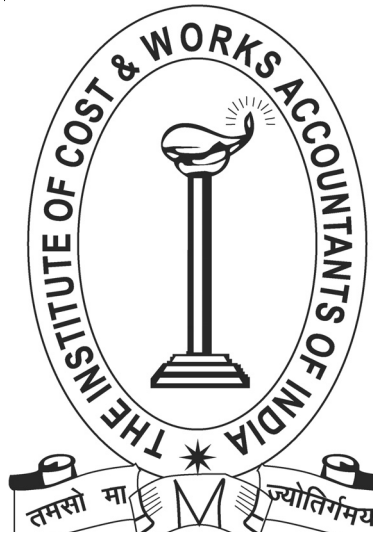


**REVISED SYLLABUS 2008**

# **TEST PAPERS**

## **Foundation**

**QUESTION PAPERS FOR POSTAL STUDENTS ONLY  
(REVISED)**



**THE INSTITUTE OF COST AND WORKS  
ACCOUNTANTS OF INDIA**

**DIRECTORATE OF STUDIES**

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**PAPER 1**

**ORGANIZATION & MANAGEMENT FUNDAMENTALS**

**TEST PAPER — FDN/1/OMF/2008/T-1**

**Time Allowed : 3 hours**

**Full Marks : 100**

**(Answer Five Questions : All Questions are of Equal Marks)**

1. State the principles of Formal organization.
2. What is meant by Organisation Behavior? Mention its main characteristics?
3. What is decision –making? Discuss the steps in decision –making?
4. Explain the important methods of Training.
5. What do you understand by Human Resource Planning? Mention its objective.
6. Explain the reasons for conflict between Line and Staff and suggest solutions.
7. Write Short note on :
  - (a) Single Use Plans.
  - (b) Distinction between Authority and Responsibility.
  - (c) Process of Communication.
  - (d) Formal and informal organization.

**PAPER- II**  
**ORGANIZATION & MANAGEMENT FUNDAMENTALS**  
**TEST PAPER — FDN/1/OMF/2008/T-2**

**Time Allowed : 3 hours**

**Full Marks : 100**

**(Answer Five Questions : All Questions are of Equal Marks)**

1. Define Organization. Explain organisation in process.
2. What do you understand by organisational culture? Discuss its determinants.
3. Explain the general principal of management as propounded by Henri Fayol.
4. What is meant by 'forecasting'? Discuss the elements of business forecasting.
5. Discuss the functions of the Board of Directors.
6. What is a conflict? Discuss both the causes and consequences of conflict.
7. Write Short note on :
  - (a) Objectives of Pubic Enterprises
  - (b) Democratic or participative leadership
  - (c) Matrix Organisation
  - (d) Business Process Re-engineering

**PAPER 2**

**ACCOUNTING**

**TEST PAPER — FDN/2/ACT/2008/T-1**

**Time Allowed : 3 hours**

**Full Marks : 100**

***Answer question one which is compulsory. Answer any five from the rest.***

**Q. 1.(a)** Give one word or term for the following: **(1×5 marks)**

- (i) Commission given for taking over responsibility of bad debts by consignee
- (ii) Charges paid on dishonour of a bill of exchange
- (iii) Expenses due but not paid
- (iv) Costs that vary with output but not in same proportion
- (v) Prime cost plus factory overheads

**(b)** Fill in the blanks : **(2×5 marks)**

- (i) Excess of \_\_\_\_\_ over \_\_\_\_\_ is called as deficit in a non-trading organisation.
- (ii) Discount received is recorded on \_\_\_\_\_ side of the cash book, while discount allowed is recorded on the \_\_\_\_\_ side of it.
- (iii) Fixed overheads are charged to cost of production under \_\_\_\_\_ costing, whereas only variable costs are considered as product costs under \_\_\_\_\_ costing.
- (iv) Bills payable account is a \_\_\_\_\_ account and closing stock account is \_\_\_\_\_ account.
- (v) Posting from a Purchase return book is made to the debit of \_\_\_\_\_ account and to the credit of \_\_\_\_\_ account

**(c)** State with reasons whether the following statements are true or false.

**(2×5 marks)**

- (i) Errors of omission will not affect Trial balance
- (ii) Piece rate method can be adopted in any industry.

- (iii) Credit sale of stationery by Bombay Stationery Mart will be recorded in Sales book.
- (iv) Fixed cost per unit changes and variable cost per unit is same.
- (v) The entry for bill of exchange discounted with the bank is passed in the books of drawee of the bill.

**(d) Match the following :** **(1×5 marks)**

|                            |                                                   |
|----------------------------|---------------------------------------------------|
| 1) Conservative principle  | a) Recording transactions at cost                 |
| 2) Accrual concept         | b) Product costs                                  |
| 3) Variable costs          | c) Stocks valued at lower of cost or market price |
| 4) Historical cost concept | d) Recognition of cash & credit transactions      |
| 5) fixed costs             | e) Two effects of a transaction                   |
|                            | f) Period costs                                   |

**Q. 2. 1. Pass necessary journal entries for the following :** **(2×4 marks)**

- (a) Goods of Rs 1,400 purchased from Ram although entered in purchase book was not recorded in Ram's account
- (b) Wages paid Rs 45,000 for erection of machinery were debited to Wages account.
- (c) Goods supplied by Sujit for Rs 150,000 were entered in Sales book.
- (d) Sale of old furniture for Rs 3,500 was recorded to sales book

**2. Prepare a bank reconciliation statement from the following details submitted to you by M/s Poonam Trading company as on 31st December 2008 :**

**(8 Marks)**

**Cash Book (bank column only)**

| Date      | Particulars    | Rs     | Date      | Particulars    | Rs     |
|-----------|----------------|--------|-----------|----------------|--------|
| 3-Dec-08  | To Cash        | 36,000 | 1-Dec-08  | By Balance b/d | 40,000 |
| 20-Dec-08 | To Roy         | 24,000 | 4-Dec-08  | By John        | 2,000  |
| 22-Dec-08 | To Kapoor      | 10,000 | 6-Dec-08  | By Krishnan    | 400    |
| 31-Dec-08 | To Balance c/d | 7,640  | 15-Dec-08 | By Kailash     | 240    |
|           |                |        | 20-Dec-08 | By Joshi       | 35,000 |
|           |                | 77,640 |           |                | 77,640 |

The bank statement revealed the following

- Cheques deposited but not cleared by bank Rs 10,000
- Interest on securities collected by bank but not recorded in cash book Rs 1,080
- Credit transfers not recorded in the cash book Rs 200
- Dividend collected by bank Rs 1,000 not recorded in cash book
- Cheques issued but not presented for payment Rs 37,400
- Interest debited by bank not yet recorded in cash book Rs 1,000
- Bank charges debited by bank for the month of December Rs 340

**Q. 3. 1.** The net income based on unadjusted trial balance of Mr. Sengupta, who runs a private school, as on 31st December 2008 stood at Rs 10,875. On investigation of his books, you understand that the books are kept on cash basis & that following balances has not been considered. Please work out the revised net income of Mr. Sengupta based on the details given below :

| Particulars              | As on 1st Jan 08 (Rs) | As on 31st Dec 08 (Rs) |
|--------------------------|-----------------------|------------------------|
| Accrued fees             | 350                   | 250                    |
| Fees received in advance | 100                   | 50                     |
| Outstanding expenses     | 200                   | 250                    |
| Prepaid expenses         | 100                   | 175                    |

**(6 marks)**

**2.** A company uses three types of raw material in manufacturing of its product X. The following information is given to you in respect of them :

| Material                   | A      | B      | C      |
|----------------------------|--------|--------|--------|
| Usages per unit of X in kg | 10     | 4      | 6      |
| Re-order quantity in kg    | 10000  | 5000   | 10000  |
| Price per unit             | 10     | 30     | 15     |
| Delivery period in weeks   | 1 to 3 | 3 to 5 | 2 to 4 |
| Re-order level in kg       | 8000   | 4750   |        |
| Minimum level in kg        |        |        | 2000   |

Weekly production of X varies between 175 to 225 units, averaging 200 units. Find out the quantities of (1) minimum level of A, (2) maximum level of B, (3) Re-order level of C, (4) Average level of C

**(2×4 marks)**

**Q. 4.** The following balances are given to you for a sports club :

|                                  | <b>31-03-2008</b> | <b>31-03-2009</b> |
|----------------------------------|-------------------|-------------------|
| Fixed Assets                     | 110000            | 99000             |
| Bank                             | 12500             | 15300             |
| Cash                             | 1500              | 2500              |
| Prepaid Insurance                | 2000              |                   |
| Subscription received in advance | 45000             | 30000             |
| Interest on outstanding loan     | 1250              |                   |
| Loan                             | 100000            |                   |
| Outstanding expenses :           |                   |                   |
| Water                            | 2350              | 1750              |
| Electricity                      | 2500              | 3500              |
| Wages                            | 12500             | 7500              |
| Repairs                          | 1500              | 1200              |
| Subscription receivable          | 75000             | 67000             |

The Receipts and Payment Account for the year ended 31-03-2009 is given below:

| <b>Receipts</b>   | <b>Rs</b> | <b>Payments</b>        | <b>Rs</b> |
|-------------------|-----------|------------------------|-----------|
| Opening balance : |           |                        |           |
| Bank              | 12500     |                        |           |
| Cash              | 1500      |                        |           |
| Subscriptions     | 225000    | Loan repaid            | 100000    |
| Donations         | 45000     | Rent                   | 15000     |
| Miscellaneous     | 7500      | Water                  | 22750     |
|                   |           | Electricity            | 36000     |
|                   |           | Wages                  | 48500     |
|                   |           | Repairs                | 17800     |
|                   |           | Telephone              | 22500     |
|                   |           | Interest on Loan       | 2500      |
|                   |           | Insurance              | 7500      |
|                   |           | Miscellaneous expenses | 1150      |
|                   |           | Closing Balance        |           |
|                   |           | Bank                   | 15300     |
|                   |           | Cash                   | 2500      |

Prepare Income & Expenditure a/c for the year ended 31-03-2009 and the Balance Sheet as on that date. Donations are to be capitalized. **(14 marks)**

- Q. 5.** A manufacturing company has three production departments X, Y, and Z and two service departments A and B. The following estimates are given to you for the quarter ended 30th Sept 2008.

|                             |          |
|-----------------------------|----------|
| Rent and Rates              | Rs 10000 |
| Lighting and electricity    | Rs 1200  |
| Indirect wages              | Rs 3000  |
| Power                       | Rs 3000  |
| Depreciation on machinery   | Rs 20000 |
| Other expenses and sundries | Rs 20000 |

Following are further details :

|                     | X     | Y     | Z     | A     | B     | Total  |
|---------------------|-------|-------|-------|-------|-------|--------|
| Floor space (sq ft) | 2000  | 2500  | 3000  | 2000  | 500   | 10000  |
| Light Points (nos)  | 20    | 30    | 40    | 20    | 10    | 120    |
| Direct wages (Rs)   | 60000 | 40000 | 60000 | 30000 | 10000 | 200000 |
| HP of Machines      | 120   | 60    | 100   | 20    |       | 300    |
| Cost of machines    | 24000 | 32000 | 40000 | 2000  | 2000  | 100000 |

The expenses of service departments A and B are to be distributed as follows :

|   | X   | Y   | Z   | A   | B   |
|---|-----|-----|-----|-----|-----|
| A | 20% | 30% | 40% | -   | 10% |
| B | 40% | 20% | 30% | 10% | -   |

Calculate the overhead absorption rate per hour in respect of the three departments. What will be the total cost of the job with material cost of Rs 80 and direct labour cost of Rs 40 which passes through X, Y, & Z for 2, 3 and 4 hours respectively? **(14 marks)**

- Q. 6.(a)** On 1st April 2009, Mohan of Mumbai consigned 400 packets of Tooth powder bottles to Mr. Sohan of Kolkata. Each packet contained 100 bottles. Cost price of each packet is Rs. 300. Mohan spent Rs 50 per packet as cartage, freight, insurance & forwarding charges. One packet was lost on the way and Mohan lodged a claim with the insurance company & could get Rs 270/- Sohan took delivery of the rest of the material and spent Rs 19950/- as storage and Rs 9975 as Octroi & freight. He sold 320 packets for cash and 50 packets on credit at Rs 650 per packet. He was entitled to a commission of 3% on sales plus 1% Del credere commission on credit sales. Sohan remitted Rs 200000 by bank draft on 30th June 2009.

Prepare consignment account and Sohan's a/c in the books of Mr. Mohan.

**(7 marks)**

- (b) The following details have been extracted from the books of a manufacturing company for the half year ended 30th September 2008 :

|                              | <b>Amount Rs</b> |
|------------------------------|------------------|
| Purchase of raw material     | 132000           |
| Direct wages                 | 110000           |
| Rent, rates, insurance       | 44000            |
| Carriage inward              | 1584             |
| Stock 1-4-2008 :             |                  |
| Raw material                 | 22000            |
| Finished goods (1600 tonnes) | 17600            |
| WIP                          | 5280             |
| Stock 30-09-2008 :           |                  |
| Raw material                 | 24464            |
| Finished goods (3200 tonnes) | 35200            |
| WIP                          | 17600            |
| Factory supervision          | 8800             |
| Sale of finished goods       | 330000           |

Selling costs were Rs 0.75 per tonne for 25600 tonnes sold during the period.  
Calculate prime cost, factory cost, cost of sales, profit and no of tonnes produced. **(7 marks)**

- Q. 7.(a)** A company produces a single product sells it at Rs 50 per unit. The variable cost per unit is Rs 35 and the fixed costs are Rs 12 lacs per annum. Please calculate :

- (i) P / V ratio and break even sales
- (ii) New breakeven if variable costs increase by Rs. 3 per unit, without increase in selling price.
- (iii) Increase in sales required if profits are to be increased by Rs. 240000
- (iv) Quantum of advertising expenditure permissible to increase sales by Rs. 120000 without affecting the existing profit quantum.

All the events are independent of each other. **(2×4 marks)**

- (b) Following particulars are taken from the books of Supreme industries :

|                          |          |          |         |
|--------------------------|----------|----------|---------|
| Time allowed for the job | 15 hours | 15 hours | 5 hours |
| Time taken for the job   | 15 hours | 12 hours | 9 hours |

The hourly rate payable as normal wages is Rs 2 per hour. Compute the total wages as per Halsey plan (50% sharing) and Rowan plan. What is your recommendation if the time taken is going to be 6 hours after 3 months?

**(6marks)**

**PAPER 2**

**ACCOUNTING**

**TEST PAPER — FDN/2/ACT/2008/T-2**

**Time Allowed : 3 hours**

**Full Marks : 100**

***Answer question one which is compulsory. Answer any five from the rest.***

**Q. 1.(1) Please choose the correct answer from the alternatives given (1×10 marks)**

- a) The time period principle assumes that an organization's activities can be divided into specific time periods including :
  - (i) Months
  - (ii) Quarters
  - (iii) Years
  - (iv) All of above
- b) The accounting principle that requires revenue to be reported when earned is the :
  - (i) Matching principle
  - (ii) Revenue recognition principle
  - (iii) Accounting period principle
  - (iv) Going concern principle
- c) Adjusting entries
  - (i) Affect only income statements
  - (ii) Affect only balance sheet accounts
  - (iii) Affect both income statements and balance sheet accounts
  - (iv) Affect cash flow statements
- d) The recurring steps performed each accounting period, starting with analyzing and recording transactions in the journal and continuing through the postclosing trial balance, is referred to as the :
  - (i) Accounting period
  - (ii) Operating cycle
  - (iii) Closing cycle
  - (iv) Accounting cycle

- e) If a company failed to make an adjusting entry at the end of its accounting period to record depreciation for this period, the omission will cause :
  - (i) An understatement of expenses
  - (ii) An overstatement of revenues
  - (iii) An understatement of assets
  - (iv) An overstatement of liabilities
- f) Which of the following assets is not depreciated?
  - (i) Fixtures
  - (ii) Motor car
  - (iii) Land
  - (iv) Machinery
- g) If furniture is bought on account, it will result into
  - (i) Increase in asset & decrease in liability
  - (ii) Increase in liability and increase in asset
  - (iii) Decrease in asset & decrease in liability
  - (iv) Increase in liability and decrease in asset
- h) Which of the following is an item of expense
  - (i) Charges paid for installation of machinery
  - (ii) Recovery of electricity bills paid for employees
  - (iii) Payment of electricity deposit
  - (iv) Payment of electricity bill
- i) Material was purchased for Rs 25000 and freight was paid for Rs 5000 for bringing it to the warehouse. Half of it was sold for Rs 25000. The company maintains the policy of selling at 66.67% above cost. The value of closing stock will be
  - (i) Rs 12500
  - (ii) Rs 15000
  - (iii) Rs 20875
  - (iv) Can't say
- j) The prepaid expenses account showed an opening balance of Rs 10000 and closing balance of Rs 17500. The effect of this will mean
  - (i) Decrease in profit by Rs 10000
  - (ii) Increase in profit by Rs 17500
  - (iii) Increase in profit by Rs 7500
  - (iv) Decrease in profit by Rs 7500

**(2) Classify the following into asset, liability, expense or income (5 marks)**

- a. Rent received in advance
- b. Prepaid insurance
- c. Provision for doubtful debt
- d. Deposit with government office
- e. Commission received
- f. Cash received from customer
- g. Employer's contribution to provident fund
- h. Unsold material
- i. Carriage inwards
- j. Free samples distributed

**(3) Please choose the correct answer from the alternatives given. Show your calculations. (3×5marks)**

- a) The annual fixed costs of a company are Rs 60000. It manufactures a product which it sells at Rs 20 each. The contribution to sales ratio is 40 per cent. The breakeven point in units is  
(i) 1200                      (ii) 3000                      (iii) 7500                      (iv) 5000
- b) The selling price of a product is Rs 9 per unit with variable cost of Rs 6 each and the fixed costs are Rs 54000 per month. In a period when actual sales are Rs 180000, the margin of safety in units is :  
(i) 2000                      (ii) 14000                      (iii) 18000                      (iv) 20000
- c) A company had opening stock of raw material A as Rs 90000. The purchases during the period were Rs 270000. The closing stock was valued at Rs 110000. The inventory turnover ratio is :  
(i) 2.45                      (ii) 2.50                      (iii) 3.00                      (iv) 1.22
- d) P Ltd had an opening stock of Rs 2640 (300 units valued at Rs 8.80 each) on 1st April. The following receipts and issues were recorded during April

|            |         |            |                  |
|------------|---------|------------|------------------|
| 10th April | Receipt | 1000 units | Rs 8.60 per unit |
| 23rd April | Receipt | 600 units  | Rs 9.00 per unit |
| 29th April | Issues  | 1700 units |                  |

Under LIFO method, what was the total value of issues on 29th April?

- (i) Rs 14840                      (ii) Rs 14880                      (iii) Rs 14888                      (iv) Rs 15300

e) The following data relates to stock item A452 :

|               |                   |
|---------------|-------------------|
| Average usage | 100 units per day |
| Minimum usage | 60 units per day  |
| Maximum usage | 130 units per day |
| Lead time     | 20-26 days        |
| EOQ           | 4000 units        |

The maximum stock level is :

(i) 4780 units      (ii) 5080 units      (iii) 5380 units      (iv) 6180 units

**Q. 2.** The following is the trial balance of M/s Futuristic trading as On 31-03-2009:

| Particulars                | Amount Dr        | Amount Cr        |
|----------------------------|------------------|------------------|
| Cash in Hand               | 28,000           |                  |
| Bank balance               | 52,000           |                  |
| Stock as on 1st April 2006 | 12,40,000        |                  |
| Debtors                    | 17,20,000        |                  |
| Furniture                  | 4,28,000         |                  |
| Office equipment           | 3,22,000         |                  |
| Building                   | 12,00,000        |                  |
| Motor Car                  | 4,00,000         |                  |
| Creditors                  |                  | 8,60,000         |
| Loan from HDFC bank        |                  | 6,00,000         |
| Reserve for bad debt       |                  | 60,000           |
| Purchases                  | 28,00,000        |                  |
| Sales                      |                  | 46,00,000        |
| Purchase returns           |                  | 52,000           |
| Sales returns              | 84,000           |                  |
| Salaries                   | 2,20,000         |                  |
| Motor car expenses         | 72,000           |                  |
| Godown rent                | 1,10,000         |                  |
| Interest on loan           | 54,000           |                  |
| Rates & taxes              | 42,000           |                  |
| Discount Allowed           | 48,000           |                  |
| Discount received          |                  | 32,000           |
| Freight                    | 24,000           |                  |
| Carriage outwards          | 40,000           |                  |
| Drawings                   | 240,000          |                  |
| Printing & stationery      | 36,000           |                  |
| Electricity                | 44,000           |                  |
| Insurance premium          | 1,10,000         |                  |
| General expenses           | 60,000           |                  |
| Bad debts                  | 40,000           |                  |
| Bank charges               | 30,000           |                  |
| Capital of Mr. Roy         |                  | 32,40,000        |
|                            | <b>94,44,000</b> | <b>94,44,000</b> |

Prepare the final account for the year ended 31st March 2009 after considering the following :

- 1) Depreciate building used for business by 5%, furniture by 10%, office equipment by 15% and motor car by 20%
- 2) A steel table purchased during the year for Rs 28000 was sold for the same price, but sale proceeds were credited to sales account.
- 3) A printer purchased during the year for Rs 8000 was wrongly debited to purchase account.
- 4) Closing stock was valued at Rs 880000
- 5) One month's salary and one month's rent are outstanding.
- 6) The loan from HDFC bank was taken on 1st July 2008 @ 12% pa.
- 7) The reserve for bad debts is to be maintained at 5% on debtors
- 8) Insurance premium included Rs 8000 paid towards the life policy of Mr. Roy and the balance of the insurance was paid for the period 1st July 2008 to 30st June 2009
- 9) Half of the building is used for residential purpose of Mr. Roy. **(14 marks)**

**Q. 3.(a)** i. From the following details of bank column of the cash book, find out the collection from debtors being the balancing figure :

|                            |           |
|----------------------------|-----------|
| Opening balance            | Rs 8000   |
| Closing balance            | Rs 4000   |
| Payment to creditors       | Rs 160000 |
| Bills receivables encashed | Rs 18000  |
| Bills payable paid         | Rs 12000  |
| Drawings                   | Rs 24000  |
| Expenses                   | Rs 36000  |

ii) From the following details of the creditors account, find out the figure of credit purchases being the balancing figure :

|                           |           |
|---------------------------|-----------|
| Opening balance           | Rs 160000 |
| Closing balance           | Rs 190000 |
| Payments by cheques       | Rs 940000 |
| Payments by bills payable | Rs 100000 |
| Payments by cash          | Rs 20000  |
| Discount received         | Rs 10000  |
| Purchase returns          | Rs 20000  |

**(3×2 marks)**

- (b) Mr. Patel sold goods to Mr. Shah and drew a bill of exchange for Rs 10000 which the later accepted. Show journal entries in the books of Mr. Patel for each of the following independent situations :
- (i) Here retains the bill till due date and then realized the money.
  - (ii) He discounts the bill with the bank paying Rs 750 as discounting charges & bill is honoured.
  - (iii) He endorses the bill to Mr. Surana against amount due to him for Rs 10200, & the bill is honoured.
  - (iv) He sent the bill to the bank for collection and the bill is honoured.

**(2×4 Marks)**

- Q. 4.(a)** On 1st April 2008, the balance in Machinery account of a company stood at Rs 567000/-. The company had the system of providing depreciation at 10% pa on diminishing balance. Now it is contemplating to change the method to straight line with retrospective effect from 1st April 2006, keeping the rate of depreciation same. Show machinery account for the years 2006-07, 2007-08 & 2008-09. The company had purchased a new machine for Rs 60000 on 1st October 2008.

**(7 marks)**

- (b) Mohan and Sohan entered into a joint venture agreeing to share profits or losses in the ratio of 2:1. The following transactions took place during the tenure of the venture :

|                                  | <b>Mohan</b> | <b>Sohan</b> |
|----------------------------------|--------------|--------------|
| Cash deposited in joint bank a/c | 50000        | 25000        |
| Goods bought in                  | 10000        | 5000         |
| Expenses incurred                | 5000         | 2500         |

The joint transactions were:

Goods bought for cash Rs 20000 and on credit from Mr. Sahani Rs 40000. Expenses paid Rs 1800. Goods sold to Mr. Roy Rs 40000 against immediate cheque and to Mr. Ray for Rs 50000 on 3 months' credit. Mr. Ray accepted a bill for this amount which was discounted at 18% pa. Mohan agreed to take over the balance stock at the value of Rs 2700. Mr. Sahani was paid Rs 39400 in full settlement. Show Joint Venture a/c, Joint bank a/c and the co-venturers a/c assuming that the venture was closed by settling the amount to the co-venturers.

**(7 marks)**

- Q. 5.(a)** In a factory, a machine is considered to work for 208 hours in a month. It includes maintenance time of 8 hours and set-up time of 20 hours. The expense data are given below :

Cost of machine is Rs 500000 & it has life of 10 years with a salvage value of Rs 20000 at the end of life. Repairs & maintenance Rs 60480 pa, consumables & stores Rs 47520 pa, Rent of the building Rs 72000 pa, the machine occupies 1/6th of the area.

Supervisors' salary (common to three machines) Rs 6000 pm, operators wages per machine Rs 2500 pm, General lighting charges per month allocated to the machine Rs 1000, power consumption is 25 units per hour at Rs 2 per unit. The supervisor and operators are permanent. Consumables and stores vary with the running of machine.

Power is required for productive purposes only. Set-up time, although productive, does not require power.

Calculate the machine hour rate for (i) set-up time, and (ii) running time

**(7 marks)**

- (b) The quarterly production of a company's product has a steady market at 20000 units. Each unit requires 0.5 kg of a raw material. The ordering cost is Rs 100 per order and the inventory carrying cost is Rs 2 per annum. The lead time for procurement is 36 days and the safety stock is 1000 kg. The company has negotiated the following prices for the procurement of raw material :

| Order quantity (kg) | Discount (Rs) |
|---------------------|---------------|
| Up to 6000          | Nil           |
| 6000 – 8000         | 400           |
| 8000 – 16000        | 2000          |
| 16000 – 30000       | 3200          |
| 30000 – 45000       | 4000          |

Calculate the re-order point taking 30 days in a month. Prepare a statement showing total cost of procurement & storage of material after considering discounts if company elects to place 1, 2, 4 or 6 orders in a year. Also calculate the number of orders the company should place to minimize the costs after taking EOQ also into consideration.

**(7 marks)**

- Q. 6.** The following details were extracted from the books of a manufacturing company for the month of March 2009.

|                                        |                             |
|----------------------------------------|-----------------------------|
| Sales for the month                    | Rs 8500000                  |
| Opening stock 125000 kg @ Rs 30 per kg |                             |
| Purchases      March 7                 | 150000 kg @ Rs 31.10 per kg |
| March 27                               | 100000 kg @ Rs 31.20 per kg |
| Closing stock on March 31              | 130000 kg                   |

The Administration overheads for the month amounted to Rs 172000.

Work out the following using FIFO and LIFO methods:

- 1) Value of closing stock as on 31st March 2009
- 2) Cost of sales for the month of March and
- 3) Profit or loss for the month of March **(6+6+2 marks)**

- Q. 7.** A company has decided to install a new machine for manufacturing a new product. The maximum possible sales are Rs 50 lacs. The company is considering two models M1 and M2 for which the following details are available :

|                                    | <b>M1</b>  | <b>M2</b>  |
|------------------------------------|------------|------------|
| Maximum sales per year             | Rs 50 Lacs | Rs 50 Lacs |
| Fixed cost per year                | Rs 5 Lacs  | Rs 8 Lacs  |
| Estimated profit for maximum sales | Rs 15 Lacs | Rs 17 Lacs |

Calculate the break-even sales for both the models of the machine. Calculate the sales level at which both machines will give same amount of profit. Based on the computations, which model will be more profitable than the other over a range of sales? **(4+6+4 marks)**

**PAPER 3**

**ECONOMICS & BUSINESS FUNDAMENTALS**

**TEST PAPER - FDN/3/EBF/2008/T-1**

**Time Allowed : 3 hours**

**Full Marks : 100**

**(Answer Five Questions : All Questions are of Equal Marks)**

1. Explain How price is determined by a firm under perfect competition. Illustrate your answer diagrammatically.
2. What is capital formation? What are the process involved in capital formation?
3. What is taxable capacity? What are its types? Explain the factors on which taxable capacity depends.
4. What is the meaning of fiscal policy? Explain the objectives of fiscal policy
5. What is a Central Bank? Discuss the function of Central Bank?
6. Discuss the merits and demerits of indirect taxes.

**PAPER 3**

**ECONOMICS & BUSINESS FUNDAMENTALS**

**TEST PAPER - FDN/3/EBF/2008/T-2**

**Time Allowed : 3 hours**

**Full Marks : 100**

**(Answer Five Questions : All Questions are of Equal Marks)**

**Question 1**

State the main features of Cooperative Society. What are the main types of cooperatives societies?

**Question 2**

What is Memorandum of Association? Mention the contents of it? How the different clauses of Memorandum can be altered

**Question 3**

What is a prospectus? Mention in brief the contents of Prospectus.

**Question 4**

State the benefits offered by a sound communication.

**Question 5**

What is a statutory meeting? What are the consequences of not holding a statutory meeting?

**Question 6**

What are the essential factors to be considered while drafting a business letter?

**Question 7**

Briefly indicate the services rendered by the Stock Exchanges.

**PAPER 4**

**BUSINESS MATHEMATICS & STATISTICS FUNDAMENTALS**

**TEST PAPER - FDN/4/BMS/2008/T-1**

**Time Allowed : 3 hours**

**Full Marks : 100**

**(Answer Five Questions : All Questions are of Equal Marks)**

1. (a) If  $\frac{x}{y+z} = \frac{y}{z+x} = \frac{z}{x+y} = k$ , show that  $K = \frac{1}{2}$  if  $(x+y+z) = 0$   
 (b) If  $x = 2 + 2\frac{2}{3} + 2\frac{1}{3}$  show that  $x^3 - 6x^2 + 6x - 2 = 0$
2. (a) The area of a regular hexagone is  $54\sqrt{3}$  sq. cm, find lenth of a side, and also perimeter of hexagone.  
 (b) A solid rectangular block of metal 49 cm. by 44 cm. by 18 cm. is melted and formed into a solid sphere, find the radius of the sphere  $\left(p = \frac{22}{7}\right)$ .
3. (a) Find the locus of a point which moves so that the sum of the squares of its distances from 2 points (3, 0) and (−3, 0) is 36.  
 (b) Find the equation of the circle whose centre is (2, −4) and passes through the centre of the circle  $x^2 + y^2 - 2x - 2y - 38 = 0$ .
4. (a) Evaluate : (i)  $\lim_{x \rightarrow 0} \frac{\sqrt{1+x} - \sqrt{1-x}}{x}$  (ii)  $\lim_{x \rightarrow -2} \frac{x^2 - 4}{x + 2}$   
 (b) Evaluate : (i)  $\int_x \{3x^2 + 7\}^7 dx$  (ii)  $\int_1^e x \log x dx$
5. (a) Out of Rs. 500 spent by a motor company, items of expenses are as follows :  
 wages — Rs. 125, materials — Rs. 110, taxes — Rs. 180, distributed points — Rs. 65 and administration — Rs. 20.

Draw a pie chart to depict the above items

(b) Find the median from the frequency distribution

| <i>Marks</i> |    |  | <i>No. of students</i> |
|--------------|----|--|------------------------|
| Less than    | 10 |  | 5                      |
| " "          | 20 |  | 9                      |
| " "          | 30 |  | 15                     |
| " "          | 40 |  | 18                     |
| " "          | 50 |  | 20                     |

**PAPER 4****BUSINESS MATHEMATICS & STATISTICS FUNDAMENTALS****TEST PAPER - FDN/4/BMS/2008/T-2****Time Allowed : 3 hours****Full Marks : 100****(Answer Five Questions : All Questions are of Equal Marks)**

1. (a) The average salary per head of all the workers in an Institution is Rs. 60. The average per head of 12 officers is Rs. 400. The average salary per head of the rest is Rs. 56. Find the total number of workers.  
 (b) Apply the Principle of variation, how long 25 men take to plough 30 hectare, if 5 men take 9 days to plough 10 hectare of land?
2. (a) A grassy rectangular field 2 meter wide footpath running all round it. If the cost of paving the footpath @ Rs. 20.00 per sq. cm is Rs. 2400 and the length of the field is 16 m, find the breadth of the field.  
 (b) If the Volume of a cylinder is numerically equal to its lateral area, what is the diameter of its base?
3. (a) Find the equation of the straight line that passes through the point (5, -3) and is parallel to the line  $7x + 9y - 11 = 0$ .  
 (b) Find the coordinates of vertex, focus and the length of latus rectum of the parabola  $y^2 = 4(x + y)$ .
4. (a) If  $y = \sqrt{1 + x^2}$  show that  $y \frac{dy}{dx} = x$   
 (b) Evaluate : (i)  $\int \log x \, dx$  (ii)  $\int_0^2 x\sqrt{4 - x^2} \, dx$ .
5. (a) A.M. of the following incomplete frequency distribution is 1.46. Find the values of  $f_2$  and  $f_3$ .

|     |    |       |       |    |    |   |       |
|-----|----|-------|-------|----|----|---|-------|
| x : | 0  | 1     | 2     | 3  | 4  | 5 | total |
| y : | 43 | $f_2$ | $f_3$ | 25 | 10 | 5 | 200   |

(b) Marks obtained by 50 students in a weekly test are as follows :

| <i>Marks</i> |    |  | <i>No. of students</i> |
|--------------|----|--|------------------------|
| Less than    | 5  |  | 6                      |
| ” ”          | 10 |  | 16                     |
| ” ”          | 15 |  | 36                     |
| ” ”          | 20 |  | 45                     |
| ” ”          | 25 |  | 50                     |

Find the median from the frequency distribution.