

CA Final (New Syllabus)

Strategic Cost Management and Performance Evaluation (Paper 5)

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. Almost everything is discussed in the classroom and is available in the classroom notes & amendment batch notes.
2. I have given the reference of similar classroom questions below.
3. Question 1 was compulsory and you have to solve any four from the remaining five questions. A student should identify the most difficult or lengthy question for him, and then keep it for option.
4. Some students complained that the paper was lengthy and could not complete the entire paper within 3 hours.

Question wise Comments

Que. 1 : [20 Marks - Case Study]

Reference : Chapter 8 - Performance Measurement in Not for Profit Sector

This question is very similar to Q.21/64 from chapter 8, Volume II of our Version 3 notes. Just the name is changed. The earlier name was Silver Sands.

Que. 2 : [20 Marks]

Reference : Chapter 4 - Lean System & Innovation - Target Costing

This question is very similar to Q.6/113 from chapter 4, Volume I of our Version 3 notes. Just the name and figures are changed.

Que. 3 : [20 Marks]

Reference : Chapter 8 - Performance Measurement & Evaluation - EVA

This question is very similar to Q.10/16 from chapter 8, Volume II of our Version 3 notes. Just the name and figures are changed. Earlier name was Water Utility Services.

Comment : In this question, chances of error are more and hence my preference would be to keep it for option. The question was also lengthy.

Que. 4(a) : [5 Marks]

Reference : Chapter 6 - Decision Making

This question is very similar to Q.56/195 from chapter 6, Volume I of our Version 3 notes. Just the name and figures are changed.

Comment : It was a bonus question.

OR

Reference : Chapter 7 - Pricing Decision

Similar Question : Q.12/233, Q.13/233 & Q.14/233 from chapter 7, Volume I of our Version 3 notes.

Comment : It was again a bonus question.

Que. 4(b) : [5 Marks]

Reference : Chapter 2 - Modern Business Environment - Cost of Quality

This question is very similar to Q.10/36 from chapter 2, Volume I of our Version 3 notes. Just the figures are changed.

Comment : It was a bonus question.

Que. 4(c) : [10 Marks]

Reference : Chapter 9 - Divisional Transfer Pricing

Comments : This question is little similar to Q.7/112 from chapter 9, Volume III of our Version 3 notes. A little tricky question.

Que. 5(a) : [10 Marks]

Reference : Chapter 6 - Decision Making

Similar Question : This question is very similar to Q.24/161 from chapter 6, Volume I of our Version 3 notes. Just the figures are changed.

Comment : In my opinion, there was a printing error in the question paper. Profit Volume Ratio of 30% should be printed only under the column of 600 units.

Que. 5(b) : [10 Marks]

Reference : Chapter 12 - Standard Costing - Interpretation of Variances.

Similar Questions : This question is very similar to Q.51/234 from chapter 12, Volume II of our Version 3 notes. Just the figures are changed.

Que. 6(a) : [10 Marks]

Reference : Chapter 6 - Decision Making with non financial considerations

Comment : It is a moderate question, where you have to evaluate 2 situations. Allow the workers to go for strike or settle it now. Relevant costing approach has to be used.

Que. 6(b) : [10 Marks]

Reference : Chapter 12 - Standard Costing - Interpretation of Variances.

Similar Question : This question is very similar to Q.52/235 from chapter 12, Volume II of our Version 3 notes. Just the figures are changed.

Comment : An easy question considering 10 marks.

Important Note : Detailed answers by author in his own format with notes and assumptions will be released after studying the Suggested Answers of ICAI.

This is done to avoid the conflict of opinion and confusion.

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