



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

SET - 1
TERM – JUNE 2024
SYLLABUS 2022

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) A Cost Accountant who fails to comply with the provisions of sub-section (12) of Sec. 143 of the Companies Act, 2013, shall be punishable with fine of maximum _____.
- A. ₹5.00 lakhs
B. ₹25.00 lakhs
C. ₹1.00 lakhs
D. ₹10.00 lakhs
- (ii) Which one of the below is not a regulated industry?
- A. Telecommunication
B. Electricity
C. Drugs & Pharmaceuticals
D. Automobile
- (iii) The Cost Auditing Standard which deals with Knowledge of business, its processes and the business environment:
- A. 101
B. 102
C. 103
D. 104
- (iv) CAS 9 deals with:
- A. Direct Expenses
B. Pollution Control Cost
C. Packing Material Cost
D. Employee Cost
- (v) Which of the following is not a forming part of Cost of transportation?
- A. Cost of transport
B. Transit insurance
C. Demurrage Charge
D. Local Octroi charges
- (vi) Under the Generally Accepted Cost Accounting Principles, the cost of cane supplied from own farm to the sugar mill is treated as:
- A. Direct Material Cost
B. Indirect Material Cost
C. Production Overhead
D. Production Overhead



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- (vii) Which of the following is not part of the Employee Cost as per CAS-7?
- A. Leave with Pay
 - B. Medical benefits to the Employees and dependents
 - C. Compensation for Lay off period
 - D. Cost of Employees' stock option
- (viii) Co-operative Auditor has to examine the overdue debts if any, and a valuation of the assets and liabilities of the society while conducting an internal audit as per:
- A. Section 17(3) of the Cooperative Societies Act, 1912
 - B. Section 17(2) of the Cooperative Societies Act, 1912
 - C. Section 17(5) of the Cooperative Societies Act, 1912
 - D. Section 37(2) of the Cooperative Societies Act, 1912
- (ix) Aspects may be taken into consideration for proper inventory control
- A. Maximum, minimum and reorder level fixation.
 - B. Fixed order quantity system and different replenishment systems.
 - C. Fast-moving, slow-moving and non-moving analysis, etc.
 - D. All of the above
- (x) As per section 5 of PMLA Act, 2002, the property can be provisionally attached for a period not exceeding _____ from the date of the order.
- A. 60 days
 - B. 90 days
 - C. 120 days
 - D. 180 days

(b) Following data available from product wise profitability statement:

Particulars	₹ Per Unit
Sale	100000
Raw Material	50000
Utilities	15000
Packing Material	5000
Employee Cost	5000
Consumable Stores	4000
Repair Expenses	3000
Depreciation	5000
Insurance	1000
Overheads	2000

- (i) What is the variable cost of the product?
- A. ₹ 50000 Per Unit of Finished Product
 - B. ₹ 60000 Per Unit of Finished Product
 - C. ₹ 70000 Per Unit of Finished Product
 - D. ₹ 80000 Per Unit of Finished Product



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- (ii) What is the Fixed cost of the product
A. ₹ 10000 Per Unit of Finished Product
B. ₹ 20000 Per Unit of Finished Product
C. ₹ 25000 Per Unit of Finished Product
D. ₹ 30000 Per Unit of Finished Product
- (iii) What is the Contribution of the product
A. ₹ 10000 Per Unit of Finished Product
B. ₹ 20000 Per Unit of Finished Product
C. ₹ 25000 Per Unit of Finished Product
D. ₹ 30000 Per Unit of Finished Product
- (iv) What is the Profitability of the product
A. ₹ 10000 Per Unit of Finished Product
B. ₹ 20000 Per Unit of Finished Product
C. ₹ 25000 Per Unit of Finished Product
D. ₹ 30000 Per Unit of Finished Product
- (v) What is Raw Material Cost as % of Total Cost
A. 54.56
B. 55.56
C. 56.56
D. 57.56

SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks) [5x14=70]

2. (a) How cost information helps the organization and management? [7]
(b) Discuss about the applicability for Cost Audit. [7]
3. (a) As per Section 143 of the Companies Act, 2013, explain the duties of a Cost Auditor to report fraud. [7]
(b) Classify the contents of Cost Audit Documentation. [7]
4. (a) Standard Material requirement to produce 1000 units of product X is 1200 units of material at a standard price of ₹ 60 per unit. The Standard allows for reject of 25% of input. It is estimated that one third of rejects can be reworked at an additional cost of ₹ 20 per unit. Scrap units can be sold at ₹ 5 per unit.
During a particular period, units produced were 19500 with 24000 units of materials at standard cost of ₹ 60 per unit, 7000 units were rejected out of which 2500 units were reworked at a cost of ₹ 51,000. The balance units were sold as scrap for ₹ 5 per unit.
Calculate Material Quality Variance and Scrap Variance. [7]
- (b) A plant operates 3 shifts of 8 hours each for all days except Sundays and 8 holidays.



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- Preventive maintenance is taken care in Sundays and annual maintenance in 8 hoildays.
- Normal idle time for food, shift change and other work for the workers is 1 hour per shift.
- Installed Capacity of the machine = 1200 units per hour.
- Production during last 5 years & Current year are 69.4, 72.6, 71.4, 70.5, 70.8, 69.9 lakh units
- Determine according to CAS 2, Installed capacity, Actual capacity, Idle capacity, Abnormal idle capacity. [7]
5. (a) The Financial Profit and Loss of M/s. VGM Manufacturing company Ltd. for the year is ₹28,75,000. During the course of cost audit, it is noticed the followings:
- (i) Some Old assets sold off which fetched a profit of ₹ 1,25,000
 - (ii) Interest was received amounting to ₹ 45,000 from outside the business investment.
 - (iii) Work-in-progress valuation for financial accounts does not as a practice take into account factory overhead. Factory overhead is ₹ 2,15,000 in opening W-I-P and ₹ 2,45,000 in closing W-I-P.
 - (iv) The Company was engaged in Trading activity by purchasing goods of ₹ 11,15,845 and selling at ₹ 13,12,850 after incurring ₹ 35,000 as expenditure.
 - (v) A major overhaul of machinery was carried out at a cost of ₹ 5,50,000 and next such overhaul will be done only after five years.
 - (vi) Opening stock of raw material and finished goods was overvalued for ₹ 2,00,000 and closing stock was overvalued ₹ 1,85,000 in financial records.
- Work out the profit as per Cost Accounts. [7]
- (b) Describe the constituents of Forensic Audit. [7]
6. (a) Describe how money laundering works. [7]
- (b) Explain the procedure of Management Audit. [7]
7. (a) Identify the major elements of Corporate Image. [7]
- (b) Briefly discuss the approaches for developing Manpower Planning. [7]
8. (a) Mention the contents of Audit Note Book. [7]
- (b) Explain the basic standards which are required to be set for Government Expenditure Audit. [7]