

CA Intermediate (New Syllabus)

Cost & Management Accounting (Paper 3)

November, 2022 - 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.

Question wise Comments

Que. 1(a) : [5 Marks]

Reference : Chapter 7 - Batch Costing

Ref. Question : Q.8/8 - Volume II of our Version 4 notes.

Comment : You will first get the sale value of one batch of 80 vaccines and then convert it into sale value of 1,600 vaccines.

Que. 1(b) : [5 Marks]

Reference : Chapter 9 - Service Costing - Financial Institutions

Ref. Question : Q.21/57 - Volume II of our Version 4 notes.

Comment : Take the total of all common expenses, then charge 30% to each type of loan. Take all the data on monthly basis.

Que. 1(c) : [5 Marks]

Reference : Chapter 2 - Material Cost - EOQ

Ref. Question : Q.36/53 & Q. 38/53 - Volume I of our Version 4 notes.

Comment : Calculate Reorder Point i.e. First calculate Reorder Level using Average Usage Rate Formula and then add Safety stock to it to get Reorder point.

Que. 1(d) : [5 Marks]

Reference : Chapter 13 - Marginal Costing

Ref. Question : Many Similar Questions - Volume III of our Version 4 notes.

Comment : Simple Question

Que. 2(a) : [10 Marks]

Reference : Chapter 7 - Job Costing

Ref. Question : Q.13/11 - Volume II of our Version 4 notes.

Comment : For answer (ii), after calculating machine hour rate with and without robot, charge the cost to individual jobs and then calculate the total cost of each job. Now divide this total cost by total machine hours of each job to get the jobwise machine hour rate.

Que. 2(b) : [6 Marks]

Reference : Chapter 3 - Labour cost - Remuneration systems

Ref. Question : Q.25/90 - Volume I of our Version 4 notes.

Comment : Calculate labour cost per unit under Halsey and Rowan Plan and then select the plan which gives lower cost per unit.

Que. 2(c) : [4 Marks]

Reference : Chapter 5 - Activity Based Costing

Ref. Question : Q.2/167 & Q.3/168 - Volume I of our Version 4 notes.

Comment : Simple Question.

Que. 3(a) : [10 Marks]

Reference : Chapter 8 - Contract Costing

Ref. Question : Q.11/28 & 28/40 - Volume II of our Version 4 notes.

Comment : It is a moderate question. Considering 10 marks, it is a time consuming question.

Que. 3(b) : [10 Marks]

Reference : Chapter 10 - Process Costing

Ref. Question : Basic / Simple Ques. from Q.13 to 16 - Volume II of our Version 4 notes.

Comment : For Finished Goods A/c : Receive FG produced from Process II and Transfer COGS of 5,000 units to Sales A/c. Closing stock of finished goods will be 500 units at cost.

Que. 4(a) : [10 Marks]

Reference : Chapter 13 - Marginal Costing - Key Factor Questions

Ref. Question : Q.74 to Q.77 - Volume III of our Version 4 notes.

Comment : First calculate contribution per hectare of land. Then allocate minimum area to rank III and maximum area to rank I. Balance area to rank II.

Que. 4(b) : [10 Marks]

Reference : Chapter 6 - Cost Sheet

Comment : In the question, total cost for a year is given to you. You have to logically allocate the total cost between two types of masks using the information given. It requires more of a mathematical skill to apportion the cost.

For example - Material cost **per unit** of Cloth Mask was **twice** as much of DM cost **per unit** of Disposable Mask.

If we assume Material cost per unit of Disposable Mask = X, then

Material cost per unit of Cloth Mask shall be = 2X

The total material cost shall be : Cloth Mask = 50,000 units x 2X = 1,00,000 X and

The total material cost of : Disposable Mask = 1,50,000 units x X = 1,50,000 X

Now, 1,00,000 X + 1,50,000 X = Rs. 12,50,000 (given in the question) and so on

Que. 5(a) : [10 Marks]

Reference : Chapter 14 - Standard Costing

Ref. Question : Q.4/116 & Q.6/117 - Volume III of our Version 4 notes.

Comment : Simple question. In the question, they have asked to calculate the variance for Product 'M', which means total of individual variance of A, B & C.

Que. 5(b) : [5 Marks]

Reference : Chapter 12 - Cost Ledger Accounting - Reconciliation

Ref. Question : Q.34/21 & Q.47/49 - Volume III of our Version 4 notes.

Comment : Simple Question

Que. 5(c) : [5 Marks]

Reference : Chapter 11 - Joint Product Costing

Ref. Question : Q.10/135 - Volume II of our Version 4 notes.

Comment : Simple question

Que. 6 : [5 Marks each x 4 Ques. = 20 Marks] - Theory Questions

You have to solve any 4 out of 5 questions.

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

(a) It is about JIT System of inventory management - Volume I - Page 41 of Version 4 notes

(b) Ref. Page : Page 6 - Volume III - Version 4 notes

(c) Ref. Page : Page 160 - Volume I - Version 4 notes

(d) Ref. Page : Page 160 - Volume III - Version 4 notes.

(e) Ref. Page 7 - Volume I - Version 4 notes

General comment :

Paper was simple but lengthy. ICAI tried to cover almost all the chapters within total 120 marks paper set by them.

Important Note :

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

It is done to avoid the conflict of opinion between the Rakesh Sir's view and ICAI view.

This will avoid unnecessary confusion in the minds of students if the two approaches are different. It is better to wait and watch the ICAI view.

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