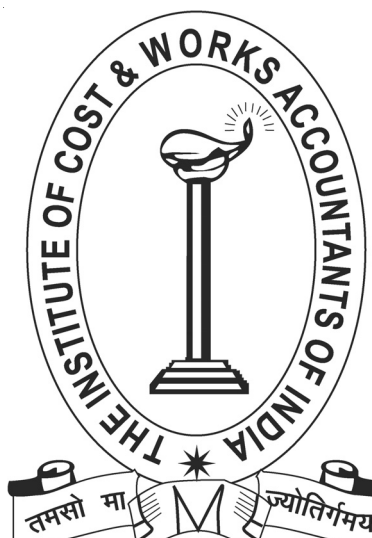


REVISED SYLLABUS 2008

TEST PAPERS

Intermediate Group II

**QUESTION PAPERS FOR POSTAL STUDENTS ONLY
(REVISED/ JULY 2009)**



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

DIRECTORATE OF STUDIES

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PAPER 8

COST AND MANAGEMENT ACCOUNTING

TEST PAPER — II/8/CMA/2008/T-1

Time Allowed : 3 hours

Full Marks : 100

1. A. Match A with B for the following :

A	B
Differential cost analysis	Basis for remunerating employees
Scatter diagram	Decision making
Value analysis	Inventory management
ABC Analysis	Splitting of semi variable cost
Job Evaluation	Promotes innovation and creativity

B. State whether the following statements are True [T] or False [F]

- i. Unavoidable costs are irrelevant to a decision to accept or reject an order.
- ii. A floor cleaner in a factory is an indirect labour
- iii. Total variable costs would be lower than the original budget, if the actual output is lower than the budgeted output.
- iv. Absorption costing considers both the variable and fixed costs as part of product costs
- v. A budget in which a responsibility center manager must justify each planned activity and its estimated total cost is known as Zero based budget

C. Choose the correct answer for each of the following. Indicate working wherever required.

1. Insurance Premium is an example of
 - a. Opportunity Cost
 - b. Sunk Cost
 - c. Committed cost
 - d. Discretionary cost

- II. The principal disadvantage of using the physical quantity method of allocating joint costs is that
- Costs assigned to inventories may have no relationship to their value
 - Physical quantities may be difficult to measure
 - Additional processing costs affect the allocation base
 - Joint cost, by definition, should not be separated on a unit basis
- III. A fixed cost that would be considered a direct cost is
- A Store Manager's salary when the cost object is a unit of product
 - An Auditor's Salary when the cost object is the Audit Department
 - The Director's fees when the cost object is the Production Department
 - A Production supervisor's Salary when the cost object is the Stores Department
- IV. A Ltd. Sells its products at Rs. 40/unit. In a period if the company manufactures and sells 12,000 units, it incurs a loss of Rs 2/unit and if the volume increase to 18,000 units, it earns a profit of Rs. 3.50/unit. The break –even point in rupees is
- Rs. 5,70,000
 - Rs. 1,98,000
 - Rs. 5,46,207
 - Rs. 6,00,000
- V. A company has a profit-volume ratio of 30%. To maintain the same contribution, by what percentage(%) must sales be increased to offset 10% reduction in selling price ?
- 10
 - 20
 - 35
 - 50
2. Short Notes : (Any *four*)
- Matching Concept
 - Inter-firm Comparison
 - Cost Pools
 - CVP Analysis
 - Integrated Accounting System
3. Narrate the essential factors to be considered while designing and installing a cost accounting system.

4 ♦ *Test Papers — Intermediate Group II*

4. What is uniform costing? Explain the advantages of having uniform costing in an industry also state the major hurdles in introducing a uniform cost system?
5. MSD Ltd. Is experiencing a high labour turnover in recent years and management would like to know the loss suffered by Company due to such labour turnover. Following figures are available for your consideration :

Sales	Rs. 1200 lakhs
Direct Materials	Rs. 300 lakhs
Direct Labour	Rs. 96 lakhs on 9,60,000 manhours
Other variable expenses	Rs. 120 lakhs
Fixed Overheads	Rs. 160 lakhs

The direct manhours include 18,000 manhours spent on trainees and replacements, only 50 % of which were productive. Further, during the year 24,000 manhours of potential work could not be availed of because of delayed replacement. The cost incurred due to separations and replacements amounted to Rs. 2 lakhs.

On the basis of above data, prepare comparative statement showing actual profit vis-à-vis the profit which would have been realized had there been no labour turnover.

6. TATA Ltd. Uses a historical cost system and absorb overheads on the basis of predetermined rate. The following data are available for the year 2008-09.

Manufacturing overheads –

Amount actually spent	Rs. 1,27,500
Amount absorbed	Rs. 1,12,500
Cost of goods sold	Rs. 4,03,000
Work-in-progress	Rs. 93,000
Stock of finished goods	Rs. 1,24,000

Using two methods of disposal of under absorbed overheads (normal & abnormal reasons) show the implication on the profit of the company under each method.

7. Birla Construction Ltd. undertook a contract for Rs. 15,00,000 on 1st April 2008. On 31st March 2009, when the accounts were closed, following details were available :

Materials purchased	3,00,000
Work certified	6,00,000
Materials on hand on 31st March 2009	75,000
Machinery purchased	1,50,000
Cash received	4,50,000
Wages paid	1,35,000
Work uncertified	45,000
General expenses	30,000
Wages accrued	15,000

Depreciation on machinery is to be charged @ 10% per annum. However, this contract contains an escalation clause as under :

“In the event of price of materials and rate of wages increase by more than 5%, then the contract price will be increased accordingly by 30% of the rise in the cost of materials and wages beyond 5% in each case.”

It is found that after signing the agreement the price of materials and wage rate increased by 20%. The value of the work certified does not take into account the effect of the above clause. Prepare the contract account giving the effect of the above escalation.

PAPER 8

COST AND MANAGEMENT ACCOUNTING

TEST PAPER — II/8/CMA/2008/T-2

Time Allowed : 3 hours

Full Marks : 100

1. A. Match A with B for the following :

A	B
Relevant cost	Pure finance not included in cost
Debenture interest	Helps in comparing cost
Uniform costing	Contract costing
Escalation clause	Job evaluation
Point rating	Decision making

B. State whether the following statements are True [T] or False [F]

- i. Chief accountant's salary is an administrative overhead cost.
- ii. Cost drivers are Accounting techniques used to control costs
- ii. An accounting system that collects financial and operating data on the basis of the underlying nature and extent of the cost drivers is called Target Costing.
- iv. Blanket rate is used to carry out adjustment for the difference between overheads absorbed and overheads incurred.
- v. Operation budgets normally cover a period of one year or more.

C. Choose the correct answer for each of the following. Indicate working wherever required.

- I. Which of the following is true with respect to direct cost ?
 - a. They are incurred for the benefit of cost centers
 - b. They are incurred as a direct consequence of a decision
 - c. They can be economically identified with the item being costed
 - d. They can be controlled immediately when it is incurred.

- II. In which of the following situations does the break even point (in units) increase ?
- When unit variable costs increase and sales price remain unchanged
 - When unit variable costs decrease and sales price remain unchanged
 - When unit variable costs remain unchanged and sales price increases
 - When unit variable costs decrease and sales price increases
- III. If there is a change in cost due to change in the level of activity or pattern or method of production, it is known as :
- Controllable cost
 - Semi-variable cost
 - Discretionary cost
 - Differential cost
- IV. MJ Ltd. Has an annual fixed cost of Rs. 1,90,000. IN the year 2008-09 sales amounted to Rs. 7,50,000 as compared with Rs. 6,00,000 in the year 2007-08 and the profit for the year 2008-09 was more than the profit for 2007-08 by Rs. 52,500.
- If there is a reduction of selling price by 10% in the year 2009-10 and the company desires to earn the same amount of profit as in 2008-09, the required sales volume would be
- Rs. 9,45,000
 - Rs. 5,60,000
 - Rs. 6,84,000
 - Rs. 7,55,000
- V. AB Ltd. Is planning to produce a new model of calculator. The potential demand for the next year is estimated to be 1,75,000 units. The company has the capacity to produce 7,00,000 units and could sell 1,75,000 units at a price of Rs. 625 per calculator. The demand would double for every decrease of Rs. 75 in the selling price. The company expects a minimum margin of 20%.
- At full capacity level, the target cost per unit will be (2)
- Rs. 475
 - Rs. 440
 - Rs. 380
 - Rs. 500.

2. Discuss different methods of Transfer Pricing
3. Explain normal wastage, abnormal wastage and abnormal gain and state, how they should be dealt in process cost accounts.
4. Discuss briefly the principles to be followed while taking credit for profit on incomplete contract.
5. From the following particulars, find the most profitable product mix and prepare a statement of profitability of that product mix :

	Product A	Product B	Product C
Data for Standard Cost/unit :			
Direct Materials (Rs.)	8.00	24.00	16.00
Variable Overheads (Rs.)	2.40	1.60	4.00
Direct Labour :			
Department Rate / hr. (Rs.)	Hours	Hours	Hours
1 0.40	22.40	12.80	24.00
2 0.80	4.00	4.80	8.00
3 0.40	12.80	6.40	24.00
Data from current budget :			
Production / year (units in thousands)	8	4	4.8
Selling price/unit (Rs.)	40	54.40	72
Fixed overhead p.a. Rs. 1,60,000			
Possible sales for the year 2009 (units in thousands)	9.6	5.6	7.2

All the three products are produced from the same direct material using the same type of machine and labour. However, the type of labour required by department 2 is in short supply and it is not possible to increase the manpower of this department beyond its present level.

6. A plant is capable of operating 5400 machine hours during a month interchangeable for nay one or more products Alpha, Beeta or Gama. The following details are ascertained :

Products	No. of units per 100 machine hrs.	Material cost per unit (RS.)
Alpha	90	1.8
Beeta	45	2.7
Gama	22.5	4.5

Additional information :

- Labour cost / mc. Hr Rs. 1.8
- Variable overhead / mc. Hr. Rs. 2.7
- The fixed cost of the department p.m. is Rs. 9,000
- The share capital is Rs. 4,86,000 and the expected ROI is 20% (before taxation)
- All financial expenses are included in the cost

The following two proposals are to be considered :

- To fix the selling price by adding 20% on costs.
- To use marginal costing technique for price fixation.

Evaluate the aforesaid two proposals and select the best proposal.

7. A company present the following cost estimates for three prospective plants A,B and C.

	Plant A	Plant B	Plant C
Annual fixed cost (Rs.)	60,000	1,08,000	1,20,000
Variable cost per unit (Rs.)	2.50	2.20	2.10
Annual capacity (Units)	75,000	1,20,000	1,50,000

- Calculate the range of output over which each of the plants would be economical.
- If sales are steady at 1,00,000 units p.a. and the unit selling price is Rs. 4/unit, what will be the profits earned with each of the plants? Assume that Plant A can be worked double shift with an additional expenses of 10% in fixed costs and 5% in variable costs of all units.

PAPER 8

COST AND MANAGEMENT ACCOUNTING

TEST PAPER — II/8/CMA/2008/T-3

Time Allowed : 3 hours

Full Marks : 100

1. A. Match A with B for the following :

A	B
By product cost accounting	Activity based costing
Cost objects	Cost control
Standard costing	Semi-variable cost
Electricity charges	Stepped cost
Supervisors' salary	Reverse cost method

B. State whether the following statements are True [T] or False [F]

- i. Equivalent units of production is used in Process Costing to provide a means of apportionment of costs to normal loss units.
- ii. Direct labour cost is both product cost and prime cost.
- iii. Staples to fix the fabric to the seat of a chair will be treated as an indirect cost.
- iv. Opportunity costs are irrelevant to decision making problem.
- v. Comparing actual results with a budget based on achieved volume is possible with the use of a Flexible budget.

C. Choose the correct answer for each of the following. Indicate working wherever required.

- I. Which of the following factors need to be considered in a make or buy decision ?
 - a. The differential cost of making and buying the item
 - b. The capability of the company to make the item in terms of capacity
 - c. The availability of outside suppliers who can deliver the same in terms of quantity, time and quality
 - d. All of the above

- II. Sagar Ltd. Has budgeted the factory overhead for the year 2008-09 as RS. 8,00,000 for production department – A. The factory o/h incurred during the year was Rs. 6,84,500. During the year the company has absorbed Rs. 6,84,000 of factory o/h on a budgeted labour hours of 50,000. The actual labour hour worked for the year is
- a. 45,000 hours
 - b. 42,781 hours
 - c. 42, 719 hours
 - d. 42,750 hours
- III. The yield of certain process is 85%, te by-product is 10% and normal loss is 5% of its main product. 10,000 units of materials are put in the process and its cost is Rs. 30/unit and other expenses amounted to Rs. 25,400, 30% of which was accounted for by power cost. It is the practice of the company that the power cost is chargeable to the main-product and the by-product in the ratio of 5:3. The cost of the by-product is
- a. Rs. 36,309
 - b. Rs 38,282
 - c. Rs. 32,636
 - d. Rs. 36,712
- IV. If the sales manager of a company accepts a rush order that will result in higher than normal manufacturing cost, these additional costs are charged to the sales manager because the authority to accept or decline the rush order was given to the sales manager. This type of accounting system is known as
- a. Responsibility accounting
 - b. Functional accounting
 - c. Historical accounting
 - d. Reciprocal allocation
- V. Ram Ltd. Is currently operating at 80% capacity level. The production under normal capacity level is 1,50,000 units. The variable cost /unit is RS. 14 and the total fixed costs are Rs 8,00,000. If the company wants to earn a profit of RS. 4,00,000, then the price of the product /unit should be
- a. Rs. 37.50
 - b. Rs. 38.25
 - c. Rs. 24.00
 - d. Rs. 34.50

2. Difference between :

- a) Financial Accounting & Cost Accounting
- b) Absorption Costing & Marginal Costing
- c) Job Costing & Batch Costing
- d) Forecast & Budget

3. There is generally a difference between financial profits and cost profits. Explain this statement and give reasons for such difference.

4. What is Performance Budget? “The concept of performance budget relates to greater management efficiency especially in government organizations”. Explain.

5. The following data are available for a manufacturing company for a yearly period :

	(Rs. Lakhs)
Fixed expenses :	
Wages and salaries	8.55
Rent, rates and taxes	5.94
Depreciation	6.66
Sundry administrative expenses	5.85
Semi variable expenses (at 50% capacity)	
Maintenance and repairs	3.15
Indirect labour	7.11
Sales department's salaries, etc.	3.42
Sundry administrative expenses	2.52
Variable expenses (at 50% capacity)	
Materials	19.53
Labour	18.36
Other expenses	7.11
Total cost	88.20

Assume that the fixed expenses remain constant at all levels of production; semi-variable expenses remain constant between 40% and 60% of capacity, increasing by 10% between 60% and 80% capacity and by 15% between 80% and 100% capacity.

Sales at various levels are :

	(Rs.lakhs)
50% capacity	90
60% capacity	108
75% capacity	135
90% capacity	162
100% capacity	180

Prepare a flexible budget for the year at 70% and 90% capacities and estimate the profit at these levels of output.

6. Compute the missing data indicated by the question marks from the following :

Particulars	Product X	Product Y
Sales quantity:		
Budgeted (units)	?	480
Actual (Units)	600	?
Price / unit		
Budgeted (Rs.)	14.40	18.00
Actual (Rs.)	18.00	24.00
Sales volume variance (Rs.)	1440 F	
Sales value variance (Rs.)	?	

Sales mix variance for both the product together was Rs. 450 F.

7. Two products M & N are obtained in a crude form and require further processing at a cost of Rs. 7 for M and Rs. 6 for N / unit before sale. Assuming a net margin of 25% on cost, their sale prices are fixed at Rs. 20 and Rs. 15/ unit respectively. During the period, the joint cost was Rs. 1,00,000 and the outputs were 12,00 units for M and 9,000 units for N.

Ascertain the joint cost / unit.

PAPER 8

COST AND MANAGEMENT ACCOUNTING

TEST PAPER — II/8/CMA/2008/T-4

Time Allowed : 3 hours

Full Marks : 100

1. A. Match A with B for the following :

A	B
Transfer pricing	Control of inventory
Cost of floppy disc	Identified with a specific cost unit
JIT system	Profit earning capacity
Direct expense	Administration overhead
Angle of incidence	Measurement of divisional performance

B. State whether the following statements are True [T] or False [F]

- i. Management accounting is primarily concerned with the reporting of business activities for a company as a whole.
- ii. Variable costs are only relevant costs.
- iii. A company's approach to a make or buy decision involves an analysis of avoidable costs.
- iv. The system of identification and communication that signals the manager when his attention is needed is known as Management by Exception.
- v. The cash budget includes Operating supplies.

C. Choose the correct answer for each of the following. Indicate working wherever required.

- I. Which of the following is true regarding contract costing ? (4)
 - a. both work certified and work uncertified are valued at cost price
 - b. both work certified and work uncertified are valued at market price
 - c. both work certified and work uncertified are valued at contract price
 - d. work certified is valued at contract price whereas work uncertified is valued at cost price

- II. Company has a profit volume ratio of 25%. To maintain the same contribution, by what percentage must sales be increased to offset 15% reduction in selling price?
- a. 40.00
 - b. 50.00
 - c. 112.50
 - d. 75.00
- III. B Ltd. Has budgeted the factory overhead for the month of June 2009 as Rs. 16,50,000 for production department – P. the factory overhead incurred during the month was Rs. 16,20,300. During the month the company has absorbed Rs. 16,07,100 of factory overhead on a budgeted labour hours of 50,000. The actual labour hour worked for the month is
- a. 48,700 hrs.
 - b. 49,100 hrs.
 - c. 48,500 hrs.
 - d. 49,800 hrs.
- IV. The yield of a certain process is 80%, the by-product is 16% and normal loss is 4% of its main product. 5000 units of material are put in process and its cost is Rs. 24.80/unit and other expenses amounted to Rs. 15,150, 40% of which was accounted for by power cost. It is the practice of the company that the power cost is chargeable to the main-product and the by-product in the ratio of 3:2. The cost of the by-product is
- a. Rs. 24,606
 - b. Rs. 55,660
 - c. Rs. 26,727
 - d. Rs. 22,264
- V. A Ltd. Manufactures and sells product “C”. the sale price /unit of the product is Rs. 60. The company will incur a loss of Rs. 6.00/unit if it sells 6,000 units and if the volume is raised to 10,000 units, the company will make a profit of Rs. 4.00/unit. The break-even point in units is
- a. 7,000
 - b. 7,895
 - c. 7,985
 - d. 8,975

2. Short Notes : (any four)

1. Escalation Clause
 2. Bill of Materials
 3. Equivalent Production
 4. Reverse Cost Method
 5. Principal Budget Factor
3. How would you treat the following in costing (a) Bad debt, (b) Material handling expenses, (c) After sales service cost, (d) major repairs to equipment to prolong its useful life, (e) transport cost.
 4. What do you understand by Equivalent Production? Discuss different methods of pricing for valuing the equivalent units.
 5. Asha Ltd., a manufacturer, follows the policy of EOQ for one of its components. The component's details are as follows:

Purchase price per component	Rs. 100
Cost of an order	Rs. 50
Annual cost of carrying one unit in inventory	Rs. 10 % of Purchase price
Total cost of carrying of inventory and ordering cost Per annum	Rs. 1000

The company has been offered a discount of 1% on the price of the component provided the lot size is 500 components at a time.

- a. Calculate the EOQ
- b. Advise whether 2% quantity discount offer can be accepted.

Would your advice differ if the company is offered 5% discount on a single order?

6. The finished product of a manufacturing company passes through three processes, viz. I, II and III. The normal wastage in each process is 5%, 7% and 10% for the processes I, II and III respectively. The scrap generated out of wastage has a sale value of 70 paise/unit, 80 paise/unit and Re. 1/unit in the processes I, II, and III respectively. The output of each process is transferred to the next process and the finished output emerges from the process III are transferred to stock. There was no stock of W-I-P in any process in a particular month. The details of cost data for the month are given below :

	I	II	III
Materials used (Rs.)	1,20,000	40,000	40,000
Direct labour cost (Rs.)	80,000	60,000	60,000
Production expenses (Rs.)	40,000	40,000	28,000
Output in units (actual)	38,000	34,600	32,000

40,000 units of Raw material was introduced at process I at cost of Rs. 3,20,000. Prepare the process accounts.

7. A manufacturer presents the following information for the year ended 31st March 2009 :

Material cost	Rs. 43,200
Labour cost	Rs. 86,400
Fixed overhead	Rs. 43,200
Variable overheads	Rs. 21,600
Units produced	7,200 units
Selling price /unit	Rs. 30

The available capacity is 12,000 units per year. The firm has an offer for the additional production of 3,000 units which can be sold at Rs. 24/unit. It is expected that by accepting this offer there will be a saving of Re. 0.6/unit in material cost on all units manufactured, the fixed overhead will increase by Rs. 12,000 and the overall efficiency will drop by 2% on all production.

Advise whether the offer is acceptable or not.

PAPER 9

OPERATION MANAGEMENT AND INFORMATION SYSTEM

TEST PAPER — II/9/OMIS/2008/T-1

PART - A

(Operation Management)

Time Allowed : 3 hours

Full Marks : 100

Answer Q1 and any *two* of the remaining :

1. (a) Indicate whether the following statements are True/False

- i) Breakdown maintenance is a part of planned maintenance.
- ii) Work Study is a generic term for those techniques , particularly Method study Work measurement.
- iii) Human Resource Planning is balancing human resources acquired required in an organization.
- iv) Factor Comparison is a method of Value Analysis
- v) Conveyors create a relatively fixed route
- vi) A.B.C classification method is a method of inventory control
- vii) Linear Programming can solve problems involving variables not capable of being expressed in quantitative terms.
- viii) Forging is the process of pouring molten metal into prepared Cavity.
- ix) Industrial Engineering is a line function.
- x) Modem converts the digital signal to analog signal.

(b) Fill in the blanks with the more suitable word from the pair give below :

- i) AFTWAYS is a system of _____(Value Analysis / Job Analysis)
- ii) Plant layout is a_____ affair. (dynamic / static)
- iii) _____ are used to pick up and move materials in different routes.
(Conveyors / Industrial trucks)

- iv) Optimum Capacity is rate of output at which there is_____ to change the size of the plant.(incentive/ no incentive)
- v) Value Analysis is a method of_____. (Cost control/cost reduction)
- vi) SQC is a method of_____ control.(quantity/quality)
- vii) Acceptance number is the maximum number of_____ items in a sample.(good/ defective)
- viii) CPM is used in_____ jobs.(repetitive/ non repetitive)
- ix) Under input-output analysis only_____ input is treated as scarce.
(labour/ capital)
- x) Labour Rate Variance is Actual Rate minus Standard Rate multiplied by_____ hours. (Actual/Standard)

2. Write short notes on the following :

- a) Zero Base Budgeting.
- b) JIT
- c) Economics of Quality
- d) Work Simplification
- e) Lead time

3. (a) Define obsolescence. State the factors that determine obsolescence. (2+5)

- (b) What is maintenance? What types of losses may arise due to poor maintenance?
(8)

4. (a) Define work sampling. Write down the formula indicating terms used for determining the sample size.

- (b) In a sampling study , a machine is found to be idle 20% of the total time available for operation. Find out how many observations are required to arrive at a more accurate estimate with a confidence level of 95% and +/- 5 % error limit.

- (c) State the limitations of Work Sampling. (5+5+5)

5. Machine A and B are both capable of manufacturing a particular product, compare as follows :

	Machine 1	Machine 2
Investment	Rs 100,000	Rs150,000
Int. on borrowed Cap.	9%	9%
Operating Cost per hr.	Rs.12	Rs.10
Production per hr.	5 pieces	9 pieces
Hrs. worked	4000 per year	4000 per year

- Which machine is suited for regular production?
 - If only 5000 pieces are produced in a year, which machine would give lower cost of production?
 - For how many pieces of production per year would the cost of machine be same?
(5+5+5)
6. (a) Write full description of the following :
- NITIE
 - ISO
 - BPE
 - BEP
 - SD
- Name five general purpose machines.
 - Name five computerized techniques for Plant Layout.

PART - B
(Information Systems)

Time Allowed : 3 hours

Full Marks : 100

Answer Q No. 1 and any two of the remaining :

- Write short notes on:
 - Debugging
 - Protocol

- c. Artificial Intelligence
 - d. Outsourcing
 - e. ALU (5×4)
2. (a) What is a Decision Support System? Illustrate with diagram.
(b) Mention the main components of DSS. (10+5)
3. Define communication. What are the different modes of communication? (3+12)
4. (a) What is Information? How does it differ from Information System.
(b) Describe the characteristics of an Information System. (3+5+7)

PAPER 9

OPERATION MANAGEMENT AND INFORMATION SYSTEM

TEST PAPER — II/9/OMIS/2008/T-2

PART - A

(Operation Management)

Time Allowed : 3 hours

Full Marks : 100

Answer Q No. 1 and any two of the remaining :

1. (a) What is the difference between :

- i) Job Analysis and Job Evaluation
- ii) Cost control and cost reduction.
- iii) Casting and forging
- iv) Sales turnover and labour turnover
- v) EOQ and BEP

(4× 5)

2. (a) Tick the most suitable alternative:

i) Time Study aims

- A) to check what the worker is doing during the work
- B) to find the time taken by a worker to do the job
- C) to find out the time required to do a job
- D) to determine how to do a job

ii) Work Study aims at

- A) increasing work load
- B) equitable distribution of work
- C) reducing production cost
- D) determine right man for right job

iii) Normal time means

- A) time required by a qualified worker to do a job under normal circumstances
- B) how much time should be taken to get incentive

- C) time to do a job
 - D) time required by any person to do a job
- iv) Job evaluation determines
- A) relative worth of job holders
 - B) relative worth of various jobs
 - C) time taken for a job
 - D) bonus
- v) Factor comparison Method is used in
- A) Time Study
 - B) Method Study
 - C) Value Analysis
 - D) Job Evaluation
2. Define incentive. What are the characteristics of a sound incentive plan? (10)
3. (a) Write full description of the following:
- i) SQC
 - ii) MBO
 - iii) IE
 - iv) MH
 - v) AFTWAYS
- (b) i) What is plant layout? What are its objectives?
- ii) While designing Layout what factors should be kept in mind? (10)
- 4 (a) Distinguish between Quality of Design and Quality of Conformance
- (b) Discuss the benefits of an effective Quality Control Programme
- (c) What causes variations in Quality? (15)
5. (a) A factory has capacity to provide 3999 hours per week. The plant can produce Product A and Product B. Annual costs are Rs 15000. Maximum possible sales were estimated to be 5000 units for Product A and 4000 units of Product B.

Other information available are as follows:

	Product A	Product B
Variable Cost per unit	9	12
Selling Price per unit	15	18
Hours required per unit	5	6

Find out product mix that will maximize profit.

(b) Discuss the managerial uses of Break-even Analysis. (8+7)

6. (a) A workshop has 25 identical machines. The failure pattern of the machines are as follows :

Elapsed time after maintenance attention(in month)	Probability of failure
1	.20
2	.16
3	.16
4	.15
5	.15
6	.20

It costs Rs. 1600 to attend a failed machine and rectify the same. Compute the yearly cost of servicing the broken down machine.

(b) Differentiate between preventive and breakdown maintenance. (8+7)

PART - B

(Information Systems)

Time Allowed : 3 hours

Full Marks : 100

Answer Q1 and any two of the remaining :

1. Write short notes on:

i. Virtual Memory

- ii. Expert System
 - iii. Fascimile(fax)
 - iv. Data
 - v. Outsourcing (5×4)
2. (a) How do you define MIS. Discuss some applications of MIS.
(b) What should be the characteristics of a good Management Information Systems.
3. (a) How has Information System evolved over years?
(b) Discuss the factors that led to growth of Business Development System. (8+7)
4. (a) Define Operating System. State the functions of a Operating System.
(b) How a Operating System may be classified?
(c) What is bootstrapping? (5+7+3)

PAPER 9

OPERATION MANAGEMENT AND INFORMATION SYSTEM

TEST PAPER — II/9/OMIS/2008/T-3

PART - A

(Operation Management)

Time Allowed : 3 hours

Full Marks : 100

Answer Q No. 1 and any two of the remaining :

1. (a) Match the terms shown in (A), with their relevant terms of (B)

A	B
1) ZBB	a) Moves materials of different size and weight within a fixed area.
2) Lathe	b) Japanese technology
3) MRP	c) Cost Reduction
4) Steel Rolling	d) General purpose machine
5) Heating and cooling operations	e) Its essence lies in two questions-Why and What if cutting across all functions
6) Crane	f) Demand for a product or service has to be justified each time budget is prepared.
7) Activity sampling	g) annealing
8) BPR	h) Fabrication
9) Value Analysis	i) Bill of Materials
10) JIT	j) Work measurement technique

(b) Indicate whether the following statements are True/False :

- i. BMT is a work measurement technique. (T)
- ii. Process Layout is useful when standardized products are manufactured.(F)
- iii. Gantt's Plan does not consider the element of security for workers.(F)

- iv. X-R chart is a Quality Control tool. (T)
- v. Scheduling involves close co-ordination with Sales Department. (T)

(c) What do following abbreviations stand for?

- i. ROR
- ii. EBQ
- iii. CORELAP
- iv. BIS
- v. CPM

2. (a) Point out the basic objectives of scheduling.

(b) Five jobs are required to be processed through two machines 1 and 2 sequentially.
The table below gives the processing times in hours:

Job	A	B	C	D	E
Machine 1	2	7	5	6	5
Machine 2	4	8	8	7	3

What is the minimum total time for completion of all jobs?

For what period, if any, Machine 2 remains idle?

When does Job B gets completed? (5+10)

3. (a) What are the factors that influence a business forecast?

(b) Estimate the number of scooters to be sold in a town with population of 12 lacs with help of following data.

Population(in lacs)	(X)	4	6	7	10	13
No. of scooters	(Y)	5500	6600	5700	9000	10500

4. (a) PMT Ltd requires 6000 pieces of components to be purchased in a year. Purchase price is Rs.6 per piece and ordering cost has been estimated to be Rs. 120. Carrying cost was estimated at 0.25% of the value of inventory held.

Calculate the optimum size of each order.

Based on above calculation, how many orders are required to be placed in a year? (6+2)

- (b) Two alternative methods A and B using different machine set ups may be employed to manufacture a product using a particular machine tool .Operating cost is Rs. 200 (including wages) per hour. Which method is more suitable for regular production based on following information :

	Method A	Method Y
Product	6000 pieces	7500 pieces
Cost of machining	350	1500
Production rate	15 per hour	18 per hour

Would your answer be same if only 1500 pieces are to be manufactured?

5. (a) Define Motion Study. Explain the steps involved in carrying out Motion Study. (2+7)
- (b) Describe Ergonomics (6)
6. (a) Describe the salient features of 100% Inspection vis-à-vis Sampling Inspection
- (b) What are the causes of variation in quality.
- (c) What does a Control Chart consists of? Show with a diagram. (6+5+4)

PART - B
(Information Systems)

Time Allowed : 3 hours

Full Marks : 100

Answer Q1 and any two of the remaining :

1. Match Column 1 with most suitable terms in column 2.

Column 1	Column 2
a) Scanner	i) Programming Language
b) Magnetic Tape	ii) Provides information about location of a document.
c) C++	iii) Batch Control
d) Microsoft Excel	iv) Input Device
e) URL	v) Spreadsheet package
f) BUS	vi) Control Total
g) Input Control	vii) Stores incoming message
h) Processing Control	viii) Sends mail to address of the receiver
i) Mail Box	ix) Output Device
j) Mail Server	x) Common communication channel

(b) State whether the following statements are TRUE/FALSE :

- i. PASCAL is a 4th Generation Language (T)
- ii. OCR is a Output device. (F)
- iii. HLL converts source program into Machine Language Program. (F)
- iv. BASIC is suitable for both scientific and commercial applications. (T)
- v. Testing is done before debugging. (F)

(c) State the full form of :

- i) EFT
- ii) SET
- iii) DHTML

iv) BIT

v) AI

2. (a) Write short note on RDBMS. Illustrate with a diagram.
(b) State the advantages of DBMS. (8+7)
3. (a) What criteria should be considered while selecting a ERP Package?
(b) Explain the stages involved in ERP implementation. (5+10)
4. (a) What is an e-mail?
(b) What is the function of a modem?
(c) What is use of Fibre-optics technology?
(d) What are the functions of ALU?
(e) Outline the activities of an Information System.

PAPER 9

OPERATION MANAGEMENT AND INFORMATION SYSTEM

TEST PAPER — II/9/OMIS/2008/T-4

PART - A

(Operation Management)

Time Allowed : 3 hours

Full Marks : 100

1. (a) State the uses of the following devices :
 - i. Industrial trucks
 - ii. Jib crane
 - iii. Belt conveyors
 - iv. Lathe
 - v. Honing machine
- (b) Fill in the blanks with more suitable words from the alternatives given in brackets :
 - i) Yield variance is difference between Actual loss and Standard loss multiplied by average _____ input price (actual / standard).
 - ii) _____ budget provide a basis for determining costs anticipated at different levels of activity. (fixed / flexible).
 - iii) Material handling is an integral part of _____ process.(manufacturing / sales) process.
 - iv) The effective capacity is influenced by forecasts of _____. (demand / supply)
 - v) PERT is designed for _____ projects.(repetitive / non-repetitive) projects.
 - vi) Process layout is suitable in case of _____ processes. (repetitive / non-repetitive) processes.
 - vii) The optimum lot size of production is known as _____ (EOQ/EBQ)

viii) Productivity can be measured by dividing_____ Profit / Capital employed. (Gross / Net)

ix) Inspection is an important tool of_____ (quality control / work measurement)

x) Slack variable represents_____ capacity.(used / unused)

(c) State whether the following statements are True / False.

- | | |
|--|---|
| i) Synthetics is a work measurement technique. | T |
| ii) The Scanlon plan is a wage incentive scheme. | T |
| iii) PFD allowance is expressed as a percentage of normal time. | F |
| iv) Labour card is prepared by dispatching department to book the labour involved in each operation. | F |
| v) Z Chart is used in Quality Control. | F |

2. (a) Distinguish between a job shop and a flow shop.

(b) A machining centre in a job shop of a local fabrication company has five unprocessed jobs remaining at a particular point in time. The jobs are labeled 1,2,3,4 and 5 in the order they enter the shop. The respective processing time and due dates are given in the time table below :

Job number	Processing time (days)	Due date
1	11	61
2	29	45
3	31	31
4	1	33
5	2	32

The production manager and the marketing manager of the job shop have different opinion on customer service . The production manager feels that for certain jobs delays are inevitable in the basic structure of the job shop working the loss as Rs . 50 per day of delay with respect to delivery date.

The marketing manager feels delay would cost the organization Rs 1000 per day of delay.

Examine the three commonest sequencing rules and state sequencing rule that would satisfy the organization requirement best. (5+10)

3. Write short notes on:

- (a) FMS
- (b) Difference in Pert and CPM
- (c) Production and productivity.

4. (a) Product A has a Mean Time Between Failures(MTBF) of 40 Hrs. and Mean Time To Repairs(MTTR) of 5 Hrs. Product B has an MTBF of 50 hrs. and has an MTTR of 2 hrs.

- i) Which product has higher reliability?
- ii) Which product has higher maintainability?
- iii) Which product has greater availability? (3+3+4)

(b) Discuss the points to be considered while designing a Maintenance programme for an organization?

5. (a) What is Human Resource Planning? Explain the steps involved in HRP.

(b) State the importance of HRP to an organization. (3+3+9)

6. (a) How do you classify Waste? Discuss the features of an effective Waste Disposal System. (3+6)

(b) How can an organization control pollution? (6)

PART - B

(Information Systems)

Time Allowed : 3 hours

Full Marks : 100

Answer Q No. 1 and any two of the remaining :

1. (a) Fill in the blanks :

- i) _____ is the contraction of the term Binary Digit
- ii) An extra bit in a byte that enables the computer to check for internal errors is called _____ bit.
- iii) _____ rate is the number of signal transitions per period of time.

- iv) Laser printer is a_____ printer.
v) The range of frequencies available for data transmission is called_____ .

(b) State the full form of —

- i) EDI
- ii) SDLC
- iii) MODEM
- iv) HLL
- v) ROM

(c) State whether the following statements are True /False:

- i) Power Point is not a spread sheet software. (T)
- ii) Analytical model representing Information differs from actual system. (T)
- iii) Only executable files can be infected by virus. (F)
- iv) Real Time Processing do not have fixed time constraints. (F)
- v) Cryptography maintains confidentiality in the information between sender and receiver. (T)

(d) Match Table A with most suitable alternative in table B.

Table A	Table B
a) DBA	i) facilities communication between networks.
b) Router	ii) introduced into a computer system as a foreign body
c) Ring	iii) is a logical error that creeps into a program inadvertently.
d) irus	iv) is a computer network in which all stations are equal.
e) Bug	v) is responsible for defining , organizing, and use of database in a company.

2. (a) What factors affect security of a computer system in an organization?
(b) How would you minimize the risks associated with computer security?

- 3** (a) What do you mean by a feasibility study in relation to development of an information system?
(b) Explain why information system die. (9+6)

4. Write short notes on :

- i) Dot matrix printer
- ii) Synchronous communication
- iii) BIOS
- iv) Audit Charter
- v) EIS

(5×3)

PAPER 10

APPLIED INDIRECT TAXATION

TEST PAPER — II/10/AIT/2008/T-1

Time Allowed : 3 hours

Full Marks : 100

Answer any five questions

1. (a) Briefly explain any **two** of the following with reference to the Central Excise Rules, 2002 :
 - (i) Assessee
 - (ii) Daily stock account
 - (iii) Large tax payer (2×2 = 4)
- (b) What are the basic conditions for levy of duty under section 3 of the Central Excise Act, 1944? (3)
- (c) Explain whether assembling amounts to manufacture. (3)
- (d) Write a short note on ad-valorem rate. (3)
- (e) Discuss briefly the validity of the following statements with reference to the CENVAT Credit Rules, 2004 :
 - (i) Basic excise duty credit can be utilized for payment of basic excise duty and education cess and secondary and higher education cess.
 - (ii) CENVAT credit on inputs lying in stock or in process or contained in the final product shall be reversed when the final product is subsequently exempted unconditionally in terms of an exemption notification issued under section 5A of the Central Excise Act, 1944. (3×2 = 6)
- (f) State briefly whether the following circumstances would constitute “manufacture” for purposes of section 2(f) of the Central Excise Act, 1944 :
 - (i) Both inputs and the final product fall under the same tariff heading under the first schedule to the Central Excise Tariff Act, 1985 (Tariff Act.)
 - (ii) Inputs and final product fall under different tariff headings of the Tariff Act. (2×2 = 4)

2. (a) XYZ Corporation is engaged in the process of mixing aluminium paste, metal lacquer and thinner resulting in the production of aluminium paint having a shelf life of 8-10 hours. Discuss briefly with reference to the provisions of the Central Excise Act, 1944 whether it amounts to manufacture. (4)
- (b) How are the goods manufactured in the Free Trade zone but sold in Domestic Tariff Area subjected to levy of excise duty? (3)
- (c) State the difference between “Exempted Goods” and “Nil rate” goods. (4)
- (d) Define the Classification Code used for the purpose of Excisable Goods as per the Central Excise Act, 1944. (2)
- (e) Define “Normal Transaction Value” as per the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000. (2)
- (f) State the difference between CENVAT Credit on Capital Goods and CENVAT Credit on Input. (5)
3. (a) ABC Ltd. Transfers 200 kgs of Product Z to its depot on 1.5.2008. On that date, there has been no sale from the depot. However, Product Z has been sold from the depot at the nearest point of time i.e., 25.4.08. The sales details on that date were as follows :
 - (i) 800 kgs @ Rs.25 per kg.
 - (ii) 80 kgs @ Rs.32 per kg
 - (iii) 100 kgs @ Rs.27 per kg
 - (iv) 700 kgs @ Rs.32 per kg

Determine the Transaction value. (4)
- (b) Determine the cost of production on manufacture of the undermentioned product for the purpose of captive consumption in terms of Rule 8 of the Central Excise Valuation Rules, 2000 :

Direct Materials Rs.11,600; Direct Wages and Salaries Rs.8,400; Works overheads Rs.6,200; Quality Control Costs Rs.3,200; Research and Development Cost Rs.2,400; Administrative overheads Rs.4,100; Selling and Distribution Costs Rs.1,600; Realizable value of scrap Rs.1,200.

Administrative overheads are in relation to production activities. Material cost includes excise duty Rs.1,600. (10)

- (c) Define “Time of Removal” and “Transaction Value” as per the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000. (6)
4. (a) Explain briefly with reference to the provisions of the Customs Act, 1962 the following :
- (i) Appointment of officers of customs
 - (ii) Tariff value
 - (iii) India
 - (iv) Foreign Going Vessel or aircraft
 - (v) Person-in-Charge (5×2 = 10)
- (b) Write a note on “Project Imports” and “Eligible Projects” under the Customs Tariff Act, 1975 enumerating the eligible projects and the minimum investment criteria, if any. (6)
- (c) State the difference between Transit and Transhipment of Goods. (4)
5. (a) XYZ Industries Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. XYZ Industries in this connection are as follows :
- (i) Freight from Japan to India Port 20,000 Yen
 - (ii) Insurance paid to Insurer in India Rs.10,000
 - (iii) Designing charges paid to Consultancy firm in Japan 30,000 Yen
 - (iv) M/s. XYZ Industries had expended Rs.1,00,000 in India for certain development activities with respect to the imported equipment
 - (v) XYZ Industries had incurred road transport cost from Mumbai port to their factory in Karnataka Rs. 30,000
 - (vi) The Central Board of Excise and Customs had notified for purpose of section 14(3)* of the Customs Act, 1962 exchange rate of 1 Yen = Rs.0.3948. The inter bank rate was 1 Yen = Rs.0.40
 - (viii) M/s XYZ Industries had effected payment to the Bank based on exchange rate 1 Yen = Rs. 0.4150
 - (viii) The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees

Arrive at the assessable value for purposes of customs duty under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions. (12)

- (b) Write short notes on (i) All Industry Rates (ii) Brand Rates (iii) Special Brand Rates (6)
- (c) What is “Expor” for the purpose of Duty Drawback under the Customs Act, 1962. (2)
6. (a) Mr. B, an Indian Resident, aged 60 years, returned to India after visiting Germany on 15/8/08. He had been to Germany on 5/8/08. On his way back to India he brought the following goods with him :
- i) His personal effects like clothes, etc. valued at Rs. 60,000
 - ii) 1 litre of wine worth Rs. 2,000
 - iii) A video cassette recorder worth Rs. 11,000
 - iv) A microwave oven worth Rs. 22,000
- If the basic customs duty is 30%, what is the duty payable? (8)
- (b) Is there any difference between “Baggage” and “Bona fide Baggage”? (4)
- (c) Write a short note on “Warehousing period” under Section 61 of the Customs Act, 1962. (4)
- (d) Write short note on Special Economic Zone (4)
7. (a) State briefly whether the following services under the Finance Act, 1994, relating to service tax, are taxable services.
- (i) Services provided in the State of Rajasthan by a person having a place of business in the State of Jammu and Kashmir.
 - (ii) Services provided from India for use outside India.
 - (iii) Service provided from outside India and received in India by an individual, otherwise than from purpose of use in business or commerce.
 - (iv) Service provided to an Export oriented unit. (2×4 = 8)
- (b) An automobile authorized service station provides free service to our customers for which we get reimbursement from the manufacturers. Are they liable to pay service tax? (4)

- (c) A cable operator charges Rs.10,000 for his services, which includes entertainment tax of Rs.2,000 paid on behalf of his client. Compute the value of taxable service and service tax liability. (4)
- (d) A beauty parlour charges Rs.1,00,000 from a client for providing beauty treatment service, the breakup of the bill is as follows :
- i) Labour and facility charges Rs.60,000
 - ii) Value of cosmetics and toilet preparations consumed in providing the service Rs.30,000
 - iii) Value of cosmetics and toilet preparations sold to the client Rs.10,000
- Compute the amount of service tax to be charged to the client. (4)
- 8. (a)** Define 'Appropriate State' (3)
- (b) 'Central Government can become a dealer, but the state government cannot-is the statement correct? Give reasons. (3)
- (c) Arun sells his land along with the standing crops and trees for Rs.20 lakhs. Sales tax officer wants to assess for sales tax the value of standing crops and trees. Comment. (4)
- (d) Is transfer of property in goods without consideration chargeable to CST? (2)
- (e) Define "Goods of Special Importance" as per the CST Act. (3)
- (f) Sales tax payable on product 'A' if sold within State of Punjab is 2%. If the product is sold in Inter-State sale, what will be the Central Sales Tax payable if :
- i) Buyer furnishes C form
 - ii) Buyer does not furnish any form
 - iii) Buyer furnishes H form
 - iv) Buyer furnishes D form?
- 9. (a)** Discuss the liability to pay VAT for (i) an existing dealer (ii) a new dealer
- (b) Treatment of Export sales and sales to units located in Special Economic Zones.
- (c) What is works contract?
- (d) State the distinction between 'Zero rated sale' and 'exempt sale'.
- (e) What are the records and accounts to be maintained under VAT? (5×4 = 20)

PAPER 10

APPLIED INDIRECT TAXATION

TEST PAPER — II/10/AIT/2008/T-2

Time Allowed : 3 hours

Full Marks : 100

Answer any five questions

1. (a) Comment whether the following process amounts to manufacture or not, with reasons :
 - i) Recording of audiocassettes on duplication music system.
 - ii) Crushing of betel nuts into smaller pieces and sweetening the same with essential/ non-essential oils, menthol, sweetening agents, etc. (2×2 = 4)
- (b) State who will be considered as the manufacturer as per Sec.2(f) of the Central Excise Act, 1944 :
 - i) A person supplying raw material for getting the goods manufactured on independent job-work basis.
 - ii) A customer gets the goods manufactured according to his designs and specifications or with his name or trade name. (2×2 = 4)
- (c) Define “Factory” as per the Central Excise Act, 1944. (2)
- (d) Discuss whether the cost of containers, supplied by the buyer, form the part of the transaction value of the article? (3)
- (e) Determine the value on which excise duty is payable in the following instances :
 - i) A Ltd. sold goods to B Ltd. at a value of Rs.100 per unit. In turn B Ltd. sold the same to C Ltd. at a value of Rs.110 per unit. A Ltd. and B Ltd. are related, whereas B Ltd. and C Ltd. are unrelated.
 - ii) A Ltd. sells motor spirit to B Ltd. at a value of Rs.31 per litre. But motor spirit has administered price of Rs.30 per litre, fixed by the Central Government.
2. (a) The cum-duty price of the product is Rs.6,50,696. It includes sales tax @ 4% and excise duty @ 16% (plus 2% Education Cess and 1% SHEC). Find out the assessable value and excise duty and sales tax. (6)

- (b) Mr.Z is providing taxable as well as exempted services. The value of taxable services is Rs.10 lakhs while that of exempted services is Rs.20 lakhs. All the inputs/input services used by him are commonly used in providing taxable as well as exempted services. The total input credit is Rs.2 lakhs. Find the amount payable by Mr.Z. (6)
- (c) What are the documents on the basis of which CENVAT credit can be availed? (8)
3. (a) Explain the difference between Special Audit u/s 14A and u/s 14AA of the Central Excise Act,1944. (10)
- (b) Briefly state the provisions relating to exemptions available for small scale units under the Central Excise Act,1944. (10)
4. (a) Define “Identical Goods” and “ Similar Goods” (3)
- (b) Write short note on “Declaration to be furnished by the Importer under Rule 11” of the Customs Rules. (3)
- (c) Write a short note on distinction between Clearance for Goods for home consumption and clearance of goods for warehousing. (6)
- (d) State the difference between the provisions of Sec.74 and Sec.75 of the Customs Act,1962, relating to duty drawback. (8)
5. (a) What is the General Free Allowance to an Indian resident or a foreigner residing in India returning from countries other than Nepal, Bhutan, Myanmar or China? (8)
- (b) An Indian resident, aged 18 years, having gone to China on tour on 15.04.2008 purchased refrigerator of Rs.20,000 and a vaccum cleaner of Rs.5,000 and brings the same to India. What is the duty payable if :
- i) He returns to India on 17/04/2008
- ii) He returns to India on 20/04/2008 (8)
- iii) What do you understand by temporary detention of baggage? (4)
6. (a) Write short notes on :
- i) Free allowance to professionals in respect of their professional equipment
- ii) Free allowance to tourists. (3×2 = 6)

- (b) Write a short note on Import and Export through courier. (4)
 - (c) What is the relevant date for determination of rate of duty for Export goods? (2)
 - (d) Expand the acronyms: (i) BIN (ii) DGFT (iii) DEPB (3)
 - (e) Define Re-import of Goods under the Customs Act, 1962 (5)
7. (a) Briefly state the provisions under the Service Tax Rules, 1994 relating to filing of returns and also state any late fee payable for delay in filing of returns. (4)
- (b) Answer the following with reference to the Finance Act, 1994 as amended relating to applicability of service tax :
- (i) Sale of lottery tickets.
 - (ii) Depository services and Electronic Access to Securities Information Services (EASI) provided by the Central Depository Services India Ltd.
 - (iii) Services provided by educational institutions like IIMs by charging a fee from prospective employers like corporate houses regarding recruiting candidates through campus interviews. (2×3 = 6)
- (c) Answer the following with reference to the Finance Act, 1994 and the Rules made thereunder relating to Service Tax : (2 ½×4 = 10)
- i) Intimation regarding charge in details furnished by an Assessee in Form ST-I
 - ii) Cancellation of Registration Certificate
 - iii) Adjustment of excess amount paid towards service tax liability for the subsequent period
 - iv) Clearing and Forwarding Agents Services.
8. (a) Define “ Sale Price” as per the Central Sales Tax Act, 1956 (5)
- (b) Define “ Sale or Purchase in the course of Inter-state trade” as per the Central Sales Tax Act, 1956 (5)
- (c) Determine the central sales tax liability from the following data when a sale is effected from Faridabad to Lucknow: (a) Invoice no.: 00708374 (b) Basic price: Rs. 3,00,000 (c) Excise duty: 16% ad valorem (d) CST: as applicable under 'c' forms (e) Trade discount: 8% (f) Cash discount: 2% (g) Quantity supplied: 10,000 kgs (h) Quantity rejected by buyer within 3 days of delivery: 1000 kgs (i) Quantity returned by buyer after 6 months of despatch: 1000 kgs. (10)

9. (a) “VAT avoids cascading effect of tax” – Justify. (5)

(b) A dealer purchased 11,000 kgs of inputs on which VAT paid @ 3% was Rs.3,000. He manufactured 10,000 kgs of finished products from the inputs. 1,000 kgs. was the process loss. The final product was sold at uniform price of Rs.10 per kg., as follows: Goods sold within the State:4,000 kgs. Finished product sold in the course of inter-state sale against C form-2,500 kgs. Goods sent on stock transfer to consignment agents outside the State-2,000 kgs. Goods sold the Government department outside the State-1,500 kgs. There was no opening or closing stock of inputs. WIP or finished product. The State VAT rate on the finished product of dealer is 12.5%. Calculate the liability of VAT and CST. Find VAT credit available to dealer and tax required to be paid in cash. (15)

PAPER 10

APPLIED INDIRECT TAXATION

TEST PAPER — II/10/AIT/2008/T-3

Time Allowed : 3 hours

Full Marks : 100

Answer any five questions

1. (a) How will the value of excisable goods be determined when price is not the sole consideration for sale? (6)
 - (b) Can transit insurance be allowed as deduction as being part of transportation cost? (2)
 - (c) How is the value of excisable goods determined in case of Depot transfer? (4)
 - (d) Asha Ltd. supplies raw material to a job worker K Ltd. After completing the job-work, the finished product of 5,000 packets are returned to Asha Ltd. putting the retail sale price of Rs.20 on each packet. The product in the packet is covered under the MRP provisions and 40% abatement is available on it. Determine the assessable value under Central Excise Law from the following details: (8)
 - i) Cost of raw materials supplied Rs. 30,000
 - ii) Job worker's charges including profit Rs. 10,000
 - iii) Transportation charges for sending the raw material to the job worker Rs. 3,000
 - iv) Transportation charges for returning the finished packets to Asha Ltd. Rs. 3,000
2. **Under the context of CENTRAL EXCISE ACT, 1944**
- (a) Does the following process amounted to **manufacture or not** : (3×2 = 6)
 - (i) Preparing masala powder by grinding and mixing of various spices
 - (ii) Crushing betel nuts into smaller pieces and sweetening the same with essential/ non-essential oils, menthol, sweetening agents, etc.
 - (b) State whether the following is **manufacture or not** : (3×2 = 6)
 - (i) Assembling of platform, load cells and indicator system, which became a "WEIGH BRIDGE".

- (ii) ABC Ltd. is engaged in the process of mixing aluminium paste, metal lacquer and thinner resulting in the production of aluminium paint having a shelf life of 8-10 hours.
- (c) Determine the **value** on which excise duty is payable : (4×2 = 8)
- (i) P Ltd. sold goods to Q Ltd. at a value of Rs.500 per unit. In turn Q Ltd. sold the same to R Ltd. at a value of Rs.600 per unit. If P Ltd. and Q Ltd. are related, whereas Q Ltd. and R Ltd. are unrelated?
- (ii) Indian Oil sells motor spirit to Hero Ltd. at a value of Rs.36 per litre. But motor spirit has administered price of Rs.30 per litre, fixed by the Central Government.
3. (a) Kareena Ltd. supplies raw material to a job worker Varun Ltd. After completing the job work, the finished product of 10,000 packets are returned to Kareena Ltd. putting a retail sale price as Rs.30 on each packet. The product in the packet is covered under MRP provisions and 40% abatement is available on it. Determine the assessable value under the Central Excise law from the following details:
Cost of Raw materials supplied Rs.60,000; Job worker's charges including profit Rs.20,000; transport charges for sending the raw materials to the job worker Rs.5,000; transport charges for returning the finished product to Kareena Ltd. (8)
- (b) Define "Inputs" as per Central Excise Act, 1944 (4)
- (c) The CENVAT Credit of the duty paid on inputs "used in or in relation to" the manufacture of final product is allowed. Elucidate this statement. (4)
- (d) Examine giving reasons as to whether the manufacturing company X, and its customer company Y are "related persons" for the purpose of valuation of excisable goods, under the following circumstances : (4)
- i) Some directors of X are also directors of Y
- ii) Y is a distributor of X but not a relative of X.
4. (a) What is the taxable event under Customs?
- (b) Explain the provisions under Customs Act relating to duty on "Pilfered Goods".
- (c) Write short notes on the following :
- i) Levy of customs duty on goods derelict, wreck, jetsam, etc.
- ii) Power to make rules for denaturing or mutilation of goods

- (d) M/s SAS imported 10000 citizen calculators model No. CT 500 of Chinese origin from Singapore and declared value to be US\$0.90 per piece in the Bill of Entry. The customs authorities enhanced the value to be US\$ 1.80 per piece on the basis of price list of citizen calculator and contemporaneous imports at the same value. Is the action of Customs justified.
5. (a) Discuss the includibility or otherwise to the assessable value under the Customs Act 1962 of the following payments made by the importer to the overseas supplier of second hand plant in India :
- (i) Dismantling charges for removing the second hand plant at the supplier's place and shipping to Indian importer.
 - (ii) Fees for supervision of erection and commissioning of plant in India. For this purpose the foreign supplier deputed their technician in India.
 - (iii) Payments for tools, dies and moulds (imported along with plant) for use in connection with the manufacture of excisable goods on successful commissioning of the plant.
 - (iv) Lump sum payment and annual royalty for transfer of technical know-how for manufacturing goods.
- (b) 'A' imports by air from USA a Gear cutting machine complete with accessories and spares. Its HS classification is 84.6140 and Value US \$ FOB 20,000.

Other relevant data/information :

- (1) At the request of importer, US \$ 1,000 have been incurred for improving the design, etc. of machine, but is not reflected in the invoice, but will be paid by the party.
- (2) Freight - US \$ 6,000.
- (3) Goods are insured but premium is not shown/available in invoice.
- (4) Commission to be paid to local agent in India Rs.4,500.
- (5) Freight and insurance from airport to factory is Rs.4,500.
- (6) Exchange rate is US \$ 1 = Rs. 42.
- (7) Duties of Customs: Basic - 30% CVD - 14%.

Compute (i) Assessable value (ii) Customs duty.

6. (a) Write short notes on : Refund of export duty (4)
 (b) Mention the supplies eligible for “Deemed Exports” (8)
 (c) State the circumstances on which Duty Drawback is not eligible. (8)

7. In the context of Service Tax Laws, (4+6+6+4=20)

- (a) Mention any four types of services on which there is a general exemption available from the levy of service tax.
- (b) Discuss whether the following persons are liable to apply for registration under the service tax law and if yes, by which date :
- (i) A provider of taxable service, whose aggregate value of taxable service is Rs.8,01,000 as on 1.1.09
- (ii) A provider of taxable service, who has provided services as follows: Aggregate value of services upto 31/5/08 (i.e.before the service became taxable) Rs.5,00,000. Aggregate value of taxable services from 1.6.07 to 31.3.09 Rs.7,99,000
- (c) Give the due dates for payment of service tax in the following cases :
- (i) M/s. X Ltd. a company, receives a payment of services provided in April’07 on 29th February, 09.
- (ii) M/s YZ & Co. a partnership concern, receives payment of services provided in April’07 on 15th March ’09.
- (d) A cable operator charges Rs.20,000 for his services, which includes entertainment tax paid Rs.4,000 paid on behalf of his client. Compute the value of taxable service and service tax liability.

8. Choose the correct answer with regard to the provisions of the Central Sales-tax Act :

- (a) The collection of Central Sales-tax is effected by
- (i) the State where the goods are produced ;
- (ii) the State where the movement of goods begins ;
- (iii) the State where the goods are delivered ;
- (iv) the Central Government directly from the dealer. (1)

- (b) The levy of Central Sales-tax is on
- (i) purchase of goods ;
 - (ii) sale of goods ;
 - (iii) purchase or sale of goods ;
 - (iv) None of the above. (1)
- (c) G effected inter-state sale of declared goods to H, charging correct CST of 3%. G should obtain from H
- (i) Form 'D' ;
 - (ii) Form 'C' ;
 - (iii) Form 'G' ;
 - (iv) No form. (1)
- (d) R of Coimbatore, Tamil Nadu sold to a Malaysian ship at Kochi port in Kerala, some goods for consumption on board the ship. Such sale will be
- (i) inter-state sale ;
 - (ii) export sale as it is a foreign ship.
 - (iii) intra-state sale;
 - (iv) sale in the course of import. (1)
- (e) A dealer engaged in effecting inter-state sale is required to get himself registered where his turnover exceeds
- (i) Any amount
 - (ii) Rs.1,00,000
 - (iii) Rs.2,50,000
 - (iv) Rs.3,00,000 (1)
- (f) The collection of central sales tax is done by
- (i) the State in which the movement of goods has first taken place ;
 - (ii) the State in which the movement of goods ends ;
 - (iii) the Central Government directly
 - (iv) none of the agencies above. (1)

- (g) R Oils Ltd., New Delhi sent via its pipeline special purified oil to B Ltd. in Noida, Uttar Pradesh, through its branch at Noida. This transaction has to be regarded as :
- (i) Branch transfer by HO to branch
 - (ii) Branch transfer by HO to branch and then sale with State by the branch of R Oils Ltd., to B Ltd.
 - (iii) Inter-State sale
 - (iv) Intra-State sale (1)
- (h) X effected his first inter-state sale on 12.3.2005 and applied for registration on 10.4.2005. The effective date of registration will be :
- (i) 10.4.2005
 - (ii) 12.3.2005
 - (iii) 12.4.2005
 - (iv) Date on which the registering authority issues the registration certificate. (1)
- (i) In case of inter-State sale to the Government, the applicable rate of tax is —
- (i) Nil
 - (ii) Always 4%
 - (iii) 4% or the sales tax rate for the concerned goods in the appropriate State, whichever is higher
 - (iv) 4% or the sales tax rate for the concerned goods in the appropriate State, whichever is lower. (1)

Fill up the blanks, having regard to the provisions of the Central Sales-tax Act.

- (j) M, a dealer in Guwahati has sold goods to G in Surat for which the sales tax rate in Guwahati is 2% and the rate in Surat is 3%. The CST leviable is..... (1)
- (k) The application for compulsory registration should be submitted by a dealer within.....days of making an inter-state sale. (1)
- (l) D of West Bengal sends goods to J of Mumbai for doing some job work. T adds some materials of his own, completes the job and returns the same to C. The above transaction.....(attracts/ does not attract) liability to CST. (1)

- (m) The dealer aggrieved by an appealable order should normally file appeal within.....days from the date of (1+1)
- (n) Mr. Ishaan Avaasthi, is a dealer in Mumbai: Basic price of goods sold during the year Rs.30,00,000, which excludes the followings: Excise duty Rs.80,000; Trade commission for which credit notes have to be issued separately Rs.30,000; installation charges Rs.25,000; freight recovered separately in the invoice Rs.10,000. Duty drawbacks on exports Rs.23,000; export incentives to seller Rs.30,000; Compute CST liability. Buyer issued Form C for all purchases. (6)
9. (a) Ms. MYM, a trader in West Bengal, has recorded a turnover of Rs.49 lakhs as on 31/3/09. What is the option available to her under the scheme of compounded rate of tax?
- (b) Ms. Trim, a shipper of raw jute, made purchases of raw jute in West Bengal Rs.10 lakhs and from other states Rs.5 lakhs(inter-state purchases). State the VAT liability.
- (c) Mr. LPY is a dealer registered under WBVAT Act. He is engaged in purchasing and selling goods in West Bengal. During the month of April '08, he has made the following purchases and sales :

Particulars	Purchases (exclusive of VAT) Rs.	Sales (inclusive of VAT) Rs.
Schedule A goods	2,00,000	3,40,000
Schedule B goods	3,02,000	4,70,000
Schedule C goods	9,90,000	12,95,000
Schedule CA goods	5,50,000	8,90,000

Other information :

Sale return of Schedule CA goods after 6 months of sale Rs.50,000; Schedule CA goods rejected and returned after 6 months Rs.20,000.

Purchase return of Schedule C goods Rs.5,000

Damage of Schedule C goods Rs.2,000

Schedule CA goods stolen from godown Rs.25,000

Compute VAT payable for the month of April'08. (3+3+14 =20)

PAPER 10

APPLIED INDIRECT TAXATION

TEST PAPER — II/10/AIT/2008/T-4

Time Allowed : 3 hours

Full Marks : 100

Answer any five questions

1. (a) State the Conditions for levy of excise duty. (3)
(b) Discuss the Value based on Retail Sale Price. (5)
(c) Mention the invoice for removal of final products. (5)
(d) “Software is ‘goods’, but unbranded software is service”- Discuss. (3)
(e) What are the Input goods eligible for CENVAT to manufacturer? (4)
2. (a) A Trader supplies raw material of Rs. 1,150 to processor. Processor processes the raw material and supplies finished product to the trader. The processor charges Rs. 450, which include Rs. 350 as processing expenses and Rs. 100 as his (processor's) profit. Transport cost for sending the raw material to the factory of processor is Rs. 50. Transport charges for returning the finished product to the trader from the premises of the processor is Rs. 60. The finished product is sold by the trader at Rs. 2,100 from his premises. He charges Vat separately in his invoice at applicable rates. The rate of duty is 16% plus education cess as applicable. What is the AV, and what is total duty payable? (8)
(b) An SSI unit (manufacturing goods eligible for benefits of SSI exemption notification) has cleared goods of the value of Rs. 60 lakhs during the financial year 2008-09. The effective rate of Central Excise Duty on the goods manufactured by it is 8% Ad valorem. Education Cess is payable at applicable rates. What is the correct amount of duty which the unit should have paid on the above clearances for 2008-09? (8)
(c) Discuss the CENVAT Credit of Input Service. (4)
3. (a) Who is an ‘input service distributor’? (4)
(b) An assessee cleared various manufactured final products during June 2008. The duty payable for June 2008 on his final products was as follows – Basic – Rs. 2,00,000 Education Cesses – As applicable. During the month, he received

various inputs on which total duty paid by suppliers of inputs was as follows – Basic duty – Rs 50,000, Education Cess – Rs 1,000, SAH education Cess Rs 500. Excise duty paid on capital goods received during the month was as follows – Basic duty – Rs 12,000. Education Cess - Rs 240. SAH education cess - Rs 120. Service tax paid on input services was as follows – Service Tax – Rs 10,000. Education cess – Rs 200 SAH Education Cess - Rs 100. How much duty the assessee will be required to pay by GAR-7 challan for the month of June 2008, if assessee had no opening balance in his PLA account? What is last date for payment? (10)

- (c) Discuss the Accounting Treatment of Inputs in CENVAT. (4)
- 4. (a) Write short note on : Anti-Dumping Duty (3)
- (b) Mention the exclusions from Assessable Value under Customs. (5)
- (c) State the Procedures for Import (6)
- (d) What is the procedure for Import through post? (6)
- 5. (a) An importer imports some goods @ 10,000 US \$ on CIF basis. Following dollar rates are available on the date of presentation of bill of entry : (a) RBI Floor rate : Rs. 43.37 (b) Inter-bank closing rate : Rs. 43.38 (c) Rate notified by CBE&C under section 14 (3) (a) (i) of Customs Act : Rs. 43.55 (d) rate at which bank has realised the payment from importer : Rs. 43.58. Find the assessable value for customs purposes. (6)
- (b) FOB Cost of a consignment is 3,000 UK Pounds. Insurance and transport costs are not available. What is Customs Value? On the date of filing of bill of entry, Reserve Bank of India reference rate of US \$ was 43.37 and inter-bank closing rates were : Rs. 43.38 per US \$ and Rs. 69.38 per UK Pound. Exchange rate announced by Board (CBE&C) by customs notification was Rs. 69.78 per British Pound. TT buying rate was 69.70 and TT selling rate was Rs. 69.61 per UK pound. (5)
- (c) An importer imported some goods for subsequent sale in India at \$ 12,000 on CIF basis. Relevant exchange rate as notified by the Central Government and RBI was Rs. 45 and Rs. 45.50 respectively. The item imported attracts basic duty at 10% and education cess as applicable. If similar goods were manufactured in India, Excise Duty payable as per Tariff is 16% plus education cess of 2%. Spl CVD is payable at applicable rates. Arrive at the Assessable value and the total duty payable thereon. What are the duty refunds/benefits available if the importer is (a) manufacturer (b) service provider (c) Trader? (10)

6. (a) Can the Customs Authorities confiscate non-dutiable and non-prohibited goods? (3)
- (b) In case of fraud, mis-statement, what is the penalty imposed by Customs? (3)
- (c) State the difference between redemption fine and 'fine' imposable by judicial authorities. (3)
- (d) Write short note on : Prohibited goods (3)
- (e) Define "Goods" under Customs Act. (4)
- (f) Mention the types of Bonds. (4)
7. Examine the validity of following statements :
 - (a) National Research Institute is engaged in study, analysis, design and programming of information technology software. The said services are taxable under the category 'business auxiliary services'. (4)
 - (b) The services provided by a money changer in relation to dealing of foreign currency (buying or selling), at specified rates, without separately charging any amount as commission for such dealing, is not liable to service tax as foreign exchange broking under 'banking and other financial services'. (4)
 - (c) The services provided by a consulting engineer engaged in providing consultancy in the discipline of computer software engineering shall be exempt under the category 'consulting engineer's service'. (4)
 - (d) Some transporters undertake door- to-door transportation of goods or articles and they have made special arrangements for speedy transportation and timely delivery of such goods or articles. Such services are known as 'Express Cargo Service' with assurance of timely delivery. Such 'Express cargo service' is covered under 'courier agency service'. (4)
 - (e) Discuss briefly, the due date for e-payment of service tax. (4)
8. (a) Discuss the taxability of transfer of goods made otherwise than by way of sale under Central Sales Tax Act, 1956 (5)
- (b) Mr. 'A' of Madras sends his consignment of goods to his branch at Bangalore, without any prior contract of sale when the goods are in transit, Mr. 'B' of Bangalore bought the railway receipt from A's branch office. Does this amount to sale? (5)
- (c) Write short notes on : Exemption from C.S.T. of second and subsequent sales (5)
- (d) "A Certificate of Registration once granted cannot be amended" -Discuss (5)

9. (a) VAT invoices act as the nucleus of entire machinery of VAT system. Elaborate.

(b) Enumerate the purchases eligible for availing input tax credit.

(c) Explain briefly the following having regard to the VAT provisions relating to hire purchase transactions :

i) Finance charges / interest

ii) Goods returned

iii) Unpaid installments / forfeited installments

iv) Input tax credit

(d) Calculate the total tax liability under the State VAT law and under the Central Sales Tax Act for the month of March 2009 from the following particulars :

Inputs purchased within the state Rs. 1,70,0000

Capital goods used in the manufacture of the taxable goods Rs.50,000

Inputs purchased from a registered dealer who opts for composition scheme under the provisions of the Act Rs.10,000

High seas purchases of inputs Rs. 1,00,000

Finished goods sold :

(a) within the state Rs. 2,00,000

(b) in the course of inter-State trade Rs. 2,50,000

Applicable tax rates are as follows :

(a) VAT rate on capital goods 12.5%

Input tax rate within the state 12.5%

Output tax rate within the state 4%

Central sales tax rate 2%

(b) VAT rate on capital goods 4%

Input tax rate within the state 4%

Output tax rate within the state 12.5%

Central sales tax rate 2%

*Note – The capital goods are not the goods included in the negative list.