not comfortable in part (b) as regards 'Market Access Initiative' and 'Market Development Assistance'. In Question No. 5(d), candidates found confused relating to International Organisation of Legal Metrology (OIML). In answer to Question No. 6(a) candidates fails to highlight the circumstances under which the Central government may take over the management of an industrial undertaking after investigation and without investigation under the Section 18A and 18AA of the Industries(Development and Regulation) Act. Only few candidates could attempt Question No. 6A (iii) relating to carbon credit.

The subject of Economic and Commercial Laws requires latest knowledge of the amendments therefore candidates are advised to refer the "Student's Company Secretary", "Chartered Secretary" and the upcoming notifications, circulars and case laws to keep them updated on the subject. For scoring good marks the answer should be precise, length should be reasonable and the answer should cover only the relevant provisions which are asked in the question. Candidates are further advised to avoid irrelevant matter, illegible handwriting.

4. TAX LAWS AND PRACTICE

The overall performance of the candidates was satisfactory. Performance in Part-A: Income-Tax was low as compared to Part-B: Service tax and VAT. Candidates were found lacking in conceptual clarity, application skills and the presentation of answers was also not up to the mark.

Question no. 1 was averagely attempted by the candidates. But many candidates did not read the question no. 1(a) well which was related to the admissibility or otherwise while computing income from business. In question no. 1(b) candidates did not have the knowledge of 'fair rental value'. In question no. 1(c) many candidates got confused between MAT and AMT. Question no. 1(e) was attempted by very few candidates and those who attempted wrote vaguely. Attempt in Question no. 2 was average by the candidates. Majority of the candidates could not correctly compute allowable remuneration u/s 40(b) in Question no. 2(c). Performance in question no. 2(d) was very poor as difference between foreign company and domestic company should have been answered in context of Income tax Act. Similarly in Question no. 2(e) most of the candidates had no idea about section 132 and section 133A of Income-tax Act. In question no. 2A (i) the performance was satisfactory for part (a), but most of the candidates could not answer part (b) correctly. In question no. 2A (ii) only a few candidates knew about qualifying limit in computation of deduction u/s 80G. In question no. 2A (iii) the performance was good. In question no. 3 the performance was average. In question no. 3(a) many candidates have ignored the fact that only 50% exemption would be available u/s 10AA for P.Y. 2012-13. In 3(b) only a few candidates could compute profit u/s 44AE and in 3(c) the performance was average. Question no. 4(a) was attempted well by the candidates, but the reasons for considering and not considering the assets for the purpose of Wealth tax was not stated by many. Question no. 4(b) was poorly attempted by the candidates, which shows lack of basic concept of salary. Question no. 4(c) was asked about tax liability while many candidates answered how to determine residential status.

Question no. 5(a) was answered well by the candidates. In question no. 5(b) candidates wrote unnecessary things about Input tax credit rather than writing what was asked. Question 5(c) was attempted well by most of the candidates. Question no. 6(a) was poorly attempted by the candidates where 'Inter-State sale' should have been answered in the context of Central Sales tax Act. Performance in Question no. 6(b) was average, where answers were partly correct. Question no. 6(c) was attempted fairly well by most of the candidates. Question no. 6A was satisfactorily attempted by the candidates except 6A (iii) in which few candidates were unaware about Rule 5 of Point of Taxation where service is taxed for the first time.

It is very important for candidates to understand various concepts related to the subject for solving both practical and theory portion. Conceptual clarity will help students to approach examination with confidence. The subject of taxation requires that students should keep themselves updated with the upcoming amendments and therefore candidates are advised to refer the Student's Company Secretary, Chartered Secretary and the upcoming notifications, circulars and case laws regularly.

Module II

5. COMPANY ACCOUNTS AND AUDITING PRACTICES

The overall performance of the candidates in this paper was found to be satisfactory. Candidates required more in depth and conceptual knowledge of the subject. They should also learn to apply theoretical concepts in practical situations.

Performance in Question no. 1 was good except in Question no. 1(b) and 1(d) where candidates lacked knowledge in passing journal entries regarding issue of debentures and the concept of EVA. Performance in Question no.2 was average. Candidates mainly committed mistakes in part (d) mentioning types of restructuring and in mentioning correct objectives in part (e). In Question no. 2A performance was average except 2A (ii) where candidates were unable to produce format of statement of profit and loss as per revised schedule VI. Question no. 3 was well attempted by most of the candidates. Performance in Question no. 4 was not satisfactory. In part (b) candidates got confused in arriving at post and pre acquisition profits.

Question no.5 was attempted averagely by the candidates where they gave very general answers and lacked conceptual clarity. Performance in question no. 6 was satisfactory but few candidates could not answer part (b) and (c) properly. Performance in Question no. 6A was also satisfactory except for part (ii) where candidates showed lack of clarity of thought about preparing audit working paper and answered the question very casually.

Time management is the key to attempt maximum number of questions and score well. Candidates should focus on the entire syllabus both practical and theory parts and should have basic conceptual clarity on the subject. More practice on the practical portion is needed with better presentation and appropriate working notes.

6. CAPITAL MARKET AND SECURITIES LAWS

The overall performance of the candidates in this paper was not satisfactory. Candidates do not have the thorough knowledge on this paper. Many candidates were lacked presentation skill while writing the answer sheet. It was observed that candidates are not updated with the latest changes and amendments taking place in the area. Some of the answers were not relevant to the question. The candidates attempted some questions well, some average and others below average.

Question No. 1(a) on issue of share warrants was answered by majority of candidates but only a few candidates wrote correctly the amount payable by promoters at the time of allotment. Question No. 1 (b) on Reporting of IPO grading the performance of the candidates was poor. While writing the answer of this question, candidates were not much aware about the concept. Question No. 1 (c) relating to listing of debentures on private placement basis, the performance of the candidates was below average. Answer to Question No 2 (a), (b) and (c), relating to Registrar to an Issue, restrictions on business activities of Collective Investment Management Scheme and SME Exchange, were by and large found to be attempted by majority of candidates, but the answers written were ordinary and not specifically pointed on the particular topic. Most of the candidates were confused Registrar to an Issue with Registrar of Companies. Question No. 2A (i) on distinguishes between was well attempted by candidates except 'hedge funds and leverage funds'. Question No.2A (ii) on explaining terms briefly, the performance of the candidates was poor. Social Venture fund was misunderstood by candidates as venture capital fund and candidates were also unable to explain Mezzanine financing. Answer to Question No 3 (a), (b) and (c) relating to Role of STRIP bond in debt market, process of factoring and case laws on Mutual Fund, the performance of the candidate was average. In process of factoring many candidates explained with pictorial presentation whereas in the case

of mutual fund, candidates failed to mention that penalty is attracted on contravention of statutory obligation. Part (a) and (b) of Question no. 4 relating to infrastructure debt fund scheme and describing various categories of alternative investment fund was not explained correctly by the candidates and the answers were ambiguous due to lack of proper knowledge and understanding on the related concepts. However in part (c) relating to Roadshow, the candidate elaborated the concept correctly. It also seems that the candidates have good knowledge and conceptual clarity on the particular topic. Question No. 5 on comment upon different statements, though the performance of the candidate was satisfactory but many of the candidates were not conversant about book building process and qualified institutional buyer. Question No. 6 (a) relating to Insider trading, the candidate elaborated the concept correctly. It also seems that the candidates have good knowledge and conceptual clarity on the particular topic. Response to part (b), (c) and (d) to Question No. 6 on SCOREs, continuous listing requirements and disclosures under takeover regulations, was below average and the contents lacked legal deliberations. Question No. 6 (a) on short notes on different concepts, the performance of the candidates was quite satisfactory but there are concerns like the candidates wrote Powers of SAT but it was a generalised answer not specific as mentioned under SEBI Act, 1992. In different methods of raising funds rather sources of funds are mentioned. The candidates did not touch upon the main points.

Time being the essence; candidates must allocate time to each question depending upon the marks indicated in the question paper. Capital Markets and Securities Laws being a dynamic subject require understanding of procedures and practices being followed in capital markets. Students are advised to attend study circle meetings organised by the chapters regularly, keep themselves updated by accessing the websites of SEBI, MCA, BSE and NSE etc, one financial daily and journal, apart from the study material.

7. INDUSTRIAL LABOUR AND GENERAL LAWS

In this paper most of the candidates were lacking in conceptual understanding of the subject making it observed that they did not prepare for the examination thoroughly. Most of the candidates lacked elementary knowledge of the well known legal concept about labour laws . Majority of the candidates while attempting the descriptive questions neither quoted the relevant statutory provisions nor examined the necessary details thereof. While solving the problem based questions, they did not give appropriate reasoning in support of their answers. Systematic and logical presentation was lacking.

The performance of the candidates in Question No.1, was good. In Question No.1 (b), most of the candidates could not mentioned the provisions relating to prohibition of child labour under the Child Labour (Prohibition and Regulation) Act, 1986. Contract of apprenticeship in Question No. 1(b), were well described by the candidates. Question No.2, was attempted in an average manner. Many candidates lacked conceptual clarity while attempting part (c) relating to 'individual dispute' and 'industrial dispute' under Industrial Dispute Act, 1947. Question No.2A was attempted satisfactorily by the candidates. However, many candidates could not properly draw distinction between 'minimum bonus' and 'maximum bonus' in part (iii). The overall performance in Question No.3 was just average as most candidates wrote generalised answers. Most of the candidates were not able to support their answers with relevant case laws and legal provisions in Question No.4. Question No.5 relating short notes was though attempted well by majority, performance was fairly satisfactory The candidates displayed average

performance in Question No.6 . In Question No. 6A many candidates could not give correct answer while substantiating the given questions.

Candidates are advised to read the study material thoroughly for gaining in-depth knowledge of the subject. Further, reading of Chartered Secretary, Student Company Secretary and various Law Journals is a must in the today's fast changing world, for keeping them abreast with the changes in the law as well as to improve the drafting skills.

PROFESSIONAL PROGRAMME

MODULE I

1. COMPANY SECRETARIAL PRACTICE

This is a core subject for the Company Secretaries and this subject requires advanced knowledge of Company Law procedures. The analysis of the overall performance of the candidates in this paper depicts the poor knowledge of subject. The performance seems to have lack of conceptual knowledge; on the other hand theoretical questions were well attempted by the candidates.

Most of the students could not answer Qns No 1 correctly. In answering various sub parts of questions, many students drafted resolutions while question calls for advice/Drafting letter/Reports. Majority of students lack overall presentation in answering the question. In many cases, explanatory statements were not given correctly. In Question no 2(a), many students could not give proper reasons for stating true and false. Question 2(b) was not attempted by many students. Most of the students attempted Qns no 3 well and their answers found satisfactory. In some cases students were not aware about auditor's responsibility for stating director's disqualification in his report. Some students could not answer question no 4 (C) satisfactorily. In question No 5(a), many students were not aware about documents to be verified by a CS while using compliance certificate. In Question No 6, many students were not aware about functions of a company secretary in relation to Corporate Restructuring. Very few students could answer question no 6 (C) and (d). Only a few students could answer question No 7(c) correctly. In question No 8, some students were not aware about the matter with Secretarial Standards 6 & 9 deals with. Students' performance is by and large satisfactory in this question.

2. DRAFTING, APPEARANCES AND PLEADINGS

In this paper, candidates exhibited lack of reasonable writing skills. In certain questions candidates lacked practical application and analytical approach. Drafting skills of the candidates requires improvement. The answers should be supported by provisions of laws, the knowledge of which is found missing in the candidates. They should refer to legal documents, suggested reading on drafting and conveyancing for improving their performance.

In Question No.1 (a), very few candidates could draft an appeal from order of trial judge keeping principle of drafting in view properly. In Question No.2 (a), many candidates

were able to fill in the blanks satisfactorily. Question No. 2(b), based on explain and comment was not answered by most of the candidates. Question No.2(c), based on select the odd term out and briefly justify was well answered by most of the candidates. In Question No.3 (a), the performance was not satisfactory while drafting a specimen deed of usufructuary mortgage.. The candidates lacked conceptual knowledge and gave vague answers. In Question No. 3(b) most of the candidates did well in commenting on the statements to be true or false with giving the reasons. Candidates were able to write short notes on the given topics in Question No.4. Candidates performed well in Question No.5 (a), with respect to drafting may be defined as the synthesis of law and fact in language form. In Question No.5 (b), the performance of the candidate is very good. In Question No.6 (a), many candidates failed to mention the essential elements of a dealership contract to be kept in mind while drafting dealership contract. The performance on Question No.7 (a), on the general guidelines to be followed while issuing notice for a general meeting was satisfactory. Answer to Question No.7 (b) was attempted well, some of the candidates got confused between 'Legal document' and 'instrument'. Question No. 8, was well attempted by majority of the candidates.

Candidates can improve their performance in this paper by concentrating on writing and drafting skills. The candidates are advised to consult various law journals like All India Reporter, Corporate Law Courier, for latest judgments. They should gain the in-depth knowledge of the subject.

MODULE II

3. FINANCIAL, TREASURY AND FOREX MANAGEMENT

The analysis of the over all performance of the candidates in this paper depicts the satisfactory performance. Although, the performance seems to have lack of conceptual knowledge, on the other hand theoretical questions were well attempted by the candidates.

Question No.1 related to comments on different statements was attempted by majority of candidates. Most of the students have written General Answers in meant of specific to the point relevant. Performance is Q No 1(i) & 1(v) was not found satisfactory. In many cases students wrongly referred AS 22 for answering Question No 1(ii).

Most of the students answered this question. In question no 2(a), many students could not make accurate calculation for cash of debt, Market Value of instruments and weighted average cost. Very few students could answer question no 2(c) correctly.

The performance of students in question no 3 was found satisfactory. Many students could not make correct calculation for question No 3(b). Question No.4 on differentiation between various concepts was generally answered by students instead of giving specific point to point reply especially in respect of Q No 4 (i) (iii) and (IV). Question No.5 (a) related to MM approach was attempted well by many candidates. In question No 5 (b), Most of the students calculated the EOQ correctly but subsequent calculations were not found correct. Question No.6 covers the calculation of working capital budgeting. Being a simple question, the performance of students was found satisfactory. In question No 7, most of the students gave general answers especially in respect of Q No 7(i) (ii) and (iv).

Being the subject pertaining to the professional programme, it is suggested to candidates to focus more on calculations in the concepts of Capital Budgeting, Working Capital Management Cost of Capital and Forex part. Candidates are advised to refer standard text books, study material and financial dailies to have thorough understanding of the subjects for conceptual clarity and adequate practice is required for scoring excellent marks. Candidates are also advised to write relevant and to the point reply as per the requirement of the question.

4. CORPORATE RESTRUCTURING AND INSOLVENCY

The overall performance of the candidates in this paper was found to be satisfactory. Candidates required more in depth knowledge of the subject. They should also learn to apply theoretical concepts in practical situations.

The performance of the candidates was average in Question No. 1(a), relating to amalgamation and merger. Response to Question No.1 (b) relating to true or false, the performance of candidates was poor. The answers were ambiguous due to lack of proper knowledge and understanding on the related concepts. Question No. 2(a) on approvals required for scheme of merger was attempted by majority of the candidates and the candidates elaborated the answers correctly. The performance of the candidates was average in Question No. 2(b) relating to External Commercial Borrowing and the contents lacked legal deliberations. Question No. 3 (a) and (b) relating to dissolution process and forcing merger under companies Act, 1956, the performance of the candidates was good. Part (c) on enumerating reasons for international acquisition, the candidates were unable to cite the reasons and wrote vague answers. Response to Question No. 4 (a) on maximum quantum of buy- back allowed under Companies Act, the candidates elaborated the answers in a very precise manner and answer was descriptive in nature. Majority of the candidates attempted this question. In question No. 4(b) relating to drafting a notice for convening meeting of unsecured creditors, the performance of the candidates was below average. Though the candidates attempted the question but they lacked conceptual clarity and wrote very generalized answer. Question No. 5(a) relating to SEBI (SAST) Regulations, 2011 being a practical question, very few candidates were aware about the triggering point and open offer. Question No. 5 (b) and (c) regarding difference between 'merger' and 'reconstruction' and factors relevant for 'post- merger evaluation' the performance of the candidates was good. Question No.6 (a) and (c) was well attempted by the candidates but went wrong on Part (b) which is on preferential payments in the process of winding up. Question No.7 (a), (b) and (c) relating to UNCITRAL Model Law, Composition of Debt Recovery Tribunal and NPA under the SARFAESI Act, 2002, the performance of the candidates was good and it seems that the candidates have understanding and clarity on the particular topics. The performance of the candidates in Question No.8 was average. Answer to Question No. 8 (a) and (b), the performance of the candidates was satisfactory. In part (c) on short notes on different concepts, the candidates explained the terms correctly.

The candidates are expected to develop application oriented knowledge, especially for the papers like 'Corporate Restructuring and Insolvency', as it involves strategic decisions and action along with effective procedural compliances. In addition, the candidates have to improve their interpretive and legal skills. Candidates are advised to read case laws, case studies in various types of restructuring, valuation reports of companies, professional magazine like Chartered Secretary etc.

MODULE III

5. STRATEGIC MANAGEMENT, ALLIANCES AND INTERNATIONAL TRADE

The overall performance of the candidates in this paper was found to be satisfactory with 41.59% of the candidates scoring between 40 to 50 marks and only 21.70% scoring between 50 to 60 marks. This paper is divided into three parts i.e. Part-A, B and C. Part-A covers strategic management, risk management and MIS whereas Part-B covers Strategic Alliance and Part-C covers International Trade. Majority of the candidates lacked conceptual understanding of the subject. Their answers were found to be extremely irrelevant and lacking in substance. The written communication skills and presentation skills needs to be improved.

Question no.1 was attempted by majority of candidates and they scored well in this question. Candidates explained part (a), (b) and (c) well but could not give proper recommendations in part (d). Question no. 2(a) and 2(b) were attempted fairly well by the candidates except 2(c) where the candidates failed to explain advance form of BCG matrix. In question no. 3 the performance was average where the candidates were able to distinguish properly except in 3(iii) where they got confused in explaining union relations strategy. In question no. 4 majority of candidates answered well but in 4(c) many candidates were conceptually mixed up between FDI into India and investment outside India. Performance in question no. 5 was average where very few candidates could explain the role of strategic alliance in part (a). Many candidates attempted question no. 6, except part 6(iii) the performance was not up to the mark. In part 6(ii) in place of principles of GATS, candidates highlighted GATT. Question no. 7 was least attempted by the candidates and those who attempted scored very low marks. The overall performance in question no. 8 was satisfactory but a majority of candidates could not differentiate between plurilateral and multilateral agreements in part (b).

Candidates are advised to start a new answer from a fresh sheet and answer the questions in an orderly and logical manner. Candidates are further advised to improve upon their English so that the grammatical mistakes can be removed. Further, this paper requires continuous updation of knowledge and candidates are expected to be well versed with latest developments in the Government Policy on FDI, international trade, regional developments at WTO for scoring good marks. Candidates are advised to regularly read the financial news papers and journals and develop analytical and logical skills and improve their presentation skills.

6. ADVANCED TAX LAWS AND PRACTICE

The overall performance of the candidates was not satisfactory. It appears that candidates have not methodically prepared for the examination. At professional level in-depth knowledge of the subject is required, which seems to be lacking. The way of answering and presentation of answers was not satisfactory. The candidates lacked updated knowledge in the subject. They are unaware about the latest amendments and case laws. It appears that the candidates have done selective preparations rather than doing a holistic preparation on the subject. The computation ability of candidates is very poor lacking proper understanding of related sections and laws.

Performance of candidates in Question no. 1(a) and 1(b) was poor. The concept of DDT was not well comprehended and incorrect remedial course and time limit were provided in part (b). In part (c) the performance was average but many candidates were unaware about the wealth-tax return form. Question no. 2(a) was attempted poorly by the candidates where majority

failed to calculate HRA exemption. In part (b) and (c) the candidates wrote vague answers showing lack of knowledge on section 115JB and provisions of section 271(1)(c). In Question no. 3(a) and (b) was attempted satisfactorily by the candidates but seemed lacking in knowledge on revenue and capital expenditure.

Question no. 4(a) and (b) were answered well by the candidates, but difference could not be explained as desired for part(c). Performance in question no. 5 was satisfactory but most of the candidates did not mention about the relevant case laws. Most of the candidates attempted Question no. 6 but could not perform up to the mark due to shallow knowledge on computation of export duty and section 4A of the Central Excise Act. Candidates attempted Question no. 7 averagely but showed poor knowledge on provisions of section 11A of Central Excise Act and concept of refund of duties on exported goods. In Question no. 8 the performance was average except in part (iii) where many candidates were unable to assess the price.

Since the paper on Advanced Tax Laws is based on the latest case laws and amendments, it is important that the candidates keep themselves updated by reading Chartered Secretary and the Students Company Secretary Bulletin. Students should also study the recent case laws for handling the practical questions. The candidate must thoroughly read the question so that they understand the exact requirements before attempting the answer. In Professional programme, expert knowledge is required and therefore, candidates are required to read thoroughly the whole subject covering all the aspects of income tax and wealth tax, indirect taxes and international taxes

MODULE IV

7. DUE DILIGENCE AND CORPORATE COMPLIANCE MANAGEMENT

Candidates overall performance in this paper was average. Though few of the questions which are objective types and other straight questions from the study material were well attempted by the candidates, the questions which require critical examination of a given situation were not answered by the candidates to the satisfactory level.

Question No.1 on comment on different statements, the performance of the candidates was satisfactory. The performance of the candidates in Question No.2 (a), being an objective type question was good. Question No 2 (b) distinguishes between was not well attempted by the candidates. The candidates are confused about the concepts and wrote very vague answers. Response to Question No. 3(a) on SEBI (ICDR) Regulations and Part (b) and (c) regarding legal requirement under Companies Act, 1956 with respect to interest of directors and inter corporate loans and investment , the candidates wrote the answers in a precise manner and were well conversed with the concepts. Question No. 4 (a) on detailed statement to be furnished to RBI, the performance of the candidates was poor. Question no 4(b) on insider trading, the performance of the candidates was quite satisfactory but most of the candidates were unable to justify by citing the legal provisions with respect to insider trading. Answer to Question No. 4 (c) relating to Compliances to be made for issue of GDR was not explained correctly by the candidates, only a few could answer this question. Question No. 5 (a), (b) and (c), the performance of the candidate was good. Question No. 6(a) relating to filling- in the blank spaces was appropriately attempted by majority of the candidates. Question No. 6 (b) on implication of various activities of the company in context of buy-back, the performance of the candidates was satisfactory and they wrote the answers in a descriptive manner. It seems that

the candidates have proper understanding and practical implications of the concerned concept. Question no. 7 (a) on explaining compliances and Question No. 7 (b) regarding short notes by and large found to be attempted by most of the candidates except 'register of sweat equity shares' where candidates wrongly explained the process of issue of sweat equity shares and depository receipts where many candidates explained the benefits of demat a/c. Question No. 8 on examining the statement and comment on them was explained correctly by majority of the candidates except 'requirement of constitution of audit committee' and 'setting up of branch office in India by Foreign companies'.

Candidates are advised to read beyond study materials to acquire overall knowledge that is required for due diligence decisions. Candidates are advised to read the offer documents, economic dailies etc. in addition to professional magazines like Chartered Secretary etc. Candidates are advised to improve their written communication skills, aptitude to the subject.

8. GOVERNANCE, BUSINESS ETHICS AND SUSTAINABILITY

Though candidates in general showed satisfactory performance in this paper, had they worked in a systematic manner their performance would have been better this time. The presentation ability involving writing ability of most of the candidates needs improvement. Candidates require more analytical skills and thorough knowledge of the concepts; they need to give more case laws on the subject. Candidates are advised to have clarity of concepts and legal developments taking place in international scenario as regards corporate governance and sustainability etc.

The candidates were not able to answer Question No.1(a) appropriately, many candidates failed to discuss the scope of Corporate Governance, in part (b) it was observed that most of the candidates attempted this part well, though few candidates failed to give appropriate reasons for their answers. Performance in Part (a) of Question No.2 was satisfactory, most of the candidates have attempted this part, performance of the candidates in Part (b) of the question was found to be average, and very few candidates attempted this question. Performance of the candidates in Part (a) of Question No. 3 was satisfactory, while the performance of the candidates in Part (b) & (c) was average; most of the candidates answered in generalized manner. Question No.4 (a) was poorly attempted by most of the candidates, they were unable to answer the phases of risk management cycle. In Question No.4 part (b) sub-parts were answered by the candidates reasonably well. Performance of the candidates in Question No.5 Part (a) was found unsatisfactory, candidates lacked in interlinking the business ethics and financial performance of the company, part (b) of the question was fairly well attempted. In Question No. 6 the overall performance of the candidates was satisfactory. However, most of the candidates unable to comment the statement 'Most of the ethical decisions have uncertain consequences' in sub-part(c). Performance of the candidates in all sub-parts of Question No.7 was good; they were able to give appropriate answers. The overall performance of the candidates was satisfactory in Question No. 8, many candidates failed to give relevant and to the point answer.

Candidates are required to manage time properly, read the question thoroughly before answering keeping in mind the marks allotted to the question. It is advised that the candidates focus on writing and presentation skills also. Further, it is advised that the

candidates update themselves with latest development in the area by reading “Chartered Secretary”, “Student Company Secretary” bulletin and other journals, newspapers, etc.