Skillshort

Self-Study Preparation Pack

CMA INTERMEDIATE

Paper 8: Cost Accounting (CA)

Important Topics, Weightage & Question Frequency

For the December 2026 term · Based on ICMAI study weightage and the four latest papers (Dec 2024, June 2025, Dec 2025, June 2026)

ICMAI weightage | Frequency in 4 papers | Priority list | Numbers that score

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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. ICMAI study weightage

Section	Module	Weight	Approx. marks
A – Introduction to cost accounting	1 Introduction – objectives, cost concepts, classification, cost centre and unit, installation of a costing system	5%	5
	2 Ascertainment of cost – elements: material, employee cost, direct expenses, overheads; cost sheet	**15%**	15
	3 Cost Accounting Standards (CAS 1–24)	10%	10
	4 Cost book-keeping – non-integrated and integrated accounts, reconciliation	10%	10
B – Methods of costing	5 Job, batch, contract, process (incl. inter-process profit), joint and by-products, operating costing (transport, hotel, hospital)	**30%**	30
C – Cost accounting techniques	6 Marginal costing and CVP, standard costing (material and labour variances), budgetary control	**30%**	30

NOTE Syllabus scope

Standard costing in this paper covers **material and labour variances only** – overhead and sales variances, activity-based costing and target/life-cycle costing are not in the Paper 8 syllabus. Activity-based costing appears only as ABC **analysis of inventory**.

How the paper actually distributes marks (four latest papers): **Q1** – 15 MCQs on all modules, with 2–4 on CAS; **Q2** – cost sheet + material (EOQ, stock levels, stock policy) or incentive plans; **Q3** – overheads (pre-determined rate, under/over-absorption, distribution, machine hour rate) + reconciliation or integrated journal entries; **Q4** – operating costing + **contract costing** (every paper); **Q5** – process or by-products + **material or labour variances**; **Q6** – marginal costing (BEP, decisions, key factor); **Q7** – a budget + **one CAS** (CAS 5 or CAS 10); **Q8** – three short theory parts.

2. Frequency map – descriptive questions (Q2–Q8)

Q	Dec 2024	June 2025	Dec 2025	June 2026
Q2	Cost sheet from financial parameters; **stock levels** of three materials	Cost sheet (machine manufacturer); **Rowan vs Halsey**	Price revision from cost structure; **stock policy** alternatives	Cost sheet (machine manufacturer); **EOQ** with instalment buying
Q3	Pre-determined overhead rate – under/over-absorption; **reconciliation**	Overhead distribution to departments; **reconciliation**	**Comprehensive machine hour rate**; cost sheet of two articles	Pre-determined rate – under/over-absorption; **integrated journal entries**
Q4	**Bus** (tourist service); contract	Batch set-up cost sheet; contract	**Truck** (6-tonne); contract	**Holiday home**; contract
Q5	Two-process account; **material mix and yield**	**By-products** X and Y; labour variances (idle hours)	Three-process account; **labour gang** variances	Process Y; **labour gang composition** variances
Q6	Profitability at different capacity (single 14-mark question)	Marginal-costing decisions (single question)	BEP and price; **three product lines** ranking	Sales for BEP and 15% ROI; **three products from one raw material** (key factor)
Q7	**Flexible budget** (selling and distribution); **CAS 5**	**Material purchase budget**; **CAS 10**	**Cash budget**; **CAS 5**	**Production budget** by quarters; **CAS 10**
Q8	Objectives of cost accounting; JIT; CAS 3 disclosures	Essentials of a good costing system; ABC analysis; CAS 8	Installation of a costing system; idle time; methods of costing	FA vs MA; purchasing procedure; features of job costing

TREND What this tells you

- **Contract costing is Q4(b) in all four papers** – learn the stage-of-completion rules (below 25%, 25–50%, 50–90%, above 90%) and the WIP presentation.
- **Q7(b) alternates CAS 5 and CAS 10** – CAS 5 (transportation cost) and CAS 10 (direct expenses) are must-write answers; CAS 3 and CAS 8 come in Q8.
- **Labour variances with idle time and gang composition** came three times in a row; material mix and yield once.
- Q6 is always marginal costing – BEP, MOS, P/V ratio and a key-factor ranking.

3. Priority list

Priority	Topics	Why
★★★ Must do	Cost sheet and quotation; EOQ and stock levels; pre-determined overhead rate and under/over-absorption; machine hour rate; reconciliation; contract costing; operating costing (bus, truck, hotel); process accounts with normal/abnormal loss; labour and material variances; BEP/MOS/key factor; budgets (production, purchase, cash, flexible); CAS 3, 5, 8, 10	Every paper
★★ Important	Incentive plans (Halsey, Rowan); labour turnover; departmental distribution and reciprocal services; integrated journal entries; equivalent units (FIFO, average); joint and by-products; batch costing (EBQ)	Two or three papers
★ Do once	CAS 1, 2, 4, 6, 7, 11, 12, 15 for MCQs; inter-process profit; JIT and ABC analysis; installation of a costing system; FA vs CA vs MA	MCQ and Q8 material

4. MCQ favourites (Q1)

Area	Typical MCQ
Concepts	Opportunity cost; direct vs indirect classification; fixed costs as period costs; objectives of cost accounting
Material and labour	Re-order level; pricing method in inflation (LIFO/FIFO) and for fluctuating prices (weighted average); Halsey/Rowan earnings; idle time budgeting
CAS and law	CAS 12 repairs and maintenance; CAS 15 selling and distribution; CAS 11 abnormal administrative overheads; royalty as direct expense (CAS 10); **s. 148** of the Companies Act, 2013
Methods	By-product examples; job and batch costing features; method for a drug company (batch) and for services (operating); contract 70% certified; tonne-km; inter-process transfers
Techniques	Margin of safety and P/V ratio; profit from MOS; material cost variance; principal budget factor; flexible budget; budget prepared first
Book-keeping	Reconciliation items (transfers to reserves, over-absorbed overheads); integrated entry for indirect wages; overhead control account