Skillshort

Self-Study Preparation Pack

CA INTERMEDIATE

Paper 4: Cost and Management Accounting

Last-Week Revision Plan & Exam Strategy

For January 2027 attempt (Paper 4 on Friday 8 January 2027, 2–5 pm) · 7-day plan · 3-hour strategy

7-day plan | Time allocation | Presentation rules | Formulas to memorise

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This subject pack has 6 parts

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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. Seven-day plan

Paper 4 is the **first paper of Group II** (Fri 8 → Sun 10 → Tue 12 January 2027). If you are writing only Group II, the full week before 8 January is yours. If you are writing both groups, Paper 3 is on Wednesday 6 January, so **Thursday 7 January** is the only full day just before Paper 4 – do D-7 to D-3 in late December.

PLAN Day-by-day (about 3 hours a day for Paper 4 if writing both groups; full days if Group II only)

Day	Session 1	Session 2
D-7	Cost sheet (manufacturing and service), treatment of items; **material** – EOQ, stock levels, pricing of issues, ABC/JIT	Practice Sets 1–2; Mock 1 Q1(a) and Case II
D-6	**Employee cost** (incentives, turnover, overtime, idle time); **overheads** – MHR, reciprocal services, under/over-absorption	Practice D2, D3; Mock 1 Q1(b), Q5(a)
D-5	ABC; cost accounting systems – non-integrated entries, **reconciliation**; unit/batch/job costing	Practice Set 3; Mock 2 Q5(b), Mock 1 Q4(b)
D-4	**Process costing** (losses, FIFO/WA EU, inter-process profit); **joint and by-products**; **service costing**	Practice Set 4; one ICAI past-paper process question
D-3	**Standard costing** (all variances), **marginal costing** (CVP, key factor, decisions), **budgets** (functional, flexible, cash)	**Full mock (3 h)** – Skillshort Mock 2 or ICAI MTP, then error log
D-2	ICAI's latest suggested answers (Sept 2026): MCQ cases only, 45 minutes	Theory question bank (Part 2 file) – write headings for 14 questions
D-1 (Thu 7 Jan)	Formula sheet; variance tree; cost-sheet format	Light revision of the error log; sleep by 10:30 pm

EXAM TIP What to revise on the last day

Do not start new topics. Revise the **formula sheet** (EOQ, stock levels, Halsey/Rowan, labour turnover, EU, variances, BEP/MOS), the **variance check totals**, the **formats** (cost sheet, process account, reconciliation, budgets), and **theory headings** for responsibility centres, JIT, ZBB, ABC usefulness, cost control vs reduction, and the treatment of idle time, overtime and defectives.

2. Exam-hall strategy (3 hours + 15 minutes advance reading)

Time	Action
1:45 – 2:00 pm (reading time)	Read Q1 (compulsory); choose 4 of Q2–Q6. **Q6 theory is a safe choice** if you have revised the theory bank – it takes 25 minutes, not 35
0:00 – 0:40	**Part I – 15 MCQs (30 marks)**: about 2.5 minutes each; do the two case scenarios first; keep rough work in the answer book margin
0:40 – 1:10	**Q1 (14 marks)** – three numerical sub-parts
1:10 – 2:40	Three of Q2–Q5 (≈ 30 minutes each)
2:40 – 3:00	Q6 theory or the fourth numerical; final check of totals

STRATEGY **Presentation rules for costing**

- **Working notes first**, numbered (WN 1, WN 2...), then the main statement. A correct method with an arithmetic slip still earns most of the marks.
- Use the **ICAI formats**: cost sheet in vertical form with sub-totals (prime cost → works cost → cost of production → COGS → cost of sales); process accounts in T-form with units and ₹ columns.
- **Variances:** give the formula, the substitution and the result with **(F)/(A)**. End with a reconciliation check (sub-variances = total).
- **Decisions:** always finish with a one-line recommendation ("Accept the order – contribution increases by ₹...").
- **Assumptions:** where data is unclear, state an assumption in one line – ICAI accepts reasonable assumptions.
- **Theory:** 5–6 points with bold headings and one example each. Use a table for "distinguish" questions.
- Round per-unit figures to **2 decimals**, and totals to the nearest rupee.

3. Formulas to memorise (top 30)

Topic	Remember
EOQ	√(2AO/C); at EOQ ordering cost = carrying cost
Stock levels	ROL = max usage × max lead time; Min = ROL – (normal usage × normal lead time); Max = ROL + ROQ – (min usage × min lead time); Avg = (Min + Max)/2 or Min + ½ROQ; Danger = avg usage × emergency lead time
Inventory turnover	Consumption ÷ average stock; days = 365 ÷ ratio
Halsey / Rowan	Halsey = TT × R + 50% × TS × R; Rowan = TT × R + (TS/TA) × TT × R
Labour turnover	Separation S/avg; Replacement R/avg; Flux (S + R)/avg or (S + accessions)/avg; annualise × 365/days of period
Overheads	Absorption rate = budgeted OH ÷ budgeted base; under/over = actual – absorbed; supplementary rate if large
Reciprocal services	X = a + pY; Y = b + qX – solve simultaneously
EBQ	√(2DS/C)
Process	Normal cost per unit = (cost – scrap of normal loss) ÷ normal output; abnormal loss/gain at that rate
EU	FIFO: opening WIP completion + started and finished + closing WIP; WA: completed + closing WIP
Joint cost	Physical units, sales value at split-off, NRV; further processing: incremental revenue vs cost
Material variances	MCV = SC – AC; MPV = AQ(SP – AP); MUV = SP(SQ – AQ); MUV = mix + yield
Labour variances	LRV = AH paid (SR – AR); idle = idle hours × SR (always A); LEV = SR(SH – AH worked)
VOH	Expenditure = AH × SR – actual; efficiency = SR(SH – AH)
FOH	Expenditure = budget – actual; volume = absorbed – budget = efficiency + capacity
Sales variances	Price = AQ(AP – SP); volume = SP(AQ – BQ) = mix + quantity
CVP	P/V = C/S; BEP = FC ÷ C per unit or FC ÷ P/V; MOS = sales – BEP = profit ÷ P/V; required sales = (FC + profit) ÷ P/V
P/V from two periods	ΔProfit ÷ ΔSales
Composite BEP	FC ÷ weighted P/V (by sales mix)
Key factor	Rank by contribution per unit of the scarce factor

Topic	Remember
Absorption vs marginal	Difference = change in stock × fixed OH per unit
Budgets	Production = sales + closing FG − opening FG; purchases = consumption + closing RM − opening RM

REMEMBER **Five examiner warnings for January 2027**

1. Solve reciprocal services by **simultaneous equations** when the question asks for it – the step method gets no credit.
2. **Credit the by-product NRV** before apportioning joint costs.
3. Rank by contribution **per unit of the limiting factor**, not per unit of product.
4. Include **maintenance/set-up hours** when budgets ask for machine hours.
5. Abnormal loss from an **accident** goes to the Costing P&L, with its scrap value credited. Do not merge it with normal loss.