

# Postal Test Papers\_P19\_Final\_Syllabus 2012

## P19 - Cost & Management Audit

### Test Paper—IV/19/CMAD/2012/T-1

Time Allowed-3hours

Full Marks-100

(Answer any five questions)

#### Question 1

- (i) Explain the features of Cost Audit.
- (ii) Explain the benefits of cost information.
- (iii) Explain the Powers of Cost Auditor of the Company.
- (iv) Umbrella Ltd. is engaged in the manufacture of color television sets having its factories at Kolkata and Gujarat. At Kolkata the company manufactures picture tubes which are stock transferred to Gujarat factory where it is consumed to produce television sets. Determine the "Cost as per CAS-4" on which the duty liability of Excise would be levied for Captively consumed picture tubes from the following information: - Direct material cost (per unit) ₹ 1,800; Direct Labour ₹ 1,200; Indirect Labour ₹ 150; Direct Expenses ₹ 200; Indirect Expenses ₹ 75; Administrative Overheads ₹ 125; Selling and Distribution Overheads ₹ 150. Additional Information: - (1) Profit Margin as per the Annual Report of the company for 2012-13 was 20% before Income Tax. (2) Material Cost includes Excise Duty paid ₹ 185 (3) Excise Duty Rate applicable is 12%, plus Education Cess of 2% and SHEC @ 1%.

[5+5+4+6=20]

#### Question 2

- (i) Explain the applicability of new Cost Accounting Records Rules, 2011.
- (ii) Draft the Performa of Cost Audit Report.
- (iii) Explain the following : (Any two)
- (a) Audit and Ethics
- (b) Responsibility for the Cost Statements
- (c) Type of Audit Risk

[5+5+(5x2)=20]

#### Question 3 (Any Four)

- (i) What are the areas covered by Cost Accounting Policy?
- (ii) What are the duties of the Cost Auditors?
- (iii) What are the need & elements of planning a Cost Audit?
- (iv) Explain the Ceiling on Number of Cost Audits can do by Cost Auditors.
- (v) What are the major areas of operation involves in an Internal Audit?

[5x4=20]

#### Question 4

- (i) Discuss the following items that are shown under Annexure of the Cost Audit Report
- (a) General Information

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- (b) Abridge Cost Statement
- (ii) What are the requirements for Cost audit documentation of a cost Auditors of the company?
- (iii) Explain the requirement for Knowledge of Business of the client by a cost auditor.

[5x2+5+5=20]

### Question 5

- (i) Give a brief note on-
- (a) Productivity and Efficiency Analysis
- (b) Consideration of fraud in an Internal Audit
- (c) Using the work of an expert in an Internal Audit
- (ii) Give a brief note on the statement "Process mapping as a tool in performance management and evaluation".

[5x3+5=20]

### Question 6

Write short notes on the following **(Any Four)**

- (i) Internal Audit Evidence
- (ii) Product/ Service Profitability Analysis
- (iii) Key Costs and Contribution Analysis
- (iv) Terms of Internal Audit Engagement
- (v) Audit strategy

[5x4=20]

### Note:

**(1) The questions set herein are aimed to focus on the basics/theoretical understanding only. For Advanced level questions, students are to refer to the "Practice Test Papers" on the subject/s.**

**(2) FOR THE PURPOSE OF "POSTAL TEST PAPERS" - NO QUESTION IS SET ON "Performance Appraisal".**

**(3) Students must refer to the "Practice Test Papers" on Paper 19 - which would be released from August,2013.**

**(4) Case Studies on "Performance Appraisal" shall form part of the Syllabus as already notified and shall also be tested in the Examinations of the Institute.**

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## Paper 19

### P19 - Cost & Management Audit

#### Test Paper—IV/19/CMAD/2012/T-2

Full Marks: 100

Time Allowed: 3 Hours

#### Answer any five questions

##### Question 1.

- (i) What are the provisions under the companies Act relating to maintenance of Cost Records and Cost Audit?
- (ii) What are the objectives of Cost Audit?
- (iii) Explain the Objectives and Functions of the Cost Accounting Standards Board.
- (iv) Explain the objectives and scope of the independent cost Auditors as explained in CAAS-103 on Cost Audit and Assurance Standard on Overall Objectives of the Independent Cost Auditor and the Conduct of an Audit in Accordance with Standards on Auditing. **[5x4]**

##### Question 2.

- (i) Draft the Performa of Compliance Report.
- (ii) Discuss the following items that are shown under Annexure of the Cost Audit Report
  - (a) Cost Accounting Policy
  - (b) Operating Ratio Analysis
- (iii) Explain the qualification and disqualification of Cost Auditors. **[5+5x2+5]**

##### Question 3.

- (i) What are the procedures for appointment of cost auditor?
- (ii) What are the Penal Provisions for Companies and Cost Auditor?
- (iii) Explain the following-
  - (a) Audit Partner
  - (b) Assurance engagement **[5+5+5x2]**

##### Question 4.

- (i) What are the essential features of Cost accounting System?
- (ii) Explain the following-
  - (a) Professional skepticism
  - (b) Audit Risk and Materiality
- (iii) Opening stock of raw materials (10,000 units) ₹ 2,80,000; Purchase of Raw Materials (40,000 units) ₹ 8,00,000; Closing Stock of Raw Materials 8,000 units; Freight Inward ₹ 1,05,000; Self-

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manufactured packing material for purchased raw materials only ₹ 90,000 (including share of administrative overheads related to marketing sales ₹ 12,000); Demurrage charges levied by transporter for delay in collection ₹ 15,000; Normal Loss due to shrinkage 5% of materials ; Abnormal Loss due to absorption of moisture before receipt of materials 300 units. Determine the Valuation of closing stock of raw materials under Average cost method and under FIFO method. **[5+5x2+5]**

### Question 5.

- (i) What are the factors to be considered for a successful internal control system?
  - (ii) Write short notes on Internal Audit Questionnaire regarding purchase and Creditors.
  - (iii) Write short notes on the following **(Any Two)**
    - (a) Analytical procedure in an Internal Audit
    - (b) Capacity Utilization Analysis
    - (c) Utilities and Energy Efficiency Analysis.
- [5+5+5x2]**

### Question 6.

- (i) What are the Characteristics of a good Performance Appraisal Report?
  - (ii) Give a brief note on-
    - (a) Quality Assurance in Internal Audit
    - (b) Planning an Internal Audit
    - (c) Working Capacity and Inventory Management Analysis.
- [5+5x3]**

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