

CA Final IBS Question Paper - May 2026 Analysis

QUESTION-WISE ANALYSIS TABLE

Question No.	Question Description	Subject	Chapter / Topic	Marks	Difficulty Level
1.1 (MCQ)	Total Customs Duty and IGST payable on import of machine from Germany	IDT	Customs - Valuation and Computation of Duty	2	Medium
1.2 (MCQ)	CA Anmol's response to balance confirmation issues and impact on audit opinion	Audit	SA 505 - External Confirmations	2	Medium
1.3 (MCQ)	Tax implications of Tea Development Account withdrawal and sale of land for AY 2026-27	DT	Capital Gains + Business Income - Tea Development Account	2	Hard
1.4 (MCQ)	Total GST ITC required to be reversed under CGST Act 2017	IDT	GST - ITC Reversal (Fire/Damage + CSR)	2	Hard
1.5 (MCQ)	Correct statements as per Companies Act 2013 regarding squeeze-out/acquisition of minority shares	Law	Companies Act 2013 - Squeeze Out Provisions (Section 236)	2	Hard
1.6 (Descriptive)	Business Model Canvas for HTPL - Key Partners, Activities, Resources, Customer Relationships, Customer Segments, Cost Structure, Value Proposition	CoSt / Strategic Management	Business Model Canvas - 9 Building Blocks	5	Medium

1.7 (Descriptive)	Most cost-effective hedging strategy - Forward hedge vs Money Market hedge vs LC Forward hedge	AFM	Foreign Exchange Risk Management - Hedging Strategies	5	Hard
1.8 (Descriptive)	Computation of depreciation on Plant and Machinery (15% Block) for AY 2026-27 including additional depreciation	DT	Income Tax - Depreciation under Section 32 including Additional Depreciation	5	Hard
2.1 (MCQ)	Value of business using Capitalisation of Earnings Method at 14%	AFM	Business Valuation - Capitalisation of Earnings / Maintainable Profits	2	Medium
2.2 (MCQ)	Incorrect statement regarding Advance Ruling sought by Heritage Organic with Board for Advance Rulings	DT	Income Tax - Advance Rulings (Board for Advance Rulings)	2	Medium
2.3 (MCQ)	Correct statement regarding GST on sponsorship of sports event by farmers club	IDT	GST - Reverse Charge Mechanism on Sponsorship Services	2	Medium
2.4 (MCQ)	Expected total variable cost of producing 5,000 electric motors in 2026-27	CoSt	Learning Curve Theory - Variable Cost Computation	2	Hard
2.5 (MCQ)	Classification of delays of bottled spirits waiting for quality control - Non-Value Added Activity	CoSt	Lean Manufacturing / Value Chain Analysis - Non-Value Added Activities	2	Easy
2.6 (Descriptive)	Non-Value Added activities that can be eliminated and	CoSt	Lean Management - Elimination of	5	Medium

	strategic implications		Non-Value Added Activities		
2.7 (Descriptive)	Income-tax consequences of buy-back of shares in hands of shareholders and company's obligations	DT	Income Tax - Buy-back of Shares (Section 115QA and 46A)	4	Medium
2.8 (Descriptive)	CA Gaurav's advice on GST issues - tax liability, ITC admissibility, interest and penalties	IDT	GST - ITC Admissibility, ITC Reversal, Interest and Penalty Provisions	6	Hard
3.1 (MCQ)	Appointment of fresh directors by Promoter when all directors are disqualified	Law	Companies Act 2013 - Appointment of Directors (Section 161, 167)	2	Medium
3.2 (MCQ)	Correct legal position for paying remuneration in excess of Schedule V limits when company has defaulted	Law	Companies Act 2013 - Managerial Remuneration (Schedule V)	2	Hard
3.3 (MCQ)	Incorrect statements about UDIN generation for audit communications	Audit	UDIN - Unique Document Identification Number	2	Easy
3.4 (MCQ)	Correct sequence of import procedures under Indian Customs Law	IDT	Customs - Import Procedure / Conveyance and Clearance	2	Easy
3.5 (MCQ)	Foreign exchange gain/loss on machines purchased in foreign currency for FY 2024-25 and FY 2025-26	FR	Ind AS 21 - The Effects of Changes in Foreign Exchange Rates	2	Medium
3.6	Calculation of	FR	Ind AS 12 -	4	Hard

(Descriptive)	Deferred Tax arising on acquisition of SCL and goodwill		Income Taxes (Deferred Tax on Business Combination)		
3.7 (Descriptive)	CFAT under all scenarios, Expected value of CFAT, Viability of foreign investment proposal	AFM	Foreign Investment Decisions - CFAT, Expected Value, NPV (Gordon Growth Model)	6	Hard
3.8 (Descriptive)	Correctness of Tax Counsel's views on Income-tax appeals before CIT(A) and ITAT (Doctrine of Total Merger, Revision)	DT	Income Tax - Appeals and Revision Provisions (Section 263, Doctrine of Total Merger)	5	Hard
4.1 (MCQ)	Settlement amount (profit/loss) for VHIL on 6x9 Forward Rate Agreement with EICL	AFM	Interest Rate Risk Management - Forward Rate Agreement (FRA)	2	Hard
4.2 (MCQ)	Whether amalgamation scheme approved by requisite majority as per Companies Act 2013	Law	Companies Act 2013 - Amalgamation / Compromise and Arrangements (Section 230-232)	2	Medium
4.3 (MCQ)	R & Co. LLP ability to express unmodified opinion on specific element after qualified opinion on full financials	Audit	SA 805 - Audit of Single Financial Statements / Specific Elements	2	Hard
4.4 (MCQ)	Action VHIL should take to overcome dissenting shareholders after NCLT dismissal	Law	Companies Act 2013 - Squeeze Out after Amalgamation (Section 235)	2	Medium
4.5 (MCQ)	Additional reporting	Audit	SA 810 -	2	Hard

	responsibility in Summary Financial Statements given different report dates and qualified opinion		Engagements to Report on Summary Financial Statements		
4.6 (Descriptive)	Value of closing stock of Metal Cast Division as per Ind AS 2 on Inventories	FR	Ind AS 2 - Inventories (Joint Products, By-products, NRV)	5	Medium
4.7 (Descriptive)	Key considerations for R & Co. LLP for accepting, planning and performing specific element audit as statutory auditor	Audit	SA 805 - Specific Elements Audit Considerations and Independence Issues	5	Medium
4.8 (Descriptive)	Pricing strategy for VHIL entering African market based on contradictory reports	CoSt	Strategic Pricing - Market Entry Pricing Strategy (Penetration, Skimming, Joint Venture impact)	5	Medium
5.1 (MCQ)	Match Kano Model attributes to Avigo's services	CoSt	Kano Model - Customer Satisfaction Model	2	Easy
5.2 (MCQ)	NPV of retiring bonds (financial impact)	AFM	Bond Refunding / Refinancing Decision - NPV Analysis	2	Hard
5.3 (MCQ)	Incorrect statements regarding TDS from salary and employer's obligations	DT	TDS - Section 192, Employer Obligations, Assessee in Default	2	Medium
5.4 (MCQ)	Correct statement as per CGST Act 2017 regarding meals on board, ITC on catering, GST computation	IDT	GST - Composite Supply, Mixed Supply, ITC on Outdoor Catering, Airline Services	2	Hard

5.5 (MCQ)	Correct statement regarding proposed enhancement of sitting fees as per Companies Act 2013	Law	Companies Act 2013 - Sitting Fees (Rule 4 of Companies Managerial Personnel Rules)	2	Easy
5.6 (Descriptive)	McKinsey 7S Framework alignment for Avigo to strengthen operational robustness	CoSt	McKinsey 7S Framework - Strategic Management	6	Medium
5.7 (Descriptive)	Accounting treatment for lease extension option exercise and journal entry as of 31st March 2026	FR	Ind AS 116 - Leases (Modification, Extension Option Exercise)	5	Hard
5.8 (Descriptive)	CA Ankit's defence against show-cause notice for TDS issues (PQR IFSC, landing charges, German company engine lease)	DT	TDS - Section 194I (Rent/Lease), DTAA, IFSC Units, Section 206AA	4	Hard

SUBJECT-WISE MARKS DISTRIBUTION

Subject	MCQ Marks	Descriptive Marks	Total Marks	Percentage
Direct Tax (DT)	6	18	24	16%
Indirect Tax (IDT)	8	6	14	~9.3%
Financial Reporting (FR)	2	14	16	~10.7%
Advanced Financial Management (AFM)	6	11	17	~11.3%
Law (Companies Act)	8	0	8	~5.3%
Audit	6	10	16	~10.7%
Costing / Strategic Management (CoSt)	6	21	27	18%
TOTAL	42	80	150	100%

Note: Total paper is 150 marks (5 Case Studies x 30 marks each). MCQ section = 5x2 = 10 marks per case study.

CHAPTER / TOPIC WISE WEIGHTAGE ANALYSIS

Subject	Chapter / Topic	Marks	Weightage
DT	Depreciation under Section 32 (including Additional Depreciation)	5	High
DT	Capital Gains + Tea Development Account (Section 33AB)	2	Medium
DT	Appeals and Revision - Doctrine of Total Merger, Section 263	5	High
DT	Buy-back of Shares (Section 115QA, 46A)	4	High
DT	TDS - Section 192 Salary, Employer Obligations	2	Medium
DT	TDS - Section 194I, DTAA, Section 206AA, IFSC	4	High
DT	Board for Advance Rulings	2	Low
IDT	Customs Duty Computation and Valuation	2	Medium
IDT	Customs Import Procedure	2	Low
IDT	GST ITC Reversal (Fire/Damage + CSR)	2	Medium
IDT	GST Reverse Charge - Sponsorship Services	2	Medium
IDT	GST - Composite/Mixed Supply, ITC on Catering, Airlines	2	Medium
IDT	GST - ITC Admissibility, Interest and Penalty	6	High
FR	Ind AS 21 - Foreign Exchange	2	Medium
FR	Ind AS 12 - Deferred Tax on Business Combination	4	High
FR	Ind AS 2 - Inventories (Joint Products, By-products)	5	High
FR	Ind AS 116 - Leases (Modification / Extension)	5	High
AFM	Foreign Exchange Hedging Strategies	5	High
AFM	Business Valuation - Capitalisation of Earnings	2	Medium
AFM	Foreign Investment - CFAT, Expected NPV, Gordon Model	6	High
AFM	Forward Rate Agreement (FRA) Settlement	2	Medium
AFM	Bond Refunding / NPV of Retiring Bonds	2	Medium
Law	Squeeze-Out Provisions (Section 236)	2	Medium
Law	Appointment of Directors / Disqualification (Section 167)	2	Medium
Law	Managerial Remuneration - Schedule V	2	Medium
Law	Amalgamation / Compromise (Section 230-232)	2	Medium
Law	Squeeze-Out after Amalgamation (Section 235)	2	Medium
Law	Sitting Fees Rules	2	Low
Audit	SA 505 - External Confirmations	2	Medium
Audit	UDIN	2	Low
Audit	SA 805 - Specific Elements / Single Financial Statements	4	High
Audit	SA 810 - Summary Financial Statements	2	Medium
Audit	SA 805 - Acceptance, Planning, Performance of Specific Audit	5	High

CoSt	Business Model Canvas	5	High
CoSt	Learning Curve Theory	2	Medium
CoSt	Non-Value Added Activities / Lean Management	7	Very High
CoSt	Kano Model	2	Low
CoSt	McKinsey 7S Framework	6	High
CoSt	Strategic Pricing - Market Entry	5	High

HIGH WEIGHTAGE CHAPTERS (Most Important for Exam)

1. Costing and Strategic Management - HIGHEST WEIGHTAGE (27 Marks / 18%)

Business Model Canvas (9 Building Blocks) - 5 marks Non-Value Added Activities and Lean Management - 7 marks (highest single topic) McKinsey 7S Framework - 6 marks Strategic Market Entry Pricing - 5 marks Learning Curve - 2 marks Kano Model - 2 marks

Key Takeaway: Strategic Management topics dominated this paper. Business Model Canvas, McKinsey 7S, and Lean Management / NVA activities are exam-critical.

2. Direct Tax - HIGH WEIGHTAGE (24 Marks / 16%)

TDS provisions (Sections 192, 194I, DTAA, IFSC, Section 206AA) - 6 marks combined Depreciation under Section 32 with Additional Depreciation - 5 marks Appeals, Revision, Doctrine of Total Merger - 5 marks Buy-back of Shares (Section 115QA, 46A) - 4 marks Capital Gains + Tea Development Account - 2 marks Board for Advance Rulings - 2 marks

Key Takeaway: TDS, Depreciation, Appeals/Revision, and Buy-back are the most tested DT areas. Doctrine of Total Merger appeared as a dedicated question.

3. Advanced Financial Management - HIGH WEIGHTAGE (17 Marks / 11.3%)

Foreign Investment Decisions (CFAT + Expected NPV + Gordon Growth Model) - 6 marks Foreign Exchange Hedging (Forward vs Money Market vs LC) - 5 marks Bond Refunding / NPV of Retiring Bonds - 2 marks FRA Settlement Calculation - 2 marks Business Valuation (Capitalisation of Earnings) - 2 marks

Key Takeaway: Foreign Investment Decision and Forex Hedging are the backbone of AFM questions. CFAT computation with probability-weighted scenarios is a must-prepare topic.

4. Financial Reporting - MEDIUM-HIGH WEIGHTAGE (16 Marks / 10.7%)

Ind AS 116 - Leases (Extension Option, Modification) - 5 marks Ind AS 2 - Inventories (Joint Products, By-products, NRV) - 5 marks Ind AS 12 - Deferred Tax on Business Combination - 4 marks Ind AS 21 - Foreign Exchange Gains/Losses - 2 marks

Key Takeaway: Ind AS 116 Leases and Ind AS 2 Inventories appeared as full 5-mark descriptive questions. Ind AS 12 on Business Combination Deferred Tax is conceptually complex and high-value.

5. Audit - MEDIUM-HIGH WEIGHTAGE (16 Marks / 10.7%)

SA 805 - Specific Element Audit (both MCQ and Descriptive) - 7 marks SA 810 - Summary Financial Statements - 2 marks SA 505 - External Confirmations - 2 marks UDIN - 2 marks

Key Takeaway: SA 805 appeared twice (MCQ + Descriptive) making it the most important audit standard in this paper. SA 810 and SA 505 also tested.

6. Indirect Tax - MEDIUM WEIGHTAGE (14 Marks / 9.3%)

GST - ITC Admissibility, Interest and Penalty (6 marks) - highest IDT topic Customs Duty Computation (2 marks) GST ITC Reversal on Fire/CSR (2 marks) GST Reverse Charge on Sponsorship (2 marks) GST Composite/Mixed Supply + Airlines (2 marks) Customs Import Procedure (2 marks)

Key Takeaway: GST ITC provisions (admissibility, reversal, interest, penalty) dominated IDT with 8 out of 14 marks. Customs had 4 marks.

7. Company Law - LOWER WEIGHTAGE (8 Marks / 5.3%)

All questions were MCQ only. Topics covered were Squeeze-Out (Section 235, 236), Director Appointment/Disqualification, Managerial Remuneration (Schedule V), Amalgamation (Section 230-232), and Sitting Fees Rules.

Key Takeaway: Company Law appeared only in MCQ format across all case studies. No standalone descriptive question on Law was asked. Focus on corporate restructuring, directors provisions and managerial remuneration.

DIFFICULTY LEVEL SUMMARY

Difficulty	Number of Questions	Total Marks
Easy	4	8
Medium	16	52
Hard	17	90

This paper was overall HARD in nature with majority of questions being difficult, especially the descriptive questions on DT (Depreciation + Appeals), AFM (CFAT + FRA), FR (Ind AS 116 + Ind AS 12), and IDT (GST ITC Penalty provisions).

OVERALL CONCLUSION

The IBS paper tested integration across all 6 subjects in a real-world case study format. Costing and Strategic Management had the highest weightage followed by Direct Tax and AFM. Students must focus on application-based preparation rather than theory alone. The paper was predominantly Hard to Medium difficulty. Topics like Business Model Canvas, McKinsey 7S, Non-Value Added Activities, Section 32 Depreciation, CFAT in Foreign Investments, Ind AS 116 Leases, and SA 805 were the most marks-fetching areas in this exam.