

FINAL EXAMINATION

June 2016.

*P-19(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.

*Section A questions are compulsory. Attempt **all** of them.*

*Section B has seven questions. Attempt **any five** of them.*

All workings must form 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 (20 Marks)

Answer the following Questions:

1. (a) Fill in the blanks in the following sentences by using appropriate Word(s)/Phrase(s)/Number(s): 1×5=5
- (i) The Companies are required to maintain Cost Records if turnover exceeds _____ crores or more during immediately preceding Financial Year in respect of the products and services specified.
 - (ii) Finance costs incurred in connection with the acquisition of materials _____ form part of material cost.
 - (iii) The systematic examination, analysis and appraisal of management's overall performance is done in _____ audit.
 - (iv) Cost Accounting Standard on Repairs and Maintenance Cost is dealt in _____.
 - (v) Any casual vacancy in the office of a cost auditor, shall be filled by the Board of Directors within _____ days of occurrence of such vacancy.
- (b) **State whether** the following statements given below are TRUE or FALSE: 1×5=5
- (i) As per CAS-6 the Forex Component of imported material is converted at the rate on date of payment.
 - (ii) Operational Audit is a Micro Level Management Audit.
 - (iii) Exemptions from application of the Rules are provided to Companies whose revenue from exports, in foreign exchange, exceeds 50% of total revenue and companies operating from Special Economic Zones.
 - (iv) XBRL is a language based on XML family of languages.
 - (v) In case of utilities generated for the purpose of inter unit transfers, the distribution cost incurred for such transfers need not be added to the cost of utilities.

Please Turn Over

- (c) Answer **any five** of the following in one or two sentences: 2×5=10
- (i) Explain the tenure of a Cost Auditor of the Company.
 - (ii) Who is the approving authority to whom the Cost Audit report shall be submitted by the Cost Auditor?
 - (iii) Whether each and every transactions with Related Parties is to be disclosed under (Part -D, Para-5) of Annexure to the Cost Audit Report?
 - (iv) Define Corporate Branding.
 - (v) What means 4-digit CETA Code as explained in the Companies [Cost Records and Audit] Rules, 2014?
 - (vi) How the valuation is to be done for goods captively consumed in one's own factory?

SECTION B

**Answer any five questions (Carrying 16 Marks each)
from Question No. 2 to 8**

2. (a) AMRIT LTD. a Sugar and Industrial Alcohol manufacturing company incorporated in May 2015 is having turnover ₹ 75 crores from all its activities during F.Y. 2015-16.
Discuss about the applicability of Cost Audit to the company. 6
- (b) SRIZONI LTD. of Gandhi Nagar producing industrial alcohol generates Bio-gas from the waste wash of alcohol in its Bio-gas Plant. The said Bio-gas is used as a fuel in generating steam along with conventional fuel oil. The high pressure steam is first sent to the STEAM TURBINE and the exhaust steam is used in the process of manufacturing Alcohol.

The following details are extracted from the financial accounts and cost accounting records of SRIZONI LTD. for the year ended March 31, 2016:

	Boiler ₹	Steam Turbine ₹
Cost of water	10,48,000	—
Fuel oil	918,85,000	—
Bio-gas Plant Expenses	258,02,000	—
Stores and Chemicals	2,57,000	66,000
Salaries and Wages	29,58,000	7,33,000
Repairs and Maintenance	65,64,000	2,58,000
Depreciation	17,25,000	6,50,000
Other Expenses	39,95,000	1,21,000
High Pressure Steam generated	34950 MT	
Power generated		2550200 KWH

Note: The fall in the enthalpic value of the steam is 10%.

Required:

Prepare two separate cost sheets for steam and power as per the Companies (Cost Records and Audit) Rules 2014 for the year ended March 31, 2016. 4+6=10

