

Inter CMA May 2019 - 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 you 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 views without understanding the question itself. These guidelines are meant only for the students of CA Rakesh Agrawal.

General Comments

1. On the basis of views of various students, it can be said that overall the question paper was moderate. It was neither very simple nor very difficult.
2. Students should not judge the entire question paper based on just few difficult questions. There are simple questions also.
3. Question 1 was compulsory and the students were supposed to solve any four out of the remaining five questions.
4. In my opinion, students should leave Q.2 as option. Because, Part (a) of the question was little tricky and Part (b) was a time consuming question. This opinion may differ from person to person.
5. There are few errors on the part of ICAI, which are discussed below at the respective question itself.

Questionwise Comments

Que. 1(a) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 14 - Budgetary Control (Volume III)

Topic : Budget Ratios - Page No.141

We have studied 3 ratios in the classroom i.e. (a) Efficiency Ratio (b) Activity Ratio and (c) Capacity Ratio. However, ICAI asked 3 different types of Capacity Ratios. It is given in the ICAI Module on page No. 15/51 with an example.

I have also uploaded the updation on our website under the tab 'Students Corner'.

Que. 1(b) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 3 - Labour Cost (Volume I)

Topic : Remuneration Systems - Page No. 76

There were 5 sub-questions for 5 marks. It was a simple question.

However, Q. (iv) was based on Piece Rate System. As the number of pieces produced are not given in the question, students are likely to get confused. On careful reading of the question, you will notice that the time allowed and time taken is given for a single job i.e. for one piece only. As per my opinion, the piece rate wages would be for 1 job i.e. for 40 hours allowed x Rs. 75 per hour = Rs. 3,000. We will have to wait for ICAI answer.

Que. 1(c) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 10 - Joint Product Costing (Volume II)

Similar Question from Classroom Notes : Q. 24/143

It was a simple question.

However, the question specifically tells you to use Net Realisable Value Method and not the Reverse Cost Method. Hence, the estimated profit per unit Rs. 5 for Cromex is of no use.

Using NRV method, the answer to Part (i) would be = Rs. 80,000 minus Rs. 28,000 = Rs. 52,000.

Que. 1(d) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 11 - Cost Ledger (Volume III)

Topic : Reconciliation of Profit

Similar Question from Classroom Notes : Q. 26/18 and Q. 43/50

It was a simple question.

You have to prepare a Reconciliation in an Account format. As ICAI has not specified, from where to start, you can start from any figure either as per Cost books or as per Financial books. The answer tallies.

Que. 2(a) : [10 Marks]

Chapter No. & Name in our Classroom Notes : 12 - Marginal Costing (Volume III)

Similar Question from Classroom Notes : Q. 58/80

If you remember, we had discussed this question in the classroom.

Que. 2(b) : [10 Marks]

Chapter No. & Name in our Classroom Notes : 9 - Process Costing (Volume II)

Topic : Inter Process Transfer at Profit

Similar Question from Classroom Notes : Q. 27/97

Que. 3(a) : [10 Marks]

Chapter No. & Name in our Classroom Notes : 13 - Standard Costing (Volume III)

Topic : Labour Cost Variances

Similar Question from Classroom Notes : Q. 11/106

Que. 3(b) : [10 Marks]

Chapter No. & Name in our Classroom Notes : 5 - Activity Based Costing (Volume I)

Similar Question from Classroom Notes : Q.7/170 & Q.11/173

Note : Part (iii) of the question says to calculate cost distortion (under costed or over costed). It might have confused certain students. Cost distortion means difference in calculation of cost between the two methods. Under Costed means, cost is shown lower under traditional method as compared to ABC and Over Costed means, cost is shown higher under traditional method as compared to ABC.

Que. 4(a) : [10 Marks]

Chapter No. & Name in our Classroom Notes : 8 - Service Costing (Volume II)

Similar Question from Classroom Notes : Q.35/68

Que. 4(b) : [10 Marks]

Chapter No. & Name in our Classroom Notes : 2 - Material Cost (Volume I)

Topic : Stores Ledger Account

Similar Question from Classroom Notes : Q.19/42 & Q.20/43

Note : There was an adjustment for material fraudulently misappropriated by the stores assistant. It should be treated as abnormal loss. However, you have to just show it in the issue column and value it using Weighted Average and LIFO method.

Que. 5(a) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 12 - Marginal Costing (Volume III)

It was a very simple question to calculate BEP.

Using formula no. 16 from our notes, one should calculate P/V Ratio as (Profit / MOS sales). Then calculate estimated fixed cost using (BEP x P/V Ratio) and compare it with actual fixed cost, to know the reduction in fixed cost.

Que. 5(b) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 4 - Overheads (Volume I)

Topic : Machine Hour Rate

Similar Question from Classroom Notes : Q.27/132

Que. 5(c) : [10 Marks]

Chapter No. & Name in our Classroom Notes : 7 - Contract Costing (Volume II)

Similar Question from Classroom Notes : Q.9/30 & Q.24/43

Note : (1) The contract period was of 7 months only. (2) The cost of work uncertified was not given in the question. It has to be calculated using mathematics. (3) Depreciation to be taken on the basis of time i.e. proportionate for the period for which the asset is used.

Que. 6(a) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 13 - Standard Costing (Volume III)

Page No. : 99

Que. 6(b) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 14 - Budgetary Control (Volume III)

Page No. : 140 + Discussed in the classroom

Que. 6(c) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 11 - Cost Ledger (Volume III)

Discussed in the classroom

Que. 6(d) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 1 - Basic Cost Concepts (Volume I)

Discussed in the classroom

Que. 6(e) : [5 Marks]

Chapter No. & Name in our Classroom Notes : 12 - Marginal Costing (Volume III)

Page No. : 60 + Discussed in the classroom

Note : Detailed answers by author with his own notes and assumptions will be released after studying the Suggested Answer and views of ICAI.

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