

CA Intermediate (New Syllabus)

Cost & Management Accounting (Paper 3)

January, 2021 - 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 - Marginal Costing (Volume III Notes)

Similar Question : Q.4 - Page 60 - Volume 3 of our Version 2 notes.

Similar Question : Q.7 - Page 14 - Volume 3 of our Version 2 notes.

Comment : Simple and Logical Question.

Answers : (i) Revised FC = 1,62,000 (ii) Revised Sales = 9,00,000 and (iii) BEP = 5,40,000

Que. 1(b) : [5 Marks]

Reference : Chapter - Overhead Cost (Volume I Notes)

Almost Same Question : Q.29 - Page 122 - Volume 1 of our Version 2 notes.

Comment : Only figures are changed.

Hint : Some data is monthly, some for 6 months and some data for a year. Be careful.

Que. 1(c) : [5 Marks]

Reference : Chapter - Process Costing (Volume II Notes)

Similar to : Q.15 - Page 83 - Volume 2 of our Version 2 notes.

Comment : This question is worth 10 marks and not 5 marks.

Que. 1(d) : [5 Marks]

Reference : Chapter - Batch Costing (Volume II Notes) - EBQ

Similar Question : Q.9 - Page 10 - Volume 2 of our Version 2 notes.

Comment : 1 million = 10 lakhs. Hence, 40 million = 400 lakhs is the total size of market.

Hint : Our expected sales i.e. market share = $2.5\% \times 400 \text{ lakhs} = 10,00,000$ annual demand.

Que. 2(a) : [10 Marks]

Reference : Chapter - Labour Cost / Employee Cost (Volume I Notes) - Halsey System

Comment : Question is simple for 10 marks. But correct reading and interpretation of question is needed to get full marks.

Que. 2(b) : [10 Marks]

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

Similar Questions : Q.14 - Page 13 - Volume 2 of our Version 2 notes.

Hint : The calculation has to be done in a reverse order, to find out the consumption and purchase of raw material. Starting point is 'Cost of Sales'.

Que. 3(a) : [10 Marks]

Reference : Chapter - Marginal Costing (Volume III Notes)

Similar Questions : Q.37 - Page 68 - Volume 3 of our Version 2 notes.

Comment : Simple question for 10 marks.

Hint : Convert the data of both the plants at 100% capacity and then merge it.

Que. 3(b) : [10 Marks]

Reference : Chapter - Marginal Costing (Volume III Notes)

Similar Question : Q.52 - Page 70 - Volume 3 of our Version 2 notes.

Comment : To be done carefully. Chances of errors are higher.

Que. 4(a) : [10 Marks]

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

Similar Question : Q.13 - Page 126 - Volume 2 of our Version 2 notes.

Hint : There is a difference between quantity produced and sold. You have to calculate NRV of goods produced for apportionment of joint cost. Joint cost is the cost incurred in Dept. 1.

Que. 4(b) : [10 Marks]

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

Similar Question : Q.1 - Page 156 - Volume 1 of our Version 2 notes.

Hint : You have to calculate cost per unit using traditional absorption costing as well as ABC.

Que. 5(a) : [10 Marks]

Reference : Chapter - Service Costing (Volume II Notes)

Similar Question : Q.11 - Page 49 - Volume 2 of our Version 2 notes.

Comment : The 2nd part i.e. calculation of BEP requires use of Marginal Costing.

Hint : Correct classification of Variable and Fixed cost is needed. Make suitable assumptions, in case of confusion.

Que. 5(b) : [10 Marks]

Reference : Chapter - Standard Costing (Volume III Notes)

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

Comment : It requires use of Budget Ratios from Budgetary Control topic also.

Hint : Gross hours = 25 days x 8 hours/day x 52 workers = 10,400 hours

After 15% down time, Effective hours for use (i.e. budgeted hours) = 8,840 hours

Use 8,840 hours for calculation of SRR/hour and variances.

Que. 6 : [5 Marks x 4 Ques. = 20 Marks]

It is a theory question for those who love to answer theory.

You have to solve 4 out of 5 questions.

You will find the answers in our notes and ICAI module.

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.

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