

Master of Commerce Examination: May 2016
Semester: II (Centre for Distance Education)

Day & Date	Semester	Subject Name	Time	Code
Tuesday 17/05/2016	II	Advanced Cost Accounting & Auditing Paper I	11.00 AM To 02.00 PM	210602

Instructions: Question No.1 is compulsory.
Attempt any Three from Q.2 to Q.5

Q.1 Kiara Company Limited furnishes the summary of Trading and Profit & Loss Account for the year ended 31st December 2015. 25

	Rs.		Rs.
To Raw Materials	139600	By Sales (12000 units)	480000
To Direct Wages	76200	By Finished Stock (200 units)	8000
To Production Overheads	42600	By Work-in-progress Material	28200
		Wages	11795
		Production Overheads	8000
To Administrative Overheads	39100	By Interest on securities (Gross)	47995
To Selling & Distribution Overheads	42700		6000
To Preliminary exp. Written off	2200		
To Goodwill written off	2500		
To Dividends (Net)	3000		
To Income Tax	4100		
To Net Profit	189995		
	<u>541995</u>		<u>541995</u>

The company manufactures a standard unit. The scrutiny of cost records show that :

- a) Factory overheads have been allocated to the production at 20% on prime cost.
- b) Administration overheads have been charged at Rs.3 per unit on units produced.
- c) Selling & Distribution expenses have been charged at Rs.4 per unit on units sold.
- i) Prepare Cost Sheet and
- ii) Prepare cost reconciliation statement to reconcile cost records and financial records.

Q.2 From the following information, prepare comparative balance sheet in vertical form on 31st March 2015 and 31st March 2016 of M/s Alpha Ltd. 25

Liabilities	2015	2016	Assets	2015	2016
Share Capital	70000	80000	Building	55000	80000
Profit & Loss A/c	20000	20000	Machinery	43000	50000
Debentures	20000	30000	Stock	25000	5000
Other secured loans	10000	20000	Debtors	15000	10000
Creditors	10000	3000	Cash	2000	15000
Bank Overdraft	8000	4000			
Outstanding expenses	2000	3000			
	140000	160000		140000	160000

Write your comment on the financial position of the company.

- Q.3 a) What is Government Audit? Explain the procedure of Auditing in Government Department. 13**
- b) What are the elements of Activity based costing? How is it useful to the modern business? 12**
- Q.4 a) Write a case study of any one corporate body discharging Corporate Social Responsibilities? 12**
- b) Explain the control measures adopted in computerized environment system. 13**
- Q.5 a) From the following Balance Sheet of a company, prepare common size Balance Sheet in vertical form. 12**

Balance sheet as on 31st March 2016

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	125000	Plant & Machinery	200000
Preference Share Capital	50000	Furniture	12140
Reserves	55000	Current Assets	169500
Profit & Loss A/c	35000		
Current Liabilities	116640		
	381640		381640

- b) Explain the steps of Activity Based Costing in detail. 13**