Skillshort

Self-Study Preparation Pack

CA INTERMEDIATE

Paper 4: Cost and Management Accounting

Important Topics, Weightage & Past-Paper Frequency

For January 2027 attempt · Analysis of 4 recent ICAI attempts: Sept 2025, Jan 2026, May 2026, Sept 2026

Official ICAI weightage | 4-attempt frequency map | Priority list | Theory question bank

Contents

1. Official ICAI section-wise weightage 2
2. Past-paper frequency map (Skillshort analysis) 2
3. Priority list for January 2027 3
4. Theory question bank (4–5 mark answers to prepare) 3

This subject pack has 6 parts

1 Chapter-wise notes

2 Important topics & weightage

3 Past papers: trends & links

4 Mock tests + solutions

5 Chapter practice questions

6 Last-week plan & strategy

Prepared by Skillshort for self-study. Original explanations and questions; not an official ICAI/ICMAI/ICSI publication. Items marked VERIFY should be checked against the latest official material.

1. Official ICAI section-wise weightage

ICAI's section-wise weightage for the new scheme (issued **26 October 2023**, ±5% deviation allowed).

Section	Chapters	Weightage	Approx. marks
I	Introduction to cost and management accounting (incl. digital costing); elements of cost and cost sheets (manufacturing and service)	**10%–15%**	10–15
II	Material cost; employee cost and direct expenses; overheads – absorption costing; activity based costing; cost accounting system (integrated/non-integrated, reconciliation)	**35%–40%**	35–40
III	Unit and batch costing; job costing; process and operation costing; joint and by-products; service costing	**20%–25%**	20–25
IV	Standard costing; marginal costing (CVP and decisions); budgets and budgetary control	**25%–30%**	25–30

Skill-wise weightage: Comprehension & knowledge **20%–30%**; Analysis & application **70%–80%**. Expect about **14–18 marks of theory** (Q6 + some sub-parts).

> NOTE **How the weightage shows up in the paper**
>
> MCQs: two **case scenarios** (5 MCQs each – typically marginal costing/cost sheet and material/process) + 5 independent numerical MCQs. Descriptive: Q1 (5 + 5 + 4) mixes three chapters; Q2–Q5 each have a big numerical (7–10 marks) and a smaller one; **Q6 is theory** with an OR choice.

2. Past-paper frequency map (Skillshort analysis)

Built from ICAI's suggested answers for Sept 2025, Jan 2026, May 2026 and Sept 2026. M = MCQ, D = descriptive.

Topic	Sep 25	Jan 26	May 26	Sep 26	Hits	Priority
Marginal costing – CVP, BEP, sales mix, key factor, absorption vs marginal	M×5 + D	M×5 + D	D×2	M + D	4/4	HIGH
Standard costing – material, labour, overhead variances	M + D	M + D	D×2	M	4/4	HIGH
Budgets – production, material, flexible budgets, budgetary control theory	D	D (OR)	–	M×5	3/4	HIGH
Material – EOQ, stock levels, pricing of issues, ABC, JIT	M + D×2	M×5 + M	M + D	M + D	4/4	HIGH
Employee cost – Halsey/Rowan, labour turnover, overtime, controls	D×2	M + D	M + D	M + M + D	4/4	HIGH
Overheads – MHR, secondary distribution, under/over-absorption, blanket vs departmental	M + D×2	M	M×5	D×2	4/4	HIGH
Activity based costing / customer profitability	D	D (theory)	D	M×5	4/4	HIGH
Cost sheet (manufacturing/service), treatment of items	M×5	D	–	D×2	3/4	HIGH
Cost accounting systems – non-integrated entries, reconciliation	D	–	D	D	3/4	HIGH
Unit and batch costing (EBQ, price per unit, batch fees)	D	D	D	–	3/4	HIGH
Job costing	D (theory)	M	M	–	3/4	MED
Process costing – losses, EU, inter-process profit	M	D	M×5	M + D	4/4	HIGH
Joint and by-products	M	D	D	D (theory)	4/4	HIGH
Service costing (toll, transport, bank, hotel)	D	D	M	D	4/4	HIGH
Introduction – responsibility centres, cost control vs reduction, digital costing	D	–	D	D	3/4	MED

TREND What the four papers tell us

- **Marginal costing and standard costing together are worth 20–25 marks** every attempt – one full case scenario (5 MCQs) is usually CVP.
- **Service costing** appears every attempt with unusual settings (toll plaza with equivalent vehicles, bank loan processing, training institute, intercity buses) – learn to build the **cost unit** first.
- ICAI now tests **ABC with customer profitability** (Sept 2026) and **AI/digital** contexts in machine-hour rates (May 2026).
- **Theory (Q6)** comes from small corners: responsibility centres, JIT principles, cost control vs reduction, BOM uses, biometric attendance, defective work, by-product accounting, treatment of items in the cost sheet.
- Examiners repeatedly report **poor performance** in limiting-factor product mix, process costing with abnormal loss, ABC inventory control and simultaneous-equation re-apportionment.

3. Priority list for January 2027

Priority	Topics	Why
A – must master	CVP/marginal decisions; variances (material, labour, overheads); EOQ and stock levels; incentive plans; MHR and secondary distribution; process costing; service costing; budgets	4/4 attempts; ≈ 65% of marks
B – high yield	Cost sheet; ABC; joint and by-products; batch/unit costing; reconciliation and non-integrated entries; labour turnover; ABC inventory	3–4 of 4 attempts
C – do not skip	Job costing; introduction chapter; digital costing (ERP, GeM); integrated accounts; ZBB/performance budgeting	MCQs and theory

4. Theory question bank (4–5 mark answers to prepare)

1. Responsibility centres – meaning and types (cost, revenue, profit, investment).
2. Cost control vs cost reduction.
3. Installation of a costing system – points to consider and practical difficulties.
4. JIT – "demand pull" system; its two principles.
5. Uses of the bill of materials in purchase, production, stores and costing departments.
6. Factors for controlling employee cost; biometric attendance system and its benefits.
7. Essentials of a good incentive scheme; Halsey vs Rowan.
8. Treatment of overtime premium, idle time, defective and spoiled work.
9. Usefulness/suitability of ABC; ABM; cost drivers.
10. Advantages of job costing; job vs process costing.
11. Accounting of by-products; apportionment of joint costs.
12. Components of a budgetary control system; zero-based budgeting; flexible vs fixed budget.
13. Reasons for differences between cost and financial profits; integrated accounts.
14. Treatment of special items in the cost sheet (lockdown idle wages, Government subsidy, packing, R&D).