

041/2026

Question Booklet
Alpha Code

A

Question Booklet
Serial Number

Total No. of questions : 100

Time : 1 Hour 30 Minutes

Maximum : 100 Marks

INSTRUCTIONS TO CANDIDATES

1. The question paper will be given in the form of a Question Booklet. There will be four versions of question booklets with question booklet alpha code viz. A, B, C & D.
2. The Question Booklet Alpha Code will be printed on the top left margin of the facing sheet of the question booklet.
3. The Question Booklet Alpha Code allotted to you will be noted in your seating position in the Examination Hall.
4. If you get a question booklet where the alpha code does not match to the allotted alpha code in the seating position, please draw the attention of the Invigilator IMMEDIATELY.
5. The Question Booklet Serial Number is printed on the top right margin of the facing sheet. If your question booklet is un-numbered, please get it replaced by new question booklet with same alpha code.
6. The question booklet will be sealed at the middle of the right margin. Candidate should not open the question booklet, until the indication is given to start answering.
7. Immediately after the commencement of the examination, the candidate should check that the question booklet supplied to him contains all the 100 questions in serial order. The question booklet does not have unprinted or torn or missing pages and if so he/she should bring it to the notice of the Invigilator and get it replaced by a complete booklet with same alpha code. This is most important.
8. A blank sheet of paper is attached to the question booklet. This may be used for rough work.
9. **Please read carefully all the instructions on the reverse of the Answer Sheet before marking your answers.**
10. Each question is provided with four choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and darken the bubble corresponding to the question number using Blue or Black Ball-Point Pen in the OMR Answer Sheet.
11. **Each correct answer carries 1 mark and for each wrong answer 1/3 mark will be deducted. No negative mark for unattended questions.**
12. No candidate will be allowed to leave the examination hall till the end of the session and without handing over his/her Answer Sheet to the Invigilator. Candidates should ensure that the Invigilator has verified all the entries in the Register Number Coding Sheet and that the Invigilator has affixed his/her signature in the space provided.
13. Strict compliance of instructions is essential. Any malpractice or attempt to commit any kind of malpractice in the Examination will result in the disqualification of the candidate.

041/2026

Maximum : 100 marks

Time : 1 hour and 30 minutes

1. The following facts are related to treatment of Normal Loss, Abnormal Loss and Abnormal gain in Process Accounts. Which among the following statements are complete and correct in respect of recognizing and recording normal Loss, Abnormal Loss and Abnormal Gain in Process Accounts?

	Functional/Utility		Accounting Concept
I	Accounting concept that helps to perform accounting from the point of view of business not that of owner	A	Dual Aspect
II	Indefinite Life of Business Entity	B	Accounting Period
III	Accrued expenses or revenue	C	Business Entity
IV	Accounting Equation	D	Going Concern

- (A) I – C, II – D, III – B and IV – A (B) I – D, II – C, III – B and IV – A
(C) I – C, II – D, III – A and IV – B (D) I – D, II – C, III – A and IV – B

2. The following statements are related to provisions in partnership Act and Companies Act as to formation and functioning of Partnership Business. Which of the following are incorrect in respect of partnership business?

- I. Rule 10 of companies (incorporation) Rules 2014 specifies that maximum number of persons that can be admitted to partnership as member is limited to 50.
II. Minor can be admitted to partnership, but loss of minor to be borne by other major partners in Profit Sharing Ratio.
III. Section 4 of Indian partnership Act 1932 insist upon sharing of losses.
IV. A formal or written agreement is needed to create a partnership.

- (A) Only I & III (B) Only III & IV
(C) Only I, III & IV (D) II & IV only

3. On admission of new partner, after revaluation of assets and liabilities, the balance in Profit or Loss in the Revaluation Account (Profit & loss adjustment account) is transferred to capital account of partners. Which among the following describe best the accounting treatment as to transfer of balance in Revaluation Account?

- (A) Capital Accounts of all partners in New Profit Sharing Ratio
(B) Capital Accounts of Old Partners in Sacrificing Ratio
(C) Capital Accounts of Old Partners in Old Profit-Sharing Ratio
(D) Capital Accounts of Old partners in New Profit Sharing Ratio

4. From the following information books of Accounts of XYZ Bros, calculate gross profit to be transferred to profit and loss account?

Stock (1.1.2024)	Rs. 1,00,000
Net sales	Rs. 4,70,000
Purchases	Rs. 2,70,000
Returns Outwards	Rs. 10,000
Returns Inwards	Rs. 15,000
Trade Expenses	Rs. 5,000
Free samples (goods)	Rs. 2,000
Stock (31.12.2024)	Rs. 1,20,000

- (A) Gross Profit Rs. 2,32,000 (B) Gross Profit Rs. 2,35,000
 (C) Gross Profit Rs. 2,37,000 (D) Gross Profit Rs. 2,27,000

5. Which of the following fact(s) are correct and complete in respect of accounting treatment on goods sent on sale or return basis in preparation of financial statements of a sole trader?

- I. If the customers approve goods sent on sale or return basis before date of preparation of financial statements, No accounting treatment is required in the case as it becomes sale.
 II. If the customers didn't approve goods sent on sale or return basis before date of preparation of financial statements, cancel the effect of entry passed on sending goods on credit to customers i.e.. cost price of goods sent should be deducted from debtors and sales.
 III. Cost of price goods should be added along with closing stock shown on asset side of the balance sheet.

- (A) I Only (B) I and II Only
 (C) II and III Only (D) I, II and III

6. The following statements are related to preparation of cost sheet. You are required to identify the correct statement (s) on attributes or preparation of cost sheet.

Set	Part A
I	Account sales is a statement sent by consignor to consignee specifying expenses incurred, commission charged etc.
II	Account sales is the basis on which consignor closes his entries in the books regarding consignment for the year
III	Del credere Commission is paid for making advance payments on consignments by consignee
IV	Generally, Del credere Commission is calculated on Credit sales.

- (A) Only I and IV are correct (B) Only II and IV are correct
 (C) Only II correct (D) Only I and III are correct

7. X, Y and Z are partners in a business, sharing profits and losses in the ratio of 2:2:1. Mr. Z retires by selling his share to the business for a sum of Rs. 600 which is paid by X and Y, Rs. 480 and 120 respectively. Find out new Profit-sharing ratio of X and Y.
- (A) 2:3 (B) 4:1
(C) 14:11 (D) None of the above
8. You are given with facts related to Maximum Possible Loss method of distribution of cash during the dissolution of partnership. Which of the following is (are) incorrect?
- I. This method assumes that at every stage of realisation of assets, remaining unrealized assets are worthless
- II. At every stage, loss can be ascertained, and the loss is distributed among the partners in profit sharing ratio
- III. Maximum possible loss is ascertained after payment to creditors (External liabilities) and partner loans (if any) comparing total capital owned to the partners and cash available after settling liabilities and loans
- IV. If a partner's share of loss exceeds their capital balance, they are considered insolvent and their deficiency is allocated to all the partners.
- (A) I only (B) II Only
(C) III Only (D) IV Only
9. While preparing financial statements of Joint stock companies, it shall disclose notes to accounts. Out of the following combination of classification of Assets or Liabilities, which one combination include an item being not part of Note to Accounts of financial statements of joint stock company?
- Classification of assets/liabilities as notes to accounts
- (A) Short Term Borrowings – Long Term Loans and Advances – Inventories – Trade Receivables
- (B) Current Investments – Short Term Provisions – Other Long-term Liabilities – Short Term Borrowings
- (C) Capital Reserves – Long Term Borrowings – Tangible Assets – Other Non-Current assets
- (D) Short Term Loans and Advance – Contingent Liabilities and Commitments – Current Investments
10. You are required to calculate the cost price of unsold stock in the consignment accounts.
- Goods consigned 100 Units @ 30 per unit
Expenses incurred by consignor Rs. 100
Expenses Incurred by consignee
Unloading charges Rs. 100
Carriage inwards Rs. 50
Selling expenses Rs. 35
Office expenses Rs. 25
- Goods sold by consignee 80 units. The unsold stock can be sold at Rs.35 per unit.
- (A) Rs. 660 (B) Rs. 650
(C) Rs. 620 (D) Rs. 610

11. X Ltd. has issued 10,000 irredeemable debentures of Rs.100 each carrying an interest rate of 14%, at a discount of 5%. The cost of issue is 2%, and the applicable tax rate is 50%. What is the cost of debt before tax?
- (A) 15.05% (B) 12.25%
(C) 10% (D) 7.52%
12. XY Ltd. has issued 20,000 fully paid equity shares with a face value of Rs. 100 each. The current market price of each share is Rs. 160, and the company has declared a dividend of Rs. 8 per share. What is the cost of equity capital?
- (A) 8% (B) 7%
(C) 10% (D) 5%
13. ABC Company reports sales of Rs. 25,00,000, with variable costs of Rs. 15,00,000 and fixed costs of Rs. 5,00,000. The company also has debt amounting to Rs. 12,50,000, carrying an interest rate of 8%. What is the value of the combined leverage?
- (A) 1.5 (B) 2.5
(C) 3 (D) 4.5
14. A Ltd. earns Rs. 10 per share. The company has a capitalization rate of 20% and earns a return on investment of 25%. Using Walter's Model, calculate the price per share.
- (A) Rs. 62.50 (B) Rs. 34.25
(C) Rs. 27.00 (D) Rs. 85.00
15. Which of the following is not an assumption underlying the Modigliani-Miller (MM) capital structure theory?
- (A) The entire earnings are paid out as dividends and there are no corporate taxes
(B) All firms are classified into homogeneous risk categories
(C) Investors share homogeneous expectations
(D) Capital markets are imperfect
16. Determine the Economic Order Quantity (EOQ) using the following data:
- Annual consumption of raw materials : 10,000 kg
 - Cost of placing one order : Rs. 25
 - Cost per kg of raw material : Rs. 2
 - Storage cost: 4% of the average inventory value
- (A) 4,000 kg (B) 2,000 kg
(C) 2,500 kg (D) 7,500 kg

17. Which inventory management technique categorizes items based on their annual consumption value?
- (A) LIFO (B) FIFO
(C) ABC analysis (D) JIT
18. Which of the following is considered a dividend irrelevance theory?
- (A) Walter Model (B) Gordon Model
(C) M.M. Hypothesis (D) Lintner's Model
19. In the Miller-Orr Model of cash management :
- (A) The lower limit, upper limit and return point of cash balances are established
(B) Only the upper limit and return point are set
(C) Only the lower limit and return point are set
(D) None of these parameters are determined
20. Financial leverage refers to :
- (A) Utilization of fixed operating costs in production
(B) Use of debt to finance the firm's capital structure
(C) Reliance on retained earnings for funding
(D) Dependence on short-term borrowings for operations
21. Which of the following best describes the main purpose of cost accounting?
- (A) To report financial performance to shareholders
(B) To determine selling prices based on market conditions
(C) To calculate income tax liability
(D) To ascertain the cost of production and assist in cost control
22. From the following, identify the one that is not a method of pricing material issues.
- (A) EOQ (B) LIFO
(C) FIFO (D) Weighted Average Cost
23. Match the following wage systems with their features :
- | Wage systems | Features |
|------------------------|---|
| (i) Time Rate System | (a) Bonus increases as time saved increases |
| (ii) Piece Rate System | (b) Fixed rate per hour worked |
| (iii) Halsey Plan | (c) Bonus based on proportion of time saved |
| (iv) Rowan Plan | (d) Payment based on units produced |
- (A) (i) – b, (ii) – d, (iii) – a, (iv) – c (B) (i) – a, (ii) – c, (iii) – d, (iv) – b
(C) (i) – b, (ii) – c, (iii) – d, (iv) – a (D) (i) – d, (ii) – b, (iii) – a, (iv) – c

24. Consider the following statements regarding overhead absorption and choose the correct statement.
- (A) Under-absorption of overheads occurs when absorbed overheads are more than the actual overheads.
 - (B) Over-absorption of overheads occurs when actual overheads are less than absorbed overheads.
 - (C) Labour Hour Rate is suitable when production is capital-intensive.
 - (D) Machine Hour Rate is suitable when production is labour-intensive.
25. From the following statements, identify the correct statement/s about Marginal Costing :
- I. Fixed costs are treated as product costs.
 - II. Total cost is considered for decision making.
 - III. Contribution is considered for decision making.
- (A) Only I and II
 - (B) Only II and III
 - (C) Only III
 - (D) All of the Above
26. A company has a fixed cost of Rs. 1,00,000, variable cost per unit Rs. 20 and selling price per unit Rs. 40. What is the breakeven point in units?
- (A) 4,000
 - (B) 2,500
 - (C) 6,000
 - (D) 5,000
27. Which of the following are causes of material usage variance?
- (i) Poor quality of materials
 - (ii) Inefficient use of materials
 - (iii) Incorrect standard set
 - (iv) Delayed payment to suppliers
- (A) Only (i), (ii) and (iii)
 - (B) Only (i), (iii) and (iv)
 - (C) Only (i) and (iv)
 - (D) All of the above
28. Which of the following is not true as regards a Bin Card?
- (A) It is a record of stores kept in the storehouse
 - (B) Contains only the quantity of materials
 - (C) Prepared by the Cost Accounting Department
 - (D) Prepared for each item of material separately

29. Consider the following statements :

- (i) Normal loss is debited to the costing profit and loss account.
- (ii) Idle time is always controllable
- (iii) Fixed costs remain unchanged in total within the relevant range
- (iv) Marginal cost includes both variable and fixed costs

Which of the statement/s are correct?

- (A) Only (i) and (ii)
- (B) Only (iii)
- (C) Only (ii) and (iv)
- (D) Only (iii) and (iv)

30. You are given the following data :

Sales Rs. 1,00,000

P/V Ratio 25%

Fixed Expenses Rs. 15,000

How much will be the profit?

- (A) Rs. 6,000
- (B) Rs. 15,000
- (C) Rs. 10,000
- (D) Rs. 5,000

31. In which style of leadership, the leaders does not believe in the use of power unless it is absolutely essential?

- (A) Democratic style
- (B) Autocratic style
- (C) Laissez faire style
- (D) Authoritarian style

32. A company is in need of a detailed plan for its new project 'construction of a shopping Mall' what type of plan is it?

- (A) policy
- (B) programme
- (C) schedule
- (D) none of these

33. The type of organizational structure which promotes flexibility and initiative:

- (A) Divisional structure
- (B) Functional structure
- (C) Administrative structure
- (D) All of the above

34. The test which is conducted to measure existing skills of an individual:

- (A) Aptitude test
- (B) Pre-test
- (C) Skill-test
- (D) Trade test

35. One among the following is not a feature of directing :

- (A) It initiates action
- (B) It is a one time activity
- (C) It takes place at every level of management
- (D) It is a continuous process

36. The need for coordination arises due to :
- (A) Division of work
 - (B) Unity of command
 - (C) Centralisation
 - (D) Less number of employees
37. An example of non verbal communication :
- (A) Email
 - (B) Facial expression
 - (C) Phone call
 - (D) Video conferencing
38. The classical school of management thought emphasises :
- (A) Human relations and motivation
 - (B) Informal organisation
 - (C) Behavioural psychology
 - (D) Scientific analysis of work
39. According to Herzberg, which of the following is a hygiene factor?
- (A) Achievement
 - (B) Recognition
 - (C) Working conditions
 - (D) Personal growth
40. Which among the following best describes the essence of management?
- (A) Planning for profits
 - (B) Organising capital
 - (C) Achieving coordination among resources
 - (D) Recruiting employees
41. The percentage change in the quantity demanded of tea to the percentage change in the price of coffee is termed as :
- (A) Price elasticity of demand
 - (B) Income elasticity of demand
 - (C) Cross elasticity of demand
 - (D) Advertisement elasticity of demand
42. The demand for Giffen goods will increase with :
- (A) Decrease in price
 - (B) Increase in price
 - (C) Increase in the price of substitute goods
 - (D) None of the above

43. Short-run production function is explained by:
- (A) Law of demand (B) Law of returns to scale
(C) Elasticity of demand (D) Law of variable proportion
44. The term 'Isoquant' in production theory refers to :
- (A) A curve that shows the minimum cost of producing a given level of output
(B) A curve that shows the maximum output that can be produced with a given level of input
(C) A curve that shows the relationship between input prices and output
(D) A curve which represents the different combinations of inputs producing a particular quantity of output
45. The mathematical form of Cobb-Douglas production function is $Y = (AK^xL^{1-x})$. What do L & K represent?
- (A) Land and capital (B) Labour and knowledge
(C) Labour and capital (D) Land and knowledge
46. If demand increases without any corresponding increase in supply, then:
- (A) There will be increase in equilibrium price
(B) There will be decrease in equilibrium price
(C) No change in equilibrium price
(D) None of the above
47. Variables that change after real output changes are called :
- (A) Leading indicators (B) Lagging indicators
(C) Co-incident indicators (D) None of the above
48. Which of the following policies might a government implement to counteract a recession?
- (A) Increase taxes (B) Decrease taxes
(C) Increase interest rates (D) Decrease interest rates
49. Returns to scale refers to the relationship between:
- (A) Input prices and output prices
(B) The scale of input usage and the resulting level of output
(C) The scale of output and the cost of production
(D) Variable inputs and fixed inputs

50. 'Monetary Policy' is :
- (A) Government measures to influence the economy through spending and taxation
 - (B) The central bank's actions to control the money supply and interest rates
 - (C) The strategies used by firms to increase market share
 - (D) None of the above
51. 'A company can sue and be sued' means :
- (A) The company and its owners are considered the same for all legal purpose
 - (B) The company's liabilities are always the personal responsibility of its owners
 - (C) A Company has Perpetual succession
 - (D) A Company has separate legal entity
52. Who is the primary monitoring authority of Companies Act in India?
- (A) Institute of Chartered Accounts of India
 - (B) Ministry of Corporate Affairs
 - (C) Reserve Bank of India
 - (D) Institute of Company Secretaries of India
53. Which of the following is not a feature of One Person Company (OPC)?
- (A) The owner's liability is unlimited
 - (B) It can be formed either as a company limited by shares or a company limited by guarantee; or an unlimited liability company.
 - (C) A nominee must be appointed to succeed the Owner
 - (D) It should have minimum one director
54. DIN in Company Law stands for :
- (A) Designated Identification Number
 - (B) Director Investor Number
 - (C) Designated Investor Number
 - (D) Director Identification Number
55. In a general meeting of ABC Ltd, a matter has to be passed by special resolution. Out of 50 members present, 10 hesitate to vote, 10 vote against resolution and 30 in favour of the resolution. As the Chairman of the meeting what you to do?
- (A) Can pass the special resolution
 - (B) Can't pass the special resolution
 - (C) Postpone the matter to the next meeting
 - (D) None of the above

62. Type of investors NOT permitted to invest in Indian Capital Market :
- (A) Foreign Portfolio Investors (FPI's) (B) Minors through Guardian
(C) Person of Indian Origin (PIO) (D) None of these
63. Which of the following is NOT a method of floatation of Capital?
- (A) Public Issue through Prospectus
(B) Private Placements
(C) Acquisition of shares of other companies
(D) Follow on public offer
64. The regulatory authority while listing of Securities in Indian Stock Market :
- (A) Stock Exchanges (B) SEBI
(C) RBI (D) Ministry of Corporate Affairs
65. What is Price Band in book building process?
- (A) Minimum and maximum price of the issue
(B) The price range within which investor can bid
(C) The price range within which shares will be listed in the Stock Exchanges
(D) The average price of the issue
66. Which of the following is NOT a function of the Stock Exchange?
- (A) Determining the pricing of the issue
(B) Transparent and fair trading environment
(C) Clearing and Settlement
(D) Fixing daily upper and lower price limit of the equity shares
67. Which of the following is NOT a Capital Market Instrument?
- (A) Equity Shares (B) ETF
(C) Repurchase Agreement (D) Derivatives
68. Which of the following statement rightly explain FPO?
- (A) Issue of shares to the public for the first time
(B) An existing company issuing shares to the public
(C) A listed company issuing shares to the public for the first time
(D) A listed company issuing shares to the existing or new investors after IPO.

69. Which of the following is NOT true in relation to IPO?
- (A) A private company after issuing IPO becomes a Public Company
 - (B) A Government company cannot go for IPO
 - (C) It dilutes the existing shareholder's rights
 - (D) After IPO company will be listed in atleast one Stock Exchange
70. Government securities are issued by :
- (A) Central Government
 - (B) Central Government and State Government after getting permission from Central Government
 - (C) Stock Exchanges
 - (D) RBI
71. Which of the following statements is/are correct Income Tax in India?
- (i) The amount of income tax is calculated on total income.
 - (ii) The amount of income tax is calculated on gross total income
 - (iii) Income tax is progressive in nature
 - (iv) Income tax is regressive in nature
- (A) All are correct
 - (B) Only (i) & (iii)
 - (C) Only (ii) & (iv)
 - (D) Only (i) & (ii)
72. Identify the previous year in the following case.
- An assessee was appointed on 1st July 2024 as lecturer in a college on probation. He was confirmed on 30th June 2025 :
- (A) The previous year shall be from 1st April 2024 to 31st March 2025.
 - (B) The previous year shall be from 1st April 2025 to 30th June 2025
 - (C) The previous year shall be from 1st July 2024 to 31st March 2025
 - (D) No previous year applicable to the case.
73. Which of the following income is/are assessed to tax in the same year in which the income is earned?
- (i) Income of a person leaving India
 - (ii) Transfer of property to avoid tax
 - (iii) Income from agriculture business
 - (iv) Income of a non- resident from shipping business
- (A) All are correct
 - (B) All except (ii) are correct
 - (C) Only (i) & (iii) are correct
 - (D) All except (iii) are correct

78. What will be the annual value of house property in the following case?

Expected rent Rs. 90,000

House let out @ Rs. 10,000 per month

House tax paid by the owner Rs. 9,000(10% of municipal value)

House remain vacant for 4 months

- (A) Rs. 81,000 (B) Rs. 71,000
(C) Rs. 80,000 (D) Rs. 99,000

79. Which of the following statements is / are correct to the Goods and Services Tax?

- (i) The Centre and the States simultaneously levying tax on a common base
(ii) Alcoholic liquor for human consumption is outside the realm of GST
(iii) GST came in to force on 1st July 2017
(iv) The exchange of currency from one form to another form is not considered as service under GST system

- (A) Only (ii), (iii) & (iv) (B) Only (i), (ii) & (iv)
(C) Only (iii) & (iv) (D) Only (i), (ii) & (iii)

80. Match the following :

1.	CGST	(i)	Collected by both Centre and State
2.	SGST	(ii)	Collected by the State
3.	IGST	(iii)	Intra-state transaction with in Union territory
4.	UTGST	(iv)	Collected by the Centre
		(v)	Inter-state transaction and imports

- (A) 1 – (i), 2 – (ii), 3 – (v), 4 – (iii)
(B) 1 – (iv), 2 – (v), 3 – (i), 4 – (ii)
(C) 1 – (iv), 2 – (ii), 3 – (v), 4 – (iii)
(D) 1 – (i), 2 – (iv), 3 – (ii), 4 – (iii)

81. Which are the elements of consumer's black box for response to marketing stimuli are concerned?

- (i) Buyer's characteristics influence.
(ii) Buyer's decision-making process.
(iii) Buyer's environmental influence.
(iv) None of the above

- (A) (i) only (B) (i) & (ii) only
(C) (ii) & (iii) only (D) (iv) only

SPACE FOR ROUGH WORK

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