

FINAL EXAMINATION

December 2013

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.

The paper is divided in three sections.

From Section A answer any four questions (4×15=60 marks)

From Section B answer any two questions (2×10=20 marks)

From Section C answer any two questions (2×10=20 marks)

SECTION A (60 Marks)

Answer any four Questions.

15×4=60

1. (a) MNC Sugar Mill Ltd. located at Uttar Pradesh has a boiler which is used for its own by product, Bagasse, as fuel. The steam generated is first used for generation of power and the exhaust steam is used in the process of sugar manufacture. The following details are extracted from the financial accounts and cost accounting records of the MNC Sugar Mill:

Sugar Produced	2870000 Quintals
Steam generated and consumed	1465000 Tonnes
Fuel (Bagasse) consumed for production of steam	685000 Tonnes
Cost of Generation of Steam including cost of water (other than Fuel Cost)	₹ 64530000
Steam used for generation of power	620000 Tonnes
Power Purchased from Electricity Board @ ₹ 5.40 per KWH	5270000 KWH
Power Generated from Steam Turbine	48525000 KWH
Variable conversion cost of generation of power (excluding cost of steam)	₹ 42218000

Notes: (1) The Sale Value of Bagasse, if sold in the open market is ₹ 1820/- per Tonne.

(2) The Exhaust steam (after generation of power) transferred to sugar manufacturing process is 82% of the cost of production of Steam.

Prepare two separate cost sheet for steam and power as per Cost Accounting Record Rules and compute the average cost of power as per Cost Audit Report. 12

- (b) Define direct expenses as per CAS 10. How are they identified? 3
2. (a) How would you treat the following as per CAS 9 related to packing material cost? 6
- Primary and Secondary packing material cost.
 - Self manufactured packing material.
 - The forex component of imported packing material.

- (b) The following figures relate to usage of power for a product:

	2010-11	2011-12	2012-13
Total power consumed to KWH	2402474	2494872	2175677
Rate KWH ₹	2.29	2.12	1.90
Total production in million kgs.	337.73	333.084	300.865

Compute necessary productivity measures and compare the efficiency of power usage during the three years. 6

- (c) As a Cost Auditor you find that indicative Break-even Point is higher than Actual Sales. Give your suggestions for improvements. 3

Please Turn Over

