CA Intermediate (New Syllabus)
Cost & Management Accounting (Paper 3)
November 2020 - Exam Paper Analysis

Disclaimer

The below mentioned views are the personal views of CA Rakesh Agrawal, Pune. It may or may not tally with ICAI views. The purpose is just to provide some guidelines to students till the time ICAI releases its own suggested answers.

Important Note : A student is supposed to download and take a printout of original question paper. Read each question very carefully first and then read the analysis below. You cannot understand the author's view without understanding the question itself. These guidelines are meant only for the students of CA Rakesh Agrawal Sir.

General Comments

1. On the basis of views of various students, it can be said that overall the question paper was simple to moderate. It was neither very simple nor very difficult.
2. Almost everything was already covered in our classroom notes.

Question wise Comments

Que. 1(a) : [5 Marks]

Reference : Chapter 14 - Budget Topic (Volume III Notes) - Flexible Budget topic.

Similar Question : Q.12 - Page 151 of our Version 2 notes.

Similar Question : Q.15 - Page 152 of our Version 2 notes.

Comment : Simple / Bonus Question.

Hint : Use the logic of Marginal Costing topic.

Que. 1(b) : [5 Marks]

Reference : Chapter 12 - Marginal Costing (Volume III Notes) - Key factor topic.

Similar Question : Q.65 & 66 - Page 76 & 77of our Version 2 notes.

Comment : Simple Question. But it is worth minimum 10 marks.

Hint : First decide the ranking based on contribution per hour of Dept. A labour, then allocate the key resources and then prepare the statement of contribution.

Que. 1(c) : [5 Marks]

Reference : Chapter 10 - Joint Product Costing (Volume II Notes)

Comment : A little tricky Question.

Hint : Raw material cost is (6,750 units @ ` 80 per unit) = ` 5,40,000

Processing cost (i.e. labour + OH) is ` 2,25,000.  It means, total joint cost = ` 7,65,000.

There is a hint in the question for apportionment of labour cost only in the ratio 100 : 80.

What about material cost and overhead cost apportionment ratio?

In my opinion, raw material cost should be apportioned in the ratio of yield i.e. 80 : 12 and overhead cost may be apportioned in the ratio of labour i.e. 100 : 80. ICAI opinion will be known to us only through suggested answer.

Que. 1(d) : [5 Marks]

Reference : Chapter 7 - Contract Costing Topic (Volume II Notes) - Escalation clause

Similar Question : Q.10 - Page 29 of our Version 2 notes.

Comment : Moderate Question requires mathematics.

Hint : Main work is to calculate the increase in contract price due to escalation clause.

Que. 2(a) : [10 Marks]

Reference : Chapter 6 - Job & Batch Costing (Volume II Notes) - Cost Sheet

Comment : The main part is to apportion DM, DL & Prod. OH cost as per the instructions. Then add the remaining cost of 'Super Pen' and compare it with sales, to get the profit.

As Qty. produced is 40,000 and sold is 36,000; there will be a closing stock of 'Super Pen' of 4,000 units.

Que. 2(b) : [10 Marks]

Reference : Chapter 4 - Overheads (Volume I Notes)

Similar Questions : Q.19/116, Q.37/125 & 38/126 of our Version 2 notes.

Hint : As the question is silent, you may use simultaneous equation method or repeated distribution method for re-apportionment of OH.

Que. 3(a) : [10 Marks]

Reference : Chapter 13 - Standard Costing (Volume III Notes)

Comment : It is a reverse question, to be solved using balancing figure technique.

Hint : Fixed OH Cost Variance - Fixed OH Volume Variance = Fixed OH Exp. Variance.

Que. 3(b) : [10 Marks]

Reference : Chapter 2 - Material Cost (Volume I Notes) - EOQ

Similar Question : Q.31/49 of our Version 2 notes.

Comment : It is a simple question for 10 marks.

Hint : Compare the total cost at order size of 3,000 units with cost at EOQ, for savings.

Que. 4(a) : [10 Marks]

Reference : Chapter 9 - Process Costing (Volume II Notes)

Similar Question : Q.16/84 & Q.17/84 of our Version 2 notes.

Similar HW Question : Q.26/89 of our Version 2 notes.

Hint : As the % completion of opening WIP is not given in the question, this question can be solved only by Average Method.

Que. 4(b) : [6 Marks]

Reference : Chapter 3 - Labour Cost (Volume I Notes)

Similar Question : Q.21/84 of our Version 2 notes.

Hint : Calculation of overtime wages should be done carefully.

Que. 4(c) : [4 Marks]

Reference : Chapter 3 - Labour Cost (Volume I Notes) - Theory

Reference : Objectives of Time Keeping Record are printed on page 71 of our Version 2 notes.

Que. 5(a) : [10 Marks]

Reference : Chapter 8 - Service Costing (Volume II Notes)

Similar Question : Q.15/53 of our Version 2 notes.

Comment : It is a simple question considering 10 marks.

Que. 5(b) : [6 Marks]

Reference : Chapter 5 - Activity Based Costing (Volume I Notes)

Similar Question : Q.3/158 of our Version 2 notes.

Comment : It is a very simple question.

Que. 5(c) : [4 Marks]

Reference : Chapter 5 - Activity Based Costing (Volume I Notes) - Theory

Reference : Types of activities (i.e. levels of activities) are printed on page 151 and 152 of our Version 2 notes.

Que. 6(a) : [5 Marks]

Reference : Chapter 1 - Basic Cost Concepts (Volume I Notes) - Theory

Reference : It is printed on page 11 of our Version 2 notes.

Que. 6(b) : [5 Marks]

Reference : Chapter 14 - Budgetary Control (Volume III Notes)

Reference : Page 148 of our Version 2 notes.

Que. 6(c) : [5 Marks]

Reference : Chapter 11 - Cost Ledger Accounting (Volume III Notes)

Hint : The answer could be found on page 7.27 & 7.28 of ICAI module.

Que. 6(d) : [5 Marks]

Reference : Chapter 1 - Basic Cost Concepts (Volume I Notes)

Similar Questions : Q.21/18, Q.24/19, Q.26/20 & Q.29/21 of our Version 2 notes.

Comment : One need to apply a little common sense and general knowledge.

Que. 6(e) : [5 Marks]

Reference : Chapter 12 - Marginal Costing (Volume III Notes)

Hint : Page 77 & 78 of our Version 2 notes.

Important Note :

Detailed answers by Rakesh Sir in his own format with notes and assumptions will be released after studying the Suggested Answers of ICAI.

It is done to avoid the conflict of opinion between the author and ICAI.

This will avoid unnecessary confusion in the minds of students.

* * * * *