

CAB II EXAMINATION – SEPTEMBER 2012

Accounting Applications and Taxation

There were no adverse comments about the standard of the questions and about 50% of the candidates scored more than 30 marks out of 60 marks to this part of the paper about 10% of the candidates scored more than 45 marks and about 8% less than 10 marks.

Although the examiners made comments in previous examinations about poor presentation of answers still many candidates follow the conventional method instead of best practices of financial reporting. For example still they use minority interest, profit and loss account and balance sheet, without using the accepted terms which are clearly displayed in the question paper.

Many failed to plan their workings and present them in an orderly manner. The workings earn marks, in case even the final figure is incorrect.

Question No. 01

This question on consolidated accounts included (a) calculation of goodwill (b) presentation of statement of comprehensive income and (c) financial position.

The question seems to be a new experience for most of the candidates and the lecturers welcomed the change. More than 50% of the candidates scored more than 10 marks out of 20 marks allocated to the question.

- (a) Calculation of goodwill – about 35% of the candidates scored full three marks and about 25% obtained zero.

Many candidates still try to calculate the goodwill with a cost of control account. This time none of them was able to get the correct goodwill figure (2,800) by using that method. It has been informed many times not to present cost of control account in calculation of goodwill.

The candidates who failed to score full marks were not aware of using the ‘market value of non-controlling interest’ (2,500) in calculating the goodwill.

- (b) Consolidated statement of Comprehensive Income.

- (i) Most of the candidates failed to get the gross profit figure correctly as they failed to make the necessary adjustments for sales revenue and cost of sales. Sales returns, intercompany sales and the realized profit are normal adjustments and the candidates should be very familiar to do these adjustments at the examination. But this was not reflected in many answers.
- (ii) In calculating the correct figure of other income (800) majority failed to make the adjustments for motor vehicle disposal profit (120), Intercompany interest (60) and dividend (900).
- (iii) Many failed to calculate the over depreciation of motor vehicles (15) and additional depreciation on building (10) correctly.
- (iv) Only about 20% of the candidates obtained full marks for calculating profit attributable to equity holders of the parent among and non-controlling interest. The candidates who presented correct workings were given full marks without considering the final correct figure. Special attention should be drawn to this matter.

- (c) Consolidated financial position

- (i) Only about 10% of the candidates obtained the correct figure of property, plant and equipment (15,835). There were four adjustments involved in this figure and full marks were given to the candidates who showed workings clearly.
- (ii) In calculating the inventories many failed to adjust cost of sales returns (320) and unrealized profit (25) correctly.
- (iii) There are three components in consolidated revenue – i.e. bank statement balance (12,500), current year group profit (5,266) and dividend (3,000).

Question No. 02

This question on accounts for publication purpose was well understood by almost all candidates. But many failed to present correct calculations for some adjustments.

The performance of the candidates were over 20 marks 5%, 10 – 19 marks, 45% , 5 to 9 marks 45% and less than 5 marks 5%.

About 10% of the candidates presented the answers as “Income Statement for the year ended and Balance Sheet as at”, which is incorrect.

(a) Statement of Comprehensive Income

- (i) The profit on disposal of buildings (55) was incorrectly worked out due to incorrect calculation of depreciation for the two periods. As a result many failed to get the correct figure of other income.
- (ii) Many failed to calculate the depreciation of plant and machinery (300), depreciation of computer equipment (476) correctly and make necessary adjustments for disposal value of motor vehicle.
- (iii) Revaluation reserve (2168) was not correctly stated as many failed to show the year’s surplus (2891) and the transfer to retained earnings on disposal (723).
- (iv) Only about 40% of the candidates were aware that the lease liability includes non-current and current portions (169) and lost valuable marks.
- (v) Many failed to show income tax payable (1480) as a current liability.

(c) Statement showing the movement in property, plant and equipment

- i. In respect of building, the transfer of accumulated depreciation (891) and disposal (2925) were not properly shown in the statement.
- ii. Freehold plant and machinery and household plant and machinery was not shown separately.

- iii. The brought forward balance of computer equipment (1,050) and additions during the year (1,140) was not shown

As a result of the above erroneous presentations about 80% of the candidates failed to score full four marks allocated to this part of the question.

Question No. 03

- (a) Only about 5% of the candidates were able to identify four measurement bases of assets (i.e historical cost, current cost, realizable value and present value) and score full marks for the question.

Few others accidentally stated all or two measurement bases accidentally and obtained one or two marks out of four marks.

More than 50% obtained zero as they have not read the framework for the preparation and presentation of financial statements.

- (b) Showing the given transactions in the cash flow statement was well answered by most of the candidates and about 50% obtained full six marks or five marks for this part of the question.

- (c) Stating the reasons whether the given expenses be capitalized or not in accordance with LKAS 16, was well answered by many candidates. About 20% scored full five marks. The deficiencies observed were:

- (i) Reasons for capitalization were not stated.
- (ii) Although the fee paid to agent (25) and engineer's salary (45) were directly relating to purchase and installation of the plant was not shown as capital expenses.

Taxation Part

General Comments

1. The questions were within the syllabus and could have been answered within the allocated time by an average candidate.

Generally, constructive answers were seen. Considerable no of candidates were fairly displayed their understanding of questions other than part (b) of question 07.

2. The under mentioned shortcomings are noteworthy.

- (a) Illegible handwriting – Several examiners commented that it was almost impossible to read the handwriting of some of the candidates.

- (b) Improper reading of the question.

e.g. (i) In question no. 04, the house given on rent to a friend for a sum of Rs. 60,000/- is clearly evident from the question. However, a considerable number of candidates have incorrectly considered Rs. 60,000/- is applicable for one month's rent. Consequently occupier's income thereon was not identified. For this adjustment good quality answers were not seen except few candidates.

e.g. (ii) In question no. 04, some candidates merely mentioned the Net Annual Value (NAV) of houses without giving the workings how it was arrived at. It is noted that this kind of errors were repeatedly done by candidates.

e.g. (iii) some candidates have entered the final answer in the main answer script without submitting the relevant detailed workings or references. Thereby cause difficulties to marking examiners in identifying the corresponding workings for given answers, especially where similar adjustments are to be done.

3. Knowledge of recent Amendments applicable to Y/A 2011/12

Knowledge on new tax slabs, SME tax concession, changes to sec.25, Sec.26 and sec.34 deductions have not correctly displayed by many.

Though some candidates have correctly mentioned the provisions of the act, adjusted incorrectly in the computation. This indicates the lack of practical experience or the lack of knowledge on their impact to the computation.

e.g. (i) in question no. 04, most of the candidates failed to identify that Rs. 100,000/- tax free allowance is applicable on employment Income. Candidates should realize that it should not be added to general tax free allowance of Rs. 500,000/-

e.g. (ii) in question no. 04, a very few candidates have identified 10% rate applicable for business as it falls in to the category of SME.

e.g. (ii) in question no. 04, many have not identified that EPF Contribution is not a qualifying payment and 25% disallowance on Advertisement expenditure as per the amendments.

Question No. 04

The question tested the computation of the income tax liability of a resident individual having different sources of income.

Majority of candidates have correctly understood the question and have fairly answered the question in the expected format. (This time very few have applied the alternative approach of “Total receipts” / “gross receipts”).

Subject knowledge of the candidates was at a satisfactory level other than the areas such as “Income from property”, “qualifying payments”. Further, accurate knowledge on recent amendments applicable to the tested Y/A (2011/12) not displayed by many.

Short-comings/weaknesses of candidates can be summarized as follows:

1. Presentation of Income Tax computation
 - (i) Not properly display arrival of “Total statutory income”, “Assessable income” and “Taxable income”.

(ii) Errors of principle –

Deducting expenses, reliefs and claims at wrong places;

e.g. (a) - CGIR approved loan interest under qualifying payments instead of deducting under statutory deductions (Sec.32)

e.g. (b) - treating tax-free allowance, housing loan repayment as statutory deductions under section 32.

e.g. (c) PAYE Payment deducted from Assessable Income and arrived to Taxable income.

e.g. (d) Some candidates have erroneously added PAYE tax to employment Income.

(iii) Few candidates erroneously treated statutory restriction under sec. 4 (1) (a) as Rs. 120,000/- whereas actual restriction is Rs. 180,000/- due to the fact that the total employment income exceeds Rs. 1.8 million.

2. Income from Property

NAV was computed incorrectly by many. Majority have not recognized the occupiers income, with regard to the property occupied rent free or at a lesser rent. With regard to partly rented property many have not computed NAV on a proportionate basis (i.e. $\frac{2}{3}$ of NAV = Rs. 200,000/-)

In addition please refer General Comments. e.g. (i) & e.g. (ii)

3. Interest Income.

When the sum includes income which are “exempted” or “income not form part of Assessable income” many have either excluded/omitted such from the computation without giving proper reasoning for such. (E.g.: RFC/ NRFC interest income and interest earned abroad and remitted to Sri Lanka)

A good number of candidates have mentioned that the above are exempt since WHT has been deducted. Candidates should realize that exempt and final taxes are different concepts.

4. Qualifying payments/ Sec; 32 deductions

Majority have not known the correct treatment on “Royalty”. Qualifying payments such as EPF 8%, loan repayment not allowed since 1.4. 2011 was not mentioned with reasons rather may have merely not taken such in the computation.

5. Computation of income tax payable

(i) A few candidates have applied old slabs and tax rates.

(ii) A few candidates have correctly applied the maximum tax rate of 10% applicable to Business Income under concession available for SME sector.

6. Tax credit

A good number of candidates failed to claim self-assessment payments as tax credits.

7. Knowledge of recent Amendments applicable to Y/A 2011/12

(i) Most of the candidates failed to correctly identify the tax exemption of Rs. 100,000/- on employment income. Candidates should realize that it should not be added to general tax free allowance of Rs. 500,000/-

(ii) A very few candidates have identified 10% rate applicable for business as it falls in to the category of SME.

(iii) Many have not identified that EPF Contribution is not a qualifying payment and 25% disallowance on Advertisement expenditure as per the amendments.

Question No. 05

The question tested the knowledge of computing Divisible Profit of a partnership business and distribution thereof among the partners.

The standard of the question was very much similar to previous exam and candidates have understood the question very well. Candidates have displayed their knowledge for adjustments in respect of Partners salary, bad debts Provisions, disallowed expenses etc.

The under mentioned shortcomings/weaknesses are noteworthy.

- (a) Use of wrong terminology - a good number of candidates described “Divisible Profit” as “Taxable profit”. Candidates should realize that as per the Act “Divisible Profit” equals to “Adjusted Profit” only.
- (b) A good number of candidates have not identified the applicable Capital allowance rate for the building purchased from another partnership business. However it is noted that many of them know the rate applicable to qualified building under the new amendment.
- (c) Expenses on Training- a good number of candidates failed to identify the tax implication on the adjustment.

Question No. 06

This question tested aggregation of an income of a child according to the provisions of Inland Revenue Act.

Most of the candidates have understood the question. However, many have followed mechanical type of answers.

Improper reading of the question-The 99% answers consisted of definition of a child which is not tested in the question.

A good number of candidates submitted satisfactory answers for both parts.

Question No. 07

Part (a) of the question tested meaning of Goods for the purpose of VAT.

Part (b) of the question tested about the cancellation of VAT registration.

Only a very few candidates attempted the question. Those who have answered were extremely poor.

Fundamentals of Management Accounting and Business Finance

Question No. 01

Part A Require candidates to project sales based on seasonal sales pattern and quarterly growth rate. To do this candidates first need to calculate the de-seasonalised sale quantities. It is evident that many are unaware of the de-seasonalised methodology, which should have been learnt by them at the CAB I level (Mathematics & Statistics). Many had erred in their calculation of the quarterly growth rate for 12 quarters (use of incorrect formula). Only few could correctly forecast the 2012/13 quarterly sales quantities by taking into account the quarterly growth rate as well as the seasonal adjustment.

Part B Many had calculated supplier X EOQ and ordering/holding costs correctly using the simple EOQ formula. However, many could not correctly apply the gradual replenishment formula for EOQ/ordering & holding cost for supplier Y.

Question No. 02

Candidates are required to calculate the fixed and variable overhead cost per unit, draw up profit statements using absorption and marginal costing methods and reconcile the difference in net profits. To work out the above, candidates need to compute the relevant items from the given information. Many failed to do this as the information was not directly available. Only a very few got over absorption of fixed overhead and the profit reconciliation correct.

Question No. 03

Candidates were tested on basic aspects of corporate finance. Part A was generally satisfactorily answered, however some could not distinguish between short term and long term financing. Some had mentioned sale of fixed assets, use of existing reserves and retained earnings in the balance sheet which cannot be generally considered as sources of finance in the given context.

Part B required candidates to calculate the yield to maturity of semi-annual coupon payment 10 years bonds.

Many had failed to consider this as a 20 period payment in their calculation with appropriate adjustment to the discounting rate.

Question No. 04

Candidates were required to compute various costs and quantity items from a given set of information which included a set of variances for the period. It is evident that many candidates are unfamiliar with this type of question (i.e. backward calculations) which is different from a straight forward calculation of variances. Common mistakes made by the candidates were;

- (i) Figures given in thousands taken as absolute figure.
- (ii) Cost per km taken as cost per hour/cost per litre.
- (iii) The answer 21,000 arrived using fuel price variance formula is given as the answer for actual km travelled instead of the correct answer of 21,000 litres of fuel consumed.
- (iv) Ignoring fixed overhead in calculating profit margin.
- (v) Favourable and adverse variances incorrectly treated as (-) and (+) respectively in formula.
- (vi) Use of budgeted Km as the actual number of transport Km.

Question No. 05

This is an application of the calculus topic 'Marginal Analysis' candidates have learnt at CAB I level mathematics. A sufficiently knowledgeable CAB I level candidates could have easily worked out this question. However, performance is generally poor. Candidates and lecturers should appreciate that a thorough grounding of CAB I level Mathematics & Statistics is essential for the candidates to be successful at the CAB II level FMA&BF, Strategic Level SMA and SFM papers.

Common mistakes made by the candidates were:

- (i) Attempting the question without reading and properly understanding it.
- (ii) Poor basic mathematical skills – inability to set up simple equations from given relationships, incorrect treatment of pluses and minuses. Inability to differentiate simple functions like q^2 .
- (iii) Submission of irrelevant answers like profitability statements, breakeven analysis, various types of graphs.

Question No. 06

Poorly answered costing question which also tests the candidates` analytical ability. It is evident that many candidates had attempted the question without properly reading and understanding it.

Common mistakes made were;

- (i) Incorrect conversion of metric tons to Kg.
- (ii) Incorrect computation of cost of Glass /plastic eyes after adjustment for wastage. Many had simply added the wastage percentage.
- (iii) Incorrect calculation of filling material. Here again many could not compute the cost of fabric waste after allowing for the loss on processing. Many had failed to adjust for the new filling material cost taking into the mix proportion 80% and 20%.

Only a few candidates had attempted the points (c) and (d).

Question No. 07

Part (a) fairly answered by majority of the candidates who had attempted the question.

Common mistakes made were;

- (i) Incorrect conversion of metric tons to Kg.
- (ii) Byproduct cost not deducted from total joint cost.
- (iii) Apportionment of joint cost done between main products as well as the byproduct.

Audit and Assurance

Question No. 01

The question has tested the candidates' knowledge and understanding of the following fundamentals of the assurance services.

- Parties involved and attitude of professional scepticism of practitioner.
- Expectation gap and ways of narrowing down it.
- Types of non-assurance services.
- Internal controls regarding petty cash.
- Verification of trade debtors and selecting a sample for calling for confirmations.

Almost all the candidates have attempted this question and overall performance was fairly satisfactory. Very high percentage of candidates have scored well over 50% or more of marks allotted.

However some answers to part (b) and part (c) (iii) not up to expectation. Most of them could not explain what is "professional scepticism". Some candidates do not appear to have understood the question and written various irrelevant answers.

Some answers had the following deficiencies.

- Part (a) some candidates confined their answers to statutory audit rather than assurance in general.
- Part (c) (ii) some candidates explained possible reasons for increase in trade receivable instead of audit procedure.
- Some others mentioned about the ownership, value, existence assertions about the receivable balance but failed to state substantive audit procedures for verifying these assertions.

Part € (iii): A good number of candidates discussed different techniques for selecting individual items in sample.

The question is very straightforward and candidates need not think deeply to answer. Also answers to questions directly available in the study text.

Question No. 02

Almost all the candidates have attempted this question and majority of them say about 65% obtained over 50% or more marks out of 25 marks allotted for the question. It was found to be relatively easy for them.

The quality of the answers to part (b) and (d) were good and most of them scored were in these parts. However, many of the candidates could not answer satisfactorily for part (a) on two types of information the auditor should consider in deciding whether to continue on existing engagement due to lack of knowledge on the relevant SLAuS. Some candidates did not understand the question and said if the auditor has gathered enough information he could leave the audit and need not continued whilst some others said if the auditor's present work does not gives much adverse information on the financial statements then the auditor need not continue the audit.

In the case of part (c) most candidates failed to mention more than two areas, although question requires four areas to be listed thus could not earn full marks.

Part (d): Some candidates failed to identify the risk concerned and repeated what is given in question. Some others gave full description on components of audit risk which is not required.

Some others have explained the some point over and over again, sometimes in different ways.

Part (e) (i) A good number of candidates mentioned limitations of internal controls rather than limitations in audit. They earned only one mark.

Some candidates displayed their lack of knowledge on the following areas:

- Steps that can be taken in by the auditor when management refuse to sign a new engagement letter.
 - Understanding the entity and its environment before planning.
 - Who is responsible to ensure that entity is in compliance with provisions of laws and regulations.
- It was apparent from the way they have answered that high proportion of candidates have not adequately prepared for the examination as the answers relating all these questions except (d) (ii) are available in the study text.

Question No. 03

The question is designed to test the candidates knowledge on ethical principles discussed in the Code of Conduct and Ethics of the CASri Lanka with special reference to independence and duty of confidentiality of professional accountants. Most of the candidates attempted this question and majority of them performed well on this question.

Although average candidates prepared for examination could obtain full marks without much writing as the answers are readily available in the study text a large number of candidates failed to give a complete answers. For example for part (a) (i) and (ii) some candidates though identified the situation as a threat to independence they could not state the form of threat. Also many candidates who identified the issue as at threat to independence in form of familiarity self-review but they failed to explain how these threats could occur.

Some candidates did not identify the form of threat but went on to lengthy discussion about independence and how it is impaired whilst some others mentioned about the provisions of the Companies Act with regard to disqualification for appointment as auditors.

Part (b) being a straightforward question most of candidates were able to earn full marks.

Part (c) answers are fairly satisfactory. Majority obtained full marks. However, some candidates incorrectly suggested to dispose a portion of it so that the remaining interest will no longer material which applied only to indirect financial interest. The question specifically dealt with direct financial interest.

Question No. 04

Almost all the candidates have attempted this question and 90% of them have obtained 8 marks or more for this question.

Following are some of the common mistakes observed;

Part (a) some candidates instead of the factors the auditor should consider in forming audit conclusion the majority of candidates have written about factors affecting the auditor's judgment about sufficiency and

appropriations of audit evidence such as understanding the entity and its environment including internal controls persuasiveness of audit evidence, experience gained during the previous audit etc.

Quality of the answers produced by the majority were very poor and not relevant to the question set. Some candidates given irrelevant answers such as ability to continue as going concern audit risk, liquidity, etc.

Part (b) some candidates had not understood this part of the question properly and produced irrelevant answers such as following;

- Management is responsible for preparation and fair presentation of financial statements.
- Auditor's responsibility is to audit the financial statements in order to express an opinion.
- Statement that audit was planned and performed to obtain reasonable assurance whether financial statements are free of material misstatements. These are not in methodology paragraph but in a different paragraph to the audit report.
- Some candidates instead of content of the introductory paragraph wrote about the content of the elements of an auditor's report.

Part (c) high proportion of candidates seem to be familiar with the different types of modifications and degrees of modified circumstances to which such modifications are made. They earned full marks allotted.

A quite a number of candidates however instead of the limitations in scope of audit work which wasn't a modification and the form of qualification or disclaimer write about the disagreement with the management and suggested to modify the opinion by way of qualification or an adverse opinion. They incorrectly thought management's not agreeing with an audit procedure amounts to a disagreement. This displayed their lack of knowledge of the modification to the auditor's report SLAuS 700.

Part (d) most of the answers are not up to expectation. Most candidates failed to explain what is an "emphasis of matter paragraph". Some candidates who explained how an auditor highlight a matter without affecting the opinion (emphasis of matter) could not give two instances in which an auditor may give such an opinion.

Some candidates given totally irrelevant answers such as disagreement over selection and application of accounting policies, limitation of scope by management, non-availability of necessary information for audit perhaps due to misunderstanding the question set.

Question No. 05

About 80% of the candidates have attempted this question perhaps due to the availability of choice of questions.

Part (a) and (d) of the question have been properly understood and well answered by many. Large number of candidates have misunderstood part (b) and (c) and the quality of the answers is very poor.

For part (c) although the question requires auditors responsibility in planning relating the fraud and errors the answers were on auditor's responsibility relating to fraud and errors in general.

Part (e) also misunderstood by many and most of the answers were linked to part (d) of the question as a result answers were not relevant to the question. Most candidates had no clear idea about audit procedure to be performed as identifying the risks of material misstatements due to frauds and displayed their lack of knowledge on SLAuS 240 dealing with the auditors' responsibility to consider fraud in an audit of financial statements.

Question No. 06

About 50% of the candidates have attempted this question mainly due to the question being optional. Almost all the candidates have understood the question well except part (d). As regards part (d) majority of them have not properly understood what is tested and mentioned about the constraints of the auditing process to a computerized accounting system.

Most candidates displayed a fair knowledge but the subject matter specially the internal control both manual and computerized system environment. On an average about 50% of the candidates have scored over 10 marks.

For part (b) considerable number of candidates have stated not depositing cheques daily as a deficiency in the internal control although question itself says that cheques are deposited as and when received.

Some candidates could not identify the deficiencies in the given scenario and simply repeated the contents of the question. Thus the lack of segregation of duties in the auditor had not been identified as a deficiencies. Some candidates have doubt on credit sales and receiving money from debtors without any regard to cash sales. Whilst some other discussed credit purchases instead of sales.

Parts (c) and (d). Some candidates do not have sufficient knowledge on auditing nor a computerized system environment as a result they could not earn good marks.

Question No. 07

Question has dealt with the following areas.

- (a) Audit procedures to resolve when the result of the experts work are not in consistence with other audit evidence – SLAuS 620.
- (b) Criteria for evaluation of internal audit function before placing reliance on work done by internal auditor – SLAuS 610.
- (c) Circumstances in which a solvency test is carried out.
- (d) Agreed upon procedure engagement. Majority of the candidates have understood what is expected by them with regard to part (a) and (b). However, part (c) is poorly answered. May be due to the fact that they did not understand the question or due to the lack of knowledge on the provision and Companies Act. For part (d) it is clear that question is well understood but failed to give features of agreed upon procedures engaged under the sub headings as required.

Overall performance with regard to quality is good in respect of part (b) while answers to part (a) and (d) were average. Answers to part (c) was very poor. Most answers are irrelevant. Some have discussed going concern issue instead of solvency test. For part (d) assurance and non-assurance principles were mixed up in building the answers. A good number of candidates incorrectly stated agreed upon procedure engagement gives an opinion while some have stated negative assurance.

Most of the candidates tried to elaborate when the examiner wants the answers in point form or by way of a listing.

On average many who attempted this question scored above 50% of the total of 15 marks allotted.

However it was observed that subject knowledge of the candidates was very poor and obtained very low marks.

In general most candidates do not familiar with solvency tests and answers given is irrelevant. Some candidates explained how solvency is measured by calculation of liquidity ratios etc.

Most of the candidates displayed their lack of knowledge on Auditing standards tested. They just answered based on their general practical knowledge.

Business English II

The question paper on the whole was within the syllabus and quite up to standard with no ambiguities. There were no improper words or terms. About 40% of the candidates managed to reach the pass mark of 50.

- Question No. 01** Grammar – Verb forms
A good question, but the marks were not satisfactory. Very few knew the past tense of the verb ‘stand’ (stood).
- Question No. 02** A guided dialogue. It is a good question and the candidates have scored good marks. Most have managed to get at a correct answer as all suitable answers were accepted.
- Question No. 03** A letter of complaint – not receiving the ordered goods on time. Majority knew the basic format of writing business letters and had scored well.
- Question No. 04** Report writing. This question was quite interesting. Majority of candidates knew the format of report writing but as usual made the mistake of copying the given guidelines and only a few had given their own observations and suggestions. Scoring was satisfactory.
- Question No. 05** Essay writing. All current topics. The first three topics were equally popular while the last one, no. 04 – ‘The contribution of corporate sector to society’, was not attempted by any of the candidates. Marks were not satisfactory as the candidates were not proficient in language and grammar. The subject knowledge was high but expression was very poor.
- Question No. 06** Comprehension. The passage was within the syllabus but the majority of candidates have found it difficult to comprehend. Most got low marks for sections A & B. Most were unable to select the specific answers.

The common difficulty faced by the majority of candidates was not being proficient in language and grammar and lack of practice. General reading of business magazines, periodicals and newspapers in the English Language is recommended.