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SCANNER™ APPENDIX

ICWA Inter Gr. II (New Course)
December - 2008

INDEX

PAPER'S

Paper - 8: Cost and Management Accounting

Chapter - 1: Cost Concept and Classification of Cost

2008 - Dec [4] (a) "Costs may be classified in a variety of ways according to their nature and the information needs of the management" −Explain.

(5 marks)

2008 - Dec [8] Write short notes on the following :

(d) Uniform Costing (5 marks)

Chapter - 3: Labour Accounting

2008 - Dec [2] (a) What is idle time ? Explain the causes for idle time.

(5 marks)

(b) A worker is allowed 60 hours to complete a job on a guranteed wage of Rs. 10 per hour. He completes the job in 48 hours. For the saving in time, how much he will get under Halsey Premium Plan @ 50% Bonus)?

(5 marks)

Chapter - 4: Overhead

2008 - Dec [2] (c) A company makes components for television sets using two service departments and two production departments. The inter-departmental relationship and overhead costs are given below :

	Percentage of service provided to			
	Maintenance	Scheduling	Moulding	Assembly
From :				
Maintenance	–	10%	40%	50%
Scheduling	20%	–	50%	30%
Total overhead cost(Rs.)	7,50,000	4,00,000	3,78,000	2,76,000

You are required to show the amount of Scheduling Department costs and Maintenance Department costs to be allocated to the Production Department, using Simultaneous Equation Method. (5 marks)

Chapter - 6: Job, Batch and Contract

2008 - Dec [3] (a) The following was the expenditure on a contract for Rs. 12,00,000 commenced in January 2008 :

	Rs.
Materials	2,40,000
Wages	3,28,000
Plant	40,000
Overheads	17,200

Cash received on account of the contract up to 31st December was Rs. 4,80,000 being 80% of the work certified. The value of materials in hand was Rs. 20,000. The plant had undergone 20% depreciation.

Prepare contract account: (5 marks)

Chapter - 7: Process Costing, Joint Products and By-Products

2008 - Dec [3] (b) A factory has two production processes. Normal loss in each process is 10% and scrapped units sell for Re. 0.50 each from process 1 and Rs. 3 each from process 2. Relevant information for costing purposes relating to period 5 are as follows:

Direct materials added:	*Process I*	*Process 2.*
Units	2,000	1,250
Cost	Rs. 8,100	Rs. 1,900
Direct labour	Rs. 4,000	Rs. 10,000
Production overhead	150 % of direct labour cost	120% of direct labour cost
Output to Process 2/ finished goods	1,750 units	2,800 units
Actual production overhead	Rs.17,800	

Workout cost per unit of output and losses. (10 marks)

Chapter - 8: Cost Accounting in Service Sector

2008 - Dec [4] (b) A hotel has a capacity of 100 single rooms and 20 double rooms. The average occupancy of both single and double rooms is expected to be 80% throughout the year of 365 days. The rent for the double rooms has been fixed at 125% of the rent of the single room. The costs are as under:

Variable costs	:	Single room Rs. 220 each per day : Double room Rs. 350 each per day.
Fixed costs	:	Rs. 49,64,000

Calculate the rent chargeable for single and double rooms per day in such a way that the hotel earns a margin of safety of 20% on hire of room.

(10 marks)

Chapter - 11: Marginal Costing and Decision Making

2008 - Dec [6] (b) Explain the methods of Transfer Pricing. (5 marks)

2008 - Dec [7] (a) Distinguish between Marginal Costing and Absorption Costing. (5 marks)

(b) A company produces 30,000 units of product A and 20,000 units of product B per annum. The sales value and costs of the two products are as follows:

Sales Value	Rs. 7,60,000	Factory Overheads	Rs.1,90,000
Direct Material	Rs. 1,40,000	Administrative and	
Direct Labour	Rs. 1,90,000	Selling Overheads:	Rs.1,20,000

50% of the factory overheads are variable and 50% of the administrative and selling overheads are fixed. The selling price of A is Rs. 12 per unit and Rs . 20 per unit for B.

The direct material and labour ratio for product A is 2:3 and for B is 4:5. For both the products, the selling price is 400% of direct labour. The factory overheads are charged in the ratio of direct labour and administrative and selling overheads are recovered at a flat rate of Rs. 2 per unit for A and Rs. 3 per unit for B.

Due to fall in demand of the above products, the company has a plan to diversify and make product C using 40% capacity. It has been estimated that for C direct material and direct labour will be Rs. 2.50 and Rs. 3 per unit respectively. Other variable costs will be the same as applicable to the product A. The selling price of product C is Rs. 14 per unit and production will be 30,000 units.

Assuming 60% capacity is used for manufacture of A and B, calculate-

(i) Present cost and profit.

(ii) Cost and profit after diversification:

(iii) Give your recommendations as to whether to diversify or not :

(10 marks)

Chapter - 12: Activity Based Costing

2008 - Dec [8] Write short notes on the following :

(b) Activity Based Costing (5 marks)

Chapter - 13: Budgetary Control

2008 - Dec [6] (a) The following are the estimated sales of a company for eight months ending 30.11.2007.

Month	Estimated Sales (Units)
April 2007	12,000
May 2007	13,000
June 2007	9,000
July 2007	8,000
August 2007	10,000

September 2007	12,000
October 2007	14,000
November 2007	12,000

As a matter of policy, the company maintains the closing balance of finished goods and raw materials as follows :

Stock item	Closing balance of a month
Finished goods	50% of the estimated sales for the next month
Raw materials	Estimated consumption for the next month.

Every unit of production requires 2 kg of raw material costing Rs. 5 per kg. Prepare Production Budget (in units) and Raw Material Purchase Budget (in units and cost) of the company for the half year ending 30 September 2007.

(10 marks)

2008 - Dec [8] Write short notes on the following :

(e) Flexible Budgeting. (5 marks)

Chapter - 14: Standard Costing

2008 - Dec [5] (a) State the distinguishing features of standard cost.

(5 marks)

(b) The following information was obtained from the records of a manufacturing unit using standard costing system :

Particulars	Standard	Actual
Production	4000 units	3800 units
Working days	20	21
Fixed overheads	Rs. 40,000	Rs. 39,000
Variable overheads	Rs. 12,000	Rs. 12,000

Calculate :

(a) Variable overhead variance;
(b) Fixed overhead expenditure variance;
(c) Fixed overhead volume variance;
(d) Fixed overhead efficiency variance;
(e) Fixed overhead calender variance. (10 marks)

Chapter - 15: Performance Measurement Systems

2008 - Dec [8] Write short notes on the following :

(c) Bench marking (5 marks)

Chapter - 16: Recent Trend in Cost Accounting

2008 - Dec [8] Write short notes on the following :

(a) JIT: (5 marks)

Chapter - 17: Objective Questions

2008 - Dec [1] {C} (a) Match the following expressions in column I with the most relevant topic in column II :

Column I	Column II
Balanced Score Card	Inventory Control
Under Absorbed Overhead	Marginal Costing
Contribution	Method of Wage payment
Piece Rate	Supplementary Rates
Perpetual Inventory System	Performance Analysis

(1×5=5 marks)

(b) Fill in the blanks :
- (i) The term used to charge overheads to cost units is called ________.
- (ii) Sales minus Break-even sales is called __________.
- (iii) Material usage variance is the sum of ___________.
- (iv) In absorption costing ___________ cost is added to inventory.
- (v) In Television industry the most appropriate method of costing is __________ costing. (1×5=5 marks)

(c) State whether the following statements are True (T) or False (F).
- (i) If an expense can be identified with a specific cost unit, it is treated as direct expense.
- (ii) Time and motion study which is a function of the engineering department is useless for determination of wages.
- (iii) Fixed costs vary with volume rather than time.
- (iv) Future costs are not relevant, while making managerial decisions.
- (v) In break-even analysis it is assumed that variable costs fluctuate inversely with time. (1×5=5 marks)

(d) Identify the correct answer from the given alternatives of the following questions :
- (i) Which of the following concept is known as cost behaviour oriented approach to product costing ?
  - (A) Standard costing
  - (B) Marginal costing
  - (C) Process costing
  - (D) Absorption costing
- (ii) " Conversion cost" refers to
  - (A) Manufacturing costs incurred to produce units of output.
  - (B) All costs associated with manufacturing other than direct labour costs.
  - (C) The sum of direct material costs and all factory overhead costs
  - (D) The sum of raw material costs and overheads costs.

(iii) Which of the following is the correct valuation base for finished goods stock for balance sheet purposes ?
   (A) Variable cost per unit
   (B) Marginal cost per unit
   (C) Production cost per unit
   (D) Total cost per unit

(iv) Which of the following is true at break-even point ?
   (A) Total Sales revenue = Variable cost
   (B) Profit = Fixed cost
   (C) Sales revenue =Total cost − Variable cost
   (D) Contribution = Fixed cost

(v) If the raw material prices are affected by inflation, which of the following methods of valuing stocks will give the lowest gross profit ?
   (A) LIFO
   (B) Replacement cost
   (C) FIFO
   (D) Simple average (1×5=5 marks)

(e) Choose the correct answer from the brackets :

(i) In a company there were 1200 employees on the rolls at the beginning of a year and 1180 at the end. During the year 120 persons left service and 96 replacements were made. The labour turnover according to flux method is _______ % [5.04,4.03,9.08]

(ii) The variable cost of a product increases by 10% and the management raise the unit selling price by equal amount. The fixed costs remain unchanged. Then BEP of the firm______ [increase, decrease unchanged].

(iii) The factory where standard costing is followed, 4600 kg of materials at Rs. 10.50/kg were actually consumed resulting in a price variance of Rs. 4,800(A) and usage variance of Rs .4,000 (F). The standard cost of actual production is Rs.___________[1,00,000, 96,000, 1,20,000]

(iv) If the capacity usage ratio of a production department is 90% and activity ratio is 99%, then the efficiency ratio of the department is ______________ %.[120,110,90]

(v) The output of three different products P,Q, and R in a factory are 20000 kg. 15000 kg. and 15000 kg. respectively. If costs are in proportion 4:6:7, then the cost per equivalent unit is Rs __________ [10,7,5]. (1×5=5 marks)

Paper - 9: Operation Management and Information Systems

Section: I
Operation Management

Chapter - 2: Plant Layout

2008 - Dec [2] (d) Mr. X is considering an interchange of departments B and C in the present layout. The present layout and the handling frequencies between the departments are given. What would be the effect of interchange assuming that the departments are of the same size? Also assume that the material handling cost per unit length travel between departments is same.

A	C	E
B	D	F

From / To	A	B	C	D	E	F
A	)	20	70	0	40	0
B	)	)	50	200	0	10
C	)	)	)	30	120	40
D	)	)	)	)	50	220
E	)	)	)	)	)	30
F	)	)	)	)	)	)

(6 marks)

2008 - Dec [3] (c) Company A wants to make large giant trucks called LARJO. Company A now requests you to list out the plant layout principles it should consider before taking any decision ? (4 marks)

2008 - Dec [4] (c) A shaft 1,200 mm in length is being machined on a lathe. If the spindle rotates 600 r.p.m and the feed is 0.25 mm per revolution, how long will it take the cutter to pass down the entire length of the shaft ?

(3 marks)

Chapter - 4: Labour Control and Incentive Payment System

2008 - Dec [2] (c) You as a work study engineer carry out the work sampling study. The following observations were made for a machine shop:

Total number of observations−2000, No working activities−500,

Ratio between manual to machine element−3:1,Average rating factor−110%,

Total number of jobs produced during study − 500 units,

Rest allowance-10%,

Calculate the standard time for the job. (4 marks)

Chapter - 5: Production Planning and Control

2008 - Dec [2] (a) A and M are two fierce competitors. N, a leading manufacturer of mobile phones approaches them separately to share what they can offer for outsourcing the manufacture of mobile phone components on a standardised machine whose operating cost is Rs.40/-per hour. N requests you to evaluate and advice based on following offers made by A and M as to which of the two should be chosen?

	Company A	**Company M**
Production Rate/hour	20 pieces	30 pieces
Mobile components / set up	8000 pieces	6000 pieces
Set up Costs	Rs. 600	Rs. 3000

(4 marks)

2008 - Dec [3] (b) The following is the demand for Product A in 5 towns :

Population (in lacs):X	9	5	8	5	3
Demand:Y	12	20	15	10	5

Estimate the demand for Product A for a town with a population of 10 lacs. (4 marks)

2008 - Dec [4] (b) The fixed cost for the production of a particular item is Rs.200 per month. Its variable cost being Rs. 3 per unit and its sale price being Rs. 7 per unit ,determine its break-even volume. What would be the profit if 2,000 such units were sold in a month ? How many such units should be sold to earn a profit of Rs. 3,000 per month ? (5 marks)

Chapter - 11: Maintenance Management

2008 - Dec [2] (b) What requirements need to be fullfilled in order to ensure that the full benefits of effective maintenance are achieved? (4 marks)

2008 - Dec [3] (d) (i) Briefly enlist and explain the rules to be enforced for proper control of maintenance work. (3 marks)

2008 - Dec [4] (a) Load Shedding Power Utility Company has been given the task of power supply by the State. The Company has noticed that the system has been experiencing the following number of failures for months over the past one year.

Number of failures	0	1	2	3
Number of months this occurred	2	3	3	4

Each breakdown costs an average of Rs. 10,000/- Preventive maintenance can be carried out for a cost of Rs. 3,000/- to limit the failures to an average of one per month. The Company seeks your advice on which policy is most suitable for adoption. (4 marks)

(d) A workshop has 30 nos. of identical machines. From the failure pattern of the machines it is calculated that the expected time before failure is 3 months. It costs Rs.200 to attend a failed machine and rectify the same. Compute the yearly cost of servicing the broken down machines. (2 marks)

Chapter - 15: Replacement

2008 - Dec [3] (a) A key electric component lasts for a maximum of 3 weeks. The chances of its failing at the end of first week is 0.1 and the chance of its failing at the end of second week is 0.3.The cost per component for individual replacement is Rs. 5 and cost per component for bulk replacement is Rs.3. What is the optimal replacement period assuming there are 100 components initially ? (4 marks)

Chapter - 16: Objective Questions

2008 - Dec [1] {C} (a) For each part below, choose the most appropriate one and write its number only in the answer sheet:

Match column(1) with column (2)

Column (1)	Column (2)
(i) Castings	A. Gravity Chute
(ii) Pig Iron	B. Rotary Kiln
(iii) Steel	C. Foundry
(iv) Rails	D. Blast furnace
(v) Cement	E. Open Hearth Furnace
(vi) Material Handling	F. Rolling Mills

(1×6= 6 marks)

(b) Expand the following abbreviations :
  (i) ASRS
  (ii) GERT
  (iii) AQL (1×3= 3 marks)

(c) Put an appropriate word or two in blank position:
  (i) _____uses algebraic procedure to solve any problem, which satisfies the test of linearity and certainty.
  (ii) Under preventive maintenance "(hours worked for maintenance)/(Scheduled hours) ×100= ------------"

(iii) Trend values of all years of the series may be obtained advantageously using the______

(iv) ______is a process that bakes on a white, brittle protection finish.

(v) _______is the degree to which a firm's own production system handles the entire supply chain starting from procurement of raw materials to distribution of finished goods. (1×5=5 marks)

New Chapter :

2008 - Dec [3] (d) (ii) List out the internal factors, which influence the choice of technology in an organisation ? (3 marks)

2008 - Dec [4] (e) Expand and briefly explain the following in the context of technology used to enhance production:

(i) AGV

(ii) AIS. (2×2=4 marks)

Section: II
Information Systems

Chapter - 1: Information System Analysis and Design

2008 - Dec [6] (d) (ii) What does one mean by "Going Live". (2 marks)

2008 - Dec [7] (a) List the nature of preparatory work to be undertaken before a decision on outsourcing of information system services can be taken ? (4 marks)

(d) Q. File and Smile Online asks you to draw a flow chart for calculation of income tax as per slabs prescribed which are as below:

Salary in currency limit	Rate %
Up to 1,50,000	Nil
1,50,001 to 3,00,000	10
3,00,001 to 5,00,000	20
5,00,001 and above	30

(4 marks)

2008 - Dec [8] (d) Fill up the following missing blocks which form part of the system development team in a System Development Life cycle. Write missing answer against Serial Number only in the answer sheet :

Sl. No.	Step	Person Responsible	Responsibility
1	System proposal	?	Study requirement and prepare proposal for clearance by management
2	Systems Implementation	Programmer and Systems Analyst	?

3	?	Programmers	To develop programs according to systems specifications and testing the programs

(3 marks)

Chapter - 2: Database Management System

2008 - Dec [6] (d) (i) Name any two models of DBMS; (2 marks)

2008 - Dec [7] (b) What is Access Control? What are the checks one needs to ensure before executing a system of access control? (4 marks)

2008 - Dec [8] (b) What are the characteristics of a database? (4 marks)

Chapter - 3: Management Information System: An Overview

2008 - Dec [7] (c) Depending on the level of management, different functional areas will require various types of MIS reports. Keeping this in view, you are required to list out kind of reports under the following categories :

(i) Top level (Strategic) Reports required for Personnel Management;
(ii) Middle Level (Tactical) Reports for Production Management;
(iii) Operational Level (Operational) Reports for Sales Management.

(6 marks)

2008 - Dec [8] (a) One of the important factors for the success for MIS is the quality of software. List out the criteria ,which the software must fulfil for the basis for selection apart from meeting the user specific functional specifications? (4 marks)

Chapter - 4: Enterprise Resource Planning

2008 - Dec [6] (a) PTC a large manufacturer of agro-based products is in the process of evaluation to go in for an ERP package for managing its entire Financial, Supply Chain Management, Manufacturing, Procurement, Inventory, and Sales etc. and requests you to list out the common criteria it should consider before selection of a package. (4 marks)

(b) Explain peer -to-peer architecture and list out its benefits?

(5 marks)

(c) Name common modules of an ERP Package and a few important sub-systems under each module. (5 marks)

2008 - Dec [8] (c) List the salient features of a WAN? (4 marks)

(e) Name three popular ERP packages. (3 marks)

New Chapter :

2008 - Dec [5] {C} (a) Put an appropriate word or two in blank position :

(i) Oracle is based on a concept of ________ Technology ;
(ii) _______ is a mechanism of defining user profile based on physical parameters and behaviour;

(iii) The advantages of fast communication through internet technology has opened new dimension for _________ of Commercial jobs and India has been taking full advantage of the same due to its location and English language skills;

(iv) ___________ basically sends a mail to the e-mail address of the receiver;

(v) __________ System is a software that controls the hardware devices, software, Communication media and channels. (1×5=5 marks)

(b) Each statement below is either **True** or **False**. Indicate the same in your answers :

(i) Virtual memory is a provision of primary storage which acts as secondary memory;

(ii) Readymade software is one, which meets the full−customised requirements of a specific organisation;

(iii) In Multiprogramming, one CPU processes a number of programs by time−sharing technique;

(iv) Microwave transmission consists of low frequency radio transmission;

(v) Inkjet and Laser Printers are examples of Impact Printers.

(1×5=5 marks)

(c) Expand the following abbreviations:

(i) ORDBMS;

(ii) OLAP;

(iii) EEPROM;

(iv) TCP/IP; (1×4=4 marks)

Paper - 10: Applied Indirect Taxes

Chapter - 1: Fundamental of Indirect Taxes

2008 - Dec [8] (c) Ability to pay is one of the most important cannons of Taxation. (4 marks)

Chapter - 2: Central Excise Law

2008 - Dec [3] (b) Write notes on -

(i) Doctrine of unjust enrichment in case of refunds under Central Excise and Customs. (5 marks)

2008 - Dec [6] (a) What is special Audit under section 14AA of CEA ? (cenvat credit Audit) (4 marks)

(b) Who can conduct such audit ? (3 marks)

(c) Who can order such audit ? (4 marks)

(d) What is the time limit for submission of report ? (4 marks)

2008 - Dec [7] (a) Determine the value of a product and excise duty payable on the basis of following data

(i) Goods sold at Depot Price 20,000

Goods sold at Depot Price	20,000
Freight from factory to Depot	500
Insurance	500
Octroi	1200
Star VAT	800

CE 16% Education Cess 2% SAH Cess 1%. (6 marks)

(ii) Complete AV2CE if the goods are used for captive consumption. Assume cost of production is 80% of the invoice price in above question. (4 marks)

(b) Write short note on Exemption to Small Scale Industry units. (5 marks)

Chapter - 3: Custom Laws

2008 - Dec [2] (a) Briefly explain the procedure for assessment and clearance of imported goods through a customs sea port under the Customs Act, 1962. (8 marks)

(b) Customs value (Assessable value of imported goods) is Rs. 4,00,000. Basic customs duty payable is 10%. If the goods were produced in India, excise duty would have been 16%. Education cess is as applicable. Special CVD is at appropriate rates. Find the customs duty payable. How much Cenvat can be availed of by importer if he is manufacturer ? (7 marks)

Chapter - 4: Service Tax

2008 - Dec [3] (b) Write notes on -

(ii) Appeals under service tax. (5 marks)

2008 - Dec [4] (a) State the provisions relating to general exemption available to small service providers. (7 marks)

(b) State briefly the provisions for valuation of taxable services for charging Service Tax. (8 marks)

Chapter - 5: Central Sales Tax and VAT

2008 - Dec [3] (a) Distinguish 'zero rated sale' and 'exempt sale' with reference to VAT. (5 marks)

2008 - Dec [5] (a) State with reasons whether sales tax will be levied on the following (any two) :

(i) Sale of newspapers

(ii) Development of software for marketing

(iii) Shares and debentures (5×2=10 marks)

(b) Write short note on taxable turnover. (5 marks)

2008 - Dec [8] (a) A Dealer effected following inter state sales.
during 2nd quarter of 2008

Invoice No. 1 dt. 1st August,08 Rs. 20,000 + C.S.T. 3%

Invoice No. 2 dt. 15th August,08	Rs.	70,000 + T 3%
Invoice No. 3 dt. 31st August,08	Rs.	51,500 tax not shown
Invoice No. 4 dt. 15th October,08	Rs.	15,000 + 3% S.T.
Invoice No. 5 dt. 31st October,08	Rs.	20,000 + 3% S.T.

Goods worth 5000 exclusive of Tax were returned from Invoice No. 4 within 6 months compate Turn over and C.S.T. more necessary assumption. (8 marks)

(b) Offences under C.S.T. are cognizable mention a few. (3 marks)

Chapter - 6: Objective Questions

2008 - Dec [1] {C} (a) Fill in the blanks :

(i) Goods covered by Central Excise Tariff but fully exempt from duty are ________ . (excisable/not excisable)

(ii) SSI units whose turnover exceeds Rs. ________ per annum have to furnish declaration in prescribed form for Central excise purposes.

(iii) Basic Customs duty is levied under section ______ of the Customs Act.

(iv) Compressing and bottling gas ______ (is/is not) manufacture.

(v) A secondary and higher education cess of ________ (1%/2%) has been imposed on services liable to service tax under the Finance Act, 2007.

(vi) Affixing brand name, labelling or re-labelling and repacking from bulk pack to small pack of readymade garment ________ (is/is not) manufacture.

(vii) Cenvat credit ________ (can/can not) be utilized for payment of service tax on output service.

(viii) In case of Central Excise and Customs, appeals must be filed within _____ days from the date of communication of order.

(ix) Job work done under Cenvat provisions _________ (is/is not) exempt from service tax.

(x) Finance Act, 1994 which contains provisions relating to service tax ____ (does/does not) provide for criminal liability in service tax matters. (1×10=10 marks)

(b) State with reasons, whether **True** or **False** :

(i) Cenvat credit on capital goods can be availed in full in the year of purchase.

(ii) Security demanded from dealer under the Central Sales Tax Act, 1956 can be satisfied in the form of Security Bond.

(iii) Wastes and scrap are always treated as excisable goods.

(iv) In case of delayed payment of service tax the assessee has to pay simple interest @ 13% for the period for which the payment is delayed.

(v) Excise duty is payable on all sample, even if given free.

(3×5=15 marks)

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