GENERAL INSTRUCTIONS TO CANDIDATES

1. **The question paper comprises two parts, Part I and Part II.**
2. **Part I comprises Multiple Choice Questions (MCQs).**
3. **Part II comprises questions which require descriptive answers.**
4. **Answers to Questions of Part I (i.e., MCQs) are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II (i.e. descriptive questions) are to be written inside the descriptive answer book. Answers to MCQs, if written inside the descriptive answer book will not be evaluated.**
5. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
6. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.
7. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
8. **Duration of the examination is 3 hours.** You will be required to submit the descriptive answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
9. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive answer book.
10. Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch or any other electronic gadget will be expelled from the examination and will also be liable for further punitive action.

PART – I

1. Answer all MCQs, on the OMR Answer Sheet as given on the cover page of descriptive answer book.
2. Use HB pencil only to darken the circles for MCQ answers in the answer sheet.
3. After each MCQ, four options have been given. **Choose the correct or most appropriate option** and darken the corresponding circle against the question number in the OMR Answer Sheet, completely, as shown below, with HB pencil.

Marking the Answers	
Example : For Question No. 12, if the candidate considers the correct answer to be C, he is to mark as shown below (Correct Method). 12 (A) (B) ● (D)	**Not as shown below (Wrong method) :** 12 (A) (B) (✓) (D) 12 (A) (B) (✗) (D) 12 (A) (B) (C) (D) 12 (A) (B) (●) (D) 12 (A) ● ● (D)

4. Any answer to MCQ marked inside descriptive answer book will not be considered and no marks will be awarded.
5. If a candidate wants to change the option already darkened, he should erase it completely, **with good quality eraser** and ensure that no mark is visible after erasing.
6. No mark will be awarded if no circle is darkened or more than one circle is darkened for a particular MCQ. There is no negative marking for a wrong answer.
7. Rough work, if any, must be done on the pages, specified as SPACE FOR ROUGH WORK only and nowhere else in the question paper booklet or in the answer sheet.
8. Before commencement of the exam, please fill up the necessary information in the space provided below and also in the answer sheet.

Total No. of Printed Pages : 48 **Maximum Marks : 100**

Roll No. | | | | | | |

Name of the Candidate	

PART – I 30 Marks

(MCQ Portion)

- ***Answers to MCQs are to be marked on the OMR answer sheet as given on the cover page of the descriptive answer book only. Answer to MCQs, if written inside the descriptive answer book shall not be evaluated.***
- ***Please write and darken correct Question paper booklet number in the OMR answer sheet. The correct Question paper booklet number must also be written in the attendance register.***

Case Scenario – I :

GNPL is a food processing company specializing in agricultural products. It purchases produce directly from farmers and makes packaged food products. GNPL is interested in understanding the profitability of its products based on customer type. Three main customer categories have been identified by the Marketing Department: Distributors, Supermarkets and Online Customers. The following information relates to the year just ended :

Table – I

Activity	Customer level operating cost (₹)	Cost Driver
Product handling	10,08,000	Quantity sold (kgs)
Processing of customer orders	20,80,000	Number of sales orders
Cost of Transportation to customer	59,20,000	Kilometres travelled
Customer Visits	19,20,000	Number of customer visits

le – II

	Distributors	Supermarkets	Online
antity Sold (kg)	1,25,000	65,000	62,000
. of sales orders	42	238	370
lometres travelled	8,975	8,800	5,350
. of customer visits	35	179	86
ted Selling price (₹ per kg)	660	660	660
scount	10%	15%	20%
st of goods sold (excluding stomer level operating cost) per kg)	460	460	460

he basis of the above Case Scenario, you are required to answer the following Qs **1 to 5** :

What is the cost of customer visits incurred on customer category 'Distributors' ? **2**

(A) ₹ 2,61,400

(B) ₹ 2,14,600

(C) ₹ 2,24,000

(D) ₹ 2,42,000

What is the cost of transport for 'Online' customer category ? **2**

(A) ₹ 13,69,600

(B) ₹ 13,74,400

(C) ₹ 13,55,600

(D) ₹ 13,84,400

3. What is the cost of activities (tabulated in Table – I) as a percentage of the sales revenue net of discount for 'Supermarkets' category ? 2

(A) 12.12%

(B) 10.30%

(C) 9.19%

(D) 8.65%

4. What is the total customer-level operating cost of all activities for 'Distributors' category ? 2

(A) ₹ 32,65,000

(B) ₹ 31,56,000

(C) ₹ 30,25,000

(D) ₹ 29,95,000

5. What is the customer level operating income for 'Online' Category ? 2

(A) ₹ 8,64,000

(B) ₹ 9,12,000

(C) ₹ 12,25,000

(D) ₹ 12,65,000

e Scenario – II :

CD Ltd. manufactures two types of products - WM for women and KD for dren. These are sold in containers of one kg each. Raw materials W and M are l for product WM and raw materials K and D are used for product KD. There is rocess loss or scrap unit. During the second quarter (July to September 2026), company expects a market demand of 262 containers of WM and 190 containers D. The following additional information is given :

Material	Product WM % of Raw Material	Product KD % of Raw Material	Cost per kg (₹)
W	75%	–	225
M	25%	–	440
K	–	40%	315
D	–	60%	380

Stock	Actual Quantity as on 01-07-2026	Budgeted Quantity as on 30-09-2026
gs)	22	16
gs)	07	13
gs)	24	21
gs)	34	32
(containers)	20	18
containers)	38	28

On the basis of the above Case Scenario, you are required to answer the following MCQs : **(6 to 10)**

6. How many containers of KD will be produced in the quarter according to the production budget ? **2**

(A) 190

(B) 218

(C) 180

(D) 200

7. How many kilograms of raw material M will be consumed as per raw material budget ? **2**

(A) 195 kgs

(B) 65 kgs

(C) 65.5 kgs

(D) 78 kgs

8. How many kilograms of raw material K will be purchased as per raw material budget ? **2**

(A) 64 kgs

(B) 69 kgs

(C) 61 kgs

(D) 93 kgs

9. What is the value of budgeted raw materials purchase (₹) during the quarter for WM ? **2**

(A) 65,112.50

(B) 72,807.50

(C) 72,475

(D) 73,765

0. How many kilograms of WM will be the budgeted production in the quarter ? 2

(A) 262 kgs

(B) 260 kgs

(C) 280 kgs

(D) 244 kgs

1. J Ltd. uses process costing and has the following information for the month of August 2026 :

Particulars	Units
Beginning work in progress, (WIP) August 1	8,000
Started fresh units in production during August (besides opening WIP)	50,000
Completed production during August	46,000
Ending work in progress, August 31	12,000

The beginning work in progress was 60% complete for materials and 20% complete for conversion costs. The ending inventory was 80% complete for material and 40% complete for conversion costs. Using the FIFO method, what will be the equivalent units of production for conversion costs ? 2

(A) 46,000 units

(B) 49,200 units

(C) 50,800 units

(D) 51,400 units

12. In a factory, standard time for a job is 72 hours. The hourly-rate of wages is ₹ 60. Halsey Premium Plan is in operation at the factory. A worker completes the job at less than standard time and his effective hourly-rate wages was ₹ 75. How many hours did he actually take to complete the work ? 2

(A) 60

(B) 72

(C) 48

(D) 64

13. The following information is available in respect of an item of inventory in a factory that uses FIFO (First In First Out) method of valuation of issues. The opening stock was 150 units @ ₹ 40 per unit. The following transactions have taken place : 2

Day	Received Units (in Numbers)	Rate (₹)	Issued Units (in Numbers)
1	25	50	–
2	300	52	–
3	–	–	340
4	200	50	–
5	–	–	300
6	100	40	–

The value of material issued on Day 5 is ₹ :

(A) 15,200

(B) 15,300

(C) 15,270

(D) 15,230

A company sells handcrafted labour-intensive gift items. A certain urgent order at a fixed selling price entailed 200 overtime hours. The overtime premium per hour was ₹ 300. Of these hours, 150 were due to extra work above capacity, whereas 50 hours were due to rework that arose due to faulty material purchased and not inspected by the "Raw Materials" Section, a cost centre. What will be the appropriate treatment of overtime premium ? 2

(A) The entire premium of ₹ 60,000 is charged to the urgent order.

(B) Premium of ₹ 45,000 is charged to the order and ₹ 15,000 is charged to the Materials Section.

(C) ₹ 60,000 is charged to the Costing P and L A/c.

(D) ₹ 60,000 is treated as material cost and added to cost of defective material.

A factory has installed a new machine which has a brochure claiming that it can produce 60,000 units of product X per annum. However, the company estimates that due to Sundays and holidays, stock taking and minor repairs, production can be achieved only to the extent of 50,000 units. Further, time lost on batch change will reduce this to 40,000 units. Which of the following is not correct ? 2

(A) Normal Capacity is 40,000 units.

(B) Installed Capacity is 60,000 units.

(C) Practical Capacity is not 60,000 units.

(D) Normal Idle Capacity is 10,000 units.

PART – II

70 Marks

(Descriptive Portion)

(Candidates are required to give descriptive answers for this part inside the answer book)

1. *Question paper comprises 6 questions. Answer Question No. 1 which is compulsory and any 4 out of the remaining 5 questions.*
2. *Working notes should form part of the answer.*
3. *Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.*
4. *Candidates are required to write the question number legibly.*

1. (a) A company manufactures two products – DSP and EM. It has adopted marginal costing for managerial decision-making and has provided the following information for the coming year : 7

	DSP	EM	Remarks
Selling Price per unit (₹)	15,000	10,000	–
Variable costs per unit (₹)	9,000	4,600	–
Maximum Demand for the year (in units)	700	720	Any quantity at or below this limit can be readily sold in the market.
Maximum Production Capacity	–	–	770 units of DSP and EM put together (any one or both can be produced but the overall limit is 770 units).

Fixed Expenses (₹)	6,00,000	–	Incurred only if DSP is manufactured.
	–	2,16,000	Incurred only if EM is manufactured.
Other Fixed expenses (excluding the above)	–	–	₹ 18,00,000 incurred whether any product is made or not.

Assume no inventory is built up. Whatever is produced is sold. The company can choose to make any of the products or both the products without affecting its future prospects.

Requirement :

Calculate the optimum profit for the year in rupees giving the product mix (in units).

(Present only relevant figures. Detailed statements are not required.)

(b) Ultramagic Ltd. manufactures a product TM for tourist recreational purposes. As per the estimates provided by the tourism industry, there will be a market demand of 12,500 units of TM in the coming year. Ultramagic Ltd. is expected to have a market share of 16% of the total market demand of TM.

The company produces one unit of TM from one unit of raw material RW which is purchased at ₹ 2,500 per unit.

Other Information :

Order cost per order	₹ 4,000
Storage rate	9% per annum
Interest rate	5% per annum
Obsolescence rate	2% per annum

Required :

(i) Compute the Economic Order Quantity (EOQ). 2

(ii) Compute the corresponding ordering cost per annum. 2

(c) Textiles Manufacturing Co. has two production departments : Fibers (FIB) and Fabrics (FAB) and two service departments – FC and DD which also render services to each other. 3

The following information is given :

Service Departments' expenses before allocation :

	Amount (₹)
FC	3,00,000
DD	1,20,000

Usage of Services :

	Fibers (FIB)	Fabrics (FAB)	FC	DD
FC	40%	40%	-	20%
DD	40%	30%	30%	-

Use simultaneous equation method and find out the total expenses of FC.

2. (a) Vivida Ltd. manufactures two products – Ace eyeglasses & Sharp eyeglasses using various types of materials and one grade of labour – general optical technicians who cut lenses, drill frames and align hinges. Shown below is an extract from the company's working papers for the next month's budget : 7

	Ace eye-glasses	Sharp eye-glasses
Budgeted sales (in units)	1,100	2,200
Standard labour hours allowed per unit of product at full productivity	3	4.5

Labour is paid at ₹ 30 per hour. Overtime premium is 60% and is payable only if a worker works for more than 45 hours a week. There are 110 direct workers. Assume that they can work on either product equally efficiently. Efficiency during normal working hours may be taken to be the same as in overtime hours also.

The target productivity for the productive hours worked by the direct workers in actually manufacturing the products is 75%. In addition, the non-productive down-time is budgeted at 15% of the productive hours worked.

There are four 5-day weeks in the budgeted period and it is anticipated that sales and production will occur evenly throughout the whole period. The following information is given :

	Ace eye-glasses	Sharp eye-glasses
Opening Stock (units)	125	140
Closing Stock	5 days' sales	4 days' sales

Calculate the Wages Budget for the direct workers, showing the quantities and values for the next month.

(b) Arrow Precision Components Ltd. is a manufacturer of high-quality aerospace and defence parts. The following are the details of expenses incurred for the year ended 31st March, 2026 : 7

	Particulars	Amount (₹)
(i)	Opening Stock of Raw Materials	28,50,000
(ii)	Closing Stock of Raw Materials	32,75,000
(iii)	Purchase of Raw Materials	3,45,80,000
(iv)	Direct Labour	1,68,40,000
(v)	Factory Overhead	67,36,000
(vi)	Administrative Overhead	42,10,000

During the financial year 2026-27, the company has received a special order from a leading aircraft manufacturer for the supply of one type of component manufactured by the company. The estimated cost of materials and direct labour for this order are 25% of last year's actual consumption and ₹ 72,50,000 respectively. Assume no work-in-process for both the years.

The company follows the policy of charging Factory Overhead as a percentage of Direct Labour and Administrative Overhead as a percentage of Factory Cost based on the previous year's actual costs. The cost of delivery and installation at the customer's site is estimated at ₹ 8,40,000. The company wants to safely consider an additional 10% on the calculated estimates for material and labour. Overheads are also to be taken after considering this factor. The company will decide on the profit margin based on total costs considered as per its policy and market conditions.

You are required to :

Prepare a Job Cost Sheet for the order received and determine the total cost to be considered as per the company's policy.

(Present figures in rupees.)

(Round off percentages to two decimal places and figures to the next rupee.)

(a) During the finalisation of accounts for the period ended 31st August, 2026, the Management of M/s. ZPT Ltd. observed that the profit disclosed by the Cost Accounts differed from that shown by the Financial Accounts. 7

The following information was extracted from the books :

Profit as per Cost Accounts amounted to ₹ 9,80,000.

On investigation, the following items were identified :

(i) Factory overheads were under-absorbed in the Cost Accounts by ₹ 16,000.

(ii) Administration overheads were over-absorbed in the Cost Accounts by ₹ 9,000.

(iii) Depreciation charged in the Financial Accounts exceeded the depreciation recovered in the Cost Accounts by ₹ 18,000.

(iv) Interest on bank deposits amounted to ₹ 28,000.

(v) Provision for Income Tax was ₹ 1,60,000.

(vi) Profit on sale of investments amounted to ₹ 15,000.

(vii) Charges in lieu of rent for owned premises were ₹ 6,000.

(viii) Donation amounted to ₹ 10,000.

Required :

Prepare a Reconciliation Statement starting from the profit as per Cost Accounts and arrive at the profit as per Financial Accounts while maintaining the serial order given above for adjustments.

(Candidates may use shorter forms of the items instead of writing the whole lines as described in the question.)

(b) BH Transit Services Ltd. has been awarded a contract to operate a 72-kilometre intercity route using 8 deluxe buses during the next year. Each bus has a seating capacity of 60 passengers. The buses are expected to make 4 round trips per day, carrying on an average, 80% of their seating capacity. The buses will run for 26 days in a month. Assume that the buses operate as a point to point service with no stops intervening during a single trip of 72 kilometres. 7

The following information relates to the operating cost of the service :

Garage rent : ₹ 48,000 per month (Total for all buses)

Annual repairs and maintenance : ₹ 1,92,000 per bus

Total salaries of all drivers, conductors, cleaners and managers for the year (Total for all buses) ₹ 60,28,800

Road tax, permit fee, etc. : ₹ 48,000 for a quarter (Total for all buses)

Total Office expenses : ₹ 20,000 per month

Cost of diesel per litre : ₹ 108, Diesel Usage : 6 kilometres per litre

Annual depreciation and Insurance : 24% of cost

Engine oils and lubricants : ₹ 56,30,000 (Total for all buses for the whole year).

The cost of each bus is ₹ 60,00,000.

However, during the year, two buses are expected to be under major servicing for one month each and therefore those buses will run only for 11 months, while the remaining 6 buses will operate for the whole year.

The company targets a profit of one third of revenue.

Present the following figures :

(i) Kilometres run by all vehicles for the whole year.

(ii) Number of passengers in all the trips put together for the whole year for all the buses.

(iii) Diesel Cost in total for the whole year.

Calculate the one-way bus fare to be charged from each passenger, rounding off to the next higher rupee value.

(a) XYZ Ltd. employs workforce classified into Skilled, Semi-Skilled and Unskilled categories for its manufacture of precision-engineered automobile components. 9

In the month of August 2026, the Production Department completed the manufacture of 5000 units of Product X.

The following information is available :

Budgeted Labour Requirement for manufacturing **2** units of Product X.

Labour Category	Standard Hours	Standard Rate (₹ per hour)
Skilled	2	6
Semi-skilled	3	5
Unskilled	5	2

Actual Labour Details :

Labour Category	Actual Hours paid (including abnormal idle hours)	Abnormal Idle time (hours)	Actual Rate (₹)	Amount (₹)
Skilled	6,000	200	7	42,000
Semi-skilled	8,000	300	4.5	36,000
Unskilled	11,000	400	2.5	27,500
Total	**25,000**	**900**		**1,05,500**

Required :

Compute category wise labour cost variances analysed into mix, efficiency, yield and rate variances, indicating whether they are Adverse (A) or Favourable (F).

(b) New Pharma Chemicals Ltd. manufactures pharmaceutical-grade solvents for the drug formulation industry. Production passes through a series of processes and the company operates a FIFO process costing system to value work-in-process and finished goods.

The following information is given :

- Opening work-in-process at the beginning of the month was 800 litres which was 70% complete for labour and 60% complete for overheads.
- Closing work-in-process at the end of the month was 160 litres which was 30% complete for labour and 20% complete for overheads.

- Normal loss is 10% of input; total losses during the month were 1,800 litres, partly attributable to flood damage. Abnormal losses occurred in the production shop floor just before despatch to the warehouse.
- Output transferred to the finished goods warehouse was 4,200 litres.
- All raw materials are introduced at the commencement of the process.

Required :

(i) Calculate the quantity (in litres) of raw material input during the month. **2**

(ii) Calculate the quantity (in litres) of normal loss and abnormal loss. **1**

(iii) Calculate the equivalent units of labour and overheads completed in the process. **2**

(a) The following data is given in the books of Vikram Industries : **7**

Particulars	Amount (₹)
Opening Inventories :	
- Raw materials	15,00,000
- Work-in-process	20,00,000
- Finished goods (12,000 units)	10,80,000
Closing Inventories :	
- Raw materials	16,50,000
- Work-in-process	18,00,000

Raw materials purchase	1,68,00,000
Wages paid to production workers	40,00,000
Expenses paid for utilities	2,50,000
Office and administrative expenses paid (General)	30,00,000
Travelling allowance paid to office staff	1,50,000
Selling expenses	7,00,000
Machine hours worked	24,000 hours
Machine hour rate	₹ 10 per hour
Units sold (on FIFO basis)	1,80,000 units
Units produced	2,10,000 units
Desired profit	20% on sales

Compute the values of the following figures in rupees as they will appear in the Cost Sheet :

(i) Prime Cost

(ii) Cost of Production

(iii) Cost of Goods Sold

(iv) Cost of Sales

(v) Sales Revenue

(You are not required to present the entire cost sheet. Present relevant figures only.)

(b) A manufacturing company operates three production departments and it has established a policy to allocate factory overheads using a single blanket rate calculated as total budgeted overheads divided by budgeted direct labour hours. Below are the relevant data for one month :

Depart-ment	Budgeted			Actual			Job 1023	
	Factory Over heads (₹)	Direct Labour Hours	Machine Hours	Factory Over heads (₹)	Direct Labour Hours	Machine Hours	Direct Labour Hours	Machine Hours
tting	4,00,000	20,000	60,000	4,20,000	22,000	62,000	40	120
sembly	3,00,000	2,000	25,000	2,80,000	2,000	24,000	4	40
ishing	2,00,000	14,000	1,000	2,10,000	14,000	1,000	30	2

The company has a margin of 30% on sales price to cover other administrative and selling overheads and profit.

Required :

(i) Compute the value of factory overhead that will be used in the pricing of Job No. 1023 as per the company's existing policy. **2**

(ii) Recommend the most appropriate method of absorbing factory overheads and calculate the value of overhead that will be used in the pricing of Job No. 1023. **3**

(iii) Calculate the total under/over recovery of overheads in the Finishing Department based on your recommendation. **2**

(Round off rates up to two decimal points and the final value to the next higher rupee.)

6. (a) NS Ltd. has listed some of the costs incurred during the current period. **5**

I	II	III Classification
(i)	Salary to office attendants	
(ii)	Product blueprint cost	
(iii)	Hire charges paid for factory machinery for a certain product	
(iv)	Salary paid to marketing manager	
(v)	One time licence fee paid for software used to make computerised graphics for a particular job	
(vi)	Wages paid to factory workers	
(vii)	Overtime wages paid to finish a certain job due to urgency created by customer	
(viii)	Specialised packing at customer's request	
(ix)	Advertisement Expenses	
(x)	Royalty paid for production	

Classify the above items under appropriate functions of cost.

(Present only columns I and III in your answer books.)

(b) (i) How would you account for the amount realized on sale of molasses, a by-product in a sugar manufacturing process ? **2**

(ii) Products A and B are produced from the same raw material but Product A requires more refining before it can be sold. How would you apportion the joint costs between Products A and B using net realizable method ? **1**

(iii) Suppose that a by-product requires further processing before being sold. How would you determine and treat the net realizable value at the point of split-off ? 2

(c) State how you would treat the following items in the Cost Sheet : 4

(i) Wages paid to idle workers during a sudden government-imposed lockdown.

(ii) A subsidy received from the State Government for using eco-friendly raw materials.

(iii) Interest paid on a term loan taken for purchase of plant and machinery.

(iv) GST paid on purchase of raw materials, for which input tax credit is eligible.

OR

(c) What are the main distinctions between a Bill of Materials and a Material Requisition Note in terms of their contents and utility ?