



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

**SET - 2**  
**TERM – JUNE 2025**  
**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) Cost Audit represents true and fair view of the \_\_\_\_\_ of any product.
- A. Cost of sale
  - B. Cost of raw material consumption
  - C. Cost of production
  - D. None of these
- (ii) The report on the audit of cost records is submitted by the cost auditor to \_\_\_\_\_.
- A. Managing Director
  - B. Finance Director
  - C. Audit Committee
  - D. Board of Directors
- (iii) Which of the following type of Electricity Company is under the purview of regulated sector?
- A. Engaged in Generation
  - B. Engaged in Transmission
  - C. Engaged in Distribution & Supply
  - D. All the above
- (iv) As per Part D, Para 4 of the Companies (Cost Records and Audit) Rules, 2014, Value Addition and Distribution of Earnings are to be computed based on \_\_\_\_\_.
- A. Audited Financial Data
  - B. Cost Record Data
  - C. Unaudited Financial Data
  - D. Both (A) and (B)
- (v) Sugar and Industrial Alcohol' belong to \_\_\_\_\_ sector for the purpose of Application of Cost Records.
- A. Regulated
  - B. Non-Regulated
  - C. Both depending on circumstances
  - D. None of above



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- (vi) Relatives of any partner of the firm holding any security of or interest in the company of face value exceeding ` \_\_\_\_\_ lakh can not be appointed as the Cost Auditor of that company.
- A. One
  - B. Two
  - C. Three
  - D. None of the above
- (vii) CAS 9 deals with \_\_\_\_\_.
- A. Direct Material Cost
  - B. Indirect Material Cost
  - C. Packing Material Cost
  - D. Imported Material Cost
- (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) The company's auditor is expected to give \_\_\_\_\_.
- A. His expert opinion about the accounts.
  - B. A factual position about the accounts.
  - C. A critical review of the accounts.
  - D. Financial assistance.
- (x) The principle of 3D vision includes \_\_\_\_\_.
- A. Time dimension analysis.
  - B. Space dimension analysis.
  - C. Both (a) & (b).
  - D. None of the above.



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(b) Following data are made available by Company X for its Product A

Particulars	₹ Lacs
Sales	24,475
Less: Variable Cost	13,429
Contribution	11,046
Less Fixed Cost	4,557
Profit	6,489

From the Above Data, Cost Auditor is asked to advise for the following:

- (i) Sales at BEP of company X:
- A. ₹10,097.10
  - B. ₹11,000.20
  - C. ₹11,078.35
  - D. ₹12,035.52
- (ii) P/V Ratio(%) of company X:
- A. 45.21
  - B. 44.26
  - C. 48.25
  - D. 45.13
- (iii) Contribution at Break Even point of Sales:
- A. 4589
  - B. 4557
  - C. 4253
  - D. 4569
- (iv) Sales above BEP of company X:
- A. ₹14,897
  - B. ₹14,565
  - C. ₹14,378
  - D. ₹14,225
- (v) Variable cost ratio(%) of company X:
- A. 54.87
  - B. 54.79
  - C. 51.75
  - D. 55.74



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**SECTION – B**

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

[5x14=70]

2. (a) Describe the Advantages of Cost Audit [7]
- (b) Explain the key requirements for preparing cost statements under Clause 28, including production data, cost elements, tax reconciliation, and reporting for multiple locations. [7]
3. (a) Discuss the disqualifications of a cost auditor under section 141 of the companies Act, 2013. [7]
- (b) Describe the stages of an Audit of cost statements. [7]
4. (a) Following data are given with respect to Electricity Units and Value.  
As a Cost Auditor please advise the management how Electricity Cost shall be worked out in accordance with CAS 8

Sources of Electricity	Units	Rate ₹
Electricity Purchased from State Board	10000000	7
Electricity Purchased from Private Sector	10000000	6
Electricity from Own Power Plant	70000000	4.5
Electricity from Wind Mills		
Cost of Electricity	10000000	3
Credit for Electricity	10000000	5.5

Calculate the following

- i) Total Electricity Cost
- ii) Average Rate of Electricity [7]
- (b) Following data are available with respect to cost elements

Particulars	₹ in Lacs
Raw Material	70
Variable Cost	10
Fixed Cost	30
	110

Actual Capacity Utilisation = 50% = 50000 units

Normal Capacity Utilisation of last 3 years = 80% = 80000 units, Calculate the fixed cost for cost records as per CAS 2. [7]



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5. (a) Following data are available for company A:

Sr. No.	Particulars	Value ₹ in Cr.
1	Profit as per Cost Records	100
2	Demurrage for Raw Material	2
3	Previous Year Debit Note included in Raw Material Cost	3
4	Previous Year Settlement paid during the year and booked in Employee Cost	5
5	Interest for Delayed Payment of PF booked in Current Year as Employee Cost	2
6	Insurance Claim Received of Previous Year	2

Prepare Reconciliation Statement showing Profit as per Financial Accounts.

[7]

(b) Explain the Code of Ethics for Certified Fraud Examiners.

[7]

6. (a) Discuss the responsibility and powers of Enforcement Directorate

[7]

(b) Illustrate the qualities of Management Auditor.

[7]

7. (a) Explain the steps involved in an IT Security Audit

[7]

(b) Discuss the various tools & techniques which are used in Environment Auditing.

[7]

8. (a) Explain the objectives of Internal Audit

[7]

(b) Discuss the steps involved in the Audit of Hospitals.

[7]