



PAPER 17

# COST & MANAGEMENT AUDIT

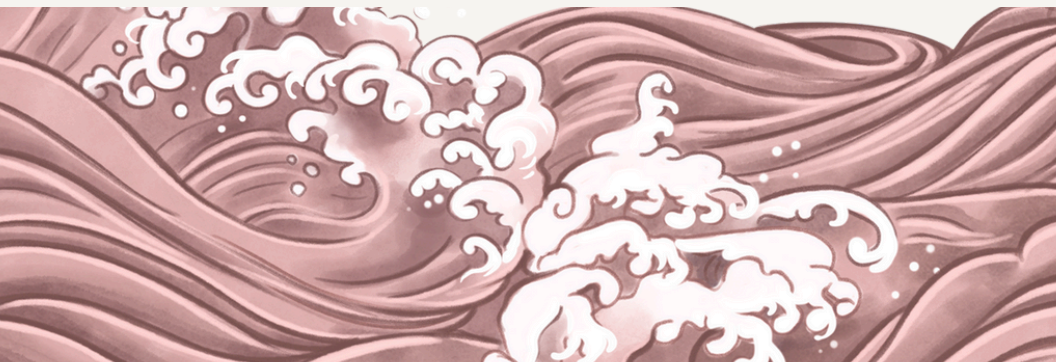
## BULLET MCQs

Dec 2025

### This PDF Covers

- ICAI Study Mat MCQs
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- Past QP & MTP (NEW SYLLABUS) MCQs
- Case Study Based MCQs

By CMA Parvathi



CMA  
Final

## Cost and Management Audit

### Section A Cost Audit

#### Unit 1 - Basics of Cost Audit

- Cost Audit was first introduced in the year \_\_\_\_\_.
  - 1959
  - 1965
  - 1949
  - 1975
- Cost Audit was first introduced for \_\_\_\_\_ industry.
  - Cement
  - Iron & Steel
  - Jute
  - Sugar
- Govt. of India has issued order with respect to introduction of mandatory Cost Audit of Cost Records maintained by the Companies in the year \_\_\_\_\_.
  - 2008
  - 2009
  - 2011
  - 2014
- The report on the audit of cost records is submitted by the cost auditor to
  - Managing Director
  - Finance Director
  - Audit Committee
  - Board of Director
- The cost auditor of the company who is in default in compliance with section 148 shall be punishable in the manner as provided in \_\_\_\_\_.
  - Section 139 of Companies Act, 2013
  - sub-sections (1) to (3) of section 148 of Companies Act, 2013
  - Section 143 of Companies Act, 2013
  - sub-sections (2) to (5) of section 147 of Companies Act, 2013
- The appointment of Cost Auditor is defined under section \_\_\_\_\_ of the Companies Act, 2013.
  - 148(2)
  - 148(3)
  - 144(3)
  - 139
- The Institute of Cost Accountants of India was set up in the year
  - 1944
  - 1959
  - 1965
  - 2012
- The Cost Accounting system was initially developed based on recommendation of -- Commission.
  - Vivian Bose Commission
  - Dutta Commission
  - Daphtary - Sastri committee
  - None of the above
- The company and every officer of the company who is in default in compliance with Section 148 shall be punishable under Sub-section \_\_\_\_\_ of Section \_\_\_\_\_.
  - 148
  - 147(1)
  - 147(2)
  - 147(5)
- The Institute of Cost and Works Accountants of India (ICWAI) was renamed as "The Institute of Cost Accountants of India" in the year
  - 1944
  - 1959
  - 1965
  - 2012
- \_\_\_\_\_empowers the Central Government to specify audit of items of cost in respect of certain companies.
  - Section 128 of Companies Act, 2013
  - Cost Records & Audit Rules, 2014
  - Section 148 of Companies Act, 2013
  - Section 147 of Companies Act, 2013
- Cost Audit represents true and fair view of the of any product.
  - Cost of sale
  - Cost of raw material consumption
  - Cost of production
  - None of these
- Cost Records are maintained on \_\_\_\_\_basis.
  - Accrual
  - Cash
  - Actual
  - None of these
- Cost Audit, Conducted by Chartered Accountant
  - May be
  - Can be



CMA Parvathi

## Cost and Management Audit

- c. Cannot be  
d. May not be
15. Which of the Following are the Objectives for which Cost Audit is undertaken
- To establish the accuracy of costing data
  - To ensure that Cost accounting principles are governed by the management objectives and these are strictly adhered in preparing cost accounts
  - To reduce the amount of detailed checking by the external auditor if effective internal cost audit system is in operation
  - All of the above
16. Which of these is not typically an advantage of cost audit?
- Improvement in costing control and reduction of costs
  - Ensuring compliance with cost accounting standards
  - Guaranteeing profitability of the company
  - Detection of inefficiencies and abnormal wastage
17. Which among the following is not part of the basic components (nature) of cost audit?
- Verification of cost records
  - Evaluation of cost management systems
  - Detecting fraud relating to financial accounts only
  - Reporting on adherence to cost accounting standards
18. Which authority prescribes the product classifications under cost audit applicability?
- Institute of Cost Accountants of India
  - Ministry of Commerce
  - Securities Exchange Board of India
  - Ministry of Corporate Affairs

Answers :

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
b	a	c	d	d	b	a	a	b	d	c	c	a	c	d
16	17	18												
c	c	d												

### Unit 2 - Cost Records and Audit Rules ,2014

- The applicability of cost audit under Companies (Cost Records & Audit) - Rules, 2014 for regulated industries having overall annual turnover during immediate preceding financial year is \_\_\_\_\_.
  - ₹25.00 crores or more
  - ₹35.00 crores
  - ₹50.00 crores or more
  - ₹100.00 crores
- The Company has to upload CRA-4 electronically to the MCA under the rule \_\_\_\_\_ of Companies (Cost Records & Audit) Rules, 2014
  - Rule 5 (1)
  - Rule 6 (2)
  - Rule 4 (6)
  - Rule 6 (6)
- The form in which the cost records shall be maintained .
  - CRA-1
  - CRA-2
  - CRA-3
  - CRA-4
- Which of the following type of Electricity Company is under the purview of regulated sector?
  - Engaged in Generation
  - Engaged in Transmission
  - Engaged in Distribution & Supply
  - All the above
- Which one of the below is not a regulated industry?
  - Telecommunication
  - Electricity
  - Drugs & Pharmaceuticals
  - Automobile

## Cost and Management Audit

- Any casual vacancy in the office of a cost auditor, whether due to resignation, death or removal to be filled by the Board of Directors within \_\_\_\_\_days of occurrence of such vacancy.
  - 30 days
  - 60 days
  - 90 days
  - 7 days
- Cost Audit Report is to be Filed in Form \_\_\_\_\_ on MCA Portal
  - CRA 1
  - CRA 2
  - CRA 3
  - CRA 4
- CRA 1 pertains to
  - Cost Accounting Records
  - Cost Accounting Standards
  - Financial Accounting Records
  - Secretarial Records
- In Cost Audit Report, General Information is reported in
  - Part - A - 1
  - Part - A - 2
  - Part - A - 3
  - Part - A - 4
- Sr No \_\_\_\_\_ Table B covers Companies engaged in Heath Services
  - 5
  - 10
  - 20
  - 22
- Every company shall file a notice of appointment of Cost Auditor with in Form
  - CRA 1
  - CRA 2
  - CRA 3
  - CRA 4
- Part C of the Annexure to the Cost Audit Report in CRA 3 deals with \_\_\_\_\_.
  - Manufacturing Sector
  - Service Sector
  - Regulated Sector
  - Unregulated Sector
- A company, engaged in construction business, is covered under the Companies (Cost Records and Audit) Rules, 2014 but does not include \_\_\_\_\_.
  - outsourcing by a sub-contracting company
  - a company working on BOT (Build, Operate, Transfer) mode
  - a company working in a Special Economic Zone
  - a project undertaken as EPC (Eng., Procurement, Construction) contract
- A manufacturing unit showed, during the Financial Year 2016-17, the following financial data (in ₹ lakh): Net Sales 1,250, Export Incentives 85, Other income 106, Adj. of Finished Stock (+) 95, Materials 634, Salaries 425, Overheads 101, and Tax 52.6. The Value Added as per Rules is (in ₹ lakh) \_\_\_\_\_.
  - 946
  - 695
  - 755
  - 688
- Item appearing only in Cost Records is \_\_\_\_\_.
  - Profit on Sale of Assets
  - Interest Received
  - Loss on Sale of Assets
  - Notional Interest on Capital
- 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
  - Audited Financial Data
  - Cost Record Data
  - Unaudited Financial Data
  - Both (a) and (b)
- Before submission to the Auditor for Report, the Form CRA 3 should be signed by
  - The Secretary and the Chief Finance Officer of the company.
  - The Secretary and the Cost Accounts Officer of the company.
  - The Secretary and one Director of the company.
  - The Chief Finance Officer and the Managing Director of the company
- .ORS Ltd. is a multi-product company having annual turnover of ₹103 crore, Table A items under CARO being ₹26 crore, Table B items ₹8 crore and the rest are not covered in either of the Tables. Cost Audit will be \_
  - not applicable to the company
  - applicable for Table A products only
  - applicable for Table A and Table B products only

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- d. applicable for all products
19. The abridged cost statement (CRA 3) need not be separate for
- each product with separate (CTA) CETA heading
  - each product having separate industry specific expenses
  - each product having different unit of measure
  - self/captive consumption of each product
20. Profit Reconciliation of the company as a whole is dealt in
- Part D para 2 of the Annexure to Cost Audit Report.
  - Part C para 1 of the Annexure to Cost Audit Report.
  - Form of the Cost Audit Report.
  - Part A para 1 of the Annexure to Cost Audit Report
21. Table A Regulated Sectors for the purpose of maintenance of cost records under the CCRA RULES include Telecommunication , Electricity ,Petroleum Products ,Drugs and Pharma and
- Arms and Ammunitions and sugar & Ind Alcohol
  - Fertilizers and sugar & Ind Alcohol
  - Aeronautical Services and port services
  - Fertilizers and Railway
22. Every company under the companies cost records and audit rules 2014 shall maintain cost records of its products and activities as to facilitate calculation per
- Unit cost of production
  - Unit cost of operations
  - Unit cost of sales and margin
  - Either of A,B,C
23. As per rule 4(3)of companies cost records and audit rules 2014 the requirement for cost audit shall not apply to company whose revenue from exports in foreign exchange exceeds--- percent of its total revenue even though it is covered in rule 3
- 50%
  - 60%
  - 75%
  - 80%
24. Disclosure of transactions with related parties under para 5 of annexure of cost audit report be made
- For each related party for the year as a whole
  - For each product /service for the year as a whole
  - Combination of a &b above
  - Combination of a &b transaction wise
25. Sugar and industrial alcohol belongs to ---- sector for application of cost records
- Regulated
  - Non Regulated
  - Depending on circumstances
  - None of the above
26. Machinery used in Defense, Space and atomic energy sector & fulfilling turnover criteria is under
- Regulated sector
  - Non regulated sector
  - Exempted by different statue
  - Not applicable category
27. CCRA Rules 2014 is applicable from the financial year commencing on or after
- 1-1-2014
  - 1-4-2014
  - 1-7-2014
  - 1-4-2015
28. The central government released the CCRA Rules 2014 in pursuance to the powers vested with in U/S of Companies Act 2013
- Section 469
  - Section 148
  - Section 465
  - Section 469 & 148
29. The CCRA Rules 2014 supersedes
- Companies ( Cost Accounting Records ) Rules 2014
  - Companies ( Cost Audit Report ) Rules 2011
  - Cost Accounting Records (Telecommunication industry) Rules 2011
  - All the above
30. The CCRA Rules 2014 is not applicable to

## Cost and Management Audit

- MSME
  - Export oriented units
  - Private limited companies
  - Units operating from SEZ
31. Which one of the below is not a regulated industry
- Fertilizers
  - Aluminum
  - Sugar
  - Petroleum products
32. For regulated sector cost audit requirements has been made subject to turnover based on threshold
- 25 crores
  - 50 crores
  - 35 crores
  - 100 crores
33. Details of Material consumed in 2A for manufacturing sector is to be reported in which part of CRA 3
- Part A
  - Part B
  - Part C
  - Part D
34. Identification of Cost Centres are to be reported in
- General Information
  - General details of Cost Auditor
  - Cost Accounting Policy
  - Value Addition and distribution of earnings
35. Value Additions and Distribution of Earnings are to be reported as per
- Production Records
  - Utility Records
  - Human Resources Records
  - Financial Record
36. Related Party Transactions are to be reported for
- Cost Centres
  - Product
  - Plant
  - Company
37. SRN number of CRA 2 is to be reported in
- General Information
  - General Details of Cost Auditor
  - Cost Accounting Policy
  - Reconciliation of Indirect Taxes
38. Transfer Price and Normal Price are reported in
- Profit Reconciliation
  - Value Addition and Distribution of Earnings
  - Financial Position and Ratio Analysis
  - Related Party Transactions
39. Profit Reconciliation is to be reported for
- Cost Centre
  - Product
  - Plant
  - Company
40. Corporate Identity Number of the Company is reported in
- General Information
  - General Details of Cost Auditor
  - Product / Service Details
  - Profit Reconciliation
41. Difference in valuation of stock between financial accounts and cost accounts are to be reported in
- Product and Service Profitability Statement
  - Profit Reconciliation
  - Value Addition and Distribution of Earnings
  - Financial Position and Ratio Analysis
42. PAN of Cost Auditor / Cost Auditor's Firm is to be reported in
- General Information
  - General Details of Cost Auditor
  - Cost Accounting Policy
  - Product / Service Detail
43. As per Companies (Cost Records and Audit) Rules, 2014, cost records are required to be maintained by:
- Only companies listed on a stock exchange
  - All manufacturing companies irrespective of turnover
  - Companies engaged in regulated sectors meeting specified turnover thresholds
  - Only foreign companies having Indian subsidiaries
44. A company is required to maintain cost records if overall turnover from all products/services is:
- ₹25 crore or more
  - ₹50 crore or more
  - ₹40 crore or more
  - ₹35 crore or more

## Cost and Management Audit

45. Which of the following is a regulated sector under the Rules?
  - a. Cement
  - b. Power generation
  - c. Automobile
  - d. Textile
46. As per the Rules, which form must be filed with the Board for appointment of cost auditor?
  - a. CRA-1
  - b. CRA-2
  - c. CRA-3
  - d. CRA-4
47. The due date for filing the cost audit report in CRA-4 is within:
  - a. 120 days of the end of the financial year
  - b. 180 days from the start of the next financial year
  - c. 60 days from date of cost audit report
  - d. 30 days from the date of submission of report to the Board
48. Which of the following types of companies are exempt from cost audit requirements?
  - a. Companies exporting 10% or more of total turnover
  - b. Companies operating from Special Economic Zones (SEZs)
  - c. Companies classified as MSME under MSMED Act
  - d. Dormant companies only
49. Who is responsible for maintaining cost records as per the Rules?
  - a. Cost Auditor
  - b. Chief Financial Officer (CFO)
  - c. Board of Directors
  - d. Company Secretary
50. What is the penalty for default in compliance with maintenance of cost records?
  - a. ₹25,000 to ₹5,00,000 for company; officer in default - ₹25,000 to ₹1,00,000 or imprisonment
  - b. ₹1,00,000 or imprisonment for cost auditor
  - c. ₹25,000 to the company only
  - d. Flat ₹10,000 penalty for all defaults

Answers :

1	2	3	4	5	6	7	8	9	10	11	12
c	d	a	d	d	a	d	a	a	d	b	b
13	14	15	16	17	18	19	20	21	22	23	24
c	b	d	d	c	b	d	a	b	d	C	c
25	26	27	28	29	30	31	32	33	34	35	36
a	b	a	d	d	a	b	b	b	c	d	d
37	38	39	40	41	42	43	44	45	46	47	48
b	d	d	a	b	b	c	c	b	b	d	b
49	50										
c	a										

## Cost and Management Audit

### Unit 3 - Cost Auditor

1. Which one of the following is not a professional misconduct in relation to Cost Accountants in Practice as per the Second Schedule of The CWA Act, 1959?
  - a. He/she fails to invite attention to any material departure from the generally accepted procedure of costing and pricing applicable to the circumstances.
  - b. He/she fails to report a material misstatement known to him/her to appear in a cost or pricing statement with which he/she is concerned in a professional capacity.
  - c. He/she does not exercise due diligence or is grossly negligent in the conduct of his/her professional duties.
  - d. In the opinion of the Council, he/she brings disrepute to the Profession or the Institute as a result of his/her action whether or not related to his/her professional work
2. Which of the following is not a Professional Misconduct as per the First Schedule of The CWA Act, 1959, in relation to the Cost Accountants in Practice?
  - a. Pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his/her professional work, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner.
  - b. Enters into a partnership, in or outside India, with any person other than a Cost Accountant in Practice or such other person who is a member of any other professional body having such qualifications as may be prescribed.
  - c. Advertises his/her professional attainments or services or uses any designation or expression other than Cost Accountant on professional documents, visiting cards, letter heads or sign boards, unless it is a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of The ICAI or any other institution that has been recognised by the Central Government or may be recognised by the Council.
  - d. Expresses his/her opinion on cost or pricing statements of any business or enterprise in which, he/she, his/her firm or a partner in his/her firm has substantial interest
3. A member of The ICAI shall be deemed to be guilty of other misconduct, if he/she is held guilty by any civil or criminal court of an offence which is punishable with imprisonment \_\_\_\_\_.
  - a. For a term exceeding 3 years
  - b. For a term exceeding 3 months
  - c. For a term exceeding 6 months
  - d. For a term exceeding 2 years
4. BORS & Co., a firm of Cost Accountants was appointed as Cost Auditor of PANTEX LTD 31.07.2018 for auditing the cost records for the FY 2018-19. The Auditor appointed as such shall continue in such capacity up to
  - a. 31.07.2019, on expiry of one year of appointment.
  - b. 30.09.2019, on expiry of six months from close of accounts.
  - c. 30.08.2019, date of submission date of Cost Audit Report.
  - d. 15.09.2019, date of holding of Annual General Meeting of PANTEX LTD
5. The authority for fixing remuneration of Cost Auditors as per sec. 148 of the Companies Act, 2013 lies with
  - a. The Audit Committee
  - b. The Central Government
  - c. The Shareholders
  - d. The Board of Directors
6. A Cost Accountant in Practice, if solicits clients or professional work by circular advertisement, or personnel communications is deemed to be guilty of misconduct under the cost and works accountants act 1959 under
  - a. PART 1 of First Schedule
  - b. PART 2 of First Schedule
  - c. PART 1 of Second Schedule
  - d. PART 2 of Second Schedule
7. Cost Auditor to Report Fraud under which section of Companies Act 2013
  - a. 140(12)
  - b. 148(2)
  - c. 144(10)
  - d. 143(12)
8. When the Cost Auditor has to be appointed for FY 2024-25
  - a. Before 31<sup>st</sup> march 2024
  - b. Within 60 days of commencement of FY
  - c. Within 180 days of commencement of FY
  - d. After AGM of Previous FY 2023-24

## Cost and Management Audit

9. The Appointment of Cost Auditor is defined under which section of companies act 2013
- a. 148(2) c. 144(3)  
b. 148(3) d. 139
10. Casual Vacancy of Cost Auditor to be filled within
- a. 30days c. 90 days  
b. 60days d. 180 days
11. As per Section 141(3) read with Rule 10 of Company (Audit and Auditor) Rule, 2014, a person who has been convicted by a court of an offence involving fraud and a period of \_\_\_\_\_ years has not elapsed from the date of such conviction, is disqualified and not eligible for appointment as a Cost Auditor of a company.
- a. 10 c. 7  
b. 5 d. 2
12. A cost accountant who fails 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 c. 1.00 lakhs  
b. 25.00 lakhs d. 10.00 lakhs
13. Cost Audit Report is to be filed on MCA Portal within \_\_\_\_\_ days from the end of FY to which -The Cost Audit pertains
- a. 100 c. 200  
b. 180 d. 250
14. Section \_\_\_\_\_ provides that an officer or employee of the Company shall not be eligible for appointment as Cost Auditor of the Company
- a. 100 c. 137  
b. 125 d. 141
15. Section \_\_\_\_\_ of the Companies Act,2013 states the Cost Auditor shall have the same powers As auditors of the company has u/s 143 of the Companies Act, 2013
- a. 100 c. 148  
b. 121 d. 175
16. Which Audit covers Efficiency, Performance, Propriety?
- a. Financial Audit c. Secretary Audit  
b. Internal Audit d. Cost Audit
17. Notification of the Companies ( Cost Records and Audit) Rules, 2014 has resulted in superseding of :
- a. Companies ( Cost Accounting Records ) Rules, 2009  
b. Companies ( Cost Accounting Records ) Rules, 2010  
c. Companies ( Cost Accounting Records ) Rules, 2011  
d. Companies ( Cost Accounting Records ) Rules, 2012
18. Section 148 of the Companies Act,2013 deals with the provisions relating to :
- a. Financial Audit c. Secretarial Audit  
b. Internal Audit d. Cost Audit
19. \_\_\_\_\_ is absolutely necessary for efficient resource utilisation.
- a. Financial Audit c. Tax Audit  
b. Internal Audit d. Cost Audit
20. A person shall not be eligible to be appointed as Cost Auditor of the Company if he has been convicted of an offence involving fraud and a period of \_\_\_\_\_ years has not elapsed from the date of such conviction
- a. 1 year c. 7 years  
b. 5 years d. 10 years
21. Cost Auditor is to be appointed within \_\_\_\_\_ days from the start of the F.Y.
- a. 50 c. 180  
b. 100 d. 200
22. Relatives of any partner of the firm holding any security of or interest in the company of face value exceeding ...lakhs can not be appointed as the cost auditor of the company

## Cost and Management Audit

- a. 1 c. 3  
b. 2 d. None of the above
23. Cost Audit is to be conducted by the cost auditor who is a/an
- a. Any Indian resident  
b. Qualified chartered accountant  
c. Qualified company secretary  
d. Qualified Cost & Management Accountant
24. The cost auditor is .. for forming and expressing an opinion of cost statements
- a. Responsible c. Irresponsible  
b. Reasonable d. Assessing
25. Which of the following persons shall not be appointed as a cost auditor of the company
- a. A person who has been appointed as auditor of the company for the respective period  
b. A person who is or at any time during the preceeding three years was a director , officer or in the employment of director  
c. Both a & b  
d. None
26. Which of the following persons shall not be appointed as auditor of the company
- a. A person who has been appointed as auditor of company  
b. A spouse of the director of company  
c. A body corporate  
d. All of the above
27. A cost auditor is not permitted to:
- a. Express opinion on adequacy of cost records  
b. Provide internal audit services to the same company  
c. Verify compliance with Cost Accounting Standards  
d. Certify Product-wise Profitability statements
28. Can a statutory auditor of the company also be appointed as cost auditor?
- a. Yes, if Board permits  
b. Yes, for private companies only  
c. No, this is specifically prohibited  
d. Yes, for group companies
29. Which professional body regulates the conduct and ethics of Cost Auditors in India?
- a. ICAI  
b. SEBI  
c. ICAI  
d. MCA
30. A cost auditor finds that a company is not following a particular Cost Accounting Standard which materially affects cost disclosure. His reporting responsibility is to:
- a. Ignore it as cost audit is voluntary  
b. Qualify the cost audit report mentioning noncompliance  
c. Withdraw from the assignment without reporting  
d. Adjust the cost figures himself to comply
31. Which of the following is not a disqualification for appointment as a cost auditor under Section 141(3)?
- a. A person indebted to the company for ₹5,000  
b. A body corporate  
c. A relative holding securities worth ₹120,000  
d. A firm where partner holds securities in the company

## Cost and Management Audit

Answers :

1	2	3	4	5	6	7	8	9	10	11
d	d	c	C	d	a	d	C	b	a	a
12	13	14	15	16	17	18	19	20	21	22
b	b	d	c	d	c	d	d	d	c	a
23	24	25	26	27	28	29	30	31		
d	a	c	d	B	c	c	b	a		

### Overview of Cost Accounting Standards and GACAP

- CAS-17 deals with \_\_\_\_\_.
  - Royalty and Technical Knowhow fee
  - Material Cost
  - Research & Development Cost
  - Interest & Financing charges
- CAS 21 deals with \_\_\_\_\_.
  - Cost of service cost centre
  - Quality Control
  - Capacity determination
  - Cost classification.
- The foreign exchange component of imported material is converted at the rate on \_\_\_\_\_.
  - Date of Payment
  - Date of Delivery
  - Date of Transaction
  - Date of Use
- Which of the following is not forming part of Cost of transportation?
  - Cost of transport
  - Transit insurance
  - Demurrage Charge
  - Local Octroi charges
- Idle capacity is the difference between \_\_\_\_\_.
  - Installed capacity and Actual Capacity Utilisation
  - Installed capacity and Normal Capacity
  - Abnormal Idle capacity and Normal Capacity
  - Installed capacity and Normal Capacity
- Remuneration of the Non-Executive Directors is treated as \_\_\_\_\_.
  - Employee Costs
  - Administrative Overheads
  - Non-Cost Item
  - Selling & Distribution Overhead
- Which of the following is not part of the Employee Cost as per CAS-7?
  - Leave with Pay
  - Medical benefits to the Employees and dependents
  - Compensation for Lay off period
  - Cost of Employees' stock option
- Total Cost Accounting Standards issued by Cost Accounting Standard Board of CMA Institute as on today are
  - 10
  - 15
  - 20
  - 24
- Total Guidance Notes for By Cost Accounting Standard Board of CMA Institute as on today are:
  - 5
  - 7
  - 10
  - 13
- Which Cost Accounting Standards deals with Material Cost ?
  - CAS 1
  - CAS 2
  - CAS 6
  - CAS 10
- Till today Guidance note for Cost Accounting Standard \_\_\_\_\_ is not issued by Cost Accounting Standard Board of CMA Institute
  - CAS 2
  - CAS 7
  - CAS 12
  - CAS 17

## Cost and Management Audit

- Details of Raw Material Procurement Cost ( Rs / Kg ) Purchase Price 100 Transportation 10 Demurrage 10 As per CAS-6, Raw Material Cost to be considered shall be
  - 100
  - 110
  - 120
  - None of the above
- Details of Employee Cost for Cost Records : Gross Employee Cost 100 , TDS Deducted 30 ,As per CAS 7, Employee Cost to be considered shall be :
  - 100
  - 30
  - 70
  - None of the Above
- CAS \_\_\_\_\_ pertains to Cost of Utilities
  - 1
  - 4
  - 8
  - 14
- CAS 10 deals with :
  - Raw Material Cost
  - Packing Material Cost
  - Utilities Cost
  - Direct Expenses
- Find the Direct Expenses as per CAS-10 from the following :
  - Finance Charges on lease of Design 10 Lacs
  - Special Design Charges 20 Lacs
  - Software Development Charges related to Production 15 Lacs
  - Travelling Abroad for Training 7 Lacs
 Direct Expenses as per CAS-10 shall be :
  - 52 Lacs
  - 10 Lacs
  - 30 Lacs
  - 42 Lacs
- Penalty paid to PF authorities is .. in employee cost
  - Included
  - Excluded
  - Based on individual case
  - Partly included
- CAS 18 Stands for
  - Royalty and technical know how fee
  - Material cost
  - R&D cost
  - Finance cost
- As per CAS 23 the activity of overburden removal that benefits the identified component of ore to be mined by the entity is called as
  - Mining activity
  - Overburden removal
  - Stripping activity
  - Advance stripping
- CAS 9 deals with
  - Direct material cost
  - Indirect material cost
  - Packing material cost
  - Imported material cost
- CAS 20 deals with
  - Royalty and Technical know how fee
  - Material cost
  - Research & development cost
  - Financial cost
- As per CAS 2 actual capacity utilisation shall be presented as a percentage of
  - Installed capacity

## Cost and Management Audit

- b. Practical capacity
  - c. Capacity determination
  - d. Cost classification
23. CAS 5 deals with
- a. Equalized cost of transportation
  - b. Captive consumption
  - c. Capacity determination
  - d. Administrative overheads
24. Under the generally accepted cost accounting principles the cost of cane supplied from own farm to sugar mill is treated as
- a. Direct material cost
  - b. Indirect material cost
  - c. Production overheads
  - d. Administrative overheads
25. Variances due to abnormal reasons ... forms part of cost as per GACAP
- a. WILL NOT
  - b. IS
  - c. ARE
  - d. WILL
26. Cost Accounting Standards (CAS) are relevant in cost audit because they:
- a. Are legally binding on all companies without exception
  - b. Provide a uniform basis for cost measurement and disclosure for comparability
  - c. Replace generally accepted accounting principles entirely
  - d. Are only relevant for financial audit
27. A factory pays basic ₹8,00,000, DA ₹2,00,000, bonus ₹80,000, and PF ₹96,000. What is total employee cost as per CAS-7?
- a. ₹ 10,00,000
  - b. ₹ 11,06,000
  - c. ₹ 10,80,000
  - d. ₹ 11,76,000
28. CAS 10 deals with direct expenses. Which of the following expenses can be classified as direct expenses?
- a. Royalties on production
  - b. Salaries of factory security staff
  - c. Rent of office building
  - d. Power used in administration
29. As per (Employee Cost), which of the following costs should be excluded from employee cost?
- a. Salaries and wages
  - b. Bonus and incentives
  - c. Interest on employee loans
  - d. Contribution to provident fund
30. Under (Cost of Utilities), if the factory power cost is ₹1,00,000 and 20% is consumed by non-production departments, the cost to be allocated to production is:
- a. ₹ 80,000
  - b. ₹ 1,00,000
  - c. ₹ 20,000
  - d. ₹ 0
31. Subsidized meals: ₹30 charged to employee, actual cost ₹80. 100 employees, 25 days. What cost is added to employee cost?
- a. ₹ 1,25,000
  - b. ₹ 75,000

## Cost and Management Audit

- c. ₹ 1,00,000
  - d. ₹ 50,000
32. A company imports 500 kg at \$20/kg. Exchange rate = ₹75. Customs duty = 10%. Freight = ₹5,000. What is total landed cost?
- a. ₹ 8,30,000
  - b. ₹ 8,50,000
  - c. ₹ 8,75,000
  - d. ₹ 8,25,000
33. A product requires 10 kg of raw material costing ₹50 per kg, but due to wastage, 12 kg is used. As per CAS 4, the cost of raw material to be charged to the product is:
- a. ₹ 500
  - b. ₹ 600
  - c. ₹ 550
  - d. ₹ 450
34. Cost Accounting Standards (CAS) are relevant in cost audit because they:
- a. Are legally binding on all companies without exception
  - b. Provide a uniform basis for cost measurement and disclosure for comparability
  - c. Replace generally accepted accounting principles entirely
  - d. Are only relevant for financial audit

### Answers :

1	2	3	4	5	6	7	8	9	10
d	b	c	c	a	b	c	d	d	C
11	12	13	14	15	16	17	18	19	20
d	b	a	c	d	d	b	c	c	A
21	22	23	24	25	26	27	28	29	30
a	a	a	a	a	b	d	a	c	a
31	32	33	34						
a	a	a	b						

### Unit 5 - Cost Auditing and Assurance Standards

1. \_\_\_\_\_ Cost Auditing Standard deals with planning an audit of Cost Statement.
  - a. 101
  - b. 102
  - c. 103
  - d. 104
2. Total \_\_\_\_\_ Cost Auditing Standards have been issued by Cost Auditing Standard Board.
  - a. 1
  - b. 2
  - c. 3
  - d. 4
3. Objective of Cost Auditing Standard \_\_\_\_\_ is to guide members in planning for the audit of Cost Statements.
  - a. 101
  - b. 102
  - c. 103
  - d. 104
4. Which Cost Auditing Standard requires Cost Auditor to prepare audit documentation on timely basis?
  - a. 101
  - b. 102
  - c. 103
  - d. 104
5. Which Cost Auditing Standard requires Cost Auditor to develop an audit plan?
  - a. 101
  - b. 102
  - c. 103
  - d. 104
6. Which Cost Auditing Standard requires Cost Auditor to evaluate and assess IT Environment and Control?
  - a. 101
  - b. 102
  - c. 103
  - d. 104

## Cost and Management Audit

7. Who has issued Cost Auditing Standards?
  - a. Cost Accounting Standard Board
  - b. Cost Auditing & Assurance Standard Board
  - c. Technical Cell
  - d. Internal Auditing and Assurance Standard Board
8. Which Section of Companies Act, 2013 provides that Cost Auditor should comply with Cost Auditing Standards?
  - a. 25
  - b. 50
  - c. 125
  - d. 148
9. Who is the approving authority of Cost Auditing Standards?
  - a. Ministry of Finance
  - b. Ministry of External Affairs
  - c. Ministry of Corporate Affairs
  - d. Ministry of Coal & Mining
10. Which Cost Auditing Standards requires Cost Auditor for forming and expressing an opinion on the Cost Statements?
  - a. 101
  - b. 102
  - c. 103
  - d. 104
11. On which date, Cost Auditing Standards 101 to 104 are approved by Ministry of Corporate Affairs?
  - a. 10.07.2015
  - b. 10.08.2015
  - c. 10.09.2015
  - d. 10.10.2015
12. How many members Cost Auditing Standard Board has?
  - a. 5
  - b. 7
  - c. 11
  - d. 14
13. The cost auditing standards deal with the ... of the cost auditor
  - a. Efficiency
  - b. Effectiveness
  - c. Qualification
  - d. Responsibility
14. Cost auditing standards preface to the standards on auditing, quality control review & related services rendered by cost accountants has been issued by
  - a. ICAI
  - b. ICMAI
  - c. CAASB
  - d. ICWAI
15. As per cost Auditing Standards 101 the risk of material misstatements has two components
  - a. Inherent risk & control risk
  - b. Detection risk & audit risk
  - c. Material risk & implicit risk
  - d. Financial risk & explicit risk
16. The objective of CAS 101 is
  - a. Prepare cost records
  - b. Prepare cost audit documentation
  - c. Guide the members to make planning for audit of cost statements
  - d. Enables the cost auditor to have knowledge of clients business
17. SA 300 stands for
  - a. Responsibility of joint Auditor
  - b. Overall planning of Audit
  - c. Audit planning
  - d. None of the above
18. SA 230 stands for
  - a. Quality control for an audit of financial statements
  - b. Agreeing the terms of audit engagement
  - c. Audit documentation
  - d. Responsibilities of joint auditor
19. Overall Objectives of the independent Cost Auditor and conduct of an Audit in accordance with Cost Auditing Standard is dealt in
  - a. 101
  - b. 102
  - c. 103
  - d. 104
20. CAS \_\_\_\_\_ ensures the achievement of audit objectives with available resources and securing coordination with the auditee on audit work.
  - a. 101
  - b. 102

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- c. 103
- d. 104
21. The procedures followed by the cost auditor to reduce the audit risk to an acceptable level will not detect a misstatement that exists and that could be material is \_\_\_\_\_
  - a. Inherent risk
  - b. Detection risk
  - c. Control risk
  - d. None of these
22. CAS 104 enables the cost auditor
  - a. To have knowledge of the clients business
  - b. Overall objectives of the cost auditor and the conduct of an audit
  - c. Guide the members to prepare cost audit documentation
  - d. Making plan for audit of cost statement
23. Requirements of CAS - 104, the cost auditor shall
  - a. Comply with the relevant ethical requirements
  - b. Have adequate level of understanding of the knowledge of business
  - c. Prepare audit documentation
  - d. None of these

Answers :

1	2	3	4	5	6	7	8	9	10
a	d	a	b	a	d	b	d	c	C
11	12	13	14	15	16	17	18	19	20
c	c	d	c	a	c	c	c	c	A
21	22	23							
b	a	b							

### Unit 6.7.8

1. If the auditor is satisfied for all points he will submit
  - a. Unqualified report
  - b. Qualified report
  - c. Interim report
  - d. Final report
2. XBRL is language based on
  - a. XBL family of languages
  - b. XRL family of languages
  - c. XML family of languages
  - d. XCL family of languages
3. XML stands for what
  - a. Extensible
  - b. Markup
  - c. Language
  - d. All of the above
4. Which of the following is not an audit opinion
  - a. Qualified opinion
  - b. Adverse opinion
  - c. Disclaimer opinion
  - d. Reserved opinion
5. During the planning stage of final audit the auditor believes that the probability of giving an inappropriate audit opinion is too high , how should the auditor amend the audit plan to resolve this issue
  - a. Increase in materiality level
  - b. Decrease in inherent risk
  - c. Decrease in detection risk
  - d. Increase in inherent risk
6. Arrange the following stages of an audit of cost statements in correct sequence
  - A. Performing
  - B. Planning
  - C. Reporting
  - a. A,C,B
  - b. A,B,C
  - c. B,A,C
  - d. B,C,A

## Cost and Management Audit

7. Verification of assets involves a critical examination of
  - a. Ownership
  - b. Existence
  - c. Both a&b
  - d. None of the above
8. Demerits of audit programme is
  - a. Rigidity
  - b. Ignoring new areas
  - c. Mechanized work
  - d. All of the above
9. Which of the following is not listed as a key task of audit personnel in planning a cost audit assignment?
  - a. Physical inspection of the activities and the area where they are performed.
  - b. Knowledge of the key personnel responsible for the activities and maintenance of cost records.
  - c. Study of the statements of budgets, plans, and strategies relating to activities.
  - d. Preparation of the company's financial statements for statutory audit.
10. Which of the following best describes an Adverse Audit Report on cost accounting records and cost statements of a company?
  - a. It confirms that the cost statements are free from material misstatements and conform to accepted accounting principles.
  - b. It indicates that the cost statements are materially misstated, unreliable, and do not conform to generally accepted cost accounting principles.
  - c. It suggests that the cost statements contain minor errors that do not affect the overall reliability of financial information.
  - d. It provides a clean opinion stating that the company's operational results can be assessed accurately.
11. Which of the following is least likely to be part of a cost audit programme?
  - a. Verification of cost records
  - b. Checking compliance with CAS
  - c. Cross-verification of inventory valuation
  - d. Calculation of EPS
12. Which of the following statements is true regarding the signature of cost audit report?
  - a. It must be signed only by a statutory auditor
  - b. It is digitally signed by the cost auditor using DSC
  - c. It is signed in physical form only
  - d. It does not require signing if filed online
13. Which of the following is not included in the cost audit report annexure?
  - a. Value addition and distribution of earnings
  - b. Related party transactions for cost records
  - c. Financial ratios and reconciliation
  - d. Director's remuneration details under Schedule V
14. Which of the following particulars relating to wages and salaries be included in cost auditors report to the director of the company
  - a. Total wages and salaries paid
  - b. Total man days of direct labour available and actually worked
  - c. A brief explanation for variances in item
  - d. All of the above
15. The responsibility to ensure timely filing of the cost audit report with the Central Government lies with:
  - a. Cost Auditor
  - b. Company Secretary
  - c. MD or Whole-time Director
  - d. Audit Committee
16. If the cost auditor detects fraud during the preparation of the cost audit report, what is the immediate responsibility?
  - a. File police report
  - b. Notify SEBI

## Cost and Management Audit

- c. File ADT-2
  - d. Report to Board, then CG if unaddressed
17. If the auditor concludes that some audit evidence is insufficient, what should be done?
  - a. Ignore if deadlines are tight
  - b. Seek additional evidence before forming an opinion
  - c. Qualify the cost statements without informing management
  - d. Submit a disclaimer of opinion immediately
18. Incomplete documentation increases risk of:
  - a. Fraud going undetected
  - b. Higher production cost
  - c. Delayed turnover
  - d. No change in opinion
19. Main purpose of evaluating internal control in cost audit?
  - a. Detect tax fraud
  - b. Reduce audit scope
  - c. Assess data reliability
  - d. Verify shareholding pattern
20. Which audit procedure is performed during execution phase?
  - a. Understanding entity's cost structure
  - b. Designing audit programme
  - c. Performing sampling and vouching
  - d. Assessing risk of misstatement
21. First step in preparing audit programme for a new client with decentralized operations?
  - a. Verify financial ratios
  - b. Evaluate statutory audit
  - c. Understand cost system and operations
  - d. Perform analytical procedures
22. What is the role of working papers in a cost audit programme?
  - a. Optional records
  - b. Shared with tax authorities
  - c. Basis for opinion and future reference
  - d. Discarded after report
23. What would most likely modify a pre-approved cost audit programme?
  - a. Auditor's leave
  - b. Change in stock valuation method
  - c. Increase in product price
  - d. Change in marketing strategy
24. Which of the following is least likely to be part of a cost audit programme?
  - a. Verification of cost records
  - b. Checking compliance with CAS
  - c. Cross-verification of inventory valuation
  - d. Calculation of EPS
25. Cost auditor is required to maintain working papers and audit documentation for a minimum of:
  - a. 3 years
  - b. 5 years
  - c. 7 years
  - d. 10 years

## Cost and Management Audit

Answers :

1	2	3	4	5	6	7	8	9	10
a	c	d	d	c	c	b	d	d	b
11	12	13	14	15	16	17	18	19	20
c	b	d	d	c	d	b	a	c	c
21	22	23	24	25					
c	c	b	d	10					

### Section B Management Audit

#### Unit 1 - Basics of Management Audit

- Management auditor should have a thorough knowledge of \_\_\_\_\_.
  - Financial Accounting
  - Production techniques
  - Costing systems
  - All of the above
- A management auditor can recommend the most suitable system of flow of information \_\_\_\_\_.
  - Internally
  - Externally
  - Internally and externally
  - None of the above
- Management auditor should be well versed with \_\_\_\_\_.
  - Management by exception.
  - Management by objectives.
  - Principles of delegation of authority.
  - All of the above.
- Which of the following statements are true about management audit?
  - The management audit is made compulsory and statutory.
  - Management audit is a program of one year.
  - Management audit cannot be conducted by an independent person.
  - No, time limit can be fixed for submission of the report under management audit.
- Cost audit is a verification of cost records to estimate the \_\_\_\_\_ efficiency of a business.
  - External
  - Internal
  - Both internal and external
  - None of the above
- The management auditor's work begins
  - After the work of a statutory auditor ends
  - Before the work of a statutory auditor begins
  - Varies from firm to firm
  - None of the above
- Management audit is useful for
  - Suggestion for targets
  - Assistance to management
  - Good staff relationship
  - All of the above
- The main emphasis of management Audit is
  - Problem solving
  - Problem identification
  - Problem definition
  - Problem avoidance
- A key advantage of involving CMAs in management audit is:
  - Increased legal compliance workload
  - Focused insights on cost control and process efficiency
  - Delay in audit completion
  - Shift of responsibility to tax authorities
- Management Audit primarily helps an organization to:
  - Reduce income tax
  - Evaluate managerial effectiveness

## Cost and Management Audit

- Calculate capital gains
  - File statutory reports
- Which of the following is not a purpose of Management Audit?
    - Identifying weaknesses in systems
    - Suggesting operational improvements
    - Evaluating management efficiency
    - Calculating depreciation
  - Management Audit differs from financial audit because it:
    - Is legally compulsory
    - Focuses on accounting standards
    - Involves only external auditors
    - Emphasizes operational performance rather than records
  - The main objective of Management Audit is to:
    - Identify fraud in accounting records
    - Certify balance sheet accuracy
    - Verify cash transactions
    - Suggests appropriate cost effective implementation of plans
  - Management Audit is best described as:
    - An investigation into tax liabilities
    - An evaluation of managerial activities and performance
    - A statutory check of accounts
    - A legal compliance exercise

Answers :

1	2	3	4	5	6	7	8	9	10
d	c	d	d	b	a	d	b	b	b
11	12	13	14						
d	d	d	b						

#### Unit 2 - Management Reporting Issues And Analysis

- Which of the following is a kind of information report?
  - Trend reports.
  - Analytical report.
  - Activity reports.
  - All of the above.
- Management reporting can be performed as .
  - Internal reporting.
  - External reporting.
  - Both (a) & (b).
  - None of the above.
- The backbone of any organization is .
  - Information.
  - Employee.
  - Management.
  - Capital.
- Which of these is usually written in a form of a memorandum?
  - Informal reports.
  - Formal reports.
  - Professional reports.
  - Business reports.
- Which of the following is a type of matter that may be covered in a special report?
  - Feasibility study for a project.
  - Cost reduction schemes information.
  - Data on make or buy decision.
  - All of the above.
- are to be presented after making an investigation of the problem which requires to be investigated.

## Cost and Management Audit

- a. Memorandum.  
b. Special reports.
7. is a very important method of presenting information to the management in a pictorial manner and attracts the eye of the recipient more quickly and forcibly.  
a. Tabular Reports.  
b. Descriptive Reporting.
8. are presented in the form of comparative statements.  
a. Descriptive Reports.  
b. Graphics Presentation.
9. Which of the following general principle is required to be followed while reporting?  
I. Report should have a proper title.  
II. Report should be in good form and should have subheadings and paragraphs.  
III. Format of the report should be changed frequently.  
IV. Report should factual.  
V. Report need not save the time of the management.  
Select the correct answer from the options given below.  
a. I and III only.  
b. II & IV only.
10. Collecting comments and suggestions from users to discover ways to continuously improve the data and process can be described as .  
a. Implementation.  
b. Exception.
11. Which of these reports provides information without any evaluation?  
a. Informational.  
b. Interpretative.
12. ---- report provides rationed findings.  
a. Informative.  
b. Interpretative.
13. Which of these is not mentioned in a progress report?  
a. Name of the project.  
b. Right choice of instruments.
14. Which of these is not a parameter of a formal report?  
a. Presentation.  
b. Complaint.
15. Which of these reports is written before starting a new project?  
a. Feasibility report.  
b. Periodic report.
16. Which of these must never be a basis for a technical report?  
a. Facts.  
b. Tests.
17. . Reports present conclusions based on .  
a. Intuition.  
b. Belief.
18. Which of these is not a parameter of a report?  
a. Ability to acquire additional information.  
b. Quality of additional information acquired.  
c. Ability to arrive at a subjective evaluation.  
d. Ability to provide worthwhile recommendations
19. The chronological development of information in the body of the report is done according to the -----.  
a. Logical sequence of events.  
b. Order in which events occurred.
- c. Summary.  
d. Special facts.
- c. Graphic Presentation.  
d. All of the above.
- c. Transactional Analysis.  
d. Tabular Reports.
- c. II, III, and V only.  
d. IV, I, and II only
- c. Feedback.  
d. Order
- c. Routine.  
d. Progress.
- c. Routine.  
d. Progress.
- c. Nature of work.  
d. Amount of work left.
- c. Information.  
d. Request.
- c. Trouble report.  
d. Progress report.
- c. Personal prejudices.  
d. Experiments.
- c. Impression.  
d. Investigation.

## Cost and Management Audit

- c. Choice of the writer.  
d. Collection of data.
20. Which of these must be avoided in a technical report?  
a. Facts.  
b. Logical conclusion.
21. A reduction in output per unit of input usually means:  
a. Increased efficiency  
b. Constant efficiency  
c. Decreased productivity  
d. improved profitability
22. Ratio analysis is mainly used to:  
a. Analyse financial performance and efficiency  
b. Determine standard costs  
c. Prepare break-even charts  
d. Forecast demand
23. Standard costing is mainly used to:  
a. Evaluate stock prices  
b. Control costs through variance analysis  
c. Estimate future tax liabilities  
d. Measure liquidity ratios
24. Labour turnover ratio indicates:  
a. Stability of workforce  
b. Profitability ratio  
c. Liquidity position  
d. Capacity utilisation
25. An efficient working capital policy aims to:  
a. Increase inventory levels  
b. Reduce cash balance  
c. Maintain optimum liquidity  
d. Increase payables indefinitely
26. Quick ratio excludes:  
a. Cash  
b. Accounts receivable  
c. Inventory  
d. Prepaid expenses
27. A current ratio of less than 1 indicates:  
a. Ideal liquidity  
b. Poor liquidity position  
c. Strong profitability  
d. Excess cash
28. Working capital is defined as:  
a. Current assets + Current liabilities  
b. Current assets - Current liabilities  
c. Fixed assets - Current liabilities  
d. Reserves + Liabilities
29. Variable costs primarily change with:  
a. Management structure  
b. Inflation  
c. Volume of output  
d. Fixed assets
30. Contribution per unit helps in:

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- a. Pricing decisions
  - b. Interest calculations
  - c. Tax liability estimation
  - d. Preparing balance sheet
31. Break-even point occurs when:
- a. Total sales = Total variable cost
  - b. Total sales = Total fixed cost
  - c. Total contribution = Total fixed cost
  - d. Total profit = Total contribution
32. Contribution is defined as:
- a. Sales - Fixed cost
  - b. Sales - Variable cost
  - c. Variable cost - Fixed cost
  - d. Profit - Fixed cost
33. Energy intensity is usually expressed as:
- a. Output ÷ Labour hours
  - b. Energy consumption per unit of output
  - c. Energy cost ÷ Total sales
  - d. Fixed cost per unit
34. Energy audits primarily aim to:
- a. Identify legal compliance gaps
  - b. Determine tax liability
  - c. Identify energy saving opportunities
  - d. Increase production capacity
35. Total productivity considers
- a. Only labour
  - b. Only material
  - c. All resources
  - d. Only energy
36. Productivity is generally measured as:
- a. Total inputs ÷ Total outputs
  - b. Total outputs ÷ Total inputs
  - c. Total fixed costs ÷ Total variable costs
  - d. Profit ÷ Sales
37. Capacity utilisation is best expressed as:
- a. Actual Output ÷ Maximum of Output × 100
  - b. Maximum Output ÷ Actual Output × 100
  - c. Planned capacity ÷ Installed capacity × 100
  - d. Installed capacity ÷ Actual capacity × 100
38. Which of the following is not typically part of management reporting?
- a. Performance summaries
  - b. Horizontal comparison of results
  - c. Legal judgments
  - d. Trend charts
39. The primary purpose of management reporting is to:
- a. Meet statutory audit requirements
  - b. Support managerial decision-making
  - c. Replace financial statements
  - d. Calculate tax liabilities

## Cost and Management Audit

Answers :

1	2	3	4	5	6	7	8	9	10
d	e	a	a	d	b	c	d	d	C
11	12	13	14	15	16	17	18	19	20
a	b	b	b	a	c	d	c	b	d
21	22	23	24	25	26	27	28	29	30
c	a	b	a	c	c	b	b	c	a
31	32	33	34	35	36	37	38	39	
c	b	b	c	c	b	a	c	b	

### CASE STUDY

#### Case Study 1: MCQ on Productivity

Company A manufactures product X.

400000 MT are produced employing 400 employees

This translates into  $400000 / 400 = 1000$  mt per employee

Now company wants to improve it to 1100 mt per employee through training

Multiple Choice Question (MCQ):

This relates to

- 1) Raw Material Productivity
- 2) Packing Material Productivity
- 3) Natural Gas Productivity
- 4) Employee Productivity

Correct Answer is 4) Employee Productivity

Case Study 2 : MCQ on Productivity Company A manufactures Product X using main Raw Material Y having Input Output ratio of 1 : 1 Through its R & D Activities, Company wants to improve this input output ratio to 0.75 : 1

Multiple Choice Question (MCQ):

This refers to

- 1) Raw Material Productivity
- 2) Packing Material Productivity
- 3) Natural Gas Productivity
- 4) Employee Productivity

Correct Answer is 1) Raw Material Productivity

#### Case Study 3 : MCQ on Productivity

Company G manufactures Product CS which gives rise to process waste PW.

1 MT of Product CS gives rise to .50 MT of process waste PW

To reduce this Process Waste PW to .30 MT for 1 MT of Product CS, company G has modified its manufacturing process

Multiple Choice Question (MCQ):

This refers to

- 1) Labour Productivity
- 2) Capital Productivity
- 3) Sales Productivity
- 4) Environment Productivity

Correct Answer is 4) Environment Productivity

#### Case study 4 :

Particulars	₹ per unit
Sale	100000
Raw materials	50000
utilities	15000
Packing materials	5000

## Cost and Management Audit

Employee cost	5000
Consumable stores	4000
Repair expenses	3000
depreciation	5000
insurance	1000
overheads	2000

- What is the variable cost of the product
  - ₹50,000 Per Unit of Finished Product
  - ₹60,000 Per Unit of Finished Product
  - ₹70,000 Per Unit of Finished Product
  - ₹80,000 Per Unit of Finished Product
- What is the Fixed cost of the product
  - ₹10,000 Per Unit of Finished Product
  - ₹20,000 Per Unit of Finished Product
  - ₹25,000 Per Unit of Finished Product
  - ₹30,000 Per Unit of Finished Product
- What is the Contribution of the product
  - ₹10,000 Per Unit of Finished Product
  - ₹20,000 Per Unit of Finished Product
  - ₹25,000 Per Unit of Finished Product
  - ₹30,000 Per Unit of Finished Product
- What is the Profitability of the product
  - ₹10,000 Per Unit of Finished Product
  - ₹20,000 Per Unit of Finished Product
  - ₹25,000 Per Unit of Finished Product
  - ₹30,000 Per Unit of Finished Product
- What is Raw Material Cost as % of Total Cost
  - 54.56
  - 55.56
  - 56.56
  - 57.56

Answer:

- (c) ₹70000 Per Unit of Finished Product
- (b) ₹20000 Per Unit of Fixed Cost
- (d) ₹30000 Per Unit of Finished Product
- (a) ₹10000 Per Unit of Finished Product
- (b) 55.56%

### Case Study 2:

Following are the Cost Components of a Product A

Raw Material , Utilities , Packing Material , Employee Cost , Consumable Stores , Repair Expenses , Depreciation , Insurance , Overheads

- Which Cost Component is variable in nature?
  - Raw Material
  - Employee Cost
  - Consumable Stores
  - Overheads
- Which Cost Component is related to aging of Plant & Machinery?
  - Raw Material
  - Packing Material
  - Consumable Stores
  - Overheads
- Concept of OEM (Original Equipment Manufacture ) is related to which Cost Component?
  - Raw Material
  - Utilities
  - Consumable Stores
  - Insurance
- Source of Which Cost Component is Fixed Asset Register?
  - Consumable Stores
  - Repairs
  - Depreciation
  - Insurance
- Which Cost Element involves Expenses which are of discretionary in nature?
  - Utilities
  - Packing Material
  - Insurance
  - Overheads

Answer:

- (a) Raw Material
- (c) Consumable Stores

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- (c) Consumable Stores
- (c) Depreciation
- (d) Overheads

### Case study 3

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:

- ₹10,097.10
- ₹11,000.20
- ₹11,078.35
- ₹12,035.52

(ii) P/V Ratio(%) of company X:

- 45.21
- 44.26
- 48.25
- 45.13

(iii) Contribution at Break Even point of Sales:

- 4589
- 4557
- 4253
- 4569

(iv) Sales above BEP of company X:

- ₹14,897
- ₹14,565
- ₹14,378
- ₹14,225

(v) Variable cost ratio(%) of company X:

- 54.87
- 54.79

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C. 51.75

D. 55.74

1	2	3	4	5
a	d	b	c	a

### Case study 4

b) ABC Co. has planned for an investment of ₹800.00 lakh with a 50% Loan from Banks at 10% interest. Direct Cost for the year ₹480.0 lakhs and 50% of which is Material cost. Other expenses are at ₹80.0 lakh. The goods will be sold at 150% of the direct cost. The tax rate is assumed at 50%. Answer the following five questions based on the above case study

(xi) What is the net profit margin?

- a) 8.33%
- b) 6.45%
- c) 12.33%
- d) 10.19%

(xii) Calculate the Return on Assets.

- a) 5%
- b) 7.5%
- c) 9.4%
- d) 10%

(xiii) Determine the assets turnover.

- a) 0.7
- b) 0.8
- c) 0.95
- d) 0.9

(xiv) What is the Return on owners' equity?

- a) 12%
- b) 15%
- c) 18%
- d) 20%

(xv) What is the Inventory turnover?

- a) 14.45%
- b) 28.24%
- c) 33.33%
- d) 42.19%

## Cost and Management Audit

answer

1	2	3	4	5
a	b	d	b	C

### Case study 5

DG Solutions Co has the following forecast figures for its first year of trading: Sales ₹18,00,000 Purchases expense ₹15,00,000 Average receivables ₹1,53,000 Average inventory ₹2,47,500 Average payables ₹1,15,000 Average overdraft ₹2,50,000 Gross profit margin 25% Industry average data: Inventory days 53 Receivables days 23 Payables days 47 Current ratio 1.43 Assume there are 365 days in the year

Choose the correct option based on above information:

1. The Cash operating cycle for DG Solutions Co is \_\_\_\_\_.
  - A. 65 days
  - B. 59 days
  - C. 70 days
  - D. 88 days
2. The Cash operating cycle for DG Solutions Co is \_\_\_\_\_.
  - A. 65 days
  - B. 59 days
  - C. 70 days
  - D. 88 days
3. Quick Ratio of DG Solutions Co is \_\_\_\_\_.
  - A. 0.56 times
  - B. 0.42 times
  - C. 0.60 times
  - D. 1.20 times
4. Sales to Working Capital Ratio of DG Solutions Co is \_\_\_\_\_.
  - A. 5.60 times
  - B. 6.30 times
  - C. 7.69 times
  - D. 5.75 times
5. From the above calculations and the given scenario, which one of the statement is most correct?
  - A. The length of the cash operating cycle is longer than the industry average, which is likely to lead to liquidity problems
  - B. Liquidity position is favourable
  - C. Liquidity position is better than the industry standard
  - D. Resources are efficiently utilized

1	2	3	4	5
c	a	b	b	a

### Case study 6

ABC Ltd which is manufacturing consumer products has two divisions Assembling and Finishing. The two divisions are operating as cost centres

- (i) Present activities and cost involved in Assembling division & Finishing division and in a year: Assembly Division :

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No of sets assembled : 14,000 Manufacturing of parts ( including material) : ` 9.00 lakhs Parts purchased from market : ` 5.00 lakhs Other Variable cost : Welding cost : ` 6.50 lakhs and Assembling cost : ` 9.50 lakhs Fixed cost for the unit : ` 12 lakhs

25% of the production of Assembly division is sold in the market at a price of ` 400 per set and 75% is transferred to Finishing Division at ` 370

Cost incurred in Finishing Division :

Painting cost : ` 6.00 lakhs

Polishing cost : ` 1.50 lakhs

Other fixed cost ` 4.50 lakhs.

Selling Price per set is ` 550.

Evaluate the following situations:

- Total sale value for assembly division
  - 52,85,000
  - 14,00,000
  - 38,85,000
  - 82,85,000
- Profit for assembly division
  - 7,85,000
  - 10,85,000
  - 15,80,000
  - 20,00,000
- Total sale value for finishing division
  - 42,00,000
  - 38,85,000
  - 57,75,000
  - 42,85,000
- Profit for finishing division
  - 7,20,000
  - 5,90,000
  - 10,00,000
  - 6,90,000
- Total profit for the company
  - 17,75,000
  - 10,85,000
  - 6,90,000
  - 12,00,000

1	2	3	4	5
a	b	c	d	a

### Case study 7

The following figures relates to XYZ LTD. For two years

Year ended on	31.03.2024	31.03.2023
Gross Profit %	25	20
Average stock ₹	40,000	50,000
Stock turnover ( times )	20	25
Income tax rate %	30	30
Post tax income as % of sales	9	10

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- Cost of goods sold for the two years ending on 31.03.2024 & 31.03.2023 in ₹
  - 10,00,000 & 10,00,000
  - 12,50,000 & 8,00,000
  - 8,00,000 & 12,50,000
  - 10,00,000 & 12,50,000
- Sales for two year ending in ₹
  - 10,66,667 & 15,62,500
  - 15,62,500 & 10,66,667
  - 8,00,000 & 12,50,000
  - 10,00,000 & 15,62,500
- Next income after tax for two years ending ₹
  - 96000 & 1,56,250
  - 1,56,250 & 96000
  - 100,000 & 1,56,250
  - 1,56,250 & 1,00,000
- Profit before tax for the 2 years ending in ₹
  - 96000 & 1,56,250
  - 2,23,214 & 1,37,143
  - 100,000 & 1,56,250
  - 1,37,143 & 2,23,214
- What is the increase / decrease in the profit before tax from 31.03.2023 to 31.03.2024
  - Decrease by 86,071
  - Increase by 86,071
  - No change
  - Increase by 1,00,000

1	2	3	4	5
c	a	a	d	a

### Unit 3 - Management Audit in Different Functions

- As per Leslie R. Howard, a Management audit is an investigation of a business from the \_\_\_\_\_ in order to ascertain whether sound management prevails throughout.
  - Highest level downwards.
  - Lowest level upwards.
  - Either (a) or (b).
  - None of the above.
- Important point in corporate planning is \_\_\_\_\_.
  - Time and Work Study
  - Imposing Control System
  - Forecasting and goal setting.
  - SWOT analysis.
- Assurance engagements involve \_\_\_\_\_.
  - Only Individual Parties
  - Three separate parties.
  - Contractor and Contractee
  - None of them
- The consumer service audit critically examines:
  - Outstanding payment of consumers.
  - Price consumers are ready to pay for particular product/service
  - An appraise management of business enterprise of responsibility towards consumers.
  - Demand of a product by consumers.
- Consumer Service Audit is part of \_\_\_\_\_.
  - Business Activity Audit
  - Social Audit

## Cost and Management Audit

- c. Service Audit  
d. None of Above
6. There are no fixed items of evidence to be checked by Management Auditor.  
a. The statement is true.  
b. The statement is false.  
c. The statement is partly true.  
d. The statement is partly false.
7. Management Audit Report Submitted to:  
a. Cost Audit Branch  
b. Audit Committee  
c. Central Government  
d. Management of Concern
8. There are no fixed items of evidence to be checked by Management Auditor. A Management Auditor has to rely more on \_\_\_\_\_.  
a. his experience and acumen.  
b. Auditors Working Paper.  
c. Physical Verification Sheet.  
d. Information Provided by Management.
9. Which of the following contain the frame work for CSR?  
a. Section 135 of the Companies Act, 2013  
b. Schedule VII of the Companies Act, 2013  
c. Companies (Corporate Social Responsibility Policy) Rules, 2014  
d. All of the Above
10. To which category of company, provisions of CSR is applicable under Section 135 of the Companies Act, 2013?  
a. Listed Company  
b. Unlisted Public Company  
c. Private Company  
d. Every Company
11. As per Section 135 of the Companies Act, 2013, provisions of CSR is applicable to every company having Net PROFIT of  
a. ₹ 3 crore or more  
b. ₹ 4 crore or more  
c. ₹ 5 crore or more  
d. ₹ 6 crore or more During the immediately preceding financial year
12. As per Section 135 of the Companies Act, 2013, provisions of CSR is applicable to every company having turnover of  
a. ₹ 500 Crore or more  
b. ₹ 700 Crore or more  
c. ₹ 1000 Crore or more  
d. ₹ 1400 Crore or more
13. Within how many days from the end of the Financial Year, company has to transfer any unspent CSR amount to a special account known as Unspent Corporate Social Responsibility Account?  
a. 10  
b. 20  
c. 30  
d. 40
14. A good CSR strategy contributes to corporate image because:  
a. It decreases profit  
b. It improves brand credibility  
c. It focuses on litigation  
d. It removes marketing expenses
15. ESG performance is often disclosed through:  
a. Cost audit report  
b. Integrated reporting or sustainability report  
c. Internal audit report only  
d. Trial balance
16. ESG Audit focuses on:  
a. Only economic performance  
b. Environmental, social, and governance factors  
c. Compliance with tax laws  
d. Marketing efficiency
17. Social cost-benefit analysis audit focuses on:  
a. Profitability for shareholders  
b. Economic and social impact on society

## Cost and Management Audit

- c. Cost of production only  
d. Tax compliance
18. CSR audit is closely linked to:  
a. Statutory tax deduction  
b. Social accountability and sustainability  
c. Financial accounting standards  
d. Ratio analysis
19. A CSR audit helps to ensure:  
a. Only financial reporting compliance  
b. Only profitability increase  
c. Transparency in social spending and outcomes  
d. Tax rebate calculation

Answers :

1	2	3	4	5	6	7	8	9	10
a	d	B	c	b	a	d	a	d	d
11	12	13	14	15	16	17	18	19	20
c	c	c	b	b	b	b	b	c	

Case Study 1: MCQ on CSR

Net worth	375
turnover	125
Net profit	15

Multiple Choice Question:

CSR is applicable due to its meeting

- 1) Net worth criteria  
2) Turnover criteria  
3) Net Profit criteria  
4) All of the above

Correct answer is 3) Net Profit Criteria

Note for Students:

As per section 135(1) of the Companies Act, 2013, CSR provisions shall be applicable to companies, which fulfils any of the following criteria during immediately preceding financial year

- 1) Net worth of ` 500 crore or more or  
2) Turnover of ` 1000 crore or more or  
3) Net Profit of ` 5 crore or more

Case Study 2 : MCQ on CSR Company A has 1st time satisfied the conditions of applicability of CSR in F.Y. 2023-24 by virtue of satisfying the condition of Net Profit of ` 5 Crores or more, ` 7 Crores

So, from F.Y. 2024-25, Company A needs to spend on CSR Activities.

Multiple Choice Question

CSR amount need to be spent in F.Y. 2024-25 shall be

- 1) 2% of net profits of F.Y. 2023-24  
2) 2% of average net profits of F.Y. 2023-24 & F.Y. 2022-23  
3) 2% of average net profits of preceding 3 years (i.e.F.Y. 2021-22, F.Y. 2022-23, F.Y. 2023-24)  
4) None of the above

Correct Answer is 3) 2 % of average net profits of preceding 3 years (F.Y. 2021-22, F.Y. 2022-23, F.Y. 2023-24)

Note for Students

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It is assumed that Company A has been incorporated in F.Y. 2021-22 or before.

### Case Study 3 : Energy Audit

Company has prioritise Energy Saving Measures into

- 1) No Investment
- 2) Low Investment
- 3) High Investment

Multiple Choice Question

This pertains to

- |                    |                 |
|--------------------|-----------------|
| 1) Financial Audit | 3) Cost Audit   |
| 2) Internal Audit  | 4) Energy Audit |

Correct Answer is 4) Energy Audit

### Unit 4 - Evaluation of Corporate Image

1. What is the main factor to maintain corporate image?
  - a. Industry Goodwill.
  - b. Employee loyalty.
  - c. Shareholder's trust.
  - d. All of these
2. Which media relation norm enlists that actual and factual data should be reported?
  - a. Accuracy.
  - b. Honesty.
  - c. Integrity.
  - d. Depends upon the media.
3. Who is starting point of bottom-up communication?
  - a. Employees.
  - b. Customers.
  - c. Management.
  - d. Depends upon the media
4. What is the business case for CSR?
  - a. Better motivated staff reduce operating costs.
  - b. Increased brand value and reputation.
  - c. None of the above.
  - d. All of these
5. What is the crucial function of a PR agency?
  - a. Strategic planning.
  - b. Key messaging.
  - c. Media relations.
  - d. All of the above.
6. What is the main objective of investor relations?
  - a. Create understanding between the investors, financial community, and the company.
  - b. Create interest of the prospective investor in the company's stocks.
  - c. Build corporate image of the organization.
  - d. All of these
7. What refers to the act of offense of saying something false or malicious that damages somebody's reputation?
  - a. Libel.
  - b. Slander.
  - c. Defamation.
  - d. IPR violation
8. What is the essential trait of a PRO?
  - a. Have high standard of integrity.
  - b. Should be a learned.
  - c. Should gain the people's confidence easily.
  - d. All of these.
9. Which type of advertising focuses on the basis of experience that customers have with a company?
  - a. Corporate Image.
  - b. Institutional.
  - c. Perception Oriented.
  - d. Identity
10. Which strategy influences internal communications?
  - a. Organization's strategy.
  - b. A strategy of its own.
  - c. Both of above
  - d. Depends upon the media.
11. Which of this is true for corporate image of an organization?
  - a. Image is static and does not evolve over years.

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- b. Image should change every year.
  - c. Image should change with launch of every new product.
  - d. Image should be built over years and then maintained
12. Mass communication is the process of \_\_\_\_\_by spreading a message to the desired public.
  - a. Mass persuasion.
  - b. Mass awareness.
  - c. Mass enlightenment.
  - d. Mass prelude.
13. Which type of advertising focuses on the basis of experience that customers have with a company?
  - a. Corporate Image.
  - b. Institutional.
  - c. Perception Oriented.
  - d. Identity
14. For evaluating adequacy of Project Implementation, what factors Management Auditor should consider?
  - a. Maintenance Plans in place to achieve desired capacity utilization
  - b. Specific consumption of Raw Material
  - c. Volume Reconciliation for each type of Inventory
  - d. Incentive available from Central or State Government have been studied, tied up and applied for
15. For evaluating adequacy of Production Function, what factors Management Auditor should consider?
  - a. Input - Output Ratio
  - b. Any Imbalances in the plant
  - c. Any constraints in achieving maximum available capacity ?
  - d. All of Above
16. For evaluating adequacy of Purchase Function, what factors Management Auditor should consider?
  - a. Imbalance in the Plant
  - b. Excess Consumption in utilities like power, fuel, water, steam etc
  - c. Awareness of Production in Charge about the Cost Structure of the Product
  - d. Purchase Requisitions marked with rush, emergency or as soon as possible
17. For evaluating adequacy of Inventory Function, what factors Management Auditor should consider?
  - a. % of marketing expenses to total sales
  - b. Safety measures in place to pre-empt accidents
  - c. Location of the Project
  - d. Adequacy of Review of A Category RM Inventory
18. For evaluating adequacy of Finance Function, what factors Management Auditor should consider?
  - a. Production hold up due to delay in procurement of goods or services
  - b. Capacity Utilization
  - c. Breakdown of Plant & Machinery
  - d. Plans to meet requirements for modernization, expansion, diversification etc
19. For evaluating adequacy of R & D Function, what factors Management Auditor should consider?
  - a. Month wise Production
  - b. No of Employees
  - c. Inventory of Employees
  - d. Consideration of R & D Function as separate Department in the Company
20. For evaluating adequacy of Insurance Function, what factors Management Auditor should consider?
  - a. Advertisement for the product
  - b. Consumption of Raw Materials - Both Quantity and Value
  - c. Job Work Production
  - d. Timely Renewals of Policies

Answers :

1	2	3	4	5	6	7	8	9	10
d	a	a	d	d	d	b	d	c	c
11	12	13	14	15	16	17	18	19	20
d	a	c	d	d	d	d	d	d	d

## Cost and Management Audit

### CASE STUDY

#### Case Study 1 : MCQ on ESG

Company A, being in top 1000 listed company, BRSR Reporting is mandatory for it. Company has membrane cells costing 100 cr are due for replacement as its effective life span of 4-5 years is over

It can prolong its replacement by 1-2 years but it may endanger safety & security of employees involved with its operations.

#### Multiple Choice Question

In view of what is stated above, Company A can not prolong its replacement by 1 - 2 years due to

- 1) Financial concerns can be ignored
- 2) ESG concerns can be ignored
- 3) Financial concerns shall over ride ESG concerns
- 4) ESG concerns shall over ride Financial concern

Correct Answer is 4) ESG concerns shall over ride Financial concerns

#### Case Study 2 : ESG / BRSR Reporting

Regulation 34 2 (f) of SEBI (LODR) Regulation 2015, requires, effective from F. Y. 2022-23, top 1000 listed entities based on market capitalisation to a Business Responsibility and Sustainability Report.

As Company G, by virtue of its market capitalisation has become top 1000 listed entities, it needs to comply with this regulation 34(2)(f), Contents of BRSR Reporting are as mentioned below

1	Section A	General Disclosures
2	Section B	Management and Process Disclosures
3	Section C	Principle wise Performance Disclosure
	Principle 1 Governance	Business should conduct and govern themselves with integrity. And in a manner that is Ethical, Transparent and Accountable 9 points in Essential Indicators, 2 points in Leadership Indicators
	Principle 2 Environment	Business should provide Goods and Services in a manner that is sustainable and safe 4 points in Essential Indicators and 5 points in Leadership Indicators
	Principle 3 Social	Business should respect and promote the well being of all employees including those in their value chains 15 points in Essential Indicators, 6 points in Leadership Indicators
	Principle 4 Governance	Business should respect the interests of and be responsive to all its stakeholders 2 points in Essential Indicators, 3 points in Leadership Indicators
	Principle 5 Social	Business should respect and promote human rights 11 points in Essential Indicators, 5 points in Leadership Indicators
	Principle 6 Environment	Business should respect and make efforts to protect and restore the environment 13 points in Essential Indicators, 7 points in Leadership Indicators
	Principle 7 Governance	Business when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent 2 points in Essential Indicators, 1 point in Leadership Indicator
	Principle 8 Social	Business should promote inclusive growth and equitable development 5 points in Essential Indicators, 6 points in Leadership Indicators
	Principle 9 Social	Business should engage with and provide value to their customers in a responsible manner 7 points in Essential Indicators, 4 points in Leadership Indicators

1. Section A of BRSR Reporting deals with the following

## Cost and Management Audit

- a. General Disclosures
  - b. Management and Process Disclosures
  - c. Principle wise Performance Disclosure
  - d. All of the above
2. How many Essential Indicators and Leadership Indicators does Principle 7 of Section C has ?
- a. 4 points in essential indicators and 2 points in leadership indicators
  - b. 3 points in essential indicators and 1 point in leadership indicator
  - c. 2 points in essential indicators and 1 point in leadership indicator
  - d. 4 points in essential indicators and 3 points leadership indicators
3. How many principles does Section C of BRSR Reporting has?
- a. 7
  - b. 4
  - c. 14
  - d. 9
4. Which Principle of Section C of BRSR Reporting deals with Environment?
- a. Principle 1
  - b. Principle 3
  - c. Principle 6
  - d. Principle 9
5. Which Principle of Section C of BRSR Reporting deals with safety management system and safety impacts?
- a. Principle 1
  - b. Principle 3
  - c. Principle 5
  - d. Principle 7
6. Which Principle of Section C of BRSR Reporting requires reporting for Investment in Research & Development to improve the environmental and social impact of products and process?
- a. Principle 2
  - b. Principle 5
  - c. Principle 7
  - d. Principle 9
7. Which Section of BRSR Reporting is dealing with CSR Details?
- a. Section A
  - b. Section B
  - c. Section C
  - d. Section D
8. Which Section of BRSR Reporting is dealing with Corporate Identity Number (CIN) of the listed company?
- a. Section A
  - b. Section B
  - c. Section C
  - d. Section D
9. Which Section of BRSR Reporting contains both mandatory reporting and voluntary reporting?
- a. Section A
  - b. Section B
  - c. Section C
  - d. Section D

Note for Students: Essential Indicators are mandatory in nature whereas leadership indicators are voluntary in nature

10. In which Principle of Section C, one of the essential indicators is retirement benefits?
- a. Principle 1
  - b. Principle 2
  - c. Principle 3
  - d. Principle 4
11. In which Principle of Section C, one of the essential indicators to be reported is sexual harassment, if any
- a. Principle 3
  - b. Principle 4
  - c. Principle 5
  - d. Principle 6
12. Which Principle of Section C mandates total energy consumption to be reported as an essential indicator?
- a. Principle 4
  - b. Principle 5
  - c. Principle 6
  - d. Principle 7

Answers :

1	2	3	4	5	6	7	8	9	10
a	e	d	c	b	a	a	a	c	c
11	12								
c	c								

## Cost and Management Audit

### Unit 5 - Information System Security Audit

1. Control in the design of an information system is used to \_\_\_\_\_.
  - a. Inspect the system and check that it is built as per specifications.
  - b. Protect data from accidental or intentional loss.
  - c. Ensure that the system processes data as it was designed to and that the results are reliable.
  - d. Ensure the privacy of data processed by it.
2. Controls are necessary for information systems as \_\_\_\_\_.
  - i. Massive amounts of data are processed and human errors are expected in data entry.
  - ii. Accidental errors can lead to loss of money and credibility in a system.
  - iii. To protect the system from virus attack.
  - iv. Data may be lost due to disk crashes.
    - a. (i) and (ii)
    - b. (i) and (iii)
    - c. (i) and (iv)
    - d. (ii) and (iii)
3. The major objectives of control are \_\_\_\_\_.
  - i. Guard against frauds in data entry/processing.
  - ii. Check clerical handling of data before it enters a computer.
  - iii. To provide a method to trace the steps and find where an error has occurred.
  - iv. Automatically correct errors in data entry/processing.
    - a. (i), (ii), and (iv)
    - b. (i), (ii), (iii), and (iv)
    - c. (i), (ii), and (iii)
    - d. (i) and (iii)
4. A two-way check is used to \_\_\_\_\_.
  - i. Check program correctness.
  - ii. Find data entry errors.
  - iii. Find multiplication errors.
  - iv. Find an arithmetic error in processing.
    - a. (i) and (ii)
    - b. (ii) and (iii)
    - c. (ii) and (iv)
    - d. (i) and (iv)
5. A check-point procedure \_\_\_\_\_.
  - a. Checks program correctness at certain points.
  - b. Divides a program into smaller parts.
  - c. Breaks programs into portions at the end of each of which a check point program is executed.
  - d. Finds points in a program where it is convenient to check it
6. Audit in the design of information system is used to \_\_\_\_\_.
  - a. Inspect the system and check that it is built as per specifications.
  - b. Protect data from accidental or intentional loss.
  - c. Ensure that the system processes data as it was designed to and that the results are reliable.
  - d. Ensure the privacy of data processed by it.
7. By auditing around the computer, we mean \_\_\_\_\_.
  - a. The inputs and the corresponding outputs are compared and checked for correctness.
  - b. The programs and procedures are checked for correctness.
  - c. Special synthetic data is input and outputs checked for correctness.
  - d. Programs are written to check the functioning of the computer
8. An audit trail is established in a system to \_\_\_\_\_.
  - a. Detect errors in a system.
  - b. Enable auditing of a system.
  - c. Localize the source of an error in a system.
  - d. Trail a program.
9. In auditing with a computer \_\_\_\_\_.
  - a. Auditing programs are designed and used to check a system.
  - b. The hardware of the computer is thoroughly checked for malfunctions.

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- c. System software is thoroughly checked to ensure error-free operations.
  - d. Auditors check the system with a computer
10. By information system testing we mean \_\_\_\_\_.
    - a. Testing an information system correctly.
    - b. Determining whether a system is performing as per specifications.
    - c. Determining whether a system is performing optimally.
    - d. Ensuring proper function of a system
  11. Parallel runs are used \_\_\_\_\_.
    - a. During regular operation of an information system.
    - b. When a system is initially implemented.
    - c. Whenever errors are found in a computerized system.
    - d. Whenever management insists.
  12. To protect a system from viruses one should \_\_\_\_\_.
    - i. Not allow unauthorized use of floppy disks.
    - ii. Scan viruses in files received via a network or floppies.
    - iii. Isolate a system from networks.
    - iv. Install a roll-back recovery program in the system.
      - a. (i) and (iii)
      - b. (i) and (ii)
      - c. (ii) and (iv)
      - d. (i), (iii), (iv)
  13. A firewall is used in a system connected to a wide area network to \_\_\_\_\_.
    - a. Prevent the spread of fire in the network.
    - b. Prevent unauthorized access by hackers.
    - c. To scan for viruses in files.
    - d. To extinguish fire spreading via network cables
  14. Security in the design of information systems is used to \_\_\_\_\_.
    - a. Inspect the system and check that it is built as per the specifications.
    - b. Protect data and programs from accidental or intentional loss.
    - c. Ensure that the system processes data as it was designed to and that the results are reliable.
    - d. Ensure the privacy of data processed by it.
  15. It is necessary to protect the information system from the following:
    - i. Natural disasters like fire, floods, etc.
    - ii. Disgruntled employees.
    - iii. Poorly trained employees.
    - iv. Hackers.
    - v. Industrial spies.
    - vi. Data entry operators.
      - a. (ii), (iii), (iv), (v)
      - b. (i), (ii), (iii), (iv), (v)
      - c. (i), (iv), (v)
      - d. (i), (ii), (iii), (iv), (v), (vi)
  16. A key responsibility of IS/IT auditors in banks is to:
    - a. Approve loan applications
    - b. Monitor access controls and compliance with regulations
    - c. Hire new staff
    - d. Close accounts
  17. Cyber security focuses on:
    - a. Employee salaries
    - b. Protecting digital assets from unauthorized access and attacks
    - c. Printing documents faster
    - d. Reducing physical theft only

Answers :

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1	2	3	4	5	6	7	8	9	10
c	a	c	c	c	a	a	c	a	b
11	12	13	14	15	16	17			
b	b	b	b	d	b	b			

### Section C Internal Control, Internal Audit & Other Related Issues

#### Unit 1 - Internal Control and Internal Audit

- Several checks & controls exercised in a business to ensure its efficient working is known as:
  - Internal check.
  - Internal control.
  - Internal audit.
  - Interim check.
- The work of one clerk is automatically checked by another clerk is called:
  - Internal control.
  - Internal check.
  - Internal audit.
  - None of the above.
- Internal controls and internal checks are:
  - One and the same.
  - Different.
  - Internal control includes internal checks.
  - None of the above.
- Which of the following statements is not true about a continuous audit?
  - It is conducted at regular intervals.
  - It may be carried out on daily basis.
  - It is needed when the organization has a good internal control system.
  - It is expensive.
- In comparison to the independent auditor an internal auditor is more likely to be concerned with:
  - Cost accountancy system
  - Internal control system
  - Legal compliance
  - Accounting system
- Verification is \_\_\_\_\_.
  - The art of recording the business transaction.
  - An examination of the books of accounts.
  - The act of establishing the accuracy of entries in the books of accounts.
  - None of the above.
- The main objectives of investigation is \_\_\_\_\_.
  - To discover errors and frauds.
  - To prevent errors and frauds.
  - To verify statements.
  - All the above.
- The company's auditor is expected to give \_\_\_\_\_.
  - His expert opinion about the accounts.
  - A factual position about the accounts.
  - A critical review of the accounts.
  - Financial assistance.
- Which of the following is not likely to be a fraud risk factor relating to management characteristics?
  - Tax evasion.
  - Failure to correct known weakness in internal control system.
  - Adoption of conservative accounting principles.
  - High management turnover.
- The primary purpose of establishing quality control policies and procedures for deciding on client evaluation to \_\_\_\_\_.
  - Ensure adherence to generally accepted auditing standards.
  - Acceptance or retention of clients whose management does not lack integrity.
  - Ensure audit fees is charged according to the type of audit work assigned.
  - Medical policies.
- A key difference between internal & external audit is
  - Internal audit is statutory & external audit is voluntary
  - Internal audit is management oriented external audit is shareholders oriented

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- Internal audit prepares trail balance external audit prepares budget
  - Internal audit is only annual external audit is continues
- Internal controls are evaluated periodically to:
    - Reduce taxation
    - Assess efficiency and identify weaknesses
    - Increase working capital
    - Prepare marketing plans

Answers:

1	2	3	4	5	6	7	8	9	10
a	b	c	c	b	c	d	a	c	b
11	12								
b	b								

#### Unit 2 - Operational Audit and Internal Audit under Companies Act ,2013

- Financial auditor submits reports to the
  - Shareholder
  - Board of director
  - Debtors
  - Employees
- Auditor finds that there is change in the method of valuation of stock whether he should
  - Allow it
  - Disallow it
  - Allow it with a note to this effect
  - None of the above
- Audit under any statute in a country is called
  - Final audit
  - Internal audit
  - Proprietary Audit
  - Statutory audit
- CAATTS is also known as
  - Cost And Accounts Treatments
  - Computer Assisted Audit Tools and Techniques
  - Classification and Accounting of Tax Tools
  - Computer Aided Audit Tools and Techniques
- Auditor has got no lien on
  - Audit Note Nook
  - Audit working papers
  - Books to Accounts of Client
  - Both (a) and (b)
- Internal audit is conducted
  - Periodically
  - Throughout the year
  - Once in a year
  - Once in Five years
- Test checking is done when there is an effective system of \_\_\_\_\_.
  - Internal control
  - Internal audit
  - Internal check
  - Both (a) and (b)
- Treating revenue expenditure as capital expenditure is an example of error of
  - Principle
  - Compensating
  - Clerical
  - None of the above
- Verification of assets involves a critical examination of
  - Ownership
  - Existence
  - All of these
  - None of the above
- One of the major components of a government audit is/are:
  - Government Revenue
  - Union Budget and Control
  - Government Expenditure
  - Taxation and Fiscal Policies
- There is no requirement for Audit Working Papers while conducting an audit and they only result in loss of time.
  - The Statement is Correct
  - The Statement is Incorrect

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- c. The Statement is Incomplete  
d. None
12. Aspects may be taken into consideration for proper inventory control
- Maximum, minimum and reorder level fixation
  - Fixed order quantity system and different replenishment systems.
  - Fast-moving, slow-moving and non-moving analysis, etc.
  - All of the above.
13. Qualities of a good Internal Auditor are/is
- Right Attitude
  - Technical Expertise
  - Communication and other soft skills.
  - All of the above.
14. NGO(s) are incorporated under
- Societies Registration Act, 1860
  - India Trust Act, 1882
  - As Section 8 Company
  - All of the above.
15. Who can be appointed as Internal Auditor as per the Companies Act, 2013
- A Chartered Accountant
  - A Cost Accountant
  - Such other professional
  - All of the above
16. The management auditor shall consider in the evaluation of capacity utilization -
- Method of measuring base machine capacity
  - Capacity measurement is based on "capital-output ratio" or sundry other factors.
  - Technical terminology like licensed capacity, installed capacity, rated capacity, etc. should be properly defined.
  - All of the above.
17. During F.Y.2022-23, a private company has outstanding loans or borrowings from banks or financial institutions as mentioned below:
- On 30.09.2022 ` 75 Crore
  - On 30.09.2022 ` 105 Crore
  - On 31.12.2022 ` 90 Crore
  - On 31.03.2023 ` 60 Crore
- On fulfilment of which of the above mentioned condition, Internal Audit u/s 138 becomes applicable to this private company?
18. For which category of company, only CA can be appointed as Internal Auditor u/s 138?
- Listed Company
  - Producer Company
  - Unlisted Public Company
  - Private Company
19. Internal Auditor is prescribed by
- RBI
  - Ministry of Finance
  - SEBI
  - Companies Act, 2013
20. For applicability of Internal Audit u/s 138, at any point of time, is applicable to which of the following criteria?
- Paid up share capital
  - Turn Over
  - Outstanding Loans or Borrowings and Outstanding Deposits
  - All of the above
21. A CMA Conducting Operational audit in a manufacturing Company may review
- Machine utilization and production planning
  - Customer satisfaction surveys only
  - External audit report of previous year
  - Tax litigation only
22. Internal audit under Companies Act, 2013, must be conducted by:
- Chartered Accountant only
  - Chartered Accountant or Cost Accountant
  - employee of the company
  - Any of the above

Answers :

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1	2	3	4	5	6	7	8	9	10
a	c	d	b	c	b	c	a	c	C
11	12	13	14	15	16	17	18	19	20
b	d	d	d	d	d	b	b	d	c
21	22								
a	b								

### Unit 3 : Audit of Different Service Organisations

- Management audit \_\_\_\_\_ on financial matters.
  - Involves
  - Only concentrate
  - Does not concentrate
  - None of these
- The main objectives of management audit is to \_\_\_\_\_.
  - Suggest improvement in methods of operations
  - Framing basic policies for the organization
  - Setting up an organizational framework
  - None of these
- Management audit is the unique process of \_\_\_\_\_ the performance of directors, managers or the performance of Management.
  - Appraising
  - Calculating
  - Auditing
  - Planning
- The main emphasis of Management Audit:
  - Problem solving
  - Problem identification
  - Problem definition
  - Problem avoidance
- Management audit is normally presumed to be a \_\_\_\_\_ into a performance of a manager or group of managers.
  - Routine investigation
  - Non-routine investigation
  - Auditing
  - None of these
- C&AG has the right to direct how the company's accounts shall be audited by the auditor and to give such auditor instructions regarding any matter relating to the performance of his functions as per section \_\_\_\_\_.
  - 44AB of Income Tax Act
  - 143 of the Companies Act, 2013
  - 173 of the Companies Act, 2013
  - 134 of the Companies Act, 2013
- Non-Governmental Organizations can be incorporated as a company
  - Section 25 of the Companies Act, 1956.
  - Section 8 of the Companies Act, 2013.
  - Section 28 of the Companies Act, 2013.
  - None of the above
- Under 'propriety audit', the auditors try to bring out what type of expenditure:
  - Improper
  - Avoidable
  - In fructuous
  - All of the above
- What is the first step to conducting a Hospital Audit?
  - Check the letter of appointment
  - Study Trust Deed
  - Examine Records
  - Physical Verification
- 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
  - Section 17(3) of the Cooperative Societies Act, 1912
  - Section 17(2) of the Cooperative Societies Act, 1912
  - Section 17(5) of the Cooperative Societies Act, 1912
  - Section 37(2) of the Cooperative Societies Act, 1912
- \_\_\_\_\_ States about the audit of accounts of Municipalities.
  - Article 243Z of the Constitution
  - Article 243J of the Constitution
  - Both (a) and (b)
  - None of the above

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12. Who appoints the auditor for the Government Company?
  - a. Board of Directors
  - b. Audit Committee
  - c. C&AG
  - d. CBDT
13. The government also engages in commercial activities and for this purpose, it may incorporate \_\_\_\_\_ type of entities.
  - a. Five
  - b. Three
  - c. Many
  - d. Various.
14. Financial Administration of Local Bodies includes
  - a. Budgetary Procedure
  - b. Expenditure Control
  - c. Accounting System
  - d. All of the above
15. Field Balance Sheet Approach to audit can be applied in case of audit of the
  - a. Co-Operative societies
  - b. Local Body Corporate
  - c. Self-Help Group
  - d. Club
16. Concept of KOT ( Kitchen Order Token) relates to which audit?
  - a. Audit of Hotels
  - b. Audit of Hospitals
  - c. Audit of Education Institutes
  - d. Audit of Cooperative Societies
17. What maximum % of shares any members can hold in cooperative societies?
  - a. 10
  - b. 15
  - c. 20
  - d. 25
18. According to Section 6 of the Cooperative Societies Act,1912, how many persons can form a society?
  - a. Minimum 5 persons
  - b. Minimum 7 persons
  - c. Minimum 10 persons
  - d. Minimum 14 persons
19. Foreign Contributions Receipts are to be deposited in
  - a. Savings A/c
  - b. Current A/c
  - c. Foreign Contribution Bank A/c
  - d. None of the Above
20. Field Balance Sheet is prepared by Salf Help Group ( SHG) to ascertain
  - a. Cash in Hand
  - b. Cash at Bank
  - c. Fixed Deposit
  - d. Retained Earnings

Answers :

1	2	3	4	5	6	7	8	9	10
c	a	a	b	b	b	b	d	a	B
11	12	13	14	15	16	17	18	19	20
a	c	b	d	c	a	c	c	c	d

### Section D Forensic Audit & Anti Money Laundering

#### Unit 1 - Forensic Audit

1. Forensic Accounting is defined as:
  - a. The practice of applying defined financial ratios to investigate a company's financial health.
  - b. The use of law enforcement to subpoena financial records to determine unlawful actions.
  - c. The application of investigative and analytical skills to resolve financial issues in a manner that meets standards required by courts of law.
  - d. The investigatory arm of the Securities and Exchange Commission.
2. If your actions are the result of misleading, intentional actions or inaction (including misleading statements and the omission of relevant information to gain an advantage, then you have committed:
  - a. Perjury.
  - b. Contempt.
  - c. Treason.
  - d. Fraud.
3. When the auditor tests the documents by keeping them side by side then it is known as \_\_\_\_\_.
  - a. Test of impossibility.
  - b. Test of absurdity.

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4. As per the study of ACFE, the following category of individuals commit the highest frauds (in monetary terms)\_\_\_\_\_.
  - a. Low-level management.
  - b. Mid-level management.
  - c. Senior level management.
  - d. All of the above
5. \_\_\_\_\_ are the elements of fraud.
  - a. The individual must know that the statement is untrue.
  - b. There is an intent to deceive the victim.
  - c. The victim relied on the statement & The victim is injured financially or otherwise.
  - d. All of the above.
6. A type of fraud where forged emails, forged websites are used to defraud the user is known as \_\_\_\_\_.
  - a. E-frauds.
  - b. Forgery.
  - c. Phishing.
  - d. None of the above.
7. \_\_\_\_\_ happens when the fraudster avails multiple loans for the same property simultaneously for a total amount over the actual value of the property.
  - a. Phishing.
  - b. Window dressing.
  - c. Shot gunning.
  - d. Skimming.
8. Pressure, opportunity & \_\_\_\_\_ are the aspects of a fraud triangle.
  - a. Rationalization.
  - b. Creation.
  - c. Commitment.
  - d. None of the above.
9. A \_\_\_\_\_ is termed as an indication of a danger or a warning signal.
  - a. Red flag.
  - b. Green flag.
  - c. Amber flag.
  - d. White flag.
10. A \_\_\_\_\_ is a flag that denotes a "too good to be true scenario".
  - a. Red flag.
  - b. Green flag.
  - c. Amber flag.
  - d. White flag.
11. Significant increase in working capital borrowing as a percentage of turnover is a \_\_\_\_\_.
  - a. Red flag.
  - b. Green flag.
  - c. Amber flag.
  - d. White flag
12. A case where an employee doesn't take travel advance but always pays from his pocket is a \_\_\_\_\_.
  - a. Red flag.
  - b. Green flag.
  - c. Amber flag.
  - d. White flag.
13. Analyzing non-verbal cues is important for a forensic auditor while \_\_\_\_\_.
  - a. Interviewing a suspect.
  - b. Interrogating a suspect.
  - c. (a) & (b) both.
  - d. None of the above.
14. A model categorizing known frauds which lists about 49 different individual fraud schemes grouped by categories and subcategories is known as \_\_\_\_\_.
  - a. Fraud triangle.
  - b. Fraud square.
  - c. Fraud model.
  - d. Fraud tree.
15. When the fraudster can give a personal justification for fraudulent actions, it is known as \_\_\_\_\_.
  - a. Pressure.
  - b. Opportunity.
  - c. Rationalization.
  - d. All of the above.
16. Various frauds in the banking sector are:
  - a. Appraisal fraud.
  - b. Mortgage fraud.
  - c. Shot gunning.
  - d. All of the above.
17. Fraudsters may alter cheques to change the name or the amount on the face of cheques. This is called \_\_\_\_\_.
  - a. Phishing.
  - b. Forgery.
  - c. Disbursement fraud.
  - d. Skimming.
18. Ratio analysis is one of the key aspects that a forensic auditor has to look \_\_\_\_\_ at.
  - a. Correct.
  - b. Incorrect.
  - c. Partially Correct.
  - d. Cannot be determined.
19. 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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20. Fraud is a deliberate act of omission or commission by any person, carried out in the course of a banking transaction or the books of accounts maintained manually or under computer system in banks, resulting into wrongful gain to any person for a temporary period or otherwise, with or without any monetary loss to the bank" is a definition given by:
- SEBI.
  - RBI.
  - ICAI.
  - ACFE.
21. Concept of Red Flag pertains to Which Audit?
- Productivity Audit
  - Energy Audit
  - Inventory Audit
  - Forensic Audit
22. Which audit has its basic object to uncover fraud?
- Financial Audit
  - Internal Audit
  - Cost Audit
  - Forensic Audit
23. Pressure, motivation and opportunity are part of
- Green Flag
  - Blue Flag
  - White Flag
  - Fraud Triangle
24. Which Section of Companies Act, 2013 provide Definition of the Term Fraud?
- 445
  - 446
  - 447
  - 448
25. Which Section of Companies Act, 2013 casts an obligation upon the Auditors of the Company to report fraud to the Central Government?
- 143(11)
  - 143(12)
  - 143(13)
  - 143(14)
26. The primary objective of Forensic audit is to
- Prepare financial statements
  - Detect, investigate, and prevent fraud or financial misconduct
  - Compute tax liability
  - Improve marketing efficiency

1	2	3	4	5	6	7	8	9	10
c	d	c	c	d	c	c	a	a	B
11	12	13	14	15	16	17	18	19	20
a	b	c	d	c	d	b	a	c	B
21	22	23	24	25	26	27			
d	d	d	c	b	d	b			

### Unit 2 : Anti Money Laundering

1. Prevention of Money-Laundering Act, 2002 is?
- Act No.15 of 2003
  - Act No.22 of 2003
  - Act No.11 of 2003
  - Act No.3 of 2003
2. Prevention of Money Laundering Act, 2002 came into force on?
- 1st January 2002
  - 1st July 2005
  - 1st June 2004
  - 1st November 2002
3. "Financial institution" as defined under Section 2(l) of Prevention of Money Laundering Act, 2002 does NOT include?
- a chit fund company,
  - a housing finance institution,
  - a payment system operator,
  - a non- banking financial company,
  - Department of Posts in the Government of India.
- (v) only
  - (iv) only
  - (ii), (iv) and (v) only
  - None of the above
4. "Payment system" as defined under PMLA Act, 2002 does include? (i) systems enabling credit card operations, debit card operations (ii) smart card operations (iii) money transfer operations
- Only (i)
  - Only (iii)
  - Only (i) and (iii)
  - All the above
5. "Person" as defined under the Prevention of Money Laundering Act, 2002 includes?
- A Hindu undivided family
  - Every artificial juridical person

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- An association of persons or a body of individuals, whether incorporated or not
  - All the above
6. "Precious metal" as defined by PMLA Act, 2002 does not include?
- Gold
  - Palladium or rhodium
  - Diamond
  - Platinum
7. "Precious stone" as defined under PMLA Act, 2002 does not include?
- Diamond
  - Graphite
  - Emerald
  - Sapphire
8. Offence of money laundering is defined in which section of PMLA Act, 2002?
- Section 3
  - Section 2
  - Section 1
  - Section 11
9. "Punishment for money-laundering" is defined under which Section of PMLA Act 2002?
- Section 3
  - Section 7
  - Section 4
  - Section 10
10. Which of the following is not prescribed in the provision of the Prevention of Money Laundering Act, 2002?
- Seizure of property
  - Attachment of Property
  - Confiscation of Property
  - Life Imprisonment
11. Whoever commits the offence of money-laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to?
- Three Years
  - Five Years
  - Seven years
  - Ten years
12. Whoever commits the offence of money-laundering, which relates to any offence specified under paragraph 2 of Part A of the Schedule, shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to?
- Three Years
  - Five Years
  - Seven years
  - Ten years
13. 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?
- 60 days
  - 90 days
  - 120 days
  - 180 days
14. Director or any other officer who provisionally attaches any property under PMLA Act, 2002, shall, within a period of days from such attachment, file a complaint stating the facts of such attachment before the Adjudicating Authority?
- Thirty days
  - Sixty days
  - Forty-five days
  - Ninety days
15. Which among the following authority appointed by the Central Government shall exercise jurisdiction, powers, and authority conferred by or under the Prevention of Money Laundering Act, 2002?
- Administrative Authority
  - Adjudicating Authority
  - Appellate Authority
  - Adjudicating Commission
16. By whom FATF was mandated ?
- G4
  - G5
  - G6
  - G7
17. In which year FATF was mandated?
- 1985
  - 1986
  - 1987
  - 1989
18. Till today FATF has come out with how many recommendations?
- 30
  - 35
  - 40
  - 45
19. Which Recommendation of FATF pertains to Customer Due Diligence (CDD)?
- 5
  - 7
  - 10
  - 12
20. Recommendation 20 of FATF states that Financial Institutions should report suspicious transactions to
- RBI
  - Ministry of Finance
  - SEBI
  - FIU

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21. The Three Stages of Money Laundering are
- Initiation, Planning, Execution
  - Placement, Layering, Integration
  - Detection, Reporting, Recovery
  - Deposit, Withdrawal, Investment
22. The Primary Objective of Anti money Laundering Regulations is to
- Reduce Marketing Costs
  - Prevent the Conversion of illegal funds into legal assets
  - Increase Production Efficiency
  - Minimize Tax payments only

1	2	3	4	5	6	7	8	9	10
a	b	d	d	d	c	b	a	c	D
11	12	13	14	15	16	17	18	19	20
c	d	d	a	b	d	d	c	c	d
21	22								
b	b								

