

PAPER 8 : Cost and Management Accounting

GENERAL COMMENTS:

Overall performance of the candidates, as commented by the examiners, was satisfactory. However, the deficiencies as observed in answering the questions and which candidates are required to make note for the improvement, are as under:

- (a) The quality of answers reflected lack of conceptual knowledge and understanding of the candidates considering the expected standard level of the subject Cost and Management Accounting.
- (b) Working notes to practical problems were either absent or not properly exhibited by most of the candidates.
- (c) It was observed that candidates lacked adequate practice to solve diverse range of questions.
- (d) In many cases, candidates not answered the questions completely in one sequence. Answers to sub-parts of each question were scattered over different pages of the answer script instead of writing them consecutively.
- (e) Some other deficiencies observed and commented by the examiners were poor handwriting, poor presentation, spelling and grammatical mistakes.

SPECIFIC COMMENTS:

Question 1: This was the compulsory and objective-type question. Being the easiest question, performance of majority of the candidates was good.

Question 2(a): This numerical part related to 'Marginal Costing' was well attempted by most of the students.

Question 2(b): This theoretical part concerned with 'Limitations of zero based budgeting' was poorly attempted by majority of candidates. Most of them discussed zero based budgeting instead of its limitations.

Question 3(a): This numerical part was based on 'Transfer Pricing'. The performance of candidates was found satisfactory in this question.

Question 3(b): This theoretical part required by the students to state the 'Objectives of transfer pricing'. Only a small percentage of candidates could answer it on correct lines.

Question 4(a): A large number of candidates attempted this practical problem. Most of the candidates attempted the answer well.

Question 4(b): This theoretical part was to state the 'Uses of Marginal Costing technique in decision making process'. Generally, the answer given by the candidates was satisfactory.

Question 5(a): This practical question required to work out the 'Under or over recovery of over head'. This question was attempted by less number of candidates. The performance of candidates who attempted this question was not satisfactory.

Question 5(b): This theoretical part concerned with 'Circumstances when direct or chargeable expenses are treated as overhead'. In most of the cases, the answer given by students was satisfactory.

Question 6(a): This numerical question based on 'Operating costing' was attempted by a large number of candidates. The overall performance of candidates who attempted this question was satisfactory, but some of the candidates were not able to bifurcate expenses in standing charges and running charges correctly.

Question 6(b): This part of the question was based on 'Classification of overhead items according to function'. The performance of candidates in this part was average.

Question 7(a): This numerical part required conceptual understanding of 'Material Variances'. Most of the candidates attempted this part satisfactorily.

Question 7(b): In this part of the question, only a few candidates were able to discuss correctly the 'Advantages of cost plus contract'.

Question 8: This question was based on short notes and any three out of the five given required to be attempted.

- (i) Just in time inventory: Performance of candidates in this part was not satisfactory.

- (ii) Retention money in contract costing: This part was well attempted by most of the candidates.
- (iii) Limitations of Inter-firm comparison: The performance of candidates in this part was average.
- (iv) Objectives of uniform costing: A large percentage of candidates were not able to explain properly the answer of this part.
- (v) Benefits of time and motion study: This part was attempted satisfactorily by most of the candidates.