



CAB I EXAMINATION – SEPTEMBER 2013

Financial Accounting

Part A

This is a multiple choice question.

Most of the students were unable to give the correct answers for question no. 18 and 19. It seems that students did not read the question carefully.

Many students did not read and understand the questions properly. Students were unable to allocate adequate time for same. Therefore students were not able to obtain the full marks to the question paper.

More than 70% of the students were able to score marks between 20 to 30 out of 40 for Part A of the question paper.

Some students had used pencil to mark the answers and some students' answers were not clearly readable, because numerical numbers given as the answers were not clear.

Question No. 01.

It is a straight forward question in manufacturing, trading profit and loss Accounts.

Majority of the candidates could not work out correctly as mentioned below.

- (1) Net book value of Motor vehicles. (Note on PPE in this respect was not correct)
- (2) Computing the non current liability (ex: long term bank loan balance)
- (3) Profit on exchange of Motor vehicle
- (4) Most of the students did not get it clearly about the apportionment of expenses among the factory, Office & showroom – ex. Machinery dep; charged to income statements
Some balance sheet items shown under income statements (e.g.; VAT control accounts) and
Some income statement balance shown under balance sheet. (e.g. loan interest, financial cost etc.)
- (5) Additional capital was not accounted properly.
- (6) Closing stock adjustment were not correctly done by most of the students.
- (7) Presentation of manufacturing account not in a proper manner. Raw material consumed, prime cost factory overheads, adjustment relating to WIP not clearly shown in the manufacturing accounts.

Some students directly answered for depreciation calculation, cash at bank balance adjustment closing stock balance etc. without given the related workings. Students are advised to submit all the workings relating to the sum for examiner's reference.

Question No. 02

This is an optional question, very few candidates answered for this question. Majority of the students' answers were not satisfactory. They have given irrelevant answers

Some candidates prepared the income statements for full year instead of dividing for two periods. Most of the students did not understand the requirement of subdivision of the profits to 9 and 3 months respectively.

Majority of the candidates did not correctly calculate the following;

- Salary calculation for Sarana
- interest on capital
- revaluation adjustment

Majority of the students did not answer for the Part A of the question. Answers were also not satisfactory.

Question No. 03

This question is a single entry question.

Most of the candidates did not answer well. Most of them did not find out the sales and purchases by applying opening & closing Debtor & Creditor's balance to the Part A of the question. Thereby erroneously calculated sales and purchases figures.

For Part B of the question some had given irrelevant answers such as putting discounts received and allowed amount to the cash column and balanced the cash book putting accrued expenses to the cash book, goods drawing to the cash book etc.; which were wrong. Most of the students were unable to identify the cash book difference of 6,000/= as cash sales.

Some of the students were not familiar with the double entry system.

Majority of the students did not understand the question requirement very well and attention not given to marks allocation and not spend the time for high marks areas.

Question No. 04

Majority of the candidates' answers were satisfactory for this question.

Following mistakes were done by some students.

- (1) Majority of the students did not adjust the write off subscription in arrears.
- (2) Some of them did not correctly calculate subscription for the year and subscription receivable as at end of the year.
- (3) Some students did not correctly adjust the amount receivable from sale of dinner dance.

Generally income and expenditure accounts prepared by students seem to be satisfactory and statement of financial position not shown properly.

In Part B of the question required factors to be considered in acquiring accounting software. But majority were not able to answer properly.



CAB I EXAMINATION – SEPTEMBER 2013

Management and Business Economics

Overall performance of the students was satisfactory. The common loopholes/mistakes committed by the students question-wise are given below.

Question No. 01

(a) **Calculation of Equilibrium Price & Quantity**

Allocated marks – 03, Average Performance 02

- A. Most of the students correctly arrived at Equilibrium price and quantity as Rs. 80/- and 100Kg respectively.
- B. Some made mistakes in substituting the value of P for Q(d) or Q(s) and arrived at incorrect quantity.
- C. Some have done simple arithmetic mistakes in multiplication, addition etc. and lost some marks.

(b) **Imposition of Custom duty**

Allocated marks – 03, Average Performance 01

- A. Only a few had arrived at new equilibrium price and quantity after the custom duty being imposed, Rs. 90 and 87.5 Kg respectively.
- B. Some made mistakes in substituting the value of price for quantity and arrived at incorrect answer.
- C. Some have done simple arithmetic mistakes in multiplying, adding, subtracting etc. and lost some marks.

(c) **Reasons for fluctuation of vegetable prices**

Allocated marks – 03, Average Performance 01

- A. Weather conditions, pests and diseases, perishable nature of the vegetable produce etc. are main reasons for fluctuation of vegetable prices according to some students who earned full marks allocated.
- B. Some stated inappropriate and remotely related reasons for the price fluctuation. Eg. Consumer preference, taxes on vegetables, change in technology etc. without being briefly elaborated. .
- C. Some displayed lack of knowledge about degree of price elasticity of vegetables i.e. in-elastic.

(d) **Price Mechanism**

Allocated marks – 03, Average Performance 02

- A. Some have correctly described price mechanism “the manner in which the market prices of goods and services are determined through the interaction of two market forces, namely, the demand & supply”.

- B. Price mechanism is a tool, using of which basic economic problems are solved according to some students who earned no marks.
- C. Most of the students correctly mentioned that price mechanism leads to efficient allocation of resources as the main advantage whereas price mechanism will result in unequal distribution of resources as the main disadvantage.

Question No. 02

(a) **Intersection of indifference curves**

Allocated marks – 03, Average Performance 02

- A. Some have drawn two or more indifference curves correctly and shown and explained that the indifference curve depicting different utility levels never intersect.
- B. Some have not drawn indifference curves to show the impossibility of intersection.
- C. Some have gone into unnecessary details where consumer needs to sacrifice the consumption of certain amount of one good in order to increase the consumption of the other.

(b) **Indifference curve and budget line**

Allocated marks – 03, Average Performance 01

- A. Indifference curves depict only different level of satisfaction. The consumer achieves the said level of satisfaction provided the consumer has ability to pay for the combination of the two goods at the given market price i.e. on the basis of budget, according to some students who earned full marks allocated.
- B. Some explained all the equilibrium-conditions under indifference curve analysis which is not expected by the Examiner under this part of the question.

(c) **Equilibrium point**

Allocated marks – 03, Average Performance 01

- A. Some have drawn both budget line and indifference curve correctly and marked the equilibrium point where indifference curve touches the budget line.
- B. Some just mentioned that consumer equilibrium is the point where indifference curve touches the budget line, without the diagram being drawn.

(d) **Cross Elasticity of Demand**

Allocated marks – 03, Average Performance 02

- A. Cross elasticity of demand is the responsiveness of the demand for a good to a change in the price of another good, according to some students who earned full marks allocated.
- B. Some have defined “price elasticity” as “cross elasticity”.
- C. Some have correctly mentioned that co-efficient of cross elasticity of demand indicates the relationship between the two goods concerned.

Question No. 03

(a) **Perfect competition and Monopolistic competition**

Allocated marks – 06, Average Performance 04

- A. Some stated correctly similarities in terms of competition, freedom of entry and exist, number of firms in the market etc. and dis-similarities in terms of the type of products, pricing policy, equilibrium etc.
- B. Some identified equilibrium point under both perfect competition and monopolistic competition as “ $MC=MR$ ”, but ignored to mention under perfect competition $P=MC=MR$ whereas under Monopolistic competition, equilibrium point is where $AR>MR=MC$.

- C. The output of the firm under monopolistic competition is higher than under perfect competition according to some students who earned no marks for the point.

(b) **Rice Discrimination**

Allocated marks – 03, Average Performance 01

- A. Some correctly stated that Price Discrimination is a pricing strategy that charges customers different prices for the same product/service.
- B. Price Discrimination is a situation where government intervenes to control the escalation of prices according to some students who misunderstood the question.
- C. Some have answered successfully the conditions under which price discrimination is possible i.e. Existence of monopolistic power, impossibility of re-sale, income differences etc.
- D. Some students stated incorrectly that consumer wants and needs required to be unlimited for the price discrimination to implement.

(c) **Price Discrimination and consumer surplus**

Allocated marks – 03, Average Performance 02

- A. Only a few managed to draw a diagram to show the reduction of consumer surplus as and when prices tend to increase.
- B. Some have drawn the diagram but consumer surplus was not identified correctly. Even though some identified the consumer surplus correctly they were unable to show its reduction when price goes up.

Question No. 04

(a) **Macroeconomic objectives**

Allocated marks – 04, Average Performance 02

- A. Some were successful in answering main two categories of objectives as growth related and stability related.
- B. Some categorized macro objectives as long term and short-term, which earned no marks.
- C. Some cited examples correctly for stability related objectives as maintaining exchange rate and controlling inflation.

(b) **Measures to reduce Budget Deficit**

Allocated marks – 03, Average Performance 03

- A. Limiting the public sector role to regulatory and supervisory, curtailing wasteful expenditure improving productivity, encouraging FDI are main measures to reduce the deficit which have been mentioned by some students.
- B. Some just stated points like increasing investments, increasing income, reducing government expenditure without being briefly elaborated.

(c) **Objectives of reduction of the Budget Deficit**

Allocated marks – 03, Average Performance 02

- A. Reduction in public debt volume, inflation and balance of payment problems could be achieved by reducing budget deficit as per some students who answered well.
- B. Some stated economic growth and stability could be achieved by reducing government budget deficit for which only a few marks were conceded.

(d) **Losses by Public Enterprises**

Allocated marks – 02, Average Performance 01

- A. Heavy losses sustained by certain Public Enterprises will bring about inflation effect and slow down the economic development. This rationale has been explained by some students who earned full marks.
- B. When government enterprises incur losses, payment of salaries to the public servants will be a difficult task and as a result labour unrest will prevail etc. according to some students who earned only a few marks.

Question No. 05

(a) **Financial Institutions**

Allocated marks – 03, Average Performance 02

- A. Commercial Banks, other specialized banks, Finance Companies and Leasing Companies are main financial institutions under reference which have been stated by some students who earned full marks allocated.
- B. Banking system and local industries are financial institutions according to some students who earned no marks.
- C. Some stated irrelevant answers like money in circulation, interest rates etc.

(b) **Fixed exchange rate & floating rate**

Allocated marks – 02, Average Performance 01

- A. When a Government decides or ties the official exchange rate to another country's currency, the rate is called fixed and if government allows the rate to be decided by the exchange market, the rate is called floating exchange rate. Some correctly stated the difference.
- B. A few stated that fixed exchange rate is a situation where the rate is not allowed to fluctuate which earned only a few marks.
- C. When exchange rate is allowed to float within a specified range, it become a floating rate which earned only a few marks.

(c) **Capital Market**

Allocated marks – 04, Average Performance 02

- A. Some were successful in defining capital markets as “financial markets for buying and selling of equities and long-term debts” and they also cited instruments like stocks, debentures, bonds etc. who earned full marks allocated.
- B. A few stated ‘share market’ rather than ‘shares’ as instrument of the capital market.
- C. Some were of the view that capital market is a place where capital requirements are met without being specified whether it is long term requirement or not.

(d) **Circular flow of income**

Allocated marks – 03, Average Performance 02

- A. The equilibrium in the circular flow of income is a situation where Aggregate Injections equals Aggregate Withdrawals as per some students who scored allocated marks.
- B. A situation where flow of various income equals flow of factors of production, is equilibrium flow of income, as per some students who earned only a few marks.
- C. Some just indicated when aggregate income equals aggregate expenditure, equilibrium takes place.

Question No. 06

(a) **Symptoms of De-motivation**

Allocated marks – 04, Average Performance 02

- A. Some students have correctly identified High employee turnover, Absenteeism, Low output, Lack of punctuality etc. as symptoms of de-motivation.

- B. Some have not understood the question and came out with wrong answers like “lack of incentives”, “no salaries on due date” etc. are symptoms of de-motivation of work force.
- C. “Lack of pleasant environment at the work place” is a symptom of de-motivated work force, according to some students who earned no marks.

(b) **Maslow Theory**

Allocated marks – 04, Average Performance 03

- A. Most of the students have indicated correctly the physiological needs, safety needs, social needs, esteem needs and self-actualization as identified by Maslow.
- B. Some have cited inappropriate examples for certain needs.
Eg: Some have cited “need for respect and recognition” under social needs.

(c) **Job Enlargement & Job Enrichment**

Allocated marks – 04, Average Performance 02

- A. Some have correctly identified Job Enrichment and Job Enlargement as Vertical Expansion of a job and Horizontal Expansion of a job, respectively.
- B. Some were of the wrong view that Job Enrichment relates to spiritual development whereas Job Enlargement deals with physical development of employee welfare.
- C. A few just mentioned that there will be additional responsibilities in both situations Job Enrichment and Job Enlargement which earned only a few marks.

Question No. 07

(a) **Strategic Control System**

Allocated marks – 04, Average Performance 02

- A. Some have correctly answered six elements in a Strategic Control System i.e.
 - A1. Determine what to control
 - A2. Set control standards
 - A3. Measure performance
 - A4. Compare the performance with the standards
 - A5. Determine the reasons for the deviation
 - A6. Take corrective action
- B. Some have written irrelevant points like “delegation of authority”, “establishment of better communication system” etc.
- C. Some ignored important elements in a strategic control system in answering.
Eg. Measurement of performance, Comparison of performance with the standards etc.

(b) **Supervisory Control**

Allocated marks – 04, Average Performance 02

- A. Supervisory control means observing and monitoring subordinate’s behavior providing directions and guidance according to some students who managed to earn full marks allocated.
- B. Some stated that supervisory control is performance control which earned no marks.
- C. Some misunderstood nature of effective supervisory control, in that, they asserted that narrow span of control will be a basis on which effective supervisory control could be exercised.

(c) **Control System**

Allocated marks – 04, Average Performance 02

- A. Only a few identified correctly the factors considered in designing a control system.
i.e. Cost/benefit situation, nature of the people employed for the task, impact of the control system etc.
- B. Some stated unsuccessfully that number of employees, Organizational structure, nature of the Organization are some factors considered in designing a controls system.



CAB I EXAMINATION – SEPTEMBER 2013

Business Mathematics and Statistics

PART A

Questions No. 9 was answered properly by most of the candidates, whereas the answers to questions nos. 1, 2, 3, 11, 12, 14 and 17 were not satisfactory for the majority (about 60%) of the candidates. Some have not even attempted the questions beyond the question no. 10.

Lack of time management of the candidates were seen by the fact that the initial 10 question have been answered correctly by most of them, but the answers to the last 10 questions had not been attempted or have been done in haste.

The candidates seemed to have knowledge of simple probability theory and solving basic probability questions.

Candidates have not shown good knowledge in solving questions in relation to regression analysis (Question 17).

About 60% of the candidates have secured marks between 10 and 20; and about 30% have secured between 20 and 30.

PART B

1. **What was good in answers?** (ex: understanding the question, position (quality) of the answer, answer relevant to the question, subject knowledge of the student, planning (building the answer etc.)

Understanding the question:

- Q.1(a) Most have understood this part of the question; however some have made mistakes in the application of the ‘discount factor’.
- Q.1(b) The answers to this part of the question were generally acceptable.
- Q.2 & 3 Most of the candidates have understood these questions.
- Q.4 This question is straightforward and about 90% of the candidates have understood same correctly and provided very systematic answers.
- Q.5 Some seemed to have understood the question properly
- Q.6 Some seemed to have understood the question properly
- Q.7 Most of the candidates seemed to have understood this question well.
- Q.8 The candidates generally have been able to understand the question.

Position (Quality of Answer)

- Q.1 The quality of most of the answers were good.
- Q.2 The quality of most of the answers were good.
- Q.3 The quality of answers were generally good.
- Q.4 Some of the answers were very good.
- Q.5 Some answers for the were of good standard.

- Q.6 The candidates have shown good knowledge in hypothesis testing and sampling distribution of difference between means.
- Q.7 The quality of answers were generally good.
- Q.8 The quality of most of the answers were good.

Answer relevant to the question

- Q.1 Generally satisfactory.
- Q.2 Some of the candidates have provided answers directly relevant to the question.
- Q.3 Some of the candidates have provided answers directly relevant to the question.
- Q.4 About half of the candidates have provided answers directly relevant to the question.
- Q.5 Those who have understood the question correctly had provided relevant answers.
- Q.6 The answers have been generally relevant to the question.
- Q.7 Except for few, the answers were relevant.
- Q.8 Most of the answers were relevant to the question.

Subject Knowledge of the Student

- Q.1 Generally satisfactory.
- Q.2 Generally satisfactory.
- Q.3 Generally satisfactory.
- Q.4 More than 75% of the candidates have shown good knowledge.
- Q.5 Few candidates have shown good knowledge of the subject matter
- Q.6 Generally satisfactory
- Q.7 More than 50% of the candidates have shown good knowledge.
- Q.8 Generally satisfactory.

Planning/ Building the answer

- Q.1 Most candidates have planned the answer well.
- Q.2 Some candidates have built the answer clearly step by step.
- Q.3 Generally satisfactory.
- Q.4 Generally satisfactory.
- Q.6 Few of the candidates have built the answer clearly step by step.
- Q.7 Good; built step by step.
- Q.8 Mostly satisfactory.

What was bad in answers? (ex: understanding the question, position (quality) of the answer, answer relevant to the question, subject knowledge of the student, planning (building the answer etc.)

Understanding the question:

- Q.1 Some candidates seem to have not correctly calculated the future value.
- Q.2 Some of the candidates seemed to have not understood the effect of transmission loss.
- Q.3 Few of the candidates seemed to have failed to understand the question properly.
- Q.4 About 10% of the candidates have failed to calculate mean and variance correctly.
- Q.5 Most of the candidates seemed to have misunderstood the question.
- Q.6 About 50% of candidates have not attempted this question, while some candidates have failed provide the answer fully.
- Q.8 Some of the candidates seemed to have failed to understand the question properly and were unable to secure any marks.

Position (Quality of Answer)

- Q.1 Some students have made mistake in calculating NPVs.
- Q.2 Some candidates have failed to calculate the fixed cost correctly.
- Q.3 Few candidates have given poor answers.
- Q.4 Some of the answers show errors in computations.
- Q.5 Some candidates have failed to calculate the mean value correctly.
- Q.6 Some candidates have made mistakes in calculating the standard error.
- Q.7 About 20% of the candidates have failed to draw regression line.
- Q.8 The quality of the answers were very poor in respect of calculating price indices.

Answer relevant to the question

- Q.1 Some answers were not relevant due to lack of proper understanding of the question.
- Q.2 Answers of some of the candidates have not been quite relevant to the question.
- Q.3 Answers of few candidates have not been quite relevant to the question.
- Q.4 Some candidates seemed to have failed to calculate mean and variance correctly.
- Q.5 Answers of many of the candidates have not been quite relevant to the question.
- Q.6 Few candidates have calculated the standard error using sample means for each distribution separately.
- Q.7 Few candidates have attempted to find rank correlation coefficient instead of Carl-Pearson correlation coefficient.
- Q.8 Some answers were not relevant in respect of the time series analysis.

Subject Knowledge of the Student

- Q.1 Some of the candidates seemed to have lack of knowledge in calculating costs and gains.
- Q.2 Some have shown lack of knowledge in graphical representations (Eg. TC, TR etc.)
- Q.3 Few candidates seemed to have lack of the relevant subject knowledge.
- Q.4 About 10% of the candidates seemed to have lack of knowledge in calculating the mean and variance.
- Q.5 Most of the candidates could not apply the theories in practical situation.
- Q.6 Few candidates seemed to have lack of the subject knowledge.
- Q.7 Few candidates seemed to have lack of the subject knowledge.
- Q.8 Few candidates seemed to have lack of the subject knowledge.

Planning/ Building the answer

- Q1 Some candidates had not shown the calculations step by step.
- Q.2 Planning of the answers were weak of the candidates who have lack of subject knowledge.
- Q.3 Planning of the answers were weak of the candidates who have lack of subject knowledge.
- Q.4 Planning of the answers were weak of the candidates who have lack of subject knowledge.
- Q.5 Generally poor/ confusing.
- Q.6 Generally poor/
- Q.7 No comments.
- Q.8 No comments.

2. Common difficulties faced by the students (weaknesses of the students in examiners' point of view)

- Lack of knowledge in selection of axis properly in developing histograms
- Lack of knowledge in analyzing the given class intervals are not continuous
- Lack of knowledge in respect of hypothesis testing and analysis of time series
- Lack of accuracy in computations
- Lack of skill in graphical presentations

3. Possible areas where majority made mistakes (in brief) (suggestions for students to improve their examinations)

The areas where the knowledge was lacking as stated in the Item 2 above;

Students are advised to rational approaches rather than practicing the answers in rather mechanical way.

4. (i) What was good in the question paper

- Standard of the questions - Good
- Within the syllabus - Yes

(ii) What was bad in the question paper - None

5. (i) Weaknesses identified in the model answers - None

6. Your comments for lecturers for their improvement

Suggest that the lecturers would address to the areas where the students have shown weakness in their answers



CAB I EXAMINATION – SEPTEMBER 2013

Business English I

According to some of the senior marking examiners September 2014 question paper is less challenging than those administered in previous years. It is supported by the fact that several candidates were able to score ninety four (94) marks out of a total of hundred.

Though the question paper does not aim at testing the skills of writing through writing tasks, the questions were set in such a way that the ability to identify the correct letter writing format language appropriate for formal/business correspondence and conversation etc. are assessed. In addition the candidates' knowledge of grammar and vocabulary and the ability to read and understand a complex text are tested.

The question paper has been set within the syllabus and is free of ambiguous items.

Question Nos. 01 - 35 (vocabulary and grammar)

The multiple choice questions given were quite good but the performance of the outstation candidates was not satisfactory. Many failed to select the correct option for even the easiest questions.

There was confusion over the following words: venture and partnership, mitigate and implement, financial and monetary, handover and cross over

In the grammar section candidates displayed a weakness in the use of the following sentence connectors, because due to some have not grasped the relationship between the subject and the verb in a sentence e.g. item 23 – The objectives of the “Sun Agri” group (is/are). Majority had given ‘it’ as the correct answer.

There was confusion over tense forms, e.g. item 21. These issues have ... (been compelled/compelled) us to many had given ‘been compelled’ as the correct answer.

Question Nos. 36 – 40 (dialogue)

Quite appropriate and interesting too. A good test. Performance was satisfactory. Only the very weak candidates failed to score marks.

Question Nos. 41 – 55 (format letter)

A letter applying for a job seemed to be a familiar item for the majority of candidates. Performance was satisfactory.

Question Nos. 56 – 65 (memo writing)

Another very good question based on ‘work hours’ – somewhat similar to the question given in March. Candidates had not done well. There was confusion over singular/plural nouns, verb forms etc. e.g. items 52, 53.

Question Nos. 66 – 75 (comprehension)

This was a difficult question for most of the candidates. The passage was within the syllabus and an appropriate one but the candidates could not understand the complex sentences. The performance was average. The possibility of guessing to get at the correct answer is always there in MCQs.

Question No. 78 – 85 (tabulated information – the graph)

Easiest question for the majority of candidates. Performance was very satisfactory. Even the weakest candidates scored good marks.

Suggestions for improvement (for candidates)

Giving a mock paper will do a lot for the candidates. They should be given the following instructions too:

- Read instruction given for each test.
- Write the letters 'a, b, c or d. Do not write 1, 2, 3 or 4 when entering answers.
- Write letters clearly (sometimes 'a' looks like 'd' and 'd' looks like 'a')
- Attempt all questions.

As mentioned every year by marking examiners, students should read a wide variety of business texts. The business pages of newspapers are suggested. They should seek to develop their 'business vocabulary' may be by keeping a note book for new words, since testing of vocabulary is an important part in the Business English question paper. Doing practice exercises on grammar would help. More attention should be paid to parts of speech, prepositions, sentence connections, verb forms etc. Be familiar with different sentence patterns.

Candidates need to develop skills such as skimming and scanning, detailed reading of complex testes, interpretation and inferring of facts and ideas.

Proficiency in English language is the most important factor for good performance at this examination. So candidates should strive to develop their language proficiency.