

Paper 19 - Cost and Management Audit

Case Study 1

X Ltd. claims "Turnover" for the purpose of Cost Records to be ₹20,00,00,000 for the financial year 2013-14. The company claims that since the turnover has not exceeded ₹20 crores during the financial year, they are excluded from the ambit of maintaining cost accounting records. The company is listed not listed in any stock exchange and has a net worth of ₹4 crores. On examination of financial records, the following relevant information was identified:

Particulars	Amount (₹)
Income from Operating Activities - Sale of Goods (exclusive of taxes) - Rendering of Services	5,00,00,000 15,00,00,000 (inclusive of service tax)
Income from Job Work	2,17,93,000
Income from Loan License operations	1,43,45,000
Subsidies received from the Government	41,50,000
Export Incentives received from Government	31,20,000
Profit on sale of Non-current Assets	12,50,000
Discount received in Cash from Vendor (15 days after full payment was made)	3,20,000

Calculate "Turnover" as per Companies (Cost Accounting Record) Rules, 2011.

Case Study 2

A company has produced all the cost accounting records within the stipulated time for your audit. It however is unable to produce audited financial accounts, as financial audit is not complete.

Case Study 3

Following are the sales and cost data of a manufacturing firm for two years :

Particulars	2012-13 (₹ crores)	2013-14 (₹ crores)
Mfg. Cost of goods sold	14.5	16.0
Selling expenses	0.9	1.2
Administration expenses	1.2	1.5
Financial Charges	0.4	0.3
Excise Duty	2.0	2.0
Sales (including excise)	20.0	22.0

Required : (i) Prepare a Profit Variation Statement and (ii) Account for the cause-wise changes in profit.

Case Study 4

Mr. Jalan, a practicing cost accountant, doing Cost Audit of M/s. ABC Ltd since last three years. During the year M/s. ABC Ltd requested him to develop his Cost Accounting System. Can Mr. Jalan accept the proposal and do Cost Audit for the same period. Suggest

Case Study 5

A Company whose performance and profitability has been excellent often finds itself short of cash funds. You are appointed as a Management Auditor to look into the problem. Indicate your plan of approach stating the aspects you will cover and why?