P17 · December 2026 · the questions to study

topic by topic, in study-material order

WHY THIS LIST

The exam keeps asking the same concepts. Share of each paper's marks on a concept that had already been asked in an earlier paper:

Jun'24 59% · Dec'24 58% · Jun'25 71% · Dec'25 73% · Jun'26 74%. Adding ICMAI's practice papers of the term: Jun'26 **87%**. This list is every concept asked in the seven papers (Jun'23–Jun'26) and in ICMAI's Jun'26 MQP, PTP and postal paper, plus our Dec'26 calls for concepts not yet asked. The rest of the marks come from new questions on the same topics (every Jun'26 question was on a topic asked before).

HOW TO READ A ROW

- ★★★ concept asked in 3+ of the 7 papers, or one of our Dec'26 calls: prepare first
- ★★ concept asked in 2 papers
- ★ asked once, or only in ICMAI's practice papers · SM exercise lines: if time
- **What the stars were worth** (tested on Jun'26, counting only the papers before it): ★★★ concepts carried **22%** of its marks, ★★★ + ★★ **49%**, all three **74%**.
- **Answer in**: where your coaching books already answer the same question — for a sum: the SM illustration or ICMAI workbook problem the exam copied ("same problem") or closely followed ("similar problem"); its full solution is printed right after it. Blank = practise the problems listed under the topic.
- **Sums are listed by what they ask**, not the full problem: open the paper (or the SM / workbook page) to solve it. Each topic ends with **Problems to solve** from the SM and the workbook: ★★★ = the exam already used it, ★★ = SM illustration or workbook problem, ★ = SM exercise sum.

MCQ PLACES (Q1, 15 × 2 MARKS): TOPIC IN EACH PLACE, LAST FOUR PAPERS

Q1	Dec'24	Jun'25	Dec'25	Jun'26
(i)	1.3	8.5	1.2	8.1
(ii)	3.6	2.1	2.1	2.1
(iii)	4.1	3.2	4.1	4.1
(iv)	4.1	2.1	3.2	4.1
(v)	9.5	8.5	3.2	4.1
(vi)	14.1	2.1	7.2	7.1
(vii)	18.1	4.1	8.5	8.1
(viii)	4.1	15.1	15.5	14.1
(ix)	4.1	15.4	15.4	15.4
(x)	2.1	18.1	17.1	18.1
(xi)	10.7	10.11	10.6	10.3
(xii)	10.7	10.11	10.6	10.3
(xiii)	10.7	10.11	10.6	10.3
(xiv)	10.7	10.11	10.6	10.3
(xv)	10.7	10.11	10.6	10.3

DEC'26 MCQ CALLS: ONE TOPIC PER PLACE (A CALL, NOT A PROMISE)

Place	Call	Runner-up	Why
(a)(i)	**8.1 Cost audit report: basics**	1.2 Genesis of cost audit	8.1 in J26 and the MQP; 1.2 in D25 and the PTP.
(a)(ii)	**2.1 Companies (Cost Records and Audit) Rules**	8.5 Filing the cost audit report	2.1 in J25, D25 and J26.
(a)(iii)	**4.1 Cost Accounting Standards**	3.6 Punishment for false statement	4.1 in D25, J26 and the PTP.
(a)(iv)	**4.1 Cost Accounting Standards (second item)**	3.2 Cost auditor's eligibility	4.1 in J26 and the MQP; 3.2 in D25.
(a)(v)	**5.1 Cost Auditing Standards**	4.1 CAS	5.1 in the MQP and PTP; 4.1 J26; 3.2 D25.
(a)(vi)	**7.2 Audit process**	7.1 Audit documentation	7.2 in D25 and the PTP; 7.1 in J26 and the MQP: Module 7 every time.
(a)(vii)	**8.5 Filing the cost audit report (XBRL)**	8.1 Report basics	8.5 in J25, D25, MQP and PTP.
(a)(viii)	**14.1 Internal control**	15.5 Internal audit under the Companies Act	14.1 in J26 and the MQP.
(a)(ix)	**15.4 Role of CMAs in internal and operational audit**	14.1 Internal control	15.4 in J25, D25 and J26.
(a)(x)	**18.1 Anti-money laundering standards**	17.2 Fraud risk management	18.1 in D24, J25 and J26; the practice papers used 17.2.

(b)(xi)-(xv)	**a 5-MCQ case on ONE Module 10 analysis: 10.7 Profitability analysis**	10.11 Management accounting tools	The set rotates: 10.7 (D24, MQP), 10.11 (J25, PTP), 10.6 (D25), 10.3 (J26). Shape is sure; the topic is a call.

1.1 Nature and Scope of Cost Audit

SM pp. 3–4 · marks per attempt: **J26-7 · J24-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **70%** (Q2(a) or MCQ)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Define Cost Audit and specify the Scope and Social Objectives of Cost Audit. 7	J26 Q2(a) · 7 m · asked in 5 papers	
★	What is the Scope of Cost Audit? Explain. 7	J24 Q2(a) · 7 m	similar problem: Workbook ch.1 illustration 11 (WB p.8; solution there)

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q6, Q172

1.2 Genesis of Cost Audit

SM pp. 5–6 · marks per attempt: **D25-2 · D23-2** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **60%** (MCQ)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(i) Cost Audit was first introduced in the year (A) 1959 (B) 1965 (C) 1949 (D) 1975	D25 Q1(a)(i) · 2 m · asked in 2 papers	
★★	(i) Cost Audit was first introduced for ____ industry. [2] (A) Cement (B) Iron and Steel (C) Jute (D) Sugar	D23 Q1(i) · PTP Q1(i) · POSTAL Q1(i) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M1 short essay 2 (p.11): Genesis of Cost Audit

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q1, Q2, Q3, Q4, Q5, Q16, Q26, Q53

1.3 Objectives of Cost Audit

SM pp. 7–7 · marks per attempt: **D25-7 · J25-7 · D24-2 · J23-8** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **95%** (Q2(a) 7m theory)

OUR DEC'26 CALLS FOR THIS TOPIC

1. State the general and the social objectives of cost audit. [REPEAT+PRACTICE · J23 Q2(a), J25 Q2(a), D25 Q2(a); PTP Q2(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Define Cost Audit and specify the Scope and Social Objectives of Cost Audit. 7 (listed under 1.1 too)	J26 Q2(a) · 7 m · asked in 5 papers	
★★★	State the main purposes of Cost Audit. [7]	D25 Q2(a) · 7 m · asked in 5 papers	
★★★	What are the General Objectives of Cost Audit? [7]	J25 Q2(a) · 7 m · asked in 5 papers	
★★★	What are the social objectives of Cost Audit? [6]	J23 Q2(a) · 6 m · asked in 5 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(i) Which of the following is/are the objective(s) for which cost audit is undertaken? (A) To establish the accuracy of costing data (B) To ensure that cost accounting principles are governed by the management objectives and these are strictly adhered in preparing cost accounts (C) To reduce the amount of detailed checking by the external auditor if effective internal cost audit system is in operation (D) All of the above	D24 Q1(a)(i) · 2 m · asked in 5 papers	
★★★	(i) Which of the following audit's primary objective is ensuring accuracy of cost data, accumulation and exact computation of the cost of a product? [2] (A) Cost Audit (B) Management Audit (C) Internal Audit (D) Financial Audit Justify your selection of the answer:	J23 Q1(i) · PTP Q2(a) · 2 m · asked in 5 papers	

★ **SM exercise (if time):** M1 short essay 1 (p.11): Objectives of Cost Audit

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q8

1.4 Utility and Advantage of Cost Audit

SM pp. 8–8 · marks per attempt: **D23-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **80%** (Q2(a) 7m theory)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the benefits of cost information and cost audit to the management, the shareholders and the Government (as brought out by the Expert Committee). [PRACTICE · MQP Q2(a) - not yet in an exam; benefits last asked Dec'23]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	What are the benefits of Cost Audit? [7]	D23 Q2(a) · MQP Q2(a) · 7 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q31, Q171

1.5 Cost Accounting Standards

SM pp. 9–9 · marks per attempt: **D24-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **40%** (Q2(a))

OUR DEC'26 CALLS FOR THIS TOPIC

1. What are the advantages of Cost Accounting Standards to industry, users and the Government? [REPEAT · D24 Q2(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What are the advantages of the Cost Accounting Standards? [7]	D24 Q2(a) · 7 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q170

2.1 Companies (Cost Records and Audit) Rules, 2014 (as Amended)

SM pp. 15–88 · marks per attempt: **J26-16 · D25-16 · J25-20 · D24-16 · J24-16 · D23-16 · J23-10** · Dec'26 forecast: tier **A**, about **9-20** marks when it comes, chance it comes **99%** (Q2(b) 7m + Q5(a) 7m sum + 1-2 MCQs)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Which areas should the cost accounting policy of a company cover under the Companies (Cost Records and Audit) Rules? [PRACTICE · MQP Q2(b) - not yet in an exam]
2. Case: from the given product-wise turnovers, decide whether cost records and cost audit apply to the company (regulated vs non-regulated sector, thresholds, exemptions). [PRACTICE+REPEAT · D24 Q2(b); PTP Q2(b); postal Q2(b), Q4(a), Q5]
3. What particulars of [a cost item] must be kept in the cost records? (Dec'25 asked repairs and maintenance, Jun'26 finance costs - a different item is next.) [ROTATION · D25 Q2(b), J26 Q2(b)]
4. Which CRA forms are filed / submitted, by whom and within what time? [REPEAT · J25 Q2(b)]
5. Prepare a statement reconciling the profit as per cost accounts with the profit as per financial accounts. [PRACTICE+REPEAT · D23, J24, J25, D25 Q5(a); in ALL THREE practice papers (MQP Q5(a), PTP Q5(a), postal Q4(b))]
6. Compute the value addition and the earnings available for distribution (Part D of the cost audit report). [REPEAT · J23 Q2(b), D24 Q5(a), J26 Q5(a) (postal-paper data)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Value addition, earnings for distribution (Part D para 3)	J23 Q2(b) · J26 Q5(a) · POSTAL Q2(a) · 10 m · asked in 3 papers	
★★★	Enumerate the items of Finance Costs that should be included in Cost Records as per the Companies (Cost Records and Audit) Rules, 2014 specifying the principle of how the Finance Costs are assigned to the cost objects. 7	J26 Q2(b) · 7 m · asked in 3 papers	
★★★	Reconciliation - profit as per cost accounts	D23 Q5(a) · D25 Q5(a) · MQP Q5(a) · PTP Q5(a) · POSTAL Q4(b) · 7 m · asked in 4 papers	same problem: SM M2 Illus. 5 (SM p.80; solution there)
★★★	As per the Companies (Cost Records and Audit) Rules, 2014, enumerate the particulars relating to the items of Costs to be included in the Books of Accounts in respect of Repairs and Maintenance. [7]	D25 Q2(b) · 7 m · asked in 3 papers	
★★★	As per Companies (Cost Records and Audit) Rules, 2014, summarise what are the various CRA forms to be submitted by any Company, for which Cost Audit/ Maintenance of Cost Records are mandatory. Briefly explain. [7]	J25 Q2(b) · 7 m · asked in 4 papers	
★★★	Reconciliation statement	J25 Q5(a) · 7 m · asked in 4 papers	
★★★	Explain the provisions relating to Applicability for Cost Audit as per Companies (Cost Records and Audit) Rules, 2014. [7]	D24 Q2(b) · 7 m · asked in 5 papers	
★★★	Value addition (Part D)	D24 Q5(a) · 7 m · asked in 3 papers	
★★★	Reconciliation statement	J24 Q5(a) · 7 m · asked in 4 papers	
★★	What is meant by 'Normal Price' with respect to Related Party Transactions in CRA-1? State the basis adopted to determine the 'Normal Price'. 7	J24 Q2(b) · 7 m · asked in 2 papers	
★★	Explain the term "Normal capacity vis a vis installed capacity" as defined in the Form CRA 1. [7]	D23 Q2(b) · 7 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ii) The applicability of cost audit under Companies (Cost Records & Audit) Rules, 2014 for regulated industries having overall annual turnover during immediate preceding financial year is (A) ₹ 25.00 crore or more (B) ₹ 35.00 crore (C) ₹ 50.00 crore or more (D) ₹ 100.00 crores	J26 Q1(a)(ii) · 2 m · asked in 5 papers	
★★★	(vii) Form CRA 3 pertains to (A) Form of Filing Cost Audit Report. (B) Cost Accounting Records. (C) Form of Cost Audit Report. (D) Form of intimation of appointment of Cost Auditor. (listed under 8.1 too)	J26 Q1(a)(vii) · 2 m · asked in 4 papers	
★★★	(ii) Form CRA 2 should be signed on behalf of the company by (A) Directors of the Company (B) Secretary of the Company (C) Secretary and one Director of the Company (D) Person(s) authorized by the Board	D25 Q1(a)(ii) · 2 m · asked in 4 papers	
★★★	(ii) As per Companies (Cost Records and Audit) Rules, 2014, the Cost of Secondary packing materials shall form part of (A) Cost of Production (B) Finance Cost (C) Raw Material Cost (D) Distribution Overheads	J25 Q1(a)(ii) · 2 m · asked in 3 papers	
★★★	(iv) Sugar and Industrial Alcohol belong to ___ sector for the purpose of Application of Cost Records. (A) Regulated (B) Non-Regulated (C) Both depending on circumstances (D) None of the above	J25 Q1(a)(iv) · 2 m · asked in 5 papers	
★★★	(vi) Which of the following particulars relating to wages and salaries is/are to be included in Cost Auditor's Report to the Director of the company? (A) Total wages and salaries paid (B) Total man days of direct labour available and actually worked (C) A brief explanation of variances in items (D) All of the above	J25 Q1(a)(vi) · MQP Q2(b) · 2 m · asked in 3 papers	

Priority	Question	Asked / marks	Answer in
★★★	(x) Machinery used in defense, space and atomic energy sector and fulfilling turnover criterion is under (A) regulated sector (B) unregulated sector (C) occupied by different statute (D) not applicable category	D24 Q1(a)(x) · 2 m · asked in 5 papers	
★★★	(i) As per Rule-4(3) of Companies (Cost Records & Audit) Rules, 2014, the requirement for cost audit shall not apply to a company whose revenue from exports, in foreign exchange, exceeds ____ per cent of its total revenue even though it is covered in Rule 3. (A) 50% (B) 60% (C) 75% (D) 80%	J24 Q1(a)(i) · 2 m · asked in 5 papers	
★★★	(ii) Which of the following type of Electricity Company is under the purview of regulated Sector? [2] (A) Engaged in Generation (B) Engaged in Transmission (C) Engaged in Distribution and Supply (D) All of the above	D23 Q1(ii) · PTP Q2(b) · POSTAL Q2(b) · POSTAL Q4(a) · POSTAL Q5 · 2 m · asked in 5 papers	
★★★	(iii) Every Cost Auditor, who conducts an audit of the cost records of a company, shall submit the cost audit report in Form ____ . [2] (A) CRA-1 (B) CRA-2 (C) CRA-3 (D) CRA-4 (listed under 8.1 too)	D23 Q1(iii) · 2 m · asked in 4 papers	
★★	(i) The Cost Audit Report on the audit of cost records is submitted by the Cost Auditor to (A) Managing Director (B) Finance Director (C) Audit Committee (D) Board of Directors (listed under 8.1 too)	J26 Q1(a)(i) · MQP Q1(i) · 2 m · asked in 2 papers	

Problems to solve (9): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Practical problem: Auto Parts Manufacturing Company Ltd. showed a profit for the year 2022-23 as ₹...	SM M2 Illus. 5 · SM p.80	D23 Q5(a)
★★	Practical problem: The following figures are extracted from the statement prepared by the Cost...	SM M2 Illus. 1 · SM p.73	
★★	Practical problem: The following figures are obtained from the Cost Accounting Records of Sinjini...	SM M2 Illus. 2 · SM p.75	
★★	Practical problem: The following figures are obtained from the Cost Accounting Records of Vennela...	SM M2 Illus. 3 · SM p.77	
★★	Practical problem: In the Financial Accounts of Chemicals & Fertilizers Ltd. for the year ended...	SM M2 Illus. 4 · SM p.79	
★★	Practical problem: The profit as per financial accounts of M/s Kalingpong Himalaya Private Company...	SM M2 Illus. 6 · SM p.81	
★★	Practical problem: The Cost Accountant of TRINCUS TEXTILES MILLS LTD. has arrived at a Profit of ₹...	SM M2 Illus. 7 · SM p.82	
★★	Practical problem: The Financial Profit and Loss of M/s. VGM Manufacturing company Ltd. for the...	SM M2 Illus. 8 · SM p.83	
★★	Output of service cost centres (DG set, boiler, compressor) for the cost records	Workbook ch.1 illustration 12 · WB p.9	

★ **SM exercise (if time):** M2 MCQ (not in the bank) 7 (p.90): Cost Audit Report is to be Filed in Form ____ on MCA Portal · M2 MCQ (not in the bank) 8 (p.90): CRA 1 pertains to · M2 MCQ (not in the bank) 9 (p.90): Cost Audit Report is to be prepared in Form · M2 MCQ (not in the bank) 10 (p.90): In Cost Audit Report, General Information is reported in · M2 MCQ (not in the bank) 11 (p.90): Sr No ____ Table B covers Companies engaged in Heath Services Companies (Cost Records and... · M2 MCQ (not in the bank) 12 (p.91): Every company shall file a notice of appointment of Cost Auditor with in Form ~ State True or... · M2 short essay 1 (p.91): A company has units in SEZ and in non-SEZ areas

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q9, Q10, Q11, Q12, Q13, Q14, Q15, Q17, Q18, Q20, Q22, Q23, Q24, Q25, Q27, Q29, Q45, Q174, Q175, Q176, Q177, Q180, Q181, Q184

3.1 Definition

SM pp. 95–95 · **never asked in the seven papers**

★ **SM exercise (if time):** M3 MCQ (not in the bank) 9 (p.120): Notification of the Companies (Cost Records and Audit) Rules, 2014 has resulted in...

3.2 Cost Auditor's Eligibility, Qualifications, Disqualifications, Appointment, Resignation, Rotation, Remuneration, Removal, Right and Duties, Liabilities

SM pp. 96–108 · marks per attempt: **D25-11 · J25-2 · D24-7 · J24-9 · D23-11 · J23-2** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **95%** (Q3(a) 7m + 1-2 MCQs)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Who is eligible to be appointed as cost auditor and who cannot be appointed (s.141 read with Rule 10 and s.148)? [PRACTICE+REPEAT · MQP Q3(a); D24 Q3(a); D25 MCQ]
2. Explain the procedure for appointment of a cost auditor and the fixing of his remuneration. [REPEAT · D23 Q3(a)]
3. State the rights and duties of a cost auditor; how can a cost auditor be removed before the end of his term? [NEVER · never a long question]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Mention the steps to be taken by Cost Auditor before accepting appointment as per Companies (Cost Records & Audit) Rules, 2014. [7]	D25 Q3(a) · 7 m · asked in 3 papers	
★★★	As per the Companies Act, 2013, enumerate the qualifications and disqualifications of a Cost Auditor? [7]	D24 Q3(a) · 7 m · asked in 3 papers	
★★★	Can a Cost Accountant be appointed 7 (i) as a Key Managerial Person; or (ii) as an Independent Director; as per the provisions of the Companies Act, 2013. Explain.	J24 Q3(a) · 7 m · asked in 3 papers	
★★★	State the procedure of appointment and fixing the remuneration of Cost Auditor. [7]	D23 Q3(a) · 7 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(v) Which of the following persons shall not be appointed as Cost Auditor of a company? (A) A person who has been appointed as auditor of the company (B) A spouse of a director of the company (C) A body corporate (D) All of the above	D25 Q1(a)(v) · 2 m · asked in 3 papers	
★★★	(ii) As per Section 141(3) read with Rule 10 of Company (Audit and Auditor) Rule, 2014, a person who has been convicted by a court of an offence involving fraud and a period of ____ years has not elapsed from the date of such conviction, is disqualified and not eligible for appointment as a Cost Auditor of a company. (A) 10 (B) 5 (C) 7 (D) 2	J24 Q1(a)(ii) · MQP Q3(a) · 2 m · asked in 3 papers	
★★★	(iv) The appointment of Cost Auditor is defined under section ____ of the Companies Act, 2013. [2] (A) 148(2) (B) 148(3) (C) 144(3) (D) 139	D23 Q1(iv) · 2 m · asked in 3 papers	
★★★	(v) As per Rule 6 of the Companies (Cost Records and Audit) Rules, 2014, the casual vacancy caused due to death of Cost Auditor to be filled within ____ days. [2] (A) 30 (B) 60 (C) 90 (D) 180	D23 Q1(v) · 2 m · asked in 3 papers	
★★★	(iv) Write when the Cost Auditor of the Company shall be appointed for FY 2023-24: [2] (A) Before 31st March, 2023. (B) Within 60 days of the commencement of the FY viz 30.5.2023. (C) Within 180 days of the commencement of the FY. (D) After AGM of previous year viz. FY 2022-23. Give reason for your answer.	J23 Q1(iv) · 2 m · asked in 3 papers	
★★	(i) The Cost Audit Report prepared in pursuance of a direction under Sub-Section(2) of Sec. 148 of the Companies Act, 2013, is to be furnished by the Company to the Central Government along with full information and explanation on every reservation or qualification contained therein, within ____ of the date of receipt. (A) 30 days (B) 60 days (C) 90 days (D) 120 days (listed under 8.5 too)	J25 Q1(a)(i) · 2 m · asked in 2 papers	
★	(iv) ____ provides that the Central Government shall maintain a panel of experts to be called as Mediation and Conciliation panel consisting of such number of experts having such qualifications as may be prescribed for mediation between the parties during the pendency of any proceedings before the Central Government or the Tribunal or the Appellate Tribunal under this Act. (A) Section 247 (B) Section 147 (C) Section 144 (D) Section 442	D25 Q1(a)(iv) · 2 m	

Priority	Question	Asked / marks	Answer in
★	(iii) As per Rule 8, of the Companies (Audit and Auditors) Rules, 2014, the auditor who has resigned from the company, shall file with the Company and Registrar, within a period of 30 days from the date of his resignation, a statement in the form (A) ADT-3 (B) ADT-4 (C) ADT-2 (D) ADT-1	J25 Q1(a)(iii) · 2 m	

★ **SM exercise (if time):** M3 MCQ (not in the bank) 6 (p.120): Section ____ provides that an officer or employee of the Company shall not be eligible for… · M3 MCQ (not in the bank) 12 (p.121): ____ ____ is absolutely necessary for efficient resource utilisation · M3 MCQ (not in the bank) 13 (p.121): A person shall not be eligible to be appointed as Cost Auditor of the Company if he has been… · M3 short essay 1 (p.122): Procedure for appointment of Cost Auditor

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q7, Q32, Q35, Q38, Q39, Q40, Q44, Q78, Q178, Q183, Q185, Q189, Q190

3.3 Professional Ethics

SM pp. 109–109 · marks per attempt: **J23-6** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **40%** (Q3(a))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Prepare a list of the activities of a Cost Accountant in practice, which are considered as Professional misconduct as per the Part I of the First Schedule of the Cost and Works Accountants Act, 1959, in relation to Cost Accountants in Practice. 7 (listed under 3.6 too)	J26 Q3(a) · 7 m · asked in 3 papers	
★★★	Cost Accountants are bound by certain Professional ethics and requested to observe some fundamental principles. Please analyse the fundamental principles that will have to be followed by a Cost Accountant. [6]	J23 Q3(a) · 6 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ii) Which of the following is not a professional misconduct in relation to Cost Accountants in Practice as per Second Schedule of the CWA Act, 1959? (A) He/She fails to invite attention to any material departure from the generally accepted procedure of costing and pricing applicable to the circumstances. (B) He/She does not exercise due diligence or is grossly negligent in the conduct of his/her professional duties. (C) He/She fails to report a material misstatement known to him/her to appear in a cost or pricing statement with which he/she is concerned in a professional capacity. (D) In the opinion of the council, he/she brings disrepute to the Profession or the Institute as a result of his/her action whether or not related to his/her professional work. (listed under 3.6 too)	D24 Q1(a)(ii) · 2 m · asked in 3 papers	

★ **SM exercise (if time):** M3 short essay 2 (p.122): Code of Professional Ethics which need to be followed in the field of Cost and Management… · M3 short essay 3 (p.122): Fundamental principles to be observed by the Cost Accountants

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q36, Q37, Q188

3.4 Duties of a Cost Auditor to Report Fraud – Section 143 of the Companies Act, 2013

SM pp. 110–110 · marks per attempt: **J25-7 · J23-2** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **70%** (Q3(a) or MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the cost auditor's duty to report fraud under s.143(12): threshold, to whom, time limits, penalty for not reporting.
   [PRACTICE+REPEAT · J25 Q3(a); PTP Q3(a); postal MCQ]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Identify the duties of the Cost Auditor to report Fraud as per provisions of the Companies Act, 2013. [7]	J25 Q3(a) · 7 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(iii) Cost Auditor to report fraud under section ____ of the Companies Act, 2013 [2] (A) 140 (12) (B) 148 (2) (C) 144 (10) (D) 143 (12) Justify your answer.	J23 Q1(iii) · PTP Q3(a) · POSTAL Q1(ii) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M3 MCQ (not in the bank) 5 (p.119): Cost Audit Report is to be filed on MCA Portal within ____ days from the end of FY to which… · M3 MCQ (not in the bank) 7 (p.120): Section ____ of the Companies Act,2013 states the Cost Auditor shall have the same powers As… · M3 MCQ (not in the bank) 8 (p.120): Which Audit covers Efficiency, Performance, Propriety · M3 MCQ (not in the bank) 10 (p.120): Section 148 of the Companies Act,2013 deals with the provisions relating to · M3 MCQ (not in the bank) 11 (p.120): When the Cost Auditor of the Company shall be appointed for F.Y.2023-24 Cost Auditor

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q33, Q34

3.5 3.5 Punishment for Fraud (Section 447 of the Companies Act, 2013)

SM pp. 111–111 · **never asked in the seven papers**

3.6 Punishment for False Statement (Section 448 of The Companies Act, 2013)

SM pp. 112–118 · marks per attempt: **J26-7 · D24-2** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **60%** (Q3(a) or MCQ)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Prepare a list of the activities of a Cost Accountant in practice, which are considered as Professional misconduct as per the Part I of the First Schedule of the Cost and Works Accountants Act, 1959, in relation to Cost Accountants in Practice. 7	J26 Q3(a) · 7 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ii) Which of the following is not a professional misconduct in relation to Cost Accountants in Practice as per Second Schedule of the CWA Act, 1959? (A) He/She fails to invite attention to any material departure from the generally accepted procedure of costing and pricing applicable to the circumstances. (B) He/She does not exercise due diligence or is grossly negligent in the conduct of his/her professional duties. (C) He/She fails to report a material misstatement known to him/her to appear in a cost or pricing statement with which he/she is concerned in a professional capacity. (D) In the opinion of the council, he/she brings disrepute to the Profession or the Institute as a result of his/her action whether or not related to his/her professional work.	D24 Q1(a)(ii) · 2 m · asked in 3 papers	
★	False report - s.448	MQP Q1(iii) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q182

4.1 Cost Accounting Standards

SM pp. 125–253 · marks per attempt: **J26-20 · D25-16 · J25-16 · D24-15 · J24-20 · D23-20 · J23-10** · Dec'26 forecast: tier **A**, about **14-20** marks when it comes, chance it comes **99%** (Q4(a) + Q4(b) two 7m sums + 2-4 MCQs)

OUR DEC'26 CALLS FOR THIS TOPIC

1. From the given data, value the closing inventory under CAS-25: decide which items are inventory (ownership; consignment stock and goods held for repair are excluded), compute the cost (purchase + conversion cost) and apply cost or net realisable value, whichever is lower. [NEW-LAW · Dec'26 supplementary - CAS-25 Valuation of Inventory (from 1 April 2026); never examined yet]
2. Compute the employee cost under CAS-7 from the given data (what is included, what is excluded). [PRACTICE+REPEAT · D23 Q4(b), D24 Q4(b) (repeat); PTP Q4(b); MQP MCQ]
3. Compute the material cost / landed cost of imported material and the value of closing stock under CAS-6, with normal and abnormal losses. [REPEAT · D23 Q4(a), J24 Q4(a), D25 Q4(a); postal MCQ]
4. Compute the cost of production for captive consumption under CAS-4. [REPEAT · J24 Q4(b), J25 Q4(b)]
5. Compute the material quality, usage and scrap variances. [PRACTICE · MQP Q4(a) - not yet in an exam]
6. Compute the cost of utilities / captive power per unit (CAS-8), or the repairs and maintenance cost (CAS-12), or capacity measures (CAS-2). [REPEAT · J26 Q4(a) CAS-8; D25 Q4(b) CAS-12; J23 Q3(b) + postal Q3(a) CAS-2]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Captive power cost per unit CAS-8 (old tag 4.3)	J26 Q4(a) · 7 m · asked in 2 papers	
★★★	Cost of imported material CAS-6 (old tag 4.3)	D25 Q4(a) · 7 m · asked in 4 papers	
★★★	Insurance spare - repairs and maintenance CAS-12 (old tag 4.3)	D25 Q4(b) · 7 m · asked in 2 papers	similar problem: SM M4 Illus. 15 (SM p.284; solution there)
★★★	Unit cost of production CAS-4 (old tag 4.3)	J25 Q4(b) · 7 m · asked in 2 papers	
★★★	Closing stock value, normal/abnormal loss CAS-6 (old tag 4.3)	J24 Q4(a) · 7 m · asked in 4 papers	same problem: SM M4 Illus. 10 (SM p.279; solution there)
★★★	Cost of production for captive consumption CAS-4 (old tag 4.3)	J24 Q4(b) · 7 m · asked in 2 papers	same problem: SM M4 Illus. 6 (SM p.276; solution there)
★★★	Landed cost of imported material CAS-6 (old tag 4.3)	D23 Q4(a) · POSTAL Q1(iv) · 7 m · asked in 4 papers	same problem: SM M4 Illus. 8 (SM p.278; solution there)
★★★	Employee cost per CAS-7 (old tag 4.3)	D23 Q4(b) · 7 m · asked in 2 papers	same problem: SM M4 Illus. 11 (SM p.280; solution there)
★★★	Installed/practical/normal/idle capacity per CAS-2 (old tag 4.3)	J23 Q3(b) · POSTAL Q1(iii) · POSTAL Q3(a) · 10 m · asked in 3 papers	
★★	Direct expenses CAS-10 (old tag 4.3)	J25 Q4(a) · J26 Q4(b) · MQP Q4(b) · 7 m · asked in 2 papers	similar problem: SM M4 Illus. 14 (SM p.283; solution there)
★★	Explain the term "Normal capacity vis a vis installed capacity" as defined in the Form CRA 1. [7] (listed under 2.1 too)	D23 Q2(b) · 7 m · asked in 2 papers	
★	Material quality, usage, scrap variance	MQP Q4(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(iv) CAS 8 deals with Cost Accounting Standard related to (A) Material Cost (B) Cost of Utilities (C) Packaging Cost (D) Employee Cost	D23 Q1(vi) · J26 Q1(a)(iv) · PTP Q1(iii) · 2 m · asked in 4 papers	
★★★	(iii) Which of the following Cost Accounting Standards, explains the treatment of Cost of Service Cost Centre? (A) CAS-1 (B) CAS-12 (C) CAS-13 (D) CAS-14	J26 Q1(a)(iii) · 2 m · asked in 4 papers	

Priority	Question	Asked / marks	Answer in
★★★	(v) As per CAS 23, the activity of Overburden Removal that benefits the identified component of an ore to be mined by the entity is called as ____. (A) Mining Activity (B) Overburden Removal (C) Stripping Activity (D) Advance Stripping	J26 Q1(a)(v) · 2 m · asked in 4 papers	
★★★	(iii) Cost Accounting Standard 8 pertains to (A) Cost of Utilities (B) Capacity Determination (C) Direct Expenses (D) Raw Material Cost	D25 Q1(a)(iii) · 2 m · asked in 4 papers	
★★★	(vii) CAS 5 deals with (A) equalized cost of transportation. (B) captive consumption. (C) capacity determination. (D) cost classification.	J25 Q1(a)(vii) · 2 m · asked in 4 papers	
★★★	(iii) The foreign exchange component of imported material is converted at the rate on (A) Date of Payment (B) Date of Delivery (C) Date of Transaction (D) Date of Use	D24 Q1(a)(iii) · 2 m · asked in 4 papers	similar problem: Workbook ch.2 illustration 2 (WB p.15; solution there)
★★★	(ix) As per CAS 2, Actual Capacity utilization shall be presented as a percentage of (A) Installled capacity (B) Practical capacity (C) Abnormal Loss (D) Actual Production	D24 Q1(a)(ix) · 2 m · asked in 3 papers	
★★★	(iv) As per Cost Accounting Standard -2, the difference between installed capacity and normal capacity is ____ (A) Normal Idle Capacity (B) Abnormal Idle Capacity (C) Normal Capacity (D) Actual Capacity	J24 Q1(a)(iv) · 2 m · asked in 3 papers	
★★	(b) A Steel Company which produced Iron Casting Pipes and TMT Bar is covered under the Cost Audit according to the Companies (Cost Records and Audit) Rules, 2014. From the expenditure data relating to 2023-24, determine the Employees Cost according to CAS-7, clearly indicating the items not included. [7] in lakhs | | | | | (i) | Salary, Wages and other allowances | | (ii) | Bonus | | (iii) | Contribution to Provident Fund | | (iv) | Wages to contractors' employees | | (v) | Employees welfare | | (vi) | Abnormal cost due to strike | | (vii) | VRS payment for closure of TMT Bar Section of the plant | | (viii) | Arrear Salary (2022-23) | | (ix) | Compensation paid against the past periods against Court Order | | Particulars | Amount (₹) | | Salary, Wages and other allowances | 825 | | Bonus | 120 | | Contribution to Provident Fund | 100 | | Wages to contractors' employees | 110 | | Employees welfare | 45 | | Abnormal cost due to strike | 85 | | VRS payment for closure of TMT Bar Section of the plant | 67 | | Arrear Salary (2022-23) | 220 | | Compensation paid against the past periods against Court Order | 60 |	D23 Q1(vii) · D24 Q4(b) · MQP Q1(iv) · PTP Q4(b) · 2 m · asked in 2 papers	
★★	(iv) Penalty paid to PF authorities is ____ in employee cost. (A) included (B) excluded (C) based on individual case (D) partly included	D24 Q1(a)(iv) · 2 m · asked in 2 papers	
★★	(iii) Cost of Repairs and Maintenance is measured as per principles and methods defined under ____ (A) Cost Accounting Standard 17 (B) Cost Accounting Standard 12 (C) Cost Accounting Standard 13 (D) Cost Accounting Standard 8	J24 Q1(a)(iii) · 2 m · asked in 2 papers	
★★	(vii) Cost of Self-generation Utilities for own consumption shall comprise of ____ (A) Administrative Overheads (B) Distribution Cost (C) Factory Overheads (D) None of the above	J24 Q1(a)(vii) · 2 m · asked in 2 papers	
★★	(viii) Which of the following is not part of the Employee Cost as per CAS-7? [2] (A) Leave with pay (B) Medical benefits to the employees and dependents (C) Compensation for lay-off period (D) Cost of Employees' Stock Option	D23 Q1(viii) · 2 m · asked in 2 papers	
★	(viii) Which of the following does not form part of the cost of transportation? (A) Local Octroi Charges (B) Transit Insurance (C) Freight Expenses (D) Demurrage Charge	D24 Q1(a)(viii) · POSTAL Q1(v) · 2 m	

Problems to solve (46): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Practical problem: The following information pertains to REACON CEMENT LTD., a manufacturing…	SM M4 Illus. 2 · SM p.272	D24 Q4(a) (similar)
★★★	Practical problem: The following particulars pertaining to production of yarn are extracted from…	SM M4 Illus. 6 · SM p.276	J24 Q4(b)
★★★	Practical problem: Purchase of Materials ₹ 3,00,000 (inclusive of GST of ₹ 15,715); Free on Board…	SM M4 Illus. 8 · SM p.278	D23 Q4(a)

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Practical problem: Opening stock of raw materials (5,000 units) ₹ 1,80,000; Purchase of Raw…	SM M4 Illus. 10 · SM p.279	J24 Q4(a)
★★★	Practical problem: A Steel Company which produces Iron Casting Pipes and rod iron is covered under…	SM M4 Illus. 11 · SM p.280	D23 Q4(b)
★★★	Practical problem: TROMA LTD., a manufacturing unit, produces two products PB and PS. The…	SM M4 Illus. 14 · SM p.283	J25 Q4(a) (similar)
★★★	As per the CAS-12, how should high value spare, when replaced by a new spare and…	SM M4 Illus. 15 · SM p.284	D25 Q4(b) (similar)
★★★	Imported material: which exchange rate to record (GRN, invoice or payment date)	Workbook ch.2 illustration 2 · WB p.15	D24 Q1(a)(iii) (similar)
★★★	Overhead items: which belong under CAS 11	Workbook ch.2 illustration 11 · WB p.22	D24 Q6(b) (similar)
★★	Practical problem: The following data have been available of Sunflag Dolon Limited	SM M4 Illus. 3 · SM p.273	
★★	Practical problem: GLORY LTD., a manufacturing company provides the following extracts from its…	SM M4 Illus. 4 · SM p.274	
★★	Practical problem: A plant operates 3 shifts of 8 hours each for all days except Sundays and 8…	SM M4 Illus. 5 · SM p.275	
★★	ABUNA ELECTRONICS LTD	SM M4 Illus. 7 · SM p.277	
★★	Practical problem: Purchase of Materials 50,000 [Forward contract rate = ₹64.40 but = ₹64.60…	SM M4 Illus. 9 · SM p.279	
★★	Practical problem: A manufacturing firm has up its own power plant to cater its need in…	SM M4 Illus. 12 · SM p.281	
★★	Practical problem: During the Energy Audit of Reliable Engineering Ltd., the following figures…	SM M4 Illus. 13 · SM p.282	
★★	Practical problem: Standard Material requirement to produce 1000 units of product X is 1200 units…	SM M4 Illus. 16 · SM p.285	
★★	Value of raw material stock with falling purity for cost records and audit	Workbook ch.1 illustration 13 · WB p.9	
★★	Which variable and fixed cost elements belong in a job-work cost sheet	Workbook ch.2 illustration 1 · WB p.13	
★★	Match cost components with the Cost Accounting Standards	Workbook ch.2 illustration 3 · WB p.15	
★★	Trial-balance items: which CAS applies to each	Workbook ch.2 illustration 4 · WB p.16	
★★	Installed capacity of a product made through three processes (CAS 2)	Workbook ch.2 illustration 5 · WB p.18	
★★	Employee-related ledger items: which CAS applies	Workbook ch.2 illustration 6 · WB p.18	
★★	Raw material cost with debit and credit notes of this and last year (CAS 6)	Workbook ch.2 illustration 7 · WB p.19	
★★	Electricity from three sources: rate to charge each product (CAS 8)	Workbook ch.2 illustration 8 · WB p.20	
★★	Electricity from several sources: total cost and average rate (CAS 8)	Workbook ch.2 illustration 9 · WB p.21	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Employee cost with previous-year settlement and PF interest penalty (CAS 7)	Workbook ch.2 illustration 10 · WB p.22	
★★	Imported, local and self-made raw material: quantity, value and issue rate (CAS 6)	Workbook ch.2 illustration 12 · WB p.23	
★★	Job-work charges: applicable CAS and showing them separately	Workbook ch.2 illustration 13 · WB p.24	
★★	Raw material cost for two products with saleable and unsaleable recoveries	Workbook ch.2 illustration 14 · WB p.25	
★★	Raw material cost with transport and demurrage (CAS 6)	Workbook ch.2 illustration 15 · WB p.25	
★★	Raw material bought from three suppliers for three products: rate and value (CAS 6)	Workbook ch.2 illustration 16 · WB p.26	
★★	Fixed cost to charge at actual versus normal capacity (CAS 2)	Workbook ch.2 illustration 17 · WB p.27	
★★	Raw material rate with normal evaporation loss (CAS 6)	Workbook ch.2 illustration 18 · WB p.27	
★★	Steam cost rate with normal line losses	Workbook ch.2 illustration 19 · WB p.28	
★★	Consumable stores: applicable CAS, compliance and benefits	Workbook ch.2 illustration 20 · WB p.29	
★★	Repair costs: applicable CAS, compliance and benefits	Workbook ch.2 illustration 21 · WB p.29	
★★	Depreciation: applicable CAS, compliance and benefits	Workbook ch.2 illustration 22 · WB p.30	
★★	Fibre drums for packing and for handling: treatment under CAS 9	Workbook ch.2 illustration 23 · WB p.31	
★★	Employee cost: gross pay or net pay in the cost records (CAS 7)	Workbook ch.2 illustration 24 · WB p.31	
★★	Capacity raised mid-year: installed capacity and utilisation	Workbook ch.2 illustration 25 · WB p.32	
★★	CSR contribution: treatment in the cost records	Workbook ch.2 illustration 26 · WB p.33	
★★	Electricity cost with a prior-period settlement (CAS 8)	Workbook ch.2 illustration 27 · WB p.33	
★★	Raw material used in trial runs: value in the product cost sheet (CAS 6)	Workbook ch.2 illustration 28 · WB p.34	
★★	Capacity of a product limited by its by-product: installed capacity	Workbook ch.2 illustration 29 · WB p.34	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Reported capacity utilisation above 100% after expansion: correct figure	Workbook ch.2 illustration 30 · WB p.35	

★ **SM exercise (if time):** M4 solved case 1 (p.127): Introduction of the standard explains as to what the subject matter that the standard deals… · M4 MCQ (not in the bank) 8 (p.288): Total Cost Accounting Standards issued by Cost Accounting Standard Board of CMA Institute as… · M4 MCQ (not in the bank) 10 (p.288): Which Cost Accounting Standards deals with Material Cost · M4 MCQ (not in the bank) 12 (p.289): Details of Raw Material Procurement Cost (Rs / Kg) Purchase Price 100 Transportation 10… · M4 MCQ (not in the bank) 13 (p.289): Details of Employee Cost for Cost Records : Gross Employee Cost 100 TDS Deducted 30 As per CAS… · M4 MCQ (not in the bank) 14 (p.289): CAS ____ pertains to Cost of Utilities · M4 MCQ (not in the bank) 15 (p.289): CAS 10 deals with · M4 MCQ (not in the bank) 16 (p.290): Find the Direct Expenses as per CAS-10 from the following · M4 short essay 1 (p.290): Cost centre and what are the types of cost centre · M4 short essay 2 (p.290): Secondary Packing Material and its treatment as per CAS-9

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q30, Q46, Q47, Q48, Q49, Q51, Q52, Q54, Q55, Q56, Q57, Q59, Q60, Q66, Q71, Q72, Q76, Q191, Q192, Q193, Q194, Q195, Q196, Q197

4.2 Guidance Notes on Cost Accounting Standards

SM pp. 254–255 · **never asked in the seven papers**

★ **SM exercise (if time):** M4 MCQ (not in the bank) 9 (p.288): Total Guidance Notes for By Cost Accounting Standard Board of CMA Institute as on today are · M4 MCQ (not in the bank) 11 (p.288): Till today Guidance note for Cost Accounting Standard ____ is not issued by Cost Accounting…

4.3 Generally Accepted Cost Accounting Principles (GACAP)

SM pp. 256–286 · marks per attempt: **J23-2** · Dec'26 forecast: tier **C**, about **2** marks when it comes, chance it comes **30%** (MCQ)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(ii) As per Generally Accepted Cost Accounting Principles (GACAP), Cost of Production and distribution of Utilities is determined based on the normal or actual capacity whichever is ____ . [2] (A) lower (B) higher (C) equal (D) Not applicable Briefly justify your Answer:	J23 Q1(ii) · 2 m	

★ **SM exercise (if time):** M4 MCQ (not in the bank) 6 (p.288): Remuneration of the Non-Executive Directors is treated as____

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q50, Q58, Q62

5.1 Cost Auditing Standards - Overview

SM pp. 296–322 · marks per attempt: **J24-6 · J23-2** · Dec'26 forecast: tier **B**, about **2-4** marks when it comes, chance it comes **40%** (MCQ)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(v) The susceptibility of an assertion about the measurement, assignment or disclosure of cost to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls, is called as ____ (A) Inherent Risk (B) Control Risk (C) Detection Risk (D) Material Risk	J24 Q1(a)(v) · 2 m · asked in 2 papers	
★★	(vi) Cost Auditing Standard 103 deals with ____ (A) planning an Audit of Cost Statements. (B) documentation of Audit of Cost Statements, Records etc. (C) overall objectives of the Independent Cost Auditor and the Conduct of an Audit. (D) Knowledge of Business, its processes and the Business Environment.	J24 Q1(a)(vi) · 2 m · asked in 2 papers	
★★	(ix) In planning a cost audit, the Cost Auditor's knowledge about the design of internal control activities should be used to ____ (A) identify the types of possible misstatements that could occur. (B) assess the operational proficiency of internal control. (C) determine whether controls can be circumvented by collusion. (D) document the assessed level of control risk.	J24 Q1(a)(ix) · 2 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★★	(v) Name the Cost Audit Standard wherein the principle that the overall objectives of the cost auditor is to check the risk of material misstatement is contained: [2] (A) Cost Auditing Standard 101 (B) Cost Auditing Standard 102 (C) Cost Auditing Standard 103 (D) Cost Auditing Standard 104 Justify your answer.	J23 Q1(v) · MQP Q1(v) · PTP Q1(iv) (v) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M5 MCQ (not in the bank) 1 (p.323): ____ Cost Auditing Standard deals with planning an audit of Cost Statement · M5 MCQ (not in the bank) 2 (p.323): Total ____ Cost Auditing Standards have been issued by Cost Auditing Standard Board · M5 MCQ (not in the bank) 3 (p.323): Objective of Cost Auditing Standard ____ is to guide members in planning for the audit of… · M5 MCQ (not in the bank) 4 (p.323): Which Cost Auditing Standard requires Cost Auditor to prepare audit documentation on timely… · M5 MCQ (not in the bank) 5 (p.323): Which Cost Auditing Standard requires Cost Auditor to develop an audit plan · M5 MCQ (not in the bank) 6 (p.324): Which Cost Auditing Standard requires Cost Auditor to evaluate and assess IT Environment and… · M5 MCQ (not in the bank) 7 (p.324): Who has issued Cost Auditing Standards · M5 MCQ (not in the bank) 8 (p.324): Which Section of Companies Act,2013 provides that Cost Auditor should comply with Cost… · M5 MCQ (not in the bank) 9 (p.324): Who is the approving authority of Cost Auditing Standards · M5 MCQ (not in the bank) 11 (p.324): On which date, Cost Auditing Standards 101 to 104 are approved by Ministry of Corporate Affairs · M5 MCQ (not in the bank) 12 (p.325): How many members Cost Auditing Standard Board has · M5 short essay 1 (p.325): Meaning of initial audit, misstatement and related terms · M5 short essay 2 (p.326): As to how do you assess that the appointment of the cost auditor is proper · M5 short essay 3 (p.326): Factors which a new cost auditor is to consider while formulating the overall strategy of cost… · M5 short essay 4 (p.326): Audit risk

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q41, Q42, Q63, Q64, Q65, Q67, Q68, Q69, Q70, Q73, Q74, Q75, Q82

6.1 Introduction

SM pp. 329–329 · **never asked in the seven papers**

6.2 Factors in Planning Cost Audit Assignment

SM pp. 330–331 · marks per attempt: **J26-7 · D25-7 · D23-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **75%** (Q3(b) 7m)

OUR DEC'26 CALLS FOR THIS TOPIC

1. What factors should a cost auditor consider while planning a cost audit assignment? [REPEAT · D23 Q3(b), D25 Q3(b), J26 Q3(b) - asked 3 times; a 4th is possible]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	3. (b) You have been appointed as a Cost Auditor. Identify the factors which will be taken into consideration in planning the audit assignment.	D23 Q3(b) · D25 Q3(b) · J26 Q3(b) · 7 m · asked in 3 papers	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q85

6.3 Cost Audit Programme

SM pp. 332–367 · marks per attempt: **D24-7 · J23-8** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **50%** (Q3(b))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Prepare an audit checklist / audit programme for verifying [production / repairs and maintenance] cost. [REPEAT · J23 Q4(a), D24 Q3(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	In a Cost Audit program, draw a checklist to audit the production of a manufacturing unit-product-wise. [7]	D24 Q3(b) · 7 m · asked in 2 papers	
★★★	Formulate an audit checklist for Auditing Repairs and Maintenance Cost from the perspectives of Cost Audit. [8]	J23 Q4(a) · 8 m · asked in 2 papers	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q77, Q79, Q198, Q199, Q201

7.1 Cost Audit Documentation

SM pp. 372–373 · marks per attempt: **J26-2**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What are the three stages of Audit? Analyse the three stages of Audit. [8] Section-C (listed under 7.2 too)	J23 Q4(b) · MQP Q3(b) · PTP Q1(vi) · PTP Q3(b) · 8 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(vi) Which of the following stages of Cost Audit work involves detailed testing of internal controls, material consumptions, cost accumulation, allocation, apportionment and absorption? (A) Planning (B) Performing (C) Concluding (D) Reporting (listed under 7.2 too)	D25 Q1(a)(vi) · 2 m · asked in 2 papers	
★	(vi) Which of the following documents is not included as the working papers to be obtained and retained by the cost auditor in connection with the performance of the audit or compliance function? (A) Production schedule (B) Quantitative data (C) Market competition trends (D) Statistical data	J26 Q1(a)(vi) · MQP Q1(vi) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q84, Q187, Q200, Q205

7.2 Audit Process

SM pp. 374–374 · marks per attempt: **D25-2 · J23-8** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **70%** (Q3(b) 7m or MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the stages of an audit of cost statements (planning, performing, concluding and reporting). [PRACTICE+REPEAT · J23 Q4(b); BOTH the MQP Q3(b) and the PTP Q3(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What are the three stages of Audit? Analyse the three stages of Audit. [8] Section-C	J23 Q4(b) · MQP Q3(b) · PTP Q1(vi) · PTP Q3(b) · 8 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(vi) Which of the following stages of Cost Audit work involves detailed testing of internal controls, material consumptions, cost accumulation, allocation, apportionment and absorption? (A) Planning (B) Performing (C) Concluding (D) Reporting	D25 Q1(a)(vi) · 2 m · asked in 2 papers	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q81, Q203

7.3 Practical Steps of Audit Process

SM pp. 375–378 · **never asked in the seven papers**

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q202

8.1 Introduction

SM pp. 381–381 · marks per attempt: **J26-4 · D23-2**

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(vii) Form CRA 3 pertains to (A) Form of Filing Cost Audit Report. (B) Cost Accounting Records. (C) Form of Cost Audit Report. (D) Form of intimation of appointment of Cost Auditor.	J26 Q1(a)(vii) · 2 m · asked in 4 papers	

Priority	Question	Asked / marks	Answer in
★★★	(iii) Every Cost Auditor, who conducts an audit of the cost records of a company, shall submit the cost audit report in Form ____ . [2] (A) CRA-1 (B) CRA-2 (C) CRA-3 (D) CRA-4	D23 Q1(iii) · 2 m · asked in 4 papers	
★★	(i) The Cost Audit Report on the audit of cost records is submitted by the Cost Auditor to (A) Managing Director (B) Finance Director (C) Audit Committee (D) Board of Directors	J26 Q1(a)(i) · MQP Q1(i) · 2 m · asked in 2 papers	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	First cost audit: contents of the Annexure to CRA-3	Workbook ch.1 illustration 11 · WB p.8	J24 Q2(a) (similar)

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q21, Q28, Q61, Q89, Q186, Q206, Q207

8.2 Critical Elements of Cost Audit Report and Related Evidences (Physical and Digital)

SM pp. 382–384 · marks per attempt: **D23-7 · J23-4** · Dec'26 forecast: tier **B**, about **2-7** marks when it comes, chance it comes **60%** (MCQ or short)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Value addition, earnings for distribution (Part D para 3) (listed under 2.1 too)	J23 Q2(b) · J26 Q5(a) · POSTAL Q2(a) · 10 m · asked in 3 papers	
★★★	Reconciliation - profit as per cost accounts (listed under 2.1 too)	D23 Q5(a) · D25 Q5(a) · MQP Q5(a) · PTP Q5(a) · POSTAL Q4(b) · 7 m · asked in 4 papers	same problem: SM M2 Illus. 5 (SM p.80; solution there)
★★★	Reconciliation statement (listed under 2.1 too)	J25 Q5(a) · 7 m · asked in 4 papers	
★★★	Value addition (Part D) (listed under 2.1 too)	D24 Q5(a) · 7 m · asked in 3 papers	
★★★	Reconciliation statement (listed under 2.1 too)	J24 Q5(a) · 7 m · asked in 4 papers	
★★★	The Cost Audit Report in CRA 3 as submitted by the Cost Auditor contains more of Management Audit Basics than mere data of production and services. Comment on the same justifying reasons. [7]	D23 Q6(a) · 7 m · asked in 3 papers	
★★★	How to analyse the duty of the Cost Auditor to highlight utilization of resources by the Company during the year under Audit? [4]	J23 Q5(a) · PTP Q1(ii) · 4 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(vi) Which of the following particulars relating to wages and salaries is/are to be included in Cost Auditor's Report to the Director of the company? (A) Total wages and salaries paid (B) Total man days of direct labour available and actually worked (C) A brief explanation of variances in items (D) All of the above (listed under 2.1 too)	J25 Q1(a)(vi) · MQP Q2(b) · 2 m · asked in 3 papers	

Problems to solve (10): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Security expenses up 25% in CRA-3: what the cost auditor checks and recommends	Workbook ch.1 illustration 1 · WB p.1	
★★	Capacity utilisation fell from 85% to 65%: likely causes and recommendations	Workbook ch.1 illustration 2 · WB p.2	
★★	Repair expenses up sharply: areas to examine and recommendations	Workbook ch.1 illustration 3 · WB p.2	
★★	Electricity cost up sharply: areas to examine and remedies	Workbook ch.1 illustration 4 · WB p.3	
★★	Raw material cost up 20%: likely reasons and corrective steps	Workbook ch.1 illustration 5 · WB p.4	
★★	Packing material cost up 20%: likely reasons and corrective steps	Workbook ch.1 illustration 6 · WB p.4	
★★	Employee cost up 20%: likely drivers and remedies	Workbook ch.1 illustration 7 · WB p.5	
★★	Reconcile profit as per cost records with financial profit (CRA-3 Part D2)	Workbook ch.1 illustration 8 · WB p.6	
★★	Raw material stock of 28 days to be cut to 20 days: measures to suggest	Workbook ch.1 illustration 9 · WB p.7	
★★	Report layout comparing raw material stock in days with procurement lead time	Workbook ch.1 illustration 10 · WB p.7	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q19, Q208

8.3 8.3 Qualified Audit Report

SM pp. 385–385 · marks per attempt: **J23-4**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Under what circumstances, a qualified Audit Report is to be issued? [4] Group-B: Management Audit; Internal Audit, Forensic Audit and Anti-Money Laundering [50 Marks] Question Nos. 6 and 10 are compulsory and answer any two from Question Nos. 7, 8 & 9. Section-A	J23 Q5(b) · 4 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q83, Q173, Q209

8.4 Adverse Audit Report

SM pp. 386–386 · **never asked in the seven papers**

8.5 8.5 Filing of Cost Audit Report to MCA in XBRL Format (As per TAXONOMY)

SM pp. 387–396 · marks per attempt: **D25-2 · J25-11 · J24-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **80%** (Q3(b) 7m or MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the procedure for filing the cost audit report with the Central Government in XBRL - taxonomy, validation, pre-scrutiny. [REPEAT · J24 Q3(b), J25 Q3(b); MQP MCQ]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Discuss the steps to be taken for filing the Cost Audit Report with the Central Government. [7]	J25 Q3(b) · 7 m · asked in 3 papers	
★★★	What process is to be followed to file the reports in XBRL format? 7	J24 Q3(b) · MQP Q1(vii) · PTP Q1(vii) · 7 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(vii) Although XBRL can be applied to a very wide range of business applications including financial and cost data, XBRL does not have application in which of the following areas? (A) Reporting for internal and external purposes by an entity involving financial and costing data/information (B) Internal Management reports and confidential internal communications (C) Business reporting to all types of regulators, including tax and financial authorities, central banks and governments (D) Exchange of information between government departments, institutions and banks	D25 Q1(a)(vii) · 2 m · asked in 3 papers	
★★★	(v) Which of the following contains the properties and interrelationships of all the cost elements for the purposes of capturing the required reporting data in XBRL format? (A) Audit Program (B) Costing Taxonomy (C) Checklist (D) Audit Plan	J25 Q1(a)(v) · 2 m · asked in 3 papers	
★★	(i) The Cost Audit Report prepared in pursuance of a direction under Sub-Section(2) of Sec. 148 of the Companies Act, 2013, is to be furnished by the Company to the Central Government along with full information and explanation on every reservation or qualification contained therein, within ____ of the date of receipt. (A) 30 days (B) 60 days (C) 90 days (D) 120 days	J25 Q1(a)(i) · 2 m · asked in 2 papers	
★	Cost audit report filed in Form CRA-4	MQP Q1(ii) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q86, Q87, Q88, Q179

9.1 Definition

SM pp. 402–403 · **never asked in the seven papers**

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q97, Q210, Q211, Q212, Q214

9.2 Nature and Scope

SM pp. 404–405 · marks per attempt: **D23-2**

OUR DEC'26 CALLS FOR THIS TOPIC

1. State the functions of management audit. [PRACTICE · PTP Q6(b) - not yet in an exam]

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ix) Which of the following statements is true about Management Audit? [2] (A) The management audit is made compulsory and statutory. (B) Management audit is a programme of one year. (C) Management audit cannot be conducted by an independent person. (D) No time limit can be fixed for submission of the report under management audit.	D23 Q1(ix) · PTP Q6(b) · POSTAL Q6(iv) · 2 m · asked in 5 papers	

★ **SM exercise (if time):** M9 essay 1 (p.430): Scope of the management audit · M9 essay 2 (p.430): Essential qualities required of a Management Auditor

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q90, Q94

9.3 Need for Management Audit and Reporting

SM pp. 406–406 · marks per attempt: **J24-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **85%** (Q6(b) 7m)

OUR DEC'26 CALLS FOR THIS TOPIC

1. State the objectives of / the need for management audit. [REPEAT · J24 Q6(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What are the top objectives of having a Management Audit? 7	J24 Q6(b) · 7 m · asked in 5 papers	
★	Explain the Management Audit Report and the characteristics of a good Management Audit Report? 7 (listed under 9.6 too)	J26 Q6(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(v) Management Audit is useful for ____. (A) suggestion for targets. (B) assistance for management. (C) good staff relationship. (D) All of the above (listed under 9.5 too)	D24 Q1(a)(v) · 2 m · asked in 5 papers	

★ **SM exercise (if time):** M9 essay 3 (p.430): Objectives of a management audit · M9 essay 4 (p.430): Concept of evidence for Management Audit Multiple Choice Questions (MCQ) 1 2 3 4 5 6 7 (d)…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q91, Q93

9.4 Audit of Management Process and Functions

SM pp. 407–408 · **never asked in the seven papers**

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q95, Q96

9.5 Establishing Reliability of Information

SM pp. 409–411 · marks per attempt: **D24-2 · D23-2**

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(v) Management Audit is useful for ____. (A) suggestion for targets. (B) assistance for management. (C) good staff relationship. (D) All of the above	D24 Q1(a)(v) · 2 m · asked in 5 papers	
★	(x) The backbone of any organisation is ____ . [2] (A) Information (B) Employee (C) Management (D) Capital	D23 Q1(x) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q213

9.6 Role of CMAs in Management Audit

SM pp. 412–428 · marks per attempt: **J26-7 · D25-7 · J25-7**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What are the Techniques of Management Audit? - Explain. [7]	D25 Q6(b) · 7 m · asked in 5 papers	
★★★	Who is Qualified to conduct Management Audit? Explain. [7]	J25 Q6(b) · 7 m · asked in 5 papers	
★	Explain the Management Audit Report and the characteristics of a good Management Audit Report? 7	J26 Q6(b) · 7 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q92, Q215

10.1 Introduction

SM pp. 433–435 · **never asked in the seven papers**

★ **SM exercise (if time):** M10 MCQ (not in the bank) 2 (p.483): Management reporting can be performed as · M10 MCQ (not in the bank) 5 (p.483): Which of the following is a type of matter that may be covered in a special report · M10 MCQ (not in the bank) 9 (p.484): Which of the following general principle is required to be followed while reporting · M10 MCQ (not in the bank) 11 (p.485): Which of these reports provides information without any evaluation · M10 MCQ (not in the bank) 14 (p.485): Which of these is not a parameter of a formal report · M10 MCQ (not in the bank) 15 (p.486): Which of these reports is written before starting a new project · M10 MCQ (not in the bank) 16 (p.486): Which of these must never be a basis for a technical report · M10 MCQ (not in the bank) 18 (p.486): Which of these is not a parameter of a report · M10 MCQ (not in the bank) 19 (p.486): The chronological development of information in the body of the report is done according to… · M10 essay 1 (p.490): Accounting reports · M10 essay 2 (p.490): Special reports · M10 essay 3 (p.490): Reporting needs of different levels of management and how a system of reporting can satisfy it · M10

essay 4 (p.490): Essentials of a good report · M10 essay 5 (p.490): Different types of reports that are used in an enterprise · M10 essay 6 (p.490): Accounting Reports are a matter of necessity for the management and not a matter of... · M10 essay 7 (p.490): Reporting to different levels of management · M10 essay 9 (p.490): A control report · M10 essay 10 (p.490): Types of reports, which are required by the middle level of management

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q98, Q100, Q101, Q102, Q103, Q104, Q105, Q216, Q217

10.2 Performance Analysis

SM pp. 436–436 · marks per attempt: **J26-7** · Dec'26 forecast: tier **A**, about **7-10** marks when it comes, chance it comes **99%** (Q1(b) 5-MCQ case + Q7(b) 7m)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Explain Performance Analysis and list out the specific metrics or goals, a company might consider during a Performance Analysis. 7	J26 Q7(b) · MQP Q7(b) · 7 m	

★ **SM exercise (if time):** M10 short essay 1 (p.490): Meant by Performance Analysis · M10 short essay 2 (p.490): Objective of preparing the Performance Analysis Report · M10 short essay 4 (p.490): Indicate the contents of the Performance Analysis Report

10.3 Capacity Utilisation Analysis

SM pp. 437–438 · marks per attempt: **J26-10 · J25-7 · D24-7**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Case: a cement plant's capacity utilisation data - comment on the performance and suggest improvements. [PRACTICE+REPEAT · D24 Q4(a); PTP Q4(a)]
2. Explain capacity utilisation analysis as a management-audit tool. [REPEAT · J25 Q7(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Identify the role of Capacity Utilization Analysis as a tool of Management Audit. [7]	J25 Q7(b) · 7 m · asked in 2 papers	
★★★	The following information is provided to you in respect of a cement manufacturing company for the year ended as follows: [7] | The year ended March 31 | 2024 | 2023 | | | Rated Capacity per Hour (in MT) | 90 | 90 | | Break down (Hrs) | 2,388 | 1,230 | | Planned Maintenance (Hrs) | 258 | 482 | | Power restrictions (Hrs) | 1,374 | 1,691 | | Shortfall (there are no orders) (Hrs) | 822 | 878 | | Non-availability of Wagons (Hrs) | 506 | 839 | | Total Stoppage (Hrs) | 5,348 | 5,120 | | Total Running (Hrs) | 3,570 | 3,971 | | Total Available Hours | 8,918 | 9,091 | | Production during the year (in MT) | 2,49,865 | 3,17,650 | | Hourly Rate of Production (in MT) | 70 | 80 | | Capacity Utilisation (%) | 59.49% | 75.63% | | Annual Installed capacity (in MT) | 4,20,000 | 4,20,000 | Based on the information stated above, you as a Cost Auditor are required to offer your comments on: (i) The performance of the company (ii) Your suggestion for improvement	D24 Q4(a) · PTP Q4(a) · 7 m · asked in 2 papers	similar problem: SM M4 Illus. 2 (SM p.272; solution there)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh	J26 Q1(b)(xi) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)

Priority	Question	Asked / marks	Answer in
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13%	J26 Q1(b)(xii) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13% (xiii) Total Cost of Sales for the Export Order: (A) ₹ 24.50 lakh (B) ₹ 24.00 lakh (C) ₹ 38.50 lakh (D) ₹ 41.00 lakh	J26 Q1(b)(xiii) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13% (xiii) Total Cost of Sales for the Export Order: (A) ₹ 24.50 lakh (B) ₹ 24.00 lakh (C) ₹ 38.50 lakh (D) ₹ 41.00 lakh (xiv) Profit for the Export Order: (A) ₹ 2.40 lakh (B) ₹ 2.67 lakh (C) ₹ 3.00 lakh (D) ₹ 3.50 lakh	J26 Q1(b)(xiv) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)

Priority	Question	Asked / marks	Answer in
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13% (xiii) Total Cost of Sales for the Export Order: (A) ₹ 24.50 lakh (B) ₹ 24.00 lakh (C) ₹ 38.50 lakh (D) ₹ 41.00 lakh (xiv) Profit for the Export Order: (A) ₹ 2.40 lakh (B) ₹ 2.67 lakh (C) ₹ 3.00 lakh (D) ₹ 3.50 lakh (xv) Minimum Price to be quoted for the Export Order: (A) ₹ 24.00 lakh (B) ₹ 27.00 lakh (C) ₹ 26.67 lakh (D) ₹ 28.00 lakh	J26 Q1(b)(xv) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Cost per unit when output rises from 50% to 75% of capacity	Workbook ch.3 illustration 2 · WB p.38	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q218

10.4 Productivity and Efficiency Analysis

SM pp. 439–440 · marks per attempt: **J24-7 · D23-2**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Distinguish productive efficiency and allocative efficiency. [REPEAT · J24 Q7(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What is Productive Efficiency? How does it work and how is it different from Allocative Efficiency? 7	J24 Q7(b) · 7 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(xi) Which one of the following KPI is used to measure the productivity and efficiency of labour? [2] (A) Production per machine hour (B) Contribution per unit of material (C) Production per man-hour (D) Growth in machine capacity utilization	D23 Q1(xi) · 2 m · asked in 2 papers	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q219, Q235

10.5 Utilities and Energy Efficiency Analysis

SM pp. 441–444 · **never asked in the seven papers**

10.6 Key Costs and Contribution Analysis

SM pp. 445–446 · marks per attempt: **D25-10 · J23-2**

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	Choose the most appropriate answer to the following questions with justification. 1 mark Choose the most appropriate answer to the following questions with justification. 1 mark will be awarded for correct answer and 1 mark for justification: [2x5=10] (i) This analysis is useful in understanding the effect of variable costs on the net income (performance indicator). [2] (A) Contribution Analysis (B) Performance Analysis (C) Technical Analysis (D) Ratio Analysis Justify your selection: (ii) In the context of performance evaluation, this mechanism is perused in progressive organisations where employees, managers, subordinates and peers to provide feedback about performance of the employee from every angle. Explain the reason briefly: [2] (A) Rating Scale (B) Feedback (C) Goal Setting Exercise (D) 360° Feedback Mechanism (iii) A model categorizing known frauds grouped by categories and subcategories is known as: [2] (A) Fraud Triangle (B) Fraud Square (C) Fraud Model (D) Fraud Tree (Justify your selection) (iv) COSO, the Committee of Sponsoring Organizations, is an advisory group that designs frameworks to help organizations with risk management issues. Which of the following is not a part of the COSO Internal Control Integrated Framework? Why? [2] (A) Control environment (B) Risk assessment (C) Control activities (D) Information and Communication (E) Supervision (v) Security in the design of information systems is used to [2] (A) inspect the system and check that it is built as per the specifications. (B) protect data and programs from accidental or intentional loss. (C) ensure that the system process data as it was designed to and that the results are reliable. (D) ensure the privacy of data processed by it. Justify your answer. Section-B Answer any two Questions: [16x2=32]	J23 Q6(i) · 2 m · asked in 2 papers	
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (listed under 10.3 too)	J26 Q1(b)(xi) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13% (listed under 10.3 too)	J26 Q1(b)(xii) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)

Priority	Question	Asked / marks	Answer in
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13% (xiii) Total Cost of Sales for the Export Order: (A) ₹ 24.50 lakh (B) ₹ 24.00 lakh (C) ₹ 38.50 lakh (D) ₹ 41.00 lakh (listed under 10.3 too)	J26 Q1(b)(xiii) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13% (xiii) Total Cost of Sales for the Export Order: (A) ₹ 24.50 lakh (B) ₹ 24.00 lakh (C) ₹ 38.50 lakh (D) ₹ 41.00 lakh (xiv) Profit for the Export Order: (A) ₹ 2.40 lakh (B) ₹ 2.67 lakh (C) ₹ 3.00 lakh (D) ₹ 3.50 lakh (listed under 10.3 too)	J26 Q1(b)(xiv) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)
★	1. (b) Choose the Correct Option: 2x5=10 A company is operating at 60% capacity with a Turnover of ₹ 90 lakhs. (I) Prime Cost = 60% of Sales Value (II) Administrative and Selling Expenses = ₹ 10 lakhs (III) Factory Overhead will vary according to operating capacity as given below: | Operating Capacity | 60% | 80% | 100% | | | Factory Overhead (₹ Lakh) | 17.00 | 21.50 | 24.50 | The Company has received an export order with some modifications and the execution of the same will involve 40% of the capacity resulting in utilisation of 100% of capacity. The prime cost of the Export Order is estimated as ₹ 14 lakh. Shipping expenses will be ₹ 2.50 lakh. The profit percentage for the Export Order is same as the Profit Percentage of Domestic Sale. You are required to indicate the correct option for the following: (xi) Total Cost of Sales for the Domestic Sale at 60% Capacity: (A) ₹ 81 lakh (B) ₹ 72 lakh (C) ₹ 90 lakh (D) ₹ 85 lakh (xii) Profit Percentage on Sales at 60% capacity for the Domestic Sale: (A) 10% (B) 11% (C) 12% (D) 13% (xiii) Total Cost of Sales for the Export Order: (A) ₹ 24.50 lakh (B) ₹ 24.00 lakh (C) ₹ 38.50 lakh (D) ₹ 41.00 lakh (xiv) Profit for the Export Order: (A) ₹ 2.40 lakh (B) ₹ 2.67 lakh (C) ₹ 3.00 lakh (D) ₹ 3.50 lakh (xv) Minimum Price to be quoted for the Export Order: (A) ₹ 24.00 lakh (B) ₹ 27.00 lakh (C) ₹ 26.67 lakh (D) ₹ 28.00 lakh (listed under 10.3 too)	J26 Q1(b)(xv) · 2 m	similar problem: SM M10 Illus. 3 (SM p.476; solution there)
★	(xi) Fixed Factory Overhead Cost per unit is: (A) ₹ 9.00 (B) ₹ 3.00 (C) ₹ 12.00 (D) ₹ 11.50	D25 Q1(b)(xi) · 2 m	
★	(xii) Variable Factory Overhead per unit is: (A) ₹ 11.50 (B) ₹ 20.50 (C) ₹ 25.50 (D) ₹ 34.50	D25 Q1(b)(xii) · 2 m	
★	(xiii) Total Factory Overhead per unit is: (A) ₹ 11.50 (B) ₹ 20.50 (C) ₹ 25.50 (D) ₹ 34.50	D25 Q1(b)(xiii) · 2 m	
★	(xiv) Total Cost per unit of the product is: (A) ₹ 200.50 (B) ₹ 172.50 (C) ₹ 52.50 (D) ₹ 225.00	D25 Q1(b)(xiv) · 2 m	

Priority	Question	Asked / marks	Answer in
★	(xv) Profit per unit of the product is: (A) ₹ 200.50 (B) ₹ 172.50 (C) ₹ 52.50 (D) ₹ 225.00	D25 Q1(b)(xv) · 2 m	
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (listed under 10.11 too)	J25 Q1(b)(xi) · PTP Q1(b) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000 (listed under 10.11 too)	J25 Q1(b)(xii) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000 (xiii) Total Sales Value for Finishing Division: (A) ₹42,00,000 (B) ₹38,85,000 (C) ₹57,75,000 (D) ₹42,85,000 (listed under 10.11 too)	J25 Q1(b)(xiii) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)

Priority	Question	Asked / marks	Answer in
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000 (xiii) Total Sales Value for Finishing Division: (A) ₹42,00,000 (B) ₹38,85,000 (C) ₹57,75,000 (D) ₹42,85,000 (xiv) Profit for Finishing Division: (A) ₹7,20,000 (B) ₹5,90,000 (C) ₹10,00,000 (D) ₹6,90,000 (listed under 10.11 too)	J25 Q1(b)(xiv) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000 (xiii) Total Sales Value for Finishing Division: (A) ₹42,00,000 (B) ₹38,85,000 (C) ₹57,75,000 (D) ₹42,85,000 (xiv) Profit for Finishing Division: (A) ₹7,20,000 (B) ₹5,90,000 (C) ₹10,00,000 (D) ₹6,90,000 (xv) Total Profit for the Company: (A) ₹17,75,000 (B) ₹10,85,000 (C) ₹6,90,000 (D) ₹12,00,000 (listed under 10.11 too)	J25 Q1(b)(xv) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)

Problems to solve (4): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Break-even point and units for a target profit	Workbook ch.3 illustration 5 · WB p.42	
★★	Classify cost elements as variable or fixed for contribution analysis	Workbook ch.3 illustration 6 · WB p.43	
★★	Optimum mix of two products sharing one plant	Workbook ch.3 illustration 7 · WB p.44	
★★	P/V ratio, break-even sales, contribution at break-even and profit	Workbook ch.3 illustration 8 · WB p.46	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q224, Q225, Q226, Q227

10.7 Profitability Analysis

SM pp. 447–448 · marks per attempt: **D24-10 · D23-7**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Net margin, ROA, ROE, turnover ratios (old tag 10.6)	D23 Q7(a) · MQP Q1(b) · 7 m · asked in 2 papers	same problem: SM M10 Illus. 4 (SM p.477; solution there)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(xi) Cost of Goods Sold for the two years ending on 31.03.2024 and 31.03.2023: (₹) (A) 10,00,000 and 10,00,000 (B) 12,50,000 and 8,00,000 (C) 8,00,000 and 12,50,000 (D) 10,00,000 and 12,50,000	D24 Q1(b)(xi) · 2 m	
★	(xii) Sales for the two years ending on 31.03.2024 and 31.03.2023: (₹) (A) 10,66,667 and 15,62,500 (B) 15,62,500 and 10,66,667 (C) 8,00,000 and 12,50,000 (D) 10,00,000 and 15,62,500	D24 Q1(b)(xii) · 2 m	
★	(xiii) Net Income after Tax for the two years ending on 31.03.2024 and 31.03.2023:(₹) (A) 96,000 and 1,56,250 (B) 1,56,250 and 96,000 (C) 1,00,000 and 1,56,250 (D) 1,56,250 and 1,00,000	D24 Q1(b)(xiii) · 2 m	
★	(xiv) Profit Before Tax for the two years ending on 31.03.2024 and 31.03.2023 (₹) (A) 96,000 and 1,56,250 (B) 2,23,214 and 1,37,143 (C) 1,00,000 and 1,56,250 (D) 1,37,143 and 2,23,214	D24 Q1(b)(xiv) · 2 m	
★	(xv) What is the increase/decrease in the Profit before Tax from 31.03.2023 to 31.03.2024? (A) Decrease by ₹ 86,071 (B) Increase by ₹ 86,071 (C) No Change (D) Increase by ₹ 1,00,000	D24 Q1(b)(xv) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q234

10.8 Working Capital and Liquidity Management Analysis

SM pp. 449–453 · marks per attempt: **J24-10**

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	□1. (b) T Ltd., is a newly started company. It has the following forecast figures for its first year of trading: 2×5=10 | | | | | Sales | ₹40,00,000 | | Purchases | 32,00,000 | | Average Receivables | 3,20,000 | | Average Inventory | ₹4,50,000 | | Average Payables | ₹2,50,000 | | Average Overdraft | ₹4,50,000 | | Gross Profit Margin | 30% | | Industry Average Data: | | | Inventory Days | 53 | | Receivables Days | 23 | | Payables Days | 47 | | Current Ratio | 1.33 | Assume there are 365 days in the year. Choose the correct option based on above information: (i) The Cash operating cycle for T Ltd., is ___ (A) 65 days (B) 59 days (C) 29 days (D) 88 days	J24 Q1(b)(i) · 2 m	
★	□1. (b) T Ltd., is a newly started company. It has the following forecast figures for its first year of trading: 2×5=10 | | | | | Sales | ₹40,00,000 | | Purchases | 32,00,000 | | Average Receivables | 3,20,000 | | Average Inventory | ₹4,50,000 | | Average Payables | ₹2,50,000 | | Average Overdraft | ₹4,50,000 | | Gross Profit Margin | 30% | | Industry Average Data: | | | Inventory Days | 53 | | Receivables Days | 23 | | Payables Days | 47 | | Current Ratio | 1.33 | Assume there are 365 days in the year. Choose the correct option based on above information: (i) The Cash operating cycle for T Ltd., is ___ (A) 65 days (B) 59 days (C) 29 days (D) 88 days (ii) Current Ratio of T Ltd. is ___ (A) 1.10 times (B) 1.25 times (C) 1.00 times (D) 1.30 times	J24 Q1(b)(ii) · 2 m	
★	□1. (b) T Ltd., is a newly started company. It has the following forecast figures for its first year of trading: 2×5=10 | | | | | Sales | ₹40,00,000 | | Purchases | 32,00,000 | | Average Receivables | 3,20,000 | | Average Inventory | ₹4,50,000 | | Average Payables | ₹2,50,000 | | Average Overdraft | ₹4,50,000 | | Gross Profit Margin | 30% | | Industry Average Data: | | | Inventory Days | 53 | | Receivables Days | 23 | | Payables Days | 47 | | Current Ratio | 1.33 | Assume there are 365 days in the year. Choose the correct option based on above information: (i) The Cash operating cycle for T Ltd., is ___ (A) 65 days (B) 59 days (C) 29 days (D) 88 days (ii) Current Ratio of T Ltd. is ___ (A) 1.10 times (B) 1.25 times (C) 1.00 times (D) 1.30 times (iii) Quick Ratio of T Ltd. is ___ (A) 1.00 times (B) 0.46 times (C) 0.60 times (D) 1.20 times	J24 Q1(b)(iii) · 2 m	

Priority	Question	Asked / marks	Answer in
★	□1. (b) T Ltd., is a newly started company. It has the following forecast figures for its first year of trading: 2×5=10 | | | | | Sales | ₹40,00,000 | | Purchases | 32,00,000 | | Average Receivables | 3,20,000 | | Average Inventory | ₹4,50,000 | | Average Payables | ₹2,50,000 | | Average Overdraft | ₹4,50,000 | | Gross Profit Margin | 30% | | Industry Average Data: | | | Inventory Days | 53 | | Receivables Days | 23 | | Payables Days | 47 | | Current Ratio | 1.33 | Assume there are 365 days in the year. Choose the correct option based on above information: (i) The Cash operating cycle for T Ltd., is ___ (A) 65 days (B) 59 days (C) 29 days (D) 88 days (ii) Current Ratio of T Ltd. is ___ (A) 1.10 times (B) 1.25 times (C) 1.00 times (D) 1.30 times (iii) Quick Ratio of T Ltd. is ___ (A) 1.00 times (B) 0.46 times (C) 0.60 times (D) 1.20 times (iv) Sales to Working Capital Ratio is ___ (A) 5.60 times (B) 6.30 times (C) 7.69 times (D) 5.75 times	J24 Q1(b)(iv) · 2 m	
★	□1. (b) T Ltd., is a newly started company. It has the following forecast figures for its first year of trading: 2×5=10 | | | | | Sales | ₹40,00,000 | | Purchases | 32,00,000 | | Average Receivables | 3,20,000 | | Average Inventory | ₹4,50,000 | | Average Payables | ₹2,50,000 | | Average Overdraft | ₹4,50,000 | | Gross Profit Margin | 30% | | Industry Average Data: | | | Inventory Days | 53 | | Receivables Days | 23 | | Payables Days | 47 | | Current Ratio | 1.33 | Assume there are 365 days in the year. Choose the correct option based on above information: (i) The Cash operating cycle for T Ltd., is ___ (A) 65 days (B) 59 days (C) 29 days (D) 88 days (ii) Current Ratio of T Ltd. is ___ (A) 1.10 times (B) 1.25 times (C) 1.00 times (D) 1.30 times (iii) Quick Ratio of T Ltd. is ___ (A) 1.00 times (B) 0.46 times (C) 0.60 times (D) 1.20 times (iv) Sales to Working Capital Ratio is ___ (A) 5.60 times (B) 6.30 times (C) 7.69 times (D) 5.75 times (v) From the above calculations and the given scenario, which one of the statements is most correct? (A) The length of the Cash Operating Cycle is longer than the industry average, which is 45 days, and is likely to lead to liquidity problems. (B) Liquidity position is favourable. (C) Liquidity position is better than the industry standard. (D) Resources are efficiently utilized.	J24 Q1(b)(v) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q228, Q229, Q230, Q231

10.9 Manpower Analysis

SM pp. 454–468 · **never asked in the seven papers**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the approaches to manpower planning. [PRACTICE · PTP Q7(b) - not yet in an exam]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Approaches to manpower planning	PTP Q7(b) · 7 m	

★ **SM exercise (if time):** M10 MCQ (not in the bank) 10 (p.485): Collecting comments and suggestions from users to discover ways to continuously improve the… · M10 short essay 7 (p.490): ~ Essay Type Questions · M10 essay 8 (p.490): Objectives of Management Reporting

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q232

10.10 Other Areas Suggested to be covered in the Report on Performance Analysis

SM pp. 469–470 · **never asked in the seven papers**

★ **SM exercise (if time):** M10 short essay 3 (p.490): Steps suggested for the report on performance analysis

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q99

10.11 Management Accounting Tools

SM pp. 471–482 · marks per attempt: **J25-10**

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000	J25 Q1(b)(xi) · PTP Q1(b) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000	J25 Q1(b)(xii) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000 (xiii) Total Sales Value for Finishing Division: (A) ₹42,00,000 (B) ₹38,85,000 (C) ₹57,75,000 (D) ₹42,85,000	J25 Q1(b)(xiii) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)

Priority	Question	Asked / marks	Answer in
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000 (xiii) Total Sales Value for Finishing Division: (A) ₹42,00,000 (B) ₹38,85,000 (C) ₹57,75,000 (D) ₹42,85,000 (xiv) Profit for Finishing Division: (A) ₹7,20,000 (B) ₹5,90,000 (C) ₹10,00,000 (D) ₹6,90,000	J25 Q1(b)(xiv) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)
★	1. (b) Choose the correct option: ABC Ltd., which is manufacturing consumer products, has two divisions: Assembling and Finishing. The two divisions are operating as Cost Centres. Present activities and costs involved in the Assembling Division and Finishing Division in a year are as under: | Particulars | Amount | | | Number of Sets Assembled | 14,000 | | Cost of Manufacturing of parts (including material) | ₹9,00,000 | | Parts purchased from the market | ₹5,00,000 | | Other variable overhead: | | | Welding Cost | ₹6,50,000 | | Assembling Cost | ₹9,50,000 | | Fixed Cost for the unit | ₹12,00,000 | 25% of the production of the Assembling Division is sold in the market for ₹400 per set and 75% is transferred to Finishing Division at ₹370. The Cost incurred in Finishing Division: Painting Cost ₹6,00,000 Polishing Cost - ₹1,50,000 Fixed Cost ₹4,50,000 The selling price per set ₹550 Find out the correct option in respect of the following items: (xi) Total Sales Value for the Assembly Division: (A) ₹52,85,000 (B) ₹14,00,000 (C) ₹38,85,000 (D) ₹82,85,000 (xii) Profit for Assembly Division: (A) ₹7,85,000 (B) ₹10,85,000 (C) ₹15,80,000. (D) ₹20,00,000 (xiii) Total Sales Value for Finishing Division: (A) ₹42,00,000 (B) ₹38,85,000 (C) ₹57,75,000 (D) ₹42,85,000 (xiv) Profit for Finishing Division: (A) ₹7,20,000 (B) ₹5,90,000 (C) ₹10,00,000 (D) ₹6,90,000 (xv) Total Profit for the Company: (A) ₹17,75,000 (B) ₹10,85,000 (C) ₹6,90,000 (D) ₹12,00,000	J25 Q1(b)(xv) · 2 m	same problem: SM M10 Illus. 5 (SM p.478; solution there)

Problems to solve (10): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Practical problem: A company is operating at 60% capacity with a turnover of ₹ 86.40 lakhs	SM M10 Illus. 3 · SM p.476	J26 Q1(b)(xi) (similar) · J26 Q1(b)(xii) (similar) · J26 Q1(b)(xiii) (similar) · J26 Q1(b)(xiv) (similar) · J26 Q1(b)(xv) (similar)
★★★	Practical problem: ABC Co. has planned for an investment of ₹ 800.00 lakh with a 50% Loan from…	SM M10 Illus. 4 · SM p.477	D23 Q7(a)
★★★	Practical problem: ABC Ltd which is manufacturing consumer products has two divisions Assembling…	SM M10 Illus. 5 · SM p.478	J25 Q1(b)(xi) · J25 Q1(b)(xii) · J25 Q1(b)(xiii) · J25 Q1(b)(xiv) · J25 Q1(b)(xv)
★★	Practical problem: A Company introduced a new product EZY with advanced technology in a product…	SM M10 Illus. 1 · SM p.475	
★★	Practical problem: ABC Co. has two Department producing small electrical goods	SM M10 Illus. 2 · SM p.476	
★★	Job-work negotiation from the in-house cost sheet	Workbook ch.3 illustration 1 · WB p.37	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Highest price the company can pay for its main raw material	Workbook ch.3 illustration 3 · WB p.40	
★★	One average price for liquid and powder forms: what the auditor checks	Workbook ch.3 illustration 4 · WB p.41	
★★	Internal benchmarking of one product's costs at two plants	Workbook ch.3 illustration 9 · WB p.47	
★★	Accept a higher job-work rate from a new job worker or not	Workbook ch.3 illustration 10 · WB p.48	

★ **SM exercise (if time):** M10 MCQ (not in the bank) 8 (p.484): Are presented in the form of comparative statements · M10 MCQ (not in the bank) 20 (p.486): Which of these must be avoided in a technical report · M10 case 1 (p.487): Case study: variable cost, fixed cost, contribution and profitability of a product · M10 short essay 5 (p.490): Management Accounting Tool · M10 short essay 6 (p.490): Various management accounting tools which are used to serve different objectives

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q233

11.1 Corporate Objectives and Culture

SM pp. 495–499 · **never asked in the seven papers**

11.2 Corporate Services Audit

SM pp. 500–501 · **never asked in the seven papers**

★ **SM exercise (if time):** M11 MCQ (not in the bank) 1 (p.534): Management auditor should have a thorough knowledge of ___ · M11 MCQ (not in the bank) 6 (p.535): The management auditor's work begins ___ · M11 MCQ (not in the bank) 15 (p.536): There are no fixed items of evidence to be checked by Management Auditor · M11 essay 2 (p.538): Meant by "Corporate Services Audit · M11 essay 8 (p.538): Corporate Services Audit · M11 essay 11 (p.538): Four objectives of operational audit · M11 essay 21 (p.539): Risks that can be covered by a CSR Audit programme · M11 essay 24 (p.539): Consumer Services" Audit

11.3 Corporate Development Audit

SM pp. 502–506 · marks per attempt: **D24-7**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	What are the four essential dimensions involved in Corporate Development Audit? Explain the Scope of Corporate Development Audit. [7]	D24 Q7(b) · 7 m	

★ **SM exercise (if time):** M11 essay 1 (p.538): As a Management Auditor of a large organisation, you have been asked to carry out the review… · M11 essay 4 (p.538): Evaluation of the personnel function of an organisation by management auditor is by no means… · M11 essay 9 (p.538): Management Audit and Operational Audit are complementary and supplementary to one another · M11 essay 25 (p.539): What to you understand by Corporate Strategy

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q106, Q107

11.4 Evaluation of Personnel Development

SM pp. 507–508 · marks per attempt: **D23-7 · J23-2** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **40%** (Q7(b))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	How do you evaluate the Personnel Development? Explain in detail. [7]	D23 Q7(b) · 7 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	Choose the most appropriate answer to the following questions with justification. 1 mark Choose the most appropriate answer to the following questions with justification. 1 mark will be awarded for correct answer and 1 mark for justification: [2x5=10] (i) This analysis is useful in understanding the effect of variable costs on the net income (performance indicator). [2] (A) Contribution Analysis (B) Performance Analysis (C) Technical Analysis (D) Ratio Analysis Justify your selection: (ii) In the context of performance evaluation, this mechanism is perused in progressive organisations where employees, managers, subordinates and peers to provide feedback about performance of the employee from every angle. Explain the reason briefly: [2] (A) Rating Scale (B) Feedback (C) Goal Setting Exercise (D) 360° Feedback Mechanism (iii) A model categorizing known frauds grouped by categories and subcategories is known as: [2] (A) Fraud Triangle (B) Fraud Square (C) Fraud Model (D) Fraud Tree (Justify your selection) (iv) COSO, the Committee of Sponsoring Organizations, is an advisory group that designs frameworks to help organizations with risk management issues. Which of the following is not a part of the COSO Internal Control Integrated Framework? Why? [2] (A) Control environment (B) Risk assessment (C) Control activities (D) Information and Communication (E) Supervision (v) Security in the design of information systems is used to [2] (A) inspect the system and check that it is built as per the specifications. (B) protect data and programs from accidental or intentional loss. (C) ensure that the system process data as it was designed to and that the results are reliable. (D) ensure the privacy of data processed by it. Justify your answer. Section-B Answer any two Questions: [16x2=32]	J23 Q6(ii) · 2 m · asked in 2 papers	

11.5 Consumer Services Audit

SM pp. 509–510 · marks per attempt: **D23-2**

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(xii) The consumer service audit critically examines: [2] (A) Outstanding payment of consumers (B) Price consumers are ready to pay for particular product service (C) Appraise management of business enterprise of responsibility towards consumers (D) Demand of a product by consumers	D23 Q1(xii) · POSTAL Q6(v) · 2 m	

★ **SM exercise (if time):** M11 MCQ (not in the bank) 11 (p.535): The consumer service audit critically examines · M11 essay 17 (p.539): Short not on "Customer Costing in Service Sector · M11 essay 22 (p.539): A management audit team should be multidimensional · M11 essay 27 (p.539): Internal Audit is an independent appraisal activity within an organisation for review of…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q108, Q110

11.6 Audit of Environmental Pollution Control [11.6]

SM pp. 511–517 · marks per attempt: **D25-7**

OUR DEC'26 CALLS FOR THIS TOPIC

1. State the benefits of environmental auditing. [REPEAT · D25 Q7(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Explain Benefits of Environmental Auditing. [7]	D25 Q7(b) · 7 m	

★ **SM exercise (if time):** M11 MCQ (not in the bank) 7 (p.535): Management audit is useful for ___ · M11 essay 3 (p.538): You are appointed by Mr. K who wants to join M/s DEF & Co., partnership firm as an… · M11 essay 5 (p.538): While performing an Information System Audit, the Management Auditor should make sure that… · M11 essay 12 (p.538): While performing an Information System Audit, the Management Auditor should make sure that… · M11 essay 13 (p.538): Probable format of environmental statement · M11 essay 18 (p.539): Management Audit Questionnaires · M11 essay 20 (p.539): You have been appointed as a Management Auditor by SBI Bank · M11 essay 26 (p.539): Draft an internal control questionnaire for 'Account Receivables

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q130

11.7 Audit of Energy and Utilities - Generation and Consumption

SM pp. 518–523 · **never asked in the seven papers** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **50%** (Q6(b) or Q7(b))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain energy audit as part of management audit and the functions of an energy auditor. [PRACTICE · MQP Q6(b), postal Q7(a) - not yet in an exam]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Energy audit in management audit	MQP Q6(b) · 7 m	
★	Energy audit + functions of energy auditor	POSTAL Q7(a) · 8 m	

★ **SM exercise (if time):** M11 MCQ (not in the bank) 5 (p.534): Cost audit is a verification of cost records to estimate the ___ efficiency of a business · M11 essay 7 (p.538): Energy Audit · M11 essay 16 (p.538): Management Audit team should be multidimensional · M11 essay 23 (p.539): Energy Audit

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q222, Q223

11.8 Productivity Audit / Efficiency Audit

SM pp. 524–525 · **never asked in the seven papers**

★ **SM exercise (if time):** M11 essay 15 (p.538): Environment audit and productivity audit · M11 essay 28 (p.539): You have been appointed as an internal auditor for M/s KBC Ltd which is a large manufacturing...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q220

11.9 Propriety Audit

SM pp. 526–527 · **never asked in the seven papers**

★ **SM exercise (if time):** M11 MCQ (not in the bank) 14 (p.536): Management Audit Report Submitted to · M11 essay 10 (p.538): Mr. Ram, being a CMA, certifies a financial forecast of his client which was forwarded to the... · M11 essay 19 (p.539): The Cost Audit Reports can be termed as propriety audit"- Discuss

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q109

11.10 Corporate Social Responsibility (CSR) Audit

SM pp. 528–531 · marks per attempt: **D24-7 · J23-9** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **40%** (Q6(b))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	What do you understand by Corporate Social Responsibility? How are the Internal Auditors involved in CSR Audit? [7]	D24 Q6(b) · 7 m · asked in 2 papers	similar problem: Workbook ch.2 illustration 11 (WB p.22; solution there)
★★	State the benefits of Corporate Social Responsibility. Examine how the Internal Auditor can contribute effectively in the CSR program of the company. [9]	J23 Q8(a) · 9 m · asked in 2 papers	

★ **SM exercise (if time):** M11 MCQ (not in the bank) 2 (p.534): A management auditor can recommend the most suitable system of flow of information ___ · M11 MCQ (not in the bank) 10 (p.535): Assurance engagements involve ___ · M11 MCQ (not in the bank) 16 (p.536): Which of the following contain the frame work for CSR · M11 MCQ (not in the bank) 17 (p.537): To which category of company, provisions of CSR is applicable under Section 135 of the... · M11 MCQ (not in the bank) 18 (p.537): As per Section 135 of the Companies Act,2013, provisions of CSR is applicable to every company... · M11 MCQ (not in the bank) 19 (p.537): As per Section 135 of the Companies Act, 2013, provisions of CSR is applicable to every... · M11 MCQ (not in the bank) 20 (p.537): Within how many days from the end of the Financial Year, company has to transfer any unspent... · M11 essay 6 (p.538): M/s XYZ Ltd. engaged in manufacturing of engineering goods is consistently recording higher... · M11 essay 14 (p.538): What points should you consider as a Management Auditor performing CSR Audit

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q236, Q237, Q241

11.11 Social Cost-Benefit Analysis Audit

SM pp. 532–533 · **never asked in the seven papers**

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q238

12.1 Introduction

SM pp. 543–547 · marks per attempt: **J26-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **40%** (Q7(a))

OUR DEC'26 CALLS FOR THIS TOPIC

1. What approaches are used to evaluate the corporate image of a company? [PRACTICE · MQP Q7(a) (J26 asked corporate image + strategy)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	What is Corporate Image? Develop strategy regarding how to build a positive image. 7	J26 Q7(a) · MQP Q7(a) · 7 m	

★ **SM exercise (if time):** M12 MCQ (not in the bank) 2 (p.571): Which media relation norm enlists that actual and factual data should be reported · M12 MCQ (not in the bank) 11 (p.572): Which of this is true for corporate image of an organisation · M12 MCQ (not in the bank) 13 (p.573): Which type of advertising focuses on the basis of experience that customers have with a company · M12 essay 13 (p.575): How to enrich or improve company image · M12 essay 15 (p.575): If new product or service launched, explain the measures to fit with existing brand · M12 essay 16 (p.575): Fundamental components for a successful brand · M12 essay 17 (p.575): How to spin-off a company without losing market share or profit · M12 essay 18 (p.575): How to increase brand recognition

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q111, Q112, Q113, Q115, Q116, Q118

12.2 Audit Checks of Different Managerial Functions

SM pp. 548–555 · **never asked in the seven papers**

★ **SM exercise (if time):** M12 MCQ (not in the bank) 5 (p.571): Crucial function of a PR agency · M12 essay 7 (p.575): Importance and limitations of Planning as a Function of Management · M12 essay 8 (p.575): Functions of managers · M12 essay 9 (p.575): Different levels of management · M12 essay 10 (p.575): Different roles managers have to play in modem organisations · M12 essay 11 (p.575): Management skills acquired · M12 essay 12 (p.575): Scope of management · M12 essay 19 (p.575): A full research or discovery is required before kick-starting a re-brand of the Company Product

12.3 Audit Checks of Various Corporate Divisions / Departments

SM pp. 556–563 · **never asked in the seven papers**

★ **SM exercise (if time):** M12 MCQ (not in the bank) 6 (p.572): Main objective of investor relations · M12 MCQ (not in the bank) 14 (p.573): For evaluating adequacy of Project Implementation, what factors Management Auditor should… · M12 MCQ (not in the bank) 15 (p.573): For evaluating adequacy of Production Function, what factors Management Auditor should consider · M12 MCQ (not in the bank) 16 (p.573): For evaluating adequacy of Purchase Function, what factors Management Auditor should consider · M12 MCQ (not in the bank) 17 (p.574): For evaluating adequacy of Inventory Function, what factors Management Auditor should consider · M12 MCQ (not in the bank) 18 (p.574): For evaluating adequacy of Finance Function, what factors Management Auditor should consider · M12 MCQ (not in the bank) 19 (p.574): For evaluating adequacy of R & D Function, what factors Management Auditor should consider · M12 MCQ (not in the bank) 20 (p.574): For evaluating adequacy of Insurance Function, what factors Management Auditor should consider · M12 essay 14 (p.575): Company's mission, vision, and values

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q114

12.4 ESG Audit

SM pp. 564–570 · marks per attempt: **J23-8**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the Board's role in ESG strategy / the ESG audit process. [PRACTICE · postal Q8(a); J23 Q7(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Describe the processes followed for ESG (environmental, social and governance) Audit. [8]	J23 Q7(a) · POSTAL Q8(a) · 8 m	

★ **SM exercise (if time):** M12 essay 1 (p.575): ESG · M12 essay 2 (p.575): Difference Between CSR and ESG · M12 essay 3 (p.575): How ESG is measured by the Organisation · M12 essay 4 (p.575): How ESG is Reported by the Organisation · M12 essay 5 (p.575): ESG

create value for the Organisation · M12 essay 6 (p.575): Board of directors of the company need to evolve to oversee, enable and support the delivery...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q117, Q239, Q240

13.1 Overview

SM pp. 580–582 · marks per attempt: **D25-7**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What are the steps in an IT Security Audit? - Explain. [7]	D25 Q7(a) · 7 m · asked in 4 papers	
★★★	Enumerate and explain the Information System Audit Approaches. 7 (listed under 13.4 too)	J24 Q7(a) · POSTAL Q6(iii) · 7 m · asked in 4 papers	

★ **SM exercise (if time):** M13 short essay 14 (p.607): Foundations of Information Systems Auditing · M13 short essay 16 (p.607): Test pack

13.2 Compliance and Security Framework

SM pp. 583–585 · marks per attempt: **J23-2**

OUR DEC'26 CALLS FOR THIS TOPIC

1. What are the pitfalls of inadequate security controls in information systems? [PRACTICE · postal Q9(a)]

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	Choose the most appropriate answer to the following questions with justification. 1 mark Choose the most appropriate answer to the following questions with justification. 1 mark will be awarded for correct answer and 1 mark for justification: [2x5=10] (i) This analysis is useful in understanding the effect of variable costs on the net income (performance indicator). [2] (A) Contribution Analysis (B) Performance Analysis (C) Technical Analysis (D) Ratio Analysis Justify your selection: (ii) In the context of performance evaluation, this mechanism is perused in progressive organisations where employees, managers, subordinates and peers to provide feedback about performance of the employee from every angle. Explain the reason briefly: [2] (A) Rating Scale (B) Feedback (C) Goal Setting Exercise (D) 360° Feedback Mechanism (iii) A model categorizing known frauds grouped by categories and subcategories is known as: [2] (A) Fraud Triangle (B) Fraud Square (C) Fraud Model (D) Fraud Tree (Justify your selection) (iv) COSO, the Committee of Sponsoring Organizations, is an advisory group that designs frameworks to help organizations with risk management issues. Which of the following is not a part of the COSO Internal Control Integrated Framework? Why? [2] (A) Control environment (B) Risk assessment (C) Control activities (D) Information and Communication (E) Supervision (v) Security in the design of information systems is used to [2] (A) inspect the system and check that it is built as per the specifications. (B) protect data and programs from accidental or intentional loss. (C) ensure that the system process data as it was designed to and that the results are reliable. (D) ensure the privacy of data processed by it. Justify your answer. Section-B Answer any two Questions: [16x2=32]	J23 Q6(v) · POSTAL Q9(a) · 2 m · asked in 4 papers	

★ **SM exercise (if time):** M13 MCQ (not in the bank) 10 (p.605): By information system testing we mean ___ · M13 short essay 7 (p.607): Auditors are used to review security controls and policies · M13 short essay 8 (p.607): Purpose of network encryption · M13 short essay 10 (p.607): Sociability testing · M13 short essay 15 (p.607): Operation control

13.3 Cyber Security and Cyber Forensics

SM pp. 586–587 · marks per attempt: **J25-7 · D23-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **75%** (Q7(a) 7m)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the role of cyber security in protecting an organisation's data. [REPEAT+PRACTICE · J25 Q7(a); PTP Q7(a) (word for word)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Analyse the role of Cyber Security in protecting data used in an organization. [7]	J25 Q7(a) · 7 m · asked in 2 papers	
★★	What is Cyber Security and Computer Forensics? Explain the difference between the two. [7]	D23 Q6(b) · PTP Q7(a) · 7 m · asked in 2 papers	

★ **SM exercise (if time):** M13 MCQ (not in the bank) 2 (p.603): Controls are necessary for information systems as ___ · M13 MCQ (not in the bank) 15 (p.606): It is necessary to protect the information system from the following: (i) Natural disasters... · M13 short essay 2 (p.607): What types of processes can you add to deployment plans to help security · M13 short essay 3 (p.607): Some ways that companies can lose data · M13 short essay 13 (p.607):

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q125, Q126, Q242

13.4 IT Audit in Banking Sector

SM pp. 588–602 · marks per attempt: **D24-7 · J24-7 · J23-8**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain IT audit in banks - data integrity and the IS auditor's checks; approaches to IS audit. [REPEAT · D24 Q7(a), J24 Q7(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What are the steps in an IT Security Audit? - Explain. [7] (listed under 13.1 too)	D25 Q7(a) · 7 m · asked in 4 papers	
★★★	As an Information System Auditor of XYZ Bank, how would you maintain the Data Integrity? Explain. [7]	D24 Q7(a) · 7 m · asked in 4 papers	
★★★	Enumerate and explain the Information System Audit Approaches. 7	J24 Q7(a) · POSTAL Q6(iii) · 7 m · asked in 4 papers	
★	In a business environment, disruption of operations can occur. Do you agree? Analyse the problems that disrupt the operations and how a business organisation can plan for Business Continuity? [8]	J23 Q7(b) · 8 m	

★ **SM exercise (if time):** M13 MCQ (not in the bank) 3 (p.603): The major objectives of control are ___ · M13 MCQ (not in the bank) 4 (p.604): A two-way check is used to ___ · M13 MCQ (not in the bank) 9 (p.605): In auditing with a computer ___ · M13 MCQ (not in the bank) 12 (p.605): To protect a system from viruses one should ___ · M13 short essay 1 (p.607): An RFC · M13 short essay 4 (p.607): In evaluating the use of a biometric system in an environment that has high-security... · M13 short essay 5 (p.607): A honeypot · M13 short essay 6 (p.607): When an auditor evaluates an IT system, what user features should be evaluated · M13 short essay 9 (p.607): Name two types of backup methods used for remote backup sites · M13 short essay 11 (p.607): Nature and significance and scope of the systems audit · M13 short essay 12 (p.607): System audits of computerized secretarial functions · M13 short essay 17 (p.607): Meaning of documentation standards · M13 short essay 18 (p.607): Relationship between Systems audit and various management functions · M13 solved case 1 (p.614): Internal Control refers to the methods and procedures implemented by the entity's management...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q119, Q120, Q121, Q122, Q123, Q124, Q243

14.1 Internal Control-Concept

SM pp. 616–624 · marks per attempt: **J26-2 · D25-7 · J25-7 · D24-2 · J24-9 · J23-2** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **90%** (Q8(a) 7m + MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. State the objectives of internal control; distinguish internal audit and internal control. [PRACTICE+REPEAT · MQP Q8(a); J24, J25, D25 Q8(a) internal control]
2. Prepare an internal control questionnaire for [inventory / purchases / sales]. [REPEAT · D25 Q8(a) (inventory)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Draft Internal control questionnaire relating to Inventory. [7]	D25 Q8(a) · 7 m · asked in 6 papers	

Priority	Question	Asked / marks	Answer in
★★★	Briefly explain the Structure of Internal Control. What are the factors to be considered while designing an internal control system to ensure successful internal control system? [7]	J25 Q8(a) · 7 m · asked in 6 papers	
★★★	Explain briefly about the Adequacy of Internal Controls. 7	J24 Q8(a) · 7 m · asked in 6 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(viii) Internal controls and internal checks are (A) one and the same. (B) different. (C) internal control includes internal checks. (D) None of the above.	J23 Q6(iv) · J26 Q1(a)(viii) · MQP Q1(viii)(ix) · MQP Q8(a) · POSTAL Q6(i) · 2 m · asked in 6 papers	
★★★	(vi) Internal Controls and Internal Checks are: (A) one and the same. (B) different. (C) internal control includes internal checks. (D) None of the above	D24 Q1(a)(vi) · 2 m · asked in 6 papers	
★★★	(viii) Several Checks and Controls exercised in a business to ensure its efficient working is known as ___ (A) Internal Check (B) Internal Control (C) Internal Audit (D) Interim Check	J24 Q1(a)(viii) · 2 m · asked in 6 papers	

★ **SM exercise (if time):** M14 MCQ (not in the bank) 4 (p.632): Which of the following statements is not true about a continuous audit · M14 essay 1 (p.634): Steps to prepare for and perform an internal audit · M14 essay 3 (p.634): The auditor shall obtain an understanding of the major activities that the entity uses to… · M14 essay 4 (p.634): The audit engagement team should hold discussions to gain a better understanding of the bank…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q127, Q128, Q133, Q244

14.2 Internal Control and the Auditor

SM pp. 625–626 · **never asked in the seven papers**

★ **SM exercise (if time):** M14 MCQ (not in the bank) 5 (p.632): In comparison to the independent auditor an internal auditor is more likely to be concerned… · M14 MCQ (not in the bank) 10 (p.633): The primary purpose of establishing quality control policies and procedures for deciding on… · M14 essay 2 (p.634): The utility of the audit programme can be retained and enhanced only by keeping the programme… · M14 essay 5 (p.634): An internal control system consists of the policies and procedures companies use to protect…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q129, Q134, Q204

14.3 Internal Auditing – Evolution of the Profession

SM pp. 627–631 · marks per attempt: **D23-7 · J23-7**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Why is internal audit necessary? What is continuous audit? [PRACTICE+REPEAT · D23 Q8(a); PTP MCQ (viii)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	What is the necessity of Internal Audit? Explain. [7]	D23 Q8(a) · 7 m · asked in 2 papers	
★	"The audit engagement team should hold discussions to gain a better understanding of the organization and its environment, including internal control, and also to assess the potential for material misstatements of the financial statements. All these discussions should be appropriately documented for future reference". Critically examine the statement. [7] 9. (a) Co-operative Auditor has to examine the overdue debts if any, and a valuation of the assets and liabilities of the society while conducting an internal audit. Examine. [8] (b) What are the records that are required to be maintained by the Reporting Entity under Prevention of Money Laundering Act, 2022? How long do these records have to be maintained? Comment. [8] Section-C 10. You have been asked by the Management of a Company to formulate a policy regarding 'Whistle Blowing activity' that is currently prevalent in the Company. What are the points to be considered by you while forming such a policy? [8]	J23 Q8(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(viii) Internal Audit is conducted (A) periodically. (B) throughout the year. (C) once in a year. (D) Both (A) and (B) (listed under 15.1 too)	J25 Q1(a)(viii) · PTP Q1(ix) · 2 m · asked in 2 papers	
★	Continuous audit - which is not true	PTP Q1(viii) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q131, Q132

15.1 Introduction

SM pp. 637–638 · marks per attempt: **J26-7 · J25-2**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Describe the objectives of Operational Audit. Analyse the advantages and disadvantages of Operational Audit. 7	J26 Q8(a) · 7 m · asked in 4 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ix) Operational Audit can lead to better management with the focus on (A) transaction-based analysis for fraud prevention. (B) compliance of rules. (C) risk identification, process improvement. (D) budget monitoring. (listed under 15.4 too)	J25 Q1(a)(ix) · 2 m · asked in 4 papers	
★★	(viii) Internal Audit is conducted (A) periodically. (B) throughout the year. (C) once in a year. (D) Both (A) and (B)	J25 Q1(a)(viii) · PTP Q1(ix) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M15 MCQ (not in the bank) 13 (p.682): Qualities of a good Internal Auditor are/is · M15 MCQ (not in the bank) 17 (p.683): During F.Y.2022-23, a private company has outstanding loans or borrowings from banks or... · M15 MCQ (not in the bank) 19 (p.683): Internal Auditor is prescribed by · M15 MCQ (not in the bank) 20 (p.683): For applicability of Internal Audit u/s 138, at any point of time, is applicable to which of... · M15 essay 12 (p.684): As per the Companies Act, 2013, which companies are required to conduct an Internal Audit · M15 essay 16 (p.684): Which companies are required to constitute Audit Committees · M15 essay 17 (p.684): Qualities of a good internal auditor

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q139, Q245

15.2 Preparation for an Audit

SM pp. 639–646 · marks per attempt: **D24-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **80%** (Q8(a) 7m or MCQ)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	You are appointed to conduct an Operational Audit for a company. How do you prepare for such an Operational Audit and what are the objectives of Operational Audit? [7]	D24 Q8(a) · PTP Q8(a) · 7 m · asked in 4 papers	
★	"The audit engagement team should hold discussions to gain a better understanding of the organization and its environment, including internal control, and also to assess the potential for material misstatements of the financial statements. All these discussions should be appropriately documented for future reference". Critically examine the statement. [7] 9. (a) Co-operative Auditor has to examine the overdue debts if any, and a valuation of the assets and liabilities of the society while conducting an internal audit. Examine. [8] (b) What are the records that are required to be maintained by the Reporting Entity under Prevention of Money Laundering Act, 2022? How long do these records have to be maintained? Comment. [8] Section-C 10. You have been asked by the Management of a Company to formulate a policy regarding 'Whistle Blowing activity' that is currently prevalent in the Company. What are the points to be considered by you while forming such a policy? [8] (listed under 14.3 too)	J23 Q8(b) · 7 m	

★ **SM exercise (if time):** M15 MCQ (not in the bank) 11 (p.682): There is no requirement for Audit Working Papers while conducting an audit and they only... · M15 essay 3 (p.684): An Audit program · M15 essay 11 (p.684): An Audit program as an Internal Auditor of

Wage Audit

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q137, Q138

15.3 Audit Engagement Letter

SM pp. 647–650 · **never asked in the seven papers**

★ **SM exercise (if time):** M15 essay 1 (p.684): Practical problem: ITC Ltd. organized a three-day International Conference of Accountants in Mumbai · M15 essay 4 (p.684): Draft Internal Control Questionnaire Relating to Inventory · M15 essay 5 (p.684): Propriety Audit in the Context of Government Audit · M15 essay 7 (p.684): Regarding Summary Report to Top Management · M15 essay 8 (p.684): Draft Internal Audit Programme in respect of Wages

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q136

15.4 Role of CMAs in Internal Audit and Operational Audit

SM pp. 651–653 · marks per attempt: **J26-2 · D25-2 · J25-2**

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ix) Which of the following is not a feature of Operational Audit? (A) Risk Identification, Process improvement objective (B) Transaction Based (C) Process Based (D) Accountability for performance improvement results	J26 Q1(a)(ix) · 2 m · asked in 4 papers	
★★★	(ix) A Cost Accountant conducting operational audit in a manufacturing company may review (A) machine utilization and production planning. (B) customer satisfaction surveys only. (C) external Audit report of the previous year. (D) tax litigation only.	D25 Q1(a)(ix) · 2 m · asked in 4 papers	
★★★	(ix) Operational Audit can lead to better management with the focus on (A) transaction-based analysis for fraud prevention. (B) compliance of rules. (C) risk identification, process improvement. (D) budget monitoring.	J25 Q1(a)(ix) · 2 m · asked in 4 papers	

★ **SM exercise (if time):** M15 MCQ (not in the bank) 10 (p.681): One of the major components of a government audit is/are · M15 essay 14 (p.684): Role of Management in Internal Control

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q135, Q246

15.5 Internal Audit under Companies Act, 2013

SM pp. 654–657 · marks per attempt: **D25-2**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain internal audit under the Companies Act (s.138): who must appoint, who can be appointed. [NEVER · never a long question (D25 MCQ only)]

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(viii) Which of the following conditions holds true for Internal Auditor as per the Companies Act, 2013? (A) Internal Auditor can be appointed by passing a resolution by circulation. (B) Cost Auditor can be appointed as Internal Auditor. (C) Internal Auditor may be any Professional as may be decided by the Board. (D) Statutory Auditor can be appointed as Internal Auditor.	D25 Q1(a)(viii) · 2 m	

★ **SM exercise (if time):** M15 MCQ (not in the bank) 5 (p.680): Auditor has got no lien on Operational Audit and Internal Audit under Companies Act, 2013 · M15 MCQ (not in the bank) 15 (p.682): Who can be appointed as Internal Auditor as per the Companies Act, 2013 Operational Audit and… · M15 MCQ (not in the bank) 18 (p.683): For which category of company, only CA can be appointed as Internal Auditor u/s 138 · M15 essay 2 (p.684): You have been appointed as an internal auditor for M/s ELECTROCON Ltd which is a large… · M15 essay 13 (p.684): Who can be appointed as an internal auditor as per The Companies Act, 2013 · M15 essay 15 (p.684): Audit Committee" under the Companies Act, 2013 in brief

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q43, Q143, Q221

15.6 Internal Audit and Companies (Auditor's Report) Order

SM pp. 658–661 · **never asked in the seven papers**

★ **SM exercise (if time):** M15 MCQ (not in the bank) 12 (p.682): Aspects may be taken into consideration for proper inventory control · M15 essay 6 (p.684): Points to be considered by the Management Auditor while determining the adequacy of the…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q140

15.7 Internal Audit in Companies under Manufacturing Sector

SM pp. 662–679 · **never asked in the seven papers**

★ **SM exercise (if time):** M15 solved case 1 (p.674): History of BOM for each of the Product · M15 MCQ (not in the bank) 2 (p.680): Auditor finds that there is change in the method of valuation of stock whether he should · M15 MCQ (not in the bank) 16 (p.683): The management auditor shall consider in the evaluation of capacity utilization – properly… · M15 essay 9 (p.684): Need for capacity determination · M15 essay 10 (p.684): Factors to be considered by Cost Auditor while evaluating MIS · M15 essay 18 (p.684): Practical problem: KPC Pvt. Ltd took a consortium loan in 2022-23 amounting to ₹ 80 crores of…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q80, Q141, Q142

16.1 Audit of Hospitals

SM pp. 690–690 · marks per attempt: **J26-7 · D24-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **60%** (Q8(b))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Develop an Audit Programme for the Audit of Hospitals. 7	J26 Q8(b) · 7 m · asked in 2 papers	
★★	List out the important points to be considered while conducting the Audit of Hospitals. [7]	D24 Q8(b) · PTP Q8(b) · 7 m · asked in 2 papers	

★ **SM exercise (if time):** M16 MCQ (not in the bank) 9 (p.715): First step to conducting a Hospital Audit · M16 essay 8 (p.718): Point to be considered while performing an audit of the Hospital

16.2 Audit of Hotels

SM pp. 691–693 · marks per attempt: **D25-7**

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	List out the important points to be considered in receipt and payment verification while conducting audit of Hotels. [7]	D25 Q8(b) · 7 m	

★ **SM exercise (if time):** M16 MCQ (not in the bank) 16 (p.717): Concept of KOT (Kitchen Order Token) relates to which audit · M16 essay 7 (p.718): What point should be checked by an internal auditor while performing an internal audit of… · M16 essay 13 (p.718): M/s Hotel Hindustan Ltd. appoint you as an internal auditor for the year 2021-22

16.3 Audit of Educational Institutions

SM pp. 694–695 · marks per attempt: **D23-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **95%** (Q8(b) 7m)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Draft an audit programme for an educational institution. [PRACTICE+REPEAT · MQP Q8(b); D23 Q8(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	State the special steps to be taken by the Auditor related to the audit of an Educational Institution and that of students. [7]	D23 Q8(b) · MQP Q8(b) · 7 m	

★ **SM exercise (if time):** M16 essay 5 (p.718): First step in the audit of educational institutions · M16 essay 12 (p.718): Steps involved in the Audit of an Educational Institution

16.4 Audit of Co-operative Societies

SM pp. 696–702 · marks per attempt: **J23-8**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the special points in the audit of a co-operative society (overdue debts, valuation). [REPEAT · J23 Q9(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	9. (a) Co-operative Auditor has to examine the overdue debts if any, and a valuation of the assets and liabilities of the society while conducting an internal audit. Examine. [8]	J23 Q9(a) · 8 m	

★ **SM exercise (if time):** M16 MCQ (not in the bank) 10 (p.715): Co-operative Auditor has to examine the overdue debts if any, and a valuation of the assets… · M16 MCQ (not in the bank) 17 (p.717): What maximum % of shares any members can hold in cooperative societies · M16 MCQ (not in the bank) 18 (p.717): According to Section 6 of the Coperative Societies Act,1912, how many persons can form a… · M16 essay 11 (p.718): Special feature of the Co-operative Society Audit

16.5 Audit of Self-Help Groups

SM pp. 703–704 · marks per attempt: **J24-7 · D23-2**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the audit procedure for a self-help group. [REPEAT · J24 Q8(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Discuss Audit Procedure for conducting the Audit of Self-Help Group. 7	J24 Q8(b) · 7 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(xiii) Field Balance Sheet approach to Audit can be applied in case of audit of [2] (A) Societies registered as Club. (B) Self-Help Group for collective earning. (C) Local Body registered as Corporate. (D) Cooperative Societies registered under specific law in force.	D23 Q1(xiii) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M16 MCQ (not in the bank) 15 (p.716): Field Balance Sheet Approach to audit can be applied in case of audit of the Audit of… · M16 MCQ (not in the bank) 20 (p.717): Field Balance Sheet is prepared by Salf Help Group (SHG) to ascertain ~ Essay Type Questions · M16 essay 10 (p.718): Self-Help Group

16.6 Audit of Non-Government Organisations (NGOs)

SM pp. 705–706 · marks per attempt: **J25-7**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Draft an audit programme for an NGO. [REPEAT · J25 Q8(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Prepare an Audit Programme for the Audit of Non-Government Organisations (NGOs). [7]	J25 Q8(b) · 7 m	

★ **SM exercise (if time):** M16 MCQ (not in the bank) 19 (p.717): Foreign Contributions Receipts are to be deposited in · M16 essay 1 (p.718): Audit Procedure for Conducting the Audit of Non-Governmental Organisation NGO · M16 solved case 2 (p.726): Asset Misappropriation By far the most common frauds are those involving asset…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q150

16.7 16.7

SM pp. 707–708 · **never asked in the seven papers**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the audit of local bodies / of government expenditure. [NEVER · never asked]

★ **SM exercise (if time):** M16 MCQ (not in the bank) 11 (p.716): ___ States about the audit of accounts of Municipalities · M16 essay 3 (p.718): Local Bodies and state the financial administrative features of local bodies · M16 essay 4 (p.718): Basic objective of the local body · M16 essay 6 (p.718): You classify Local Bodies · M16 essay 9 (p.718): What points should be considered in the audit program of Local Bodies

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q151

16.8 Audit of Government Expenditure

SM pp. 709–709 · **never asked in the seven papers**

★ **SM exercise (if time):** M16 essay 2 (p.718): Role of C&AG in the Audit of a Government company

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q144, Q148, Q149

16.9 Propriety Audit in the context of Government Audit

SM pp. 710–710 · **never asked in the seven papers**

★ **SM exercise (if time):** M16 MCQ (not in the bank) 8 (p.715): Under 'propriety audit', the auditors try to bring out what type of expenditure

16.10 Audit of Commercial Accounts

SM pp. 711–713 · **never asked in the seven papers**

★ **SM exercise (if time):** M16 MCQ (not in the bank) 5 (p.714): Management audit is normally presumed to be a ____ into a performance of a... · M16 MCQ (not in the bank) 13 (p.716): The government also engages in commercial activities and for this purpose, it may incorporate...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q145, Q146, Q147

17.1 Introduction to Forensic Audit

SM pp. 727–733 · marks per attempt: **D25-9 · J24-7** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **95%** (Q5(b) 7m)

OUR DEC'26 CALLS FOR THIS TOPIC

1. What is forensic audit? In which common areas is it used? [PRACTICE · MQP Q5(b) - not yet in an exam]
2. Explain the constituents of a forensic audit. [PRACTICE · PTP Q5(b) - not yet in an exam]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	State the investigation methodology of Forensic Audit. [7]	D25 Q5(b) · 7 m · asked in 4 papers	
★★★	What is the need for Forensic Audit? Explain the Forensic Audit Procedures. 7	J24 Q5(b) · MQP Q5(b) · PTP Q5(b) · 7 m · asked in 4 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(x) The primary objective of Forensic Audit is to (A) prepare financial statements. (B) detect, investigate, and prevent fraud or financial misconduct. (C) compute tax liability. (D) improve marketing efficiency.	D25 Q1(a)(x) · 2 m · asked in 4 papers	

★ **SM exercise (if time):** M17 MCQ (not in the bank) 6 (p.758): A type of fraud where forged emails, forged websites are used to defraud the user is known as... · M17 MCQ (not in the bank) 9 (p.758): A ____ is termed as an indication of a danger or a warning signal · M17 MCQ (not in the bank) 14 (p.759): A model categorizing known frauds which lists about 49 different individual fraud schemes... · M17 MCQ (not in the bank) 17 (p.759): Fraudsters may alter cheques to change the name or the amount on the face of cheques · M17 MCQ (not in the bank) 18 (p.760): Ratio analysis is one of the key aspects that a forensic auditor has to look ____ at · M17 essay 2 (p.761): Forensic Audit · M17 essay 3 (p.761): Down the similarities and differences between Audit and Forensic Audit · M17 essay 5 (p.761): Fundamentals of Forensic Audit · M17 essay 6 (p.761): Contemporary scenario of Corporate Fraud in India and How Forensic Audit is significant in... · M17 essay 7 (p.761): Various kinds of Fraud · M17 essay 8 (p.761): Different methods of Investigation in Forensic Audit · M17 essay 10 (p.761): Field Investigations

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q152, Q247

17.2 Fraud Risk Management

SM pp. 734–738 · marks per attempt: **J26-7 · D23-2 · J23-10** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **70%** (Q5(b) or MCQ)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Explain the meaning of corporate fraud and discuss the major causes leading to corporate fraud in modern business organisations. 7	J26 Q5(b) · 7 m · asked in 3 papers	
★★★	10. You have been asked by the Management of a Company to formulate a policy regarding 'Whistle Blowing activity' that is currently prevalent in the Company. What are the points to be considered by you while forming such a policy? [8]	J23 Q10 · 8 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xiv) Which of the following is not likely to be a fraud risk factor relating to management characteristics? [2] (A) Tax evasion (B) Failure to correct known weakness in internal control system (C) Adoption of conservative accounting principles (D) High management turnover	D23 Q1(xiv) · 2 m · asked in 3 papers	
★★★	Choose the most appropriate answer to the following questions with justification. 1 mark Choose the most appropriate answer to the following questions with justification. 1 mark will be awarded for correct answer and 1 mark for justification: [2x5=10] (i) This analysis is useful in understanding the effect of variable costs on the net income (performance indicator). [2] (A) Contribution Analysis (B) Performance Analysis (C) Technical Analysis (D) Ratio Analysis Justify your selection: (ii) In the context of performance evaluation, this mechanism is perused in progressive organisations where employees, managers, subordinates and peers to provide feedback about performance of the employee from every angle. Explain the reason briefly: [2] (A) Rating Scale (B) Feedback (C) Goal Setting Exercise (D) 360° Feedback Mechanism (iii) A model categorizing known frauds grouped by categories and subcategories is known as: [2] (A) Fraud Triangle (B) Fraud Square (C) Fraud Model (D) Fraud Tree (Justify your selection) (iv) COSO, the Committee of Sponsoring Organizations, is an advisory group that designs frameworks to help organizations with risk management issues. Which of the following is not a part of the COSO Internal Control Integrated Framework? Why? [2] (A) Control environment (B) Risk assessment (C) Control activities (D) Information and Communication (E) Supervision (v) Security in the design of information systems is used to [2] (A) inspect the system and check that it is built as per the specifications. (B) protect data and programs from accidental or intentional loss. (C) ensure that the system process data as it was designed to and that the results are reliable. (D) ensure the privacy of data processed by it. Justify your answer. Section-B Answer any two Questions: [16x2=32]	J23 Q6(iii) · MQP Q1(x) · PTP Q1(x) · POSTAL Q6(ii) · 2 m · asked in 3 papers	

★ **SM exercise (if time):** M17 MCQ (not in the bank) 8 (p.758): Pressure, opportunity & ____ are the aspects of a fraud triangle · M17 MCQ (not in the bank) 12 (p.759): A case where an employee doesn't take travel advance but always pays from his pocket is a… · M17 MCQ (not in the bank) 15 (p.759): When the fraudster can give a personal justification for fraudulent actions, it is known as… · M17 MCQ (not in the bank) 21 (p.760): Concept of Red Flag pertains to Which Audit · M17 MCQ (not in the bank) 23 (p.761): Pressure, motivation and opportunity are part of · M17 MCQ (not in the bank) 24 (p.761): Which Section of Companies Act,2013 provide Definion of the Term Fraud · M17 MCQ (not in the bank) 25 (p.761): Which Section of Companies Act,2013 casts an obligation upon the Auditors of the Company to… · M17 essay 1 (p.761): A note explaining the Meaning and Definition of Fraud under the Companies Act, 2013 as well as… · M17 essay 4 (p.761): Elements of Fraud and Civil, Criminal Remedies available against it · M17 essay 9 (p.761): Red Flags and Green Flags · M17 solved case 1 (p.767): Any property derived or obtained 2

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q155, Q156, Q158, Q160

17.3 Financial Forensics and Forensic Audit Techniques

SM pp. 739–741 · marks per attempt: **J25-7 · D23-7**

OUR DEC'26 CALLS FOR THIS TOPIC

1. Case: cash receipts have been embezzled - explain the forensic approach and the techniques you would use. [REPEAT · D23 Q5(b), J25 Q5(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	State the investigation methodology of Forensic Audit. [7] (listed under 17.1 too)	D25 Q5(b) · 7 m · asked in 4 papers	

Priority	Question	Asked / marks	Answer in
★★★	What do you mean by Forensic Audit of Finance? What are the Forensic Audit Techniques? [7]	J25 Q5(b) · 7 m · asked in 4 papers	
★★★	In a company, the Management on a source information, is of the view that there is embezzlement of cash receipts. As a Forensic Auditor how would you proceed to verify? [7]	D23 Q5(b) · 7 m · asked in 4 papers	

★ **SM exercise (if time):** M17 MCQ (not in the bank) 1 (p.757): Forensic Accounting is defined as: meets standards required by courts of law · M17 MCQ (not in the bank) 22 (p.760): Which audit has its basic object to uncover fraud

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q153

17.4 Ethical Considerations and Code of Conduct in Forensic Audit

SM pp. 742–752 · marks per attempt: **D24-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **30%** (Q5(b))

OUR DEC'26 CALLS FOR THIS TOPIC

1. State the code of professional ethics for certified fraud examiners. [REPEAT · D24 Q5(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	List out the Code of Ethics for Certified Fraud Examiners as per the CFE Code of Professional Standards. [7]	D24 Q5(b) · 7 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q154, Q157

17.5 Professional Opportunities

SM pp. 753–756 · **never asked in the seven papers**

★ **SM exercise (if time):** M17 MCQ (not in the bank) 10 (p.758): A ____ is a flag that denotes a "too good to be true scenario · M17 MCQ (not in the bank) 13 (p.759): Analysing non-verbal cues is important for a forensic auditor while ____ · M17 MCQ (not in the bank) 16 (p.759): Various frauds in the banking sector are

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q159

18.1 International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation

SM pp. 773–790 · marks per attempt: **J26-9 · D25-7 · J25-9 · D24-2 · J24-9 · D23-2** · Dec'26 forecast: tier **A**, about **7-9** marks when it comes, chance it comes **99%** (Q6(a) 7m + 1 MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the power of search of persons (s.18) and the power of arrest (s.19) under PMLA. [PRACTICE · PTP Q6(a) - not yet in an exam (s.17 search and seizure came in D25)]
2. What are the steps in an anti-money-laundering compliance process? [PRACTICE · MQP Q6(a)]
3. Case: the Enforcement Directorate attaches property - provisions on attachment under PMLA. [PRACTICE · postal Q10]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Enumerate the measures to be taken for Customer Due Diligence and provisions related to Record Keeping as per Prevention of Money-Laundering Act (PMLA), 2002. [7] (listed under 18.2 too)	D24 Q6(a) · 7 m · asked in 2 papers	
★★★	(b) What are the records that are required to be maintained by the Reporting Entity under Prevention of Money Laundering Act, 2022? How long do these records have to be maintained? Comment. [8] (listed under 18.2 too)	J23 Q9(b) · 8 m · asked in 2 papers	
★★	Discuss the objectives and key functions of the Financial Intelligence Unit-India (FIU-IND) in combating money laundering. 7	J26 Q6(a) · 7 m · asked in 2 papers	
★★	Prepare a statement showing the Responsibility and Powers of Enforcement Directorate (ED) as per the provisions of Prevention of Money Laundering Act. [7]	J25 Q6(a) · POSTAL Q10 · 7 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★★	. Explain how Money Laundering works and enumerate the offences of Money Laundering as per Prevention of Money-Laundering Act, (PMLA), 2002. 7	J24 Q6(a) · 7 m · asked in 2 papers	
★	Explain the provisions of Section 17 of the Prevention of Money Laundering Act, 2002, with respect to Power of Search and Seizure by the Authority. [7]	D25 Q6(a) · PTP Q6(a) · 7 m	
★	AML compliance process steps	MQP Q6(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(x) Which of the following is not prescribed in the provision of the Prevention of Money Laundering Act, 2002? (A) Seizure of Property (B) Attachment of Property (C) Confiscation of Property (D) Life Imprisonment	D23 Q1(xv) · D24 Q1(a)(vii) · J25 Q1(a)(x) · 2 m · asked in 3 papers	
★★	(x) The primary objective of anti-money laundering regulations is to (A) reduce marketing costs. (B) prevent the conversion of illegal funds into legal assets. (C) increase production efficiency. (D) minimise tax payment only.	J26 Q1(a)(x) · 2 m · asked in 2 papers	
★★	(x) Whoever commits the offence of money-laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to ____ (A) three years. (B) five years. (C) seven years. (D) ten years.	J24 Q1(a)(x) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M18 MCQ (not in the bank) 16 (p.831): By whom FATF was mendated · M18 MCQ (not in the bank) 17 (p.832): In which year FATF was mendated · M18 MCQ (not in the bank) 18 (p.832): Till today FATF has come out with how many recommendations · M18 MCQ (not in the bank) 19 (p.832): Which Recommendation of FATF pertains to Customer Due Diligence (CDD) · M18 MCQ (not in the bank) 20 (p.832): Recommendation 20 of FATF states that Financial Institutions should report suspicious… · M18 essay 2 (p.832): Non-adherence of KYC norms can create opportunity for money laundering · M18 essay 4 (p.832): Meant by KYC Policy · M18 essay 5 (p.832): Customer Acceptance Policy in AML/KYC · M18 essay 6 (p.832): Customer identification procedure in AML/KYC · M18 essay 7 (p.832): What can be a ground for a transaction to be a suspicious transaction · M18 essay 8 (p.832): Money Laundering · M18 essay 9 (p.832): Objectives of KYC · M18 essay 10 (p.833): Stages of money laundering · M18 essay 11 (p.833): Is there a need to perform Anti-Money Laundering Checks · M18 essay 12 (p.833): What do you understand about money laundering and financial terrorism

18.2 Guidance for a Risk-based Approach for the Accounting Profession

SM pp. 791–828 · marks per attempt: **D24-7 · J23-8** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **40%** (Q6(a))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain customer due diligence and the record-keeping obligations of a reporting entity. [REPEAT · J23 Q9(b), D24 Q6(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Enumerate the measures to be taken for Customer Due Diligence and provisions related to Record Keeping as per Prevention of Money-Laundering Act (PMLA), 2002. [7]	D24 Q6(a) · 7 m · asked in 2 papers	
★★★	(b) What are the records that are required to be maintained by the Reporting Entity under Prevention of Money Laundering Act, 2022? How long do these records have to be maintained? Comment. [8]	J23 Q9(b) · 8 m · asked in 2 papers	

★ **SM exercise (if time):** M18 solved case 1 (p.824): Key laws governing anti-money laundering activities in India · M18 MCQ (not in the bank) 3 (p.829): Financial institution" as defined under Section 2(l) of Prevention of Money Laundering Act,… · M18 MCQ (not in the bank) 4 (p.829): Payment system" as defined under PMLA Act, 2002 does include · M18 MCQ (not in the bank) 5 (p.829): Person" as defined under the Prevention of Money Laundering Act, 2002 includes · M18 MCQ (not in the bank) 7 (p.830): Precious stone" as defined under PMLA Act, 2002 does not include · M18 MCQ (not in the bank) 11 (p.830): Whoever commits the offence of money-laundering shall be punishable with rigorous imprisonment… · M18 MCQ (not in the bank) 12 (p.831): Whoever commits the offence of money-laundering, which relates to any offence specified under… · M18 essay 1 (p.832): Money laundering · M18 essay 3 (p.832): Meant by pooled accounts

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q161, Q162, Q163, Q164, Q165, Q166, Q167, Q168, Q169, Q248, Q249