

FINAL EXAMINATION

June 2015

P19(CMAD)
Syllabus 2012

Cost and Management Audit

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

This paper contains 3 questions, representing three separate sections.

All three questions are compulsory, subject to the specific instructions provided against each question.

All workings wherever necessary, must form a part of your answer.

Assumptions, if any, should be clearly stated.

Please: (1) Answer all bits of a question at one place.

(2) Open a new page for answer to a new question.

SECTION A (60 marks)

1. Answer the *four* questions. (carrying 15 marks each):

(a) (i) The following information is extracted from the Cost Accounting Records of RAYGOLD LTD. a Cement Company for the year ended March 31, 2015.

Production	96100 Tonnes
Norms for power consumption per tonne of cement	95 KWH
Total power generated/consumed:	
From the Electricity Board (EB) Grid.	52272540 KWH
From the Captive power plant.	62726720 KWH
From the Wind Mill (fed into the EB Grid and drawn at the factory site)	47044815 KWH
Cost of fuel consumed	₹ 11,39,26,234
Other operating costs of generating set.	₹ 2,84,81,558
Total operating cost of Wind Mill.	₹ 7,33,89,913

Note: The Electricity Board detects 10% of the Power fed into the Grid towards transmission losses.

Required:

As a Cost Auditor of the Company, How will you present the above data in the Annexure to the Cost Audit Report under the Companies (Cost Records and Audit) Rules, 2014? 4+2=6

(ii) MEGLOW TECHNO LTD. is a manufacturer of Ball and Roller bearings. In the Company four operations are carried on simultaneously in the manufacture of components.

The input/output data and Direct Wages Cost relating to the year 2014-15 for one component are as follows:

Operations	Gross Input (Tonnes)	Scrap (Tonnes)	Direct Wages (₹)
PM	48000	8000	12,40,000
QN	50000	10000	12,50,000
RA	72000	12000	23,60,000
SB	55000	5000	32,70,000

Material is introduced at start of Operation PM at a cost of ₹ 6,000 per tonne. Scrap can be sold at ₹ 500 per tonne. Overheads are absorbed at 150% on Direct Wages.

You are appointed as a cost consultant of Meglow Techno Ltd. The company has not maintained cost records so far and seeks your advice in the matter.

Show your computation of the total cost per tonne of finished component so that the company can adopt the same in future.

7+2=9

- (b) (i) 'Research and Development Costs shall include all the costs that are directly traceable to research and/or development activities'.

On what basis these costs can be assigned to Research and Development activities as per CAS-18?

Also state the constituent elements of such costs.

2+5=7

- (ii) The extracts of Trial Balance of PANCHAL LTD. a manufacturing company pertaining to employees as on March 31,2015 are given below:

Particulars	Amount ₹
<i>Debit</i>	
Salaries Cost	25,45,785
Employees Training Cost	4,73,000
Employees Selection Expenses	2,25,000
Perquisites To Employees	12,45,000
Contribution to Gratuity Fund	5,25,000
Lease rental for accomodation provided to employees	3,25,000
Festival Bonus	1,25,000
Unamortised amount of Employee Cost related to a discontinued operation	1,85,000
Employer's contribution to P.F. including Penalties ₹ 35,000	2,75,325
<i>Free accomodation to own employees</i>	
Depreciation	1,00,000

