

FINAL EXAMINATION **SET - 1**
MODEL QUESTION PAPER **TERM – DECEMBER 2024**
PAPER – 17 **SYLLABUS 2022**
COST AND MANAGEMENT AUDIT

Time Allowed: 3 Hours

Full Marks: 100

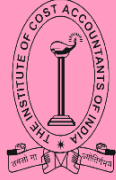
The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1.(a) Choose the correct option:

[15 x 2 = 30]

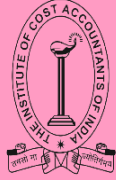
- (i) The applicability of cost audit under Companies (Cost Records & Audit) – Rules, 2014 for regulated industries having overall annual turnover during immediate preceding financial year is ____
- A. ₹25.00 crores or more
B. ₹35.00 crores
C. ₹50.00 crores or more
D. ₹100.00 crores
- (ii) Cost Auditor is to be appointed within _____ days from the start of the F.Y.
- A. 50
B. 100
C. 180
D. 200
- (iii) Which Cost Auditing Standard requires Cost Auditor to evaluate and assess IT Environment and Control?
- A. 101
B. 102
C. 103
D. 104
- (iv) Which Cost Accounting Standards deals with Material Cost?
- A. CAS 1
B. CAS 2
C. CAS 6
D. CAS 10
- (v) Remuneration of the Non-Executive Directors is treated as _
- A. Employee Costs
B. Administrative Overheads
C. Non-Cost Item
D. Selling & Distribution Overhead



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER – 17
COST AND MANAGEMENT AUDIT

SET - 1
TERM – DECEMBER 2024
SYLLABUS 2022

- (vi) CRA 1 pertains to?
- A. Cost Accounting Records
 - B. Cost Accounting Standards
 - C. Financial Accounting Records
 - D. Secretarial Records
- (vii) Who is the approving authority of Cost Auditing Standards?
- A. Ministry of Finance
 - B. Ministry of External Affairs
 - C. Ministry of Corporate Affairs
 - D. Ministry of Coal & Mining
- (viii) Which of the following statements is not true about a continuous audit?
- A. It is conducted at regular intervals.
 - B. It may be carried out on daily basis.
 - C. It is needed when the organisation has a good internal control system.
 - D. It is expensive.
- (ix) Test checking is done when there is an effective system of__
- A. Internal control
 - B. Internal audit
 - C. Internal check
 - D. Both (a) and (b)
- (x) Pressure, opportunity & _____ are the aspects of a fraud triangle
- A. Rationalization.
 - B. Creation.
 - C. Commitment
 - D. None of the above.
- (b) SKY Co. has planned for an investment of ₹800.00 lakh with a 50% Loan from Banks at 10% interest. Direct Cost for the year ₹480.0 lakhs and 50% of which is Material cost. Other expenses are at ₹80.0 lakh. The goods will be sold at 150% of the direct cost. The tax rate is assumed at 50%.
- Choose the correct option based on above information: -
- (i) Net Profit Margin of SKY Co is ____
- A. 8.33 %
 - B. 8.05 %
 - C. 7.09 %



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER – 17
COST AND MANAGEMENT AUDIT

SET - 1
TERM – DECEMBER 2024
SYLLABUS 2022

D. 6.33 %

(ii) Return on Assets of SKY Co is ____

- A. 9.05 %
- B. 7.50 %
- C. 7.10 %
- D. 6.50 %

(iii) Return on Equity of SKY Co is -

- A. 20 %
- B. 15 %
- C. 12.5 %
- D. 14 %

(iv) Asset Turnover of SKY Co is -

- A. 0.75
- B. 0.50
- C. 0.90
- D. 1.12

(v) Inventory Turnover of SKY Co is -

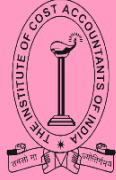
- A. 38 %
- B. 35.33 %
- C. 36.33 %
- D. 33.33 %

SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5x14=70]

2. **(a)** What are the utility and advantages of Cost Audit? Explain. **[7]**
- (b)** Explain how depreciation & amortization, spare parts, stand-by equipment, and servicing equipment are treated in accounting for fixed assets, according to the guidelines provided [i.e. Companies (Cost Records and Audit) Rules, 2014]. **[7]**
3. **(a)** Describe Code of Professional Ethics which need to be followed in the field of Cost and Management Accounting. **[7]**



FINAL EXAMINATION **SET - 1**
MODEL QUESTION PAPER **TERM – DECEMBER 2024**
PAPER – 17 **SYLLABUS 2022**
COST AND MANAGEMENT AUDIT

- (b) Summarize the three stages of an audit of cost statements: planning, performing, and reporting. Provide detailed descriptions of what activities are involved in each stage and how they contribute to the overall audit process. [7]

4. (a) Purchase of Materials ₹1,50,000 (inclusive of GST of ₹7,857); Free on Board ₹ 6,000; Import Duty paid ₹7,500; Freight inward ₹10,000; Insurance paid for import by sea ₹5,000; Rebates allowed ₹2,000; Cash discount ₹1,500; Subsidy received from the Government for importation of these materials ₹10,000. Compute the landed cost of material (i.e. value of receipt of material). [7]

- (b) AROMA LTD., a manufacturing unit, produces two products PB and PS. The following information is extracted from the Books of the Company for the year ended March 31, 2024:

Particulars	Product PB	Product PS
Units Produced (Qty.)	2,10,000	1,68,000
Units sold (Qty.)	1,68,000	1,36,500
Machine hours utilized	1,26,000	84,000
Design charges (₹)	1,57,500	1,89,000
Software development charges (₹)	2,62,500	3,78,000

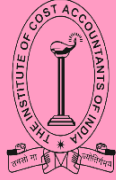
Royalty paid on sales ₹6,09,000 [@ ₹2 per unit sold for both the products].

- (i) Royalty paid on units produced ₹3,78,000 [@ ₹1 per unit produced for both the products].
- (ii) Hire charges of equipment used in the manufacturing process of product PB only ₹53,000.

Note: No adjustments are to be made related to units held i.e. Closing Stock.

You are required to compute the Direct Expenses—keeping in view of Cost Accounting Standard (CAS-10). [7]

5. (a) Auto Parts Manufacturing Company Ltd. showed a profit for the year 2023-24 as ₹35,46,700. During the course of Cost Audit, the following transactions were noticed:
- an old machine with net value of ₹6,54,000 was sold off for ₹9,30,000,
 - dividend income was received amounting to ₹84,500 from investments,
 - a sum of ₹58,000 was spent towards CSR commitment,
 - the company was engaged in trading activity where purchase of goods was ₹13,50,000 and sales was ₹13,42,300, after incurring ₹40,800 as expenditure,
 - some renovation work was carried out at a cost of ₹7,75,000 and its useful life was only for five years, and



FINAL EXAMINATION **SET - 1**
MODEL QUESTION PAPER **TERM – DECEMBER 2024**
PAPER – 17 **SYLLABUS 2022**
COST AND MANAGEMENT AUDIT

- (vi) the closing inventory of raw material was undervalued ₹29,600 and that of finished goods was overvalued ₹ 65,400 in the financial records.
Work out the Profit as per the Cost Accounts. [7]
- (b) Discuss the need for Forensic Accountants. [7]
6. (a) Describe the circumstances under which a person can be searched under Section 18 of the PMLA. Additionally, explain the prerequisites for arresting an individual under Section 19, highlighting the authorities involved and the procedural steps that must follow post-arrest. [7]
- (b) Identify the essential qualities required of a Management Auditor. [7]
7. (a) Describe the steps involved in conducting an IT Security Audit. [7]
- (b) Explain the need for energy audit. [7]
8. (a) Explain briefly about the Scope of Internal Control. [7]
- (b) Discuss Audit Procedure for conducting the Audit of Educational Institutions. [7]