

SYLLABUS-2012

Paper 10: Cost and Management Accountancy

General Comments on the Performance of the Examinees:

Overall performance of the candidates as commented by the Examiners was not satisfactory and the same has not been upto the level which may be expected from the students desirous of entering into the profession of High Expertise and knowledge. The Question paper is a standard one where questions were set with in the syllabus covering concepts in depth. The deficiencies as observed in answering the questions and which candidates are required to take note for the improvement are as under.

1. Majority of Examinees did not take this course seriously.
2. 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 Accountancy."
3. The candidates lacked adequate practice to solve diverse range of questions on CMA and Economics for managerial decision making.
4. In many cases candidates not answered the questions completely in sequence. Answers were scattered over different pages of the answer book, instead of writing them consecutively.
5. Students do not clearly mention the units like ₹, units etc. as applicable and also even the relevant Question Numbers.
6. Irrelevant contributions are furnished as Answers on theory parts of questions.
7. The other deficiencies observed were poor handwriting, poor presentation, spelling and grammatical mistakes.

QUESTIONWISE PERFORMANCE:

Q. No. 01: This was compulsory question involving various concepts on the subject -

Paper 10 – Syllabus 2012

"Cost And Management Accountancy." Most of the candidates failed to answer to the point, due to lack of knowledge on the concepts. Poor performance observed.

- 01 (a): Most Examinees ignored depreciation and interest of Rs, 25 Lakh on computation of Fixed cost.
- 01 (b): Wrong formula for fixed overhead volume variance given by students lead to numerically wrong Answers
- 01 (C): Correct formula for computing EBQ not given and lead to resultant wrong answers
- 01 (d): Incorrect calculation ~~are~~ are made by most of the students ^{on} variable cost per unit and also full production cost per unit for making 12,000 units.
- 01 (e) to (h): Theory parts- Irrelevant contributions and vague answers were written by most of the candidates ^{as} seen below.
- (e): Correct limitations of uniform costing not furnished.
- (f): Wrongly replied that the Cost Accountant is responsible for preparation of Annexure.
- (g): No clear mention about that gross turnover is exclusive of Excise Duty.
- (h): Though meaning of monopoly is given, the nature of its temporary concepts is not clearly explained.
- 01(i): Many examinees did not write that first derivative is equal to Zero and second one is positive to yield etc.

SECTION – "A"

Q. No. 02: Poor performance as mentioned below:

- 02 (a): None of the examinee gave correct problems of Throughput Accounting: Irrelevant contributions found as answers -

Paper 10 – Syllabus 2012

- 02 (b): Only very few could compute the weighted (Share of Production Percentage) Cost and Return on Capital Employed to arrive at uniform price for industry.
- 02 (c): Most of the examinees have erred on the computation of machine hour rate by unnecessarily apportioning 5 types production overheads with numerical Mistakes. Similarly Five cost drivers given clearly in the question for apportioning the relevant Activity costs. But examinees used wrong cost drivers which lead to numerically wrong answers and resultant comments etc.
- Q. No. 03(a): Most of the examinees gave numerically wrong answers by not following the required formulae for calculating various fixed overhead variances. Few examinees did not state whether the variance is ^ufavorable or adverse.
- Q. No. 03(b): Poor Performance-
- Not able to properly, evaluate the three alternative options in statement of comparative profitability. Most of the Examinees have erred on alternative number 3 by wrongly calculating ^{additional} fixed cost and overtime wages.
- Q. No. 04(a): Very few have adopted correct limiting factor (ie.) labor hour for computation of ranking towards Transfer Price of product "P".
- Q. No. 04(b): Poor performance-Mistakes were committed on the calculations of effective passenger Kilometer, Cost of petrol & diesel and Commission and profit on takings etc.
- Q. No. 04(c): Theory Part – Very Vague and irrelevant answers furnished. Correct distinguishing features of Budgetary control and standard costing could not be given by most of the candidates.

Paper 10 – Syllabus 2012SECTION – B

- Q. No. 05(a): Rare attempt done on this question by students with poor performance. Majority of the students do not know how to compute Net Sales, Profit before Tax and value added. Most of the Answers were incomplete and wrong.
- Q. No. 05(b): Poor performance – Candidates failed to indicate that exemption from mandatory cost audit is available to 100% EOUs registered under Foreign Trade Policy Document Which provides permissible limit for domestic sales and once this limit is exceeded the exemption will be lost. Instead of this, vague replies like exemption will be applicable or not applicable were noticed.
- Q. No. 06(a): Poor performance – Except very few candidates, none wrote the three restrictions applicable to a cost auditor and a cost auditor can certify the compliance report or take up any other assignment except the three restricted functions. Mere quoting of the disqualifications and the number of companies he can audit are also found as answers.
- Q. No. 06(b): Instead of appropriate answers, some examinees stated that filing of form 23c depends on the number of cost Auditors, and many others wrote that one Form 23c per year is sufficient.
- Q. No. 06(c): Mistakes have been committed on the following:
- (i) Incorrect calculation of closing Working-in-Progress, finished goods and administrative overhead in computing costing profit and loss account.
 - (ii) Omission to take credit for closing stock of work-in-progress in financial profit and Loss account and the resultant incorrect Reconciliation.
 - (iii) Quite a number of examinees made conceptual and consequential numerical errors resulting in giving incomplete answers in many ways.

Paper 10 – Syllabus 2012

- Q. No. 07(a): Many examinees wrote irrelevantly about Law of demand and even gave graphs.
- Q. No. 07(b): Most examinees gave wrong equations yielding incorrect answers. Even few examinees who obtained two derivatives, erred in calculating required price to give maximum profit.
- Q. No. 07(c): Poor performance and almost none has given correct answers. Examinees were clueless in framing the Revenue function and computing the number of passengers needed for getting maximum revenue by giving discount.
- Q. No. 08(a): Poor performance. Almost no examinee could write conditions and their application to state that the two commodities are complementary.
- Q. No. 08(b): Most examinees did not write the required mathematical equations, their derivatives and calculate the quantities maximizing profit in price discriminating situations in Punjab and Haryana.
- Q. No. 08(c): Rare attempt with Poor performance –Vague and irrelevant answers have been contributed.
- Q. No. 09(a): Most of the examinees failed to derive the Quantity and the minimum cut off price for shutting down the operation in the short run.
- Q. No. 09(b): Answers lacked clarity. Instead of writing about Prof. Pigou's three degrees of price discrimination, majority of students have contributed about price discrimination based on place, product, consumer etc.
- Q. No. 09(c): Most examinees committed mistakes in quantity and price under market equilibrium resulting in wrong answers.

Paper 10 – Syllabus 2012

Guidelines and suggestion:

Students must appreciate that this is a paper where high marks can be secured provided they prepare well. It should be brought to the notice of all students that casual treatment will not bring any ^{fruitful} ~~faithful~~ result. The following guidelines should strictly be adhered to by the students:

1. Students should focus on having in – depth knowledge and clarity of concept.
2. In-depth study of Institutes study material and good text books.
3. Regular solving of practical problems including past question and problems of Institute Study materials. Due to lack of practice while solving practical problems examinees could not complete most of the problems set in the examinations. Hence regular practice is essential.
4. To avoid unnecessary, irrelevant details and repetitions of same points in the answers.
5. Students should avoid selective studies.
6. For securing maximum marks answers should be diverted forwards the asked with relevancy.
7. Students should learn to manage their time so that they can complete the paper.