

Total No. of Questions : 4]

SEAT No. :

P3383

[Total No. of Pages : 3

[4864]-3004

M.Com. (Part - II) (Credit Pattern)

**ADVANCED COST ACCOUNTING & COST SYSTEM**

**Cost Audit**

**(2013 Pattern) (Special Paper - V) (Semester - III)**

*Time : 3 Hours]*

*[Max. Marks : 50*

*Instructions to the candidates:*

- 1) *Attempt all questions.*
- 2) *Figures to the right indicate full marks allotted to the respective question.*

**Q1)** Distinguish between Cost Audit & Financial Audit. **[14]**

OR

As a Cost Auditor, which points will you verify in the area of Work-in-Progress of any manufacturing company? Make suitable assumptions in support of your answer. **[14]**

**Q2)** You are given Cost Data and Profit & Loss Account for August, 2015. Match the profit as per Cost Record with the loss shown by Financial Record by preparing :

- a) Statement of Cost showing profit/loss as per Cost Data. **[7]**
- b) Reconciliation Statement for the following data for August, 2015. **[7]**

A) Cost Data :

Particulars	Data
Opening Stock of Raw Materials on 1 <sup>st</sup> August, 2015 valued at Rs. 20 per unit.	1,000 units
Raw Material purchased during the month at an average rate of Rs. 23 per unit.	6,000 units
Closing Stock of Raw Material on 31 <sup>st</sup> August, 2015 valued at the Simple Average of the rate at which opening stock is valued and the rate at which raw material is purchased during the year.	2,000 units
Direct Labour Hours paid at Rs. 10 per hour	20,000 hours
Factory Overheads are absorbed at the rate of	100% on Prime Cost
Administrative Overheads	50% of Works Cost.

**P.T.O.**

Note :

- 1) There was no stock of finished goods on 1<sup>st</sup> August, 2015. However, 1,000 finished units were in stock on 31<sup>st</sup> August, 2015 after selling 4,000 finished units in August, 2015.
- 2) Closing stock is valued in Cost Accounting at the rate of Cost of Production per unit.
- 3) Selling & Distribution overheads are recovered in Cost Accounts @ Rs. 10 per unit of sale.
- 4) Sales for August: Rs. 8,20,000

B) Financial Data :

Profit & Loss Account  
for the month ended 31<sup>st</sup> August, 2015

Particulars	Rs.	Particulars	Rs.
Op. Stock of Raw Material (1,000 units)	20,000	Sales	8,20,000
Purchases of Raw Material (6,000 units)	1,40,000	Closing stock of Raw Material	45,000
Wages paid	2,00,000	Closing stock of Finished Goods	2,00,000
Factory Expenses	3,00,000	Interest on Fixed Deposits	20,000
Admn. Expenses	3,50,000	Net Loss	12,000
Marketing Expenses	45,000		
Bad Debts	2,000		
Debenture Interest	40,000		
Total	10,97,000		10,97,000

OR

Cost Accounting Department has received an assignment to quote Works Cost for an order to be executed in March, 2016. The base data is given below :

Particulars	Base Data	Estimates for March, 2016
Raw Material per unit of Final Product	Consumption of 1000 kgs. @ Rs. 53 per kg with 10% Normal Loss on the units at the beginning of the manufacturing process	Input Price is likely to increase by 5% post budget and material loss is expected to decrease by 2%
Direct Labour Cost per unit	500 Direct Labour Hours have to be worked with 80% efficiency level. The cost per direct labour hour is Rs. 50. The idle time is treated as normal.	Union Leaders in an agreement with the Management in March, 2016 have promised to increase labour efficiency by 10%, however, cost per direct labour hour consequent upon agreement shall be Rs. 60.
Processing Charges	Rs. 100 per direct labour hour worked	Rs. 125 per direct labour hour worked.

Prepare :

- i) Statement of Works Cost for base period; and [7]
- ii) Estimated Works Cost Statement for March, 2016. [7]

- Q3)** a) Explain the provisions regarding 'Applicability of Cost Audit' as per Cost Audit Rules, 2014. [7]
- b) Explain provisions regarding 'Maintenance of Cost Records' as per Cost Audit Rules, 2014. [7]

OR

- a) What do you understand by the term 'Cost Audit Programme'? Prepare Cost Audit Programme for any Cost Audit Assignment. [7]
- b) Make a list of hypothetical Cost Audit Notes which a cost auditor has to record in order to enable him to draft Cost Audit Report. [7]

**Q4)** Write short notes (Any Two) : [8]

- a) Efficacy of Internal Audit.
- b) Annexure Two of The Cost Audit Report Rules, 2014
- c) Performance Review Audit.
- d) Use of MS Excel in the process of Cost Audit assignment.

