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**The Institute of Chartered Accountants of India**

**Code: IN4CM546779**  
**Subject : 04 Cost and Management Accounting**

**Total Marks: 70**  
**Marks Obtained : 44.5**

Subject COST AND Management Accounting

Number of Answer Books used : Main + 2 additional sheets

Date Seal 11 SEP 2025

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Paper Code	C	A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
	S	A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
	Z	A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
	1	A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

MCQ Booklet Serial No.	Paper No. (See Reverse)	Level of Exam	Stream	Answers																																																																																																																																												
<u>8645320</u>	<u>4</u>	<u>Intermediate</u>	<u>NEW</u>																																																																																																																																													
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4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

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- 1. Pencil to Darken the appropriate Circle.
- 2. Darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation.
- 3. If any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
- 4. Please darken the complete circle.
- 5. If you want to change your Answer, erase the all darkened circle completely and make a fresh mark.
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- 7. Rough work must NOT be done on the OMR cover page.
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CORRECT METHOD:  A  B  C  D

WRONG METHOD:  A  B  C  D

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Q. No.	To be ticked (✓) by the candidate against the Questions answered Descriptive Type	
		EXAM PAPER NO. PAPER NAME
		<b>Intermediate - New</b>
1		Intermediate - ( NEW COURSE ) 2 CORPORATE AND OTHER LAWS
2		Intermediate - ( NEW COURSE ) 4 TAXATION
3		Intermediate - ( NEW COURSE ) 6 AUDITING AND ASSURANCE
4		Intermediate - ( NEW COURSE ) 7 ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT
		<b>Final - NEW</b>
5		FINAL - ( NEW COURSE ) 3 ADVANCED AUDITING AND PROFESSIONAL ETHICS
6		FINAL - ( NEW COURSE ) 4 CORPORATE AND ECONOMIC LAWS
7		FINAL - ( NEW COURSE ) 7 DIRECT TAX LAWS AND INTERNATIONAL TAXATION
8		FINAL - ( NEW COURSE ) 8 INDIRECT TAX LAWS
9		
10		
11		
12		
13		
14		
Total		

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Book No. 1 (containing 28 pages)

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

Examination: Intermediate

Group No. 2 Paper No. 4

Subject: Cost AND Management Accounting

Number of Answer Books used : Main + 2 additional sheets

Date Seal: 11 SEP 2025

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SEAL

SEPTEMBER, 2025

PAPER CODE

C	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
S	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
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MCQ Booklet Serial No. 0645320

Paper No. (See Reverse) 4

Level of Exam → Intermediate Intermediate (1) Final (2)

Stream → New Old (1) New (2)

Answers

0	0	0	0	0	0	0	2	1	A	B	C	D	11	A	B	C	D	21	A	B	C	D
1	1	1	1	1	1	1	3	2	A	B	C	D	12	A	B	C	D	22	A	B	C	D
2	2	2	2	2	2	2	5	3	A	B	C	D	13	A	B	C	D	23	A	B	C	D
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03

Answer - 1 (a)

Calculation of selling price per desk when monthly output is 4000 units

Units = 4000

Particulars	(in ₹)
Direct Material	X
Direct wages	
Prime Cost	
Add: Factory overheads	X

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04

Answer-1(a)

Working Note:-

$$1) \text{ Direct Material} = \frac{1500000}{3000} = 500/\text{unit}$$

It is variable in nature.

$$2) \text{ Direct wages} = \frac{600000}{3000} = 200/\text{unit}$$

Variable in nature

$$3) \text{ Factory overheads} = \text{change in}$$

2 units	3000	<del>4000</del> 3800
₹	350000	430000

Variable factory overhead =  $\frac{\text{Change in Amount}}{\text{Change in Units}}$

$$= \frac{430000 - 350000}{\del{4000} 3800 - 3000} = \frac{80000}{800} = 100/\text{unit}$$

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05

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₹ Variable factory overhead at 3000 unit

$$= \frac{35000 - (3000 \times 100)}{3000} \times 3000$$

$$= 35000 - 300000 = 50000$$

₹ Variable factory overhead = 3000 unit  $\times$  100/unit

$$= ₹ 300000$$

fixed factory overhead =  $\frac{350000 - 300000}{3000} \times 3000$

$$= ₹ 50000$$

In Month of June

	% increase	unit = 4000	
Direct Material	10%	$4000 \times 500 \times 1.1$	<input checked="" type="checkbox"/>
		= ₹ 2200000	
Direct wages	15%	$200 \times 4000 \times 1.15$	<input checked="" type="checkbox"/>
		$200 \times 4000 \times 1.15$	
		= ₹ 920000	
fix. Variable factory overhead at 4000 unit		$= 4000 \text{ unit} \times 100/\text{unit}$	<input checked="" type="checkbox"/>
		= ₹ 400000	
fixed factory overhead = $\frac{50000}{3000} \times 800$		= ₹ 40000	<input checked="" type="checkbox"/>

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06

Calculation of selling price when output is 4000 units

(in ₹)  
Direct Material = 2200000  
Direct wages = 920000  
Variable factory overhead = 240000  
Fixed factory overhead = 40000

Total cost = 3560000  
Add Profit = 440000  $(\frac{3560000 \times 11}{89})$   
Sales = 4000000

Selling price per unit =  $\frac{4000000}{4000} = ₹ 1000$  unit

1aStep1



5

1a



5

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07

Answer - 1 (b)

	Ajay	Bijoy
Factory Cost	124800	124800
Recovery Rate for hour	360	360
Actual hour		

Let Total Hourly wage Rate be x

(Ajay) Malsey Plan = Rowan Plan (Bijoy)

$S \cdot H = A \cdot H$

$\text{Act. Actual hours} \times \text{Actual Rate} + (\text{Standard hours} - \text{Actual hours}) \times \frac{1}{2} \times \text{Actual Rate}$

$(A \cdot H \times AR) + (SH - AH) \times \frac{1}{2} \times AR = (AH - AR) + (SH - AH) \times \frac{AH}{SH} \times AR$

$(32 \times 360) + (40 - 32) \times \frac{1}{2} \times$  X

Total wages of Ajay = ~~SA~~  $(AH \times AR) + (SH - AH) \times \frac{1}{2} \times AR$

$= 32 \times 360$  X

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08

$\frac{10}{10}$   
 $\frac{10}{10}$   
 $\frac{10}{10}$   
 $\frac{10}{10}$

Let ~~Total~~ Actual Rate  
 Let Normal hourly wage Rate be x  
 Ajay = Bijoy

$$\frac{SH}{AH} \times AR + (SH - AH) \times \frac{1}{2} \times AR = AH \times AR + (SH - AH) \times \frac{AH}{BH} \times AR$$

$$(32 \times x) + (40 - 32) \times \frac{1}{2} \times x = 30 \times x + (40 - 30) \times \frac{30}{40} \times x$$

$$32x + 4x = 30x + 7.5x$$

$$36x = 37.5x$$

Particulars	in (₹)	
Direct material		
Factory Cost =		
Ajay	124800	124800
Bijoy	(11520)	10800
less: Factory overhead Recovered		✓
100x Prime cost	113280	114000
364 less: Direct wages	40780	42750
36x Direct Material	72500	71250

(1) Normal hourly wage Rate

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09

Actual wages. ~~of~~ of Ajay  
= ~~400~~ 320

Prime cost be 100x (Ajay)  
Material Consumed = 100x - 36x  
64x

1bStep1  0

1bStep2  1

1b  1

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10

Answer - (c)

(i) ~~Actual hours~~ = Actual hours

Variable overhead efficiency variance = 11,400 (F)

$(S \cdot H - A \cdot H) \text{ Standard Rate} = 11,400 (F)$

$(77,800 - A \cdot H) 3 = 11,400 (F)$

$2,33,400 - 3AH = 11,400 (F)$

$\frac{2,22,000}{3} = AH$

$AH = 74,000 \text{ hours}$

Actual hours = 74,000 hours



(ii) Actual variable overhead per hour =

Variable overhead expenditure variance = 37,000 (A)

Star  $(S \cdot R - A \cdot R) AH = 37,000 (A)$

$(3 - A \cdot R) 74,000 = 37,000 (A)$

$2,22,000 - 74,000 A \cdot R = 37,000 (A)$

$2,59,000 = 74,000 A \cdot R$

$A \cdot R = 3.5$



~~Actual Rate~~ Actual variable overhead per hour  
= ₹ 3.5 per hour

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11

Variable overhead cost variance =  $(S \cdot H \cdot S \cdot R - A \cdot H \cdot A \cdot R)$   
 $= 77800 \times 3 - 74000 \times 3.5$   
 $= 233400 - 259000 = 25600 (A)$  ✓

Fixed overhead cost variance =  
 Actual overheads - Standard overheads  
 $= 185000 - (15560 \text{ units} \times 2 \text{ per unit})$   
 $= 185000 - 311200$   
 $= -126200 (F)$  ✓

Working Note -

Standard for 15560 units			Actual for 15560 units		
Hour	Rate	Amount	Hour	Rate	Amount
77800					

Standard hours for production =  $15560 \text{ units} \times 5 \text{ hours per unit}$   
 $= 77800 \text{ hours}$  ✓

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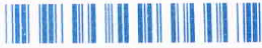
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12

Standard Overheads = at 15560 units  
~~at 15560 units x 5 hours per unit x 5~~  
15560 units x 5 hours per unit x Stan. 2 per hour  
= ₹155600



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13



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Answer - 2(a) (i)

Calculation of total cost for month for toll plaza

Particulars	in (₹)		
Personnel Cost	<del>720000</del> 860000		<input checked="" type="checkbox"/>
Supervisor	<del>216000</del> 259200		<input checked="" type="checkbox"/>
Security Personnel	540000	<input checked="" type="checkbox"/>	
Toll Plaza Manager	144000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other Annual Cost			<input checked="" type="checkbox"/>
- Electricity	144000	<input checked="" type="checkbox"/>	
Telephone and Communication Cost	24000	<input checked="" type="checkbox"/>	
Maintenance Cost	600000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Depreciation and amortization	1200000	<input checked="" type="checkbox"/>	
Other Insurance and Safety Cost	150000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Interest Expense	7836800	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Total Cost	22560000	<input checked="" type="checkbox"/>	
No of Month	12		
Cost for Month	1880000	<input checked="" type="checkbox"/>	
Profit Taking	564000		<input checked="" type="checkbox"/>
	28200000	<input checked="" type="checkbox"/>	

2aStep1  5

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14

Answer - 2(a) ii)

Equivalent Vehicles

	vehicles	Ratio	to equivalent unit
Passenger vehicle	3600000	1	3600000
Heavy Commercial	900000	500	450000000
Buses	1500000	400	600000000
			<u>1053600000</u>

Let Sell Rate of Passenger Vehicle = x  
 Heavy Commercial = 500x  
 Buses = 400x

Total Takings = 28  
 Sell Rate for vehicle =  $\frac{282000000}{1053600000} = 0.2676$  or 27 per vehicle

#	Passenger	Ratio	Sell Rate (27)
	2		0.27 per vehicle
	Heavy commercial	500x	135 per vehicle
	Buses	400x	108 per vehicle

2aStep2

✓

1

2a

✓

6

X

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Working N

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Working Note:-

1) Salary of Collection ~~person~~ personnel

$$= 3 \text{ shifts} \times 10 \text{ person per shift} \times 2800 \text{ per day per person} \\ \times 30 \text{ days} \times 12 \text{ month}$$

$$= \underline{\underline{₹ 280000}} \quad \underline{\underline{₹ 8640000}}$$

✓

2) Supervisor Salaries

$$= 2 \text{ shifts} \times 3 \text{ Supervisor per shift} \times 1200 \text{ per day per} \\ \text{Supervisor} \times 30 \text{ days} \times 12 \text{ month}$$

$$= \underline{\underline{₹ 216000}} \quad \underline{\underline{₹ 2592000}}$$

✓

3) Security personnel

$$= 3 \text{ shifts} \times 10 \text{ Security personnel per shift} \times \\ \text{₹ 500 Salary per day per Security person} \times 30 \text{ days} \\ \times 12 \text{ month}$$

$$= \underline{\underline{₹ 540000}}$$

4) Total floor menel = 1440000

5) Calculation of Buses =  $6000000 - 6000000 \times \frac{1}{11}$

$$= \underline{\underline{1500000 \text{ buses}}}$$

✓

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Answer-2 (b)

Apportionment of Expenses of Service departments to product Department using Simultaneous Equation method (in ₹)

	P <sub>1</sub>	P <sub>2</sub>	P <sub>3</sub>	S <sub>1</sub>	S <sub>2</sub>
Primary Distribution	-	-	-	160000	240000
Apportionment of S <sub>1</sub> Expenses	<del>46939</del> 46939	<del>65714</del> 65714	<del>37551</del> 37551	(187255)	37551
(25235/20)	<del>46939</del> 46939	65714	37551	(27755)	277551
Apportionment of S <sub>2</sub> Expenses	97143	83265	69388	27755	(27755)
Total Overheads	144082	148979	106939	NIL	NIL

- 2bStep1  1
- 2bStep2  3
- 2b  4
- 2  10

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Working Note:

Let Total Expenses of

$$S_1 = ₹60000 + 0.1y$$

$$S_2 = ₹240000 + 0.2x$$

$$S_1 = x = ₹60000 + 0.1y$$

$$S_2 = y = ₹240000 + 0.2x$$

Using Equation method

$$x = ₹60000 + 0.1(240000 + 0.2x)$$

$$x = ₹60000 + ₹24000 + 0.02x$$

$$0.98x = ₹84000$$

$$x = ₹187755$$

$$y = ₹240000 + 0.2(187755)$$

$$y = ₹240000 + ₹37551$$

$$y = ₹277551$$

$$S_1 = ₹187755$$

$$S_2 = ₹277551$$

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Answer - 3(a)(i)

Statement showing Total cost and per project cost using Activity Based Costing

	Technology	Healthcare	Education
No of project	20	10	10
Fee per project (£)	90000	120000	110000
Total fee charged (A)	1800000	1200000	1100000
Less: cost			
Management of Project (£)	(405000) <input checked="" type="checkbox"/>	(202500) <input checked="" type="checkbox"/>	(202500) <input checked="" type="checkbox"/>
Administration and support (£)	(70000) <input checked="" type="checkbox"/>	(390000) <input checked="" type="checkbox"/>	(350000) <input checked="" type="checkbox"/>
Consulting Service Delivery (£)	(192000) <input checked="" type="checkbox"/>	(168000) <input checked="" type="checkbox"/>	(60000) <input checked="" type="checkbox"/>
Client interaction and Meeting (£)	(210000) <input checked="" type="checkbox"/>	(140000) <input checked="" type="checkbox"/>	(280000) <input checked="" type="checkbox"/>
Total cost (B) (£)	15,07000 <input checked="" type="checkbox"/>	900500 <input checked="" type="checkbox"/>	892500 <input checked="" type="checkbox"/>
Profit (A-B) (£)	293000 <input checked="" type="checkbox"/>	299500 <input checked="" type="checkbox"/>	207500 <input checked="" type="checkbox"/>
Per project cost (£)	<del>75350</del> 75350 <input checked="" type="checkbox"/>	<del>90050</del> 90050 <input checked="" type="checkbox"/>	89250 <input checked="" type="checkbox"/>

3aStep1  4.5

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	Answer - 3(a) (iii)		
	Technology	Healthcare	Education
Fees (₹)	18,00,000	12,00,000	11,00,000
Profit	2,93,000	2,99,500	2,07,500
% of Profit on fees	$\frac{2,93,000}{18,00,000} \times 100$ = 16.27% or 16.28%	$\frac{2,99,500}{12,00,000} \times 100$ = 24.958%	$\frac{2,07,500}{11,00,000} \times 100$ = 18.86%
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Healthcare is most profitable sector

3aStep2

1

3a

5.5

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25



Working Note:-

Activity	Cost Driver	Total Cost (₹)	Cost Driver Rate
Management of Project	No. of Project	₹ 10,000	$\frac{₹ 10,000}{40} = ₹ 250$ per project
Consulting Service Delivery	Consulting hours	₹ 42,000	$\frac{₹ 42,000}{14,000} = ₹ 3$ per Consulting hour
Client interaction and Meetings	No. of Client Meeting	₹ 63,000	$\frac{₹ 63,000}{90} = ₹ 700$ per meeting
Administration and Support	Software Development hours	₹ 154,000	$\frac{₹ 154,000}{22,000} = ₹ 70$ per Software Development hours

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Distribution of overheads

	Healthcare Technology	Healthcare	Education	Total
No of Project	20	10	10	40
Management of Project	<del>20 x 20000</del> 405000	202500 (20 x 10125)	202500 (20 x 10125)	810000
(₹)	(20 x 20250)			
Software development hours	10000	7000	5000	22000
Gen Administration and support	700000 (70 x 10000)	490000 (70 x 7000)	350000 (5000 x 70)	1540000
Consulting hours	6400	5600	2000	14000 <del>40000</del>
Consulting service delivery	192000 (6400 x 30)	168000 (5600 x 30)	60000 (2000 x 30)	420000
No of client Meeting	30	20	40	90
Client Interaction and Meeting	210000 (7000 x 30)	140000 (7000 x 20)	280000 (7000 x 40)	630000

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Answer - 3(b)

	A	B
Selling price (₹)	1000	1500
Var. Variable Cost	₹	
Raw Material	(200)	(400)
Wages	(150)	<del>(200)</del> (100)
Direct Expenses	(200)	(300)
Variable overhead	(80)	(120)
Contribution p.u.	370	580
Key factor per unit	10	20
Contribution per key factor unit	37	29
Rank	I	II

✓

**3bStep1** ✓ 2 More of A unit will be produced

Maximum production = A = 5000 unit

B =  $\frac{10000 \text{ kgs}}{10 \text{ per unit}} - (5000 \text{ unit} \times 10 \text{ per unit}) = 60000 \text{ kgs}$  ✓

B unit =  $\frac{60000}{40} = 1500 \text{ unit}$

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2

Sales value	A	B
Contribution per unit (₹)	378	580
units	5000	1500
Total Contribution (₹)	1890000	870000
Less: Fixed Cost	(250000)	(350000)
Profit	1640000	520000

3bStep3	✗	0
3b	✓	3
3	✓	8.5

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93

3

Answer - 5 (a)

Serial No	Material Name	Unit	∫ of unit	∫ of value	Rank
1	MA	5105	32.80 ✓	3050 ✓	C
2	MB	22300	19.56	301	C
3	MC	28600	17.33	3.29	C
4	MD	10250	6.21	11.22	B
5	ME	23410	14.19	9.18	B
6	NF	2580	1.56	255	25047 A
7	MG	8900	5.39	21.04	B
8	MH	4855	2.94	23.29	B
		<u>165000</u>	<u>100</u>	<u>455100</u>	

5aStep1 ✓ 4

Rank of Material

Category	Value Range	Material	Total ∫ of value
A Category	50000 and above	NF with	25047
B Category	15000 to 50000	MD, ME, MG, MH	64.73
C Category	Below 15000	MA, MB, MC	9.8

5aStep2 ✗ 0

Category	Total ∫ of value	Total ∫ of unit
A	25047	1.56
B	64.73	28.81
C	9.8	69.69

5a ✓ 4

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Answer - 5(b) (1)

Economic Order Quantity =  $\sqrt{\frac{2 \times \text{Annual Demand} \times \text{Ordering Cost per Order}}{\text{Carrying Cost per unit per annum}}}$

$= \sqrt{\frac{2 \times 90000 \times 1250}{25}} = 3000 \text{ units}$

Requirement of Raw Material =  $\frac{1}{1} \times 90000 = 90000 \text{ units}$

(ii) No of order to be placed in a year = ~~90~~

Total Demand = 90000  
 Economic order quantity = 3000  
 $\frac{90000}{3000} = 30 \text{ orders}$

5bStep1  3  
 5b  3

Answer - 5(c)

Accounts      Dr / Cr      Calculation of Amount Formula

Stock of finished good Account      Cr       - 1.5

Stock of semi finished good Account      Cr     

Cost of Sales Account      Dr     

5cStep1  1.5  
 5c  1.5      5  8.5

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Answer - 4(a) (i)

Production Budget (in units)

Quarter	I	II	III	IV
80% of Current quarter	57600	72000	79200	86400
20% of Next Quarter	18000	19800	21600	14400
Total	75600	91800	100800	100800

4aStep1  3

Raw Material Consumption Budget

Quarter	I	II	III	IV
Total for production	75600	91800	100800	100800
Raw Material required for finished goods (kg)	2	2	2	2
Total raw material consumption	151200	183600	201600	201600

4aStep2  1.5

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2

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Answer-4(a) (ii) Calculation of Machine Hours

	<del>A</del>	B
Production (in units)	Machine A	Machine B
Machine hours per unit	2	3
Total units	369000	369000
Total Machine hours without maintenance	738000	1107000
Maintenance hour		
Maintenance requirement	$\frac{738000}{5000}$	$\frac{1107000}{5000}$
Maintenance hours	14760	369
Total Maintenance hours	752760	1143900

4a Step 3  0

4a  4.5

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Q.N <sup>o</sup>	Total Production (in units)
I	75600
II	91800
III	100800
IV	100800
Total	369000 units

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4

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Answer - 4 (b)

Journal Entries

Particulars	Dr (₹)	Cr (₹)
(1) Material Control Ledger A/C To Cost Ledger Control A/C	10,25,000	10,25,000
(2) Work-in-Process Control Ledger A/C To Material Control Ledger Control A/C	555,000	555,000
(3) <del>WIP</del> Wages Control Ledger A/C To Cost Ledger Control A/C	3,00,000	3,00,000
Work-in-Process Control A/C To Wages Control Ledger A/C	3,00,000	3,00,000
(4) <del>WIP</del> Work-in-Process Control A/C To Factory Overheads Control A/C	2,20,000	2,20,000
(5) <del>WIP</del> <del>WIP</del> Factory Overhead Control A/C Administrative To Costing P/L A/C	2,20,000	2,20,000
Costing P/L A/C Profit and Cost A/C To Administrative Overhead Control A/C	1,40,000	1,40,000

4bStep1 ✓ 3    4b ✓ 3  
4 ✓ 7.5

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