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THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

DIRECTORATE OF STUDIES

TEST PAPERS

Intermediate

Group II

TEST QUESTION PAPERS FOR POSTAL STUDENTS ONLY

ALL STUDENTS REGISTERED UNDER POSTAL COACHING CAN DOWNLOAD THE TEST QUESTIONS AND SUBMIT THE ANSWERS OF TEST QUESTION PAPERS TO THE RESPECTIVE REGION ONLY

Paper-8

COST AND MANAGEMENT ACCOUNTING

Test Paper- II/8/CMA/2008/T-1

Time Allowed: 3 hours Marks: 100

Attempt Question No.1, which is compulsory and carries 20 marks. [Five marks each for 1 A and 1 B and 10 marks for 1 C] and attempt any five of the remaining, which carry 16 marks each.

Q1]

A] Match A with B for the following

A	B
Store Ledger	Point of separation
Piece rate system of remuneration	Pre planned cost
Blanket rate	Payment by results
Split off point	A single rate of absorption for the entire organization
Standard cost	Quantitative and monetary record of receipts and issue of materials

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

I] Cost of labor turnover includes preventive and replacement costs.

II] Manufacturing overheads can be identified with specific jobs

III] Process costing usually does not include a work-in-progress account.

IV] Standard costing works on the principle of exception.

V] Budgeting and forecasting is one and the same.

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

I] In case of product A, the input in first process is 1000 units, normal loss is 2% of the input, if the output is 990 units, there will be,

A] An abnormal loss of 10 units B] an abnormal gain of 10 units C] neither abnormal loss nor abnormal gain. D] None of these

II] In case of a manufacturing company, fixed cost is Rs.50, 00, 000 p.a. Selling price per unit is Rs.150 and the variable cost per unit is Rs.125, the break even point in units will be,

A] 200000 units B] 150000 units D] 140000 units D] None of these

III] Cost variance is the difference between,

A] Standard cost and marginal cost

B] Standard cost and budgeted cost

C] Standard cost and actual cost

D] None of these

IV] A budget is a projected plan of action in,

A] Physical units

B] Monetary terms

C] Physical units and for monetary terms.

C] None of these

V] Which of the following items included in cost accounts?

A] Transfer to general reserve

B] Charitable donations

C] Notional rent

D] None of the above

Q2] RST Ltd has received an offer of quantity discount on its order of materials as under

Price per tone	Number of tons
❖ Rs.9600	Less than 50

❖ Rs.9360	50 and less than 100
❖ Rs.9120	100 and less than 200
❖ Rs.8880	200 and less than 300
❖ Rs.8640	300 and above

The annual requirement for the material is 500 tons. The ordering cost per order is Rs.12500 and the stock holding cost is estimated at 25% of the material cost per annum

Required: I] Compute the most economical purchase level II] Compute EOQ if there are no quantity discounts and the price per ton is Rs.10500

Q3] It has been observed in a medium size information technology company that the attrition rate amongst the employees is very high. Draft a report to be submitted to the Management, identifying the reasons behind the high attrition rate and suggesting remedies for the same.

Q4] Royal Ltd. has given the following information relating to Process No.001 for the month of May, 2006 :

Opening Work-in-process : Nil

Units introduced : 10,000 units @ Rs.3 per unit

Expenses debited to the process –

Direct materials	:	Rs.14,650
Labour	:	Rs.21,148
Overheads	:	Rs.42,000

Normal process loss : 1% of input.

Closing work-in-process : 350 units. (Degree of completion –

Material : 100%; and labour and overheads : 50%)

Finished output : 9,500 units.

Degree of completion of abnormal loss : 80%

Units scrapped as normal loss were sold at Rs.2.50 per unit

Prepare :

(i) Statement of Equivalent production;

(ii) Statement of cost of finished goods; abnormal loss; and closing work-in-process and

(iii) Process account No.001.

Q5] A retail dealer in garments is currently selling 24, 000 shirts annually. He supplies the following details for the year ended 31st March 2007.

Selling price per shirt: Rs.800

Variable cost per shirt: Rs.600

Fixed Cost:

Staff salaries: Rs.24, 00, 000

General Office Cost: Rs.8, 00, 000

Advertising cost: Rs.8, 00, 000

As a Cost Accountant, you are required to answer the following each part independently

1. Calculate Break Even Point and margin of safety in sales revenue and number of shirts sold
2. Assume that 30, 000 shirts were sold during the year, find out the net profit of the firm
3. Assuming that in the coming year, an additional staff salary of Rs.10, 00, 000 is anticipated, and price of shirt is likely to be increased by 15%, what should be the break-even point in number of shirts and sales

Q6] 'Because a single budget system is normally used to serve several purposes, there is a danger that they may conflict with each other' Do you agree? Discuss

Q7] Write short notes on [Any Four]

I] Material losses

II] Pre determined rate of absorption

III] Operating costing

IV] Inter firm comparison

V] Time booking.

Paper-8

COST AND MANAGEMENT ACCOUNTING

Test Paper- II/8/CMA/2008/T-2

Time Allowed: 3 hours Marks: 100

Attempt Question No.1, which is compulsory and carries 20 marks. [Five marks each for 1 A and 1 B and 10 marks for 1 C] and attempt any five of the remaining, which carry 16 marks each

Q1]

A] Match the following A with B

A	B
Value engineering	Costing Profit and Loss A/c
Joint costs	Design of a product
Non integrated accounts	Management by exception
Cost of abnormal idle time	Pre-separation cost
Variance analysis	Need for reconciliation

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

I] Time and motion study, which is a function of the engineering department, is useless for the determination of wages.

II] Store ledger and Bin cards serve the same purpose.

III] Step costs are also called as semi-variable costs

IV] Flexible budgets are in fact a series of fixed budget

V] Scrap and spoilage are one and the same thing.

C] Choose correct answer from the answers given below for each of the following. Indicate working wherever necessary.

I] A factory makes use of a component purchased from the market for assembling its final product. Current usage varies between 300 and 450 units per week and replenishment time is normally two weeks but can go up to five weeks. The minimum stock level of the component is ---------- units

A] 1500 B] 1600 C] 2000 D] 2400

II] In two consecutive periods, sales and profits were Rs.1, 60, 000 and Rs.8000 respectively in the first period and Rs.1, 80, 000 and Rs.14, 000 respectively during the second period. If there is no change in fixed cost between the two periods, the P/V ratio must be------

A] 20% B] 25% C] 30% D] 40%

III] 60% of material P and 40% of material Q is required for producing a unit of final product P. The standard price of these materials is Rs.10 and Rs.5 per kg respectively. If the normal loss is 20% of the input, the standard cost per unit will be,

A] Rs.15 B] Rs.20 C] Rs.10 D] None of the above

IV] The rent of business premises should be shared out between cost centers according to,

A] Floor area or cubic capacity B] The number of employees

C] The replacement value of machinery and equipment D] The number of kilowatt hours.

V] The budgeted fixed overheads amounted to Rs.84000. The budgeted and actual production amounted to 20000 units and 24000 units respectively. This means that there will be,

A] An under absorption of Rs.16800 B] An under absorption of Rs.14000 C] An over absorption of Rs.16800 D] An over absorption of Rs.14000

Q2] A machine is purchased for Rs.50, 000. Its working life is expected to be 20, 000 hours after which the scrap value is expected to be Rs.5000. It is assumed from past experience that,

I] The machine will work for 2000 hours annually.

II] The repair charges will be Rs.20, 000 during the whole period of life of the machine.

III] The power consumption will be 5 units per hour @ Rs.6 per unit.

Other annual standing charges are estimated to be,

A] Rent of the department [machine $1/5^{th}$] Rs.12, 000

B] Light [12 points] in the department – 2 points engaged in the machine: Rs.10, 000

C] Foreman's salary [$1/4^{th}$ time devoted for this machine] Rs.16, 000

D] Insurance premium for the machine [fire insurance] Rs.1000

E] Cotton waste: Rs.1000

Find out the machine hour rate on the basis of the above data.

Q3] During the year ended 31^{st} March 2008, the profit of a company as per financial profit and loss account was Rs.33248 as given below. Prepare a reconciliation statement and arrive at the profit as per cost accounts using the additional information given.

Profit and Loss Account for the year ended 31^{st} March 2008

Particulars	Amount Rs.	Particulars	Amount Rs.
To opening stock	4, 94, 358	By sales	6, 93, 000
To purchases	1, 64, 308	By sundry income	632
Less: Closing stock	1, 50, 242		
	5, 08, 424		
To direct wages	46, 266		
To factory overheads	41, 652		
To administration overheads	19, 690		
To selling expenses	44, 352		
To net profit	33, 248		
Total	6, 93, 632	Total	6, 93, 632

The costing records show,

I] Closing stock: Rs.1, 56, 394

II] Direct wages absorbed: Rs.49, 734

III] Factory overheads absorbed: Rs.39, 428

IV] Administration expenses calculated at 3% of sales

V] Selling expenses absorbed @ 5% of sales.

Q4] What are the main features of a job order costing? Give a Pro forma cost sheet under this cost system.

Q5] In a process line of XY & Co., the following data for the month of January 2008 are available for the joint products

Particulars	L	M	N
Sales price per kg	Rs.5	Rs.10	Rs.20
Post separation point costs	Rs.10000	Rs.5000	Rs.15000
Output in kg	2500	1000	15000

The pre separation point costs amounted to Rs.20000

The joint products are manufactured in one common process after which they are separated and may undergo further individual processing. The pre separation point costs are apportioned to joint products according to weight You are required to prepare a statement showing the estimated profit or loss for each product and in total.

Q6] The effect of price reduction is always to reduce the P/V ratio, to raise the break-even-point, and to shorten the margin of safety. Explain and illustrate by numerical examples.

Q7] Write short notes on [Any four]

I] Objectives of material control

II] Time booking

III] Classification of overheads

IV] Budget manual.

V] Types of standards

Paper-8

COST AND MANAGEMENT ACCOUNTING

Test Paper- II/8/CMA/2008/T-3

Time Allowed: 3 hours Marks: 100

Attempt Question No.1, which is compulsory and carries 20 marks. [Five marks each for 1 A and 1 B and 10 marks for 1 C] and attempt any five of the remaining, which carry 16 marks each

Q1]

A] Match A with B

A	B
Fixed Cost	Inevitable loss
Incomplete contracts	Quantitative record of materials
Normal loss	Always variable per unit
By-product	Reserve for un expired risk
Bin card	Relatively small sales value

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

I] Future costs are not relevant while making management decisions

II] Cost reduction is never ending process while cost control has a definite goal.

III] Key factor is also known as Principal Budget Factor

IV] Budgeting and standard costing are complementary to each other

V] Allocation and apportionment of overheads are one and the same thing.

C] Choose the correct answer from the answers given below for each of the following. Indicate working wherever necessary.

I] The set up cost for a machine is Rs.120. A certain order requires 9000 components to be made in the machine for execution of the order. Cost of production of the component is Rs.40 each and it requires 15% of the cost for storing it for a year. Then the Economic Batch Quantity is --------- units.

A] 300 B] 250 C] 400 D] 600

II] A company maintains a margin of safety of 25% on its current sales and earns a profit of Rs.30 lakhs per annum. If the profit volume ratio of the company is 40%, its current sales amount to,

A] Rs.200 lakhs B] Rs.300 lakhs C] Rs.325 lakhs D] None of the above.

IV] A factory makes use of a component purchased from the market for assembling its final product. Current usage varies between 300 and 450 units per week and replenishment time is normally two weeks but can go up to five weeks. The minimum stock level of the components is --------- units.

A] 1500 B] 1600 C] 2000 D] 2400

V] A materials pricing method in which the oldest cost incurred rarely have an effect on the closing inventory valuation is,

A] FIFO B] LIFO C] Simple average D] Weighted average.

Q2] Sankalp Industries absorbs factory overheads costs at Rs.2.50 per direct labor. Both opening and closing balance of work-in-progress and finished goods inventory are zero.

The following data are available for the year 2007 and the fact is that all goods produced have been sold.

Direct labor hours used: 50000

Direct labor cost: Rs.1, 00, 000

Indirect labor cost: Rs.25, 000

Indirect material cost: Rs.10, 000

Depreciation of plant and equipment: Rs.50, 000

Miscellaneous factory overheads: Rs.50, 000

Assuming that all goods produced have been sold,

I] Calculate factory overheads incurred and factory overheads absorbed and,

II] Pass a journal entry for disposing of under/over absorbed overheads.

Q3] A company has its factories at two locations. Rowan plan is in use at location A and Halsey plan at location B. Standard time and basic rate of wages are same for a job which is similar and is carried out on similar machinery. Time allotted is 60 hours.

Job at location A is completed in 36 hours while at B, it has taken 48 hours. Conversion costs at respective places are Rs.1224 and Rs.1500. Overheads account for Rs.20 per hour.

Required:

I] To find out the normal wage rate and,

II] To compare the respective conversion cost.

Q4] 'Perpetual Inventory System is an integral part of materials control'. Explain

Q5] Discuss the treatment of the following in cost accounts.

I] Major repairs to equipments to prolong its useful life

II] Financing charges for acquisition of fixed assets and inventories.

Q6] The following information is given in respect of Process No.3 for the month of December 2007.

Opening stock: 2000 units made of,

Direct material I: Rs.12, 350

Direct material II: Rs.13, 200

Direct labor: Rs.17, 500

Overheads: Rs.11, 000

Transferred from Process No.2: 20000 units @ Rs.6 per unit

Transferred to Process No.4: 17000 units

Expenditure incurred in Process No.3:

Direct material: Rs.30, 000

Direct labor: Rs.60, 000

Overheads: Rs.60, 000

Scrap: 1000 units – Direct Material: 100%, Direct Labor: 60%, Overheads: 40%. Normal loss 10% of production

Scrapped units realized @ Rs.4 per unit

Closing stock: 4000 units – Degree of completion; Direct material: 80%, Direct labor: 60%, Overheads: 40%

Prepare Process No.3 Account using average pricing method along with necessary supporting statements.

Q7] The standard material inputs required for 1000 kg of a finished product are given below.

Material P: 450 kg @ Rs.20 per kg

Material Q: 400 kg @ Rs.40 per kg

Material R: 250 kg @ Rs.60 per kg

Standard loss is 100 kg.

Actual production in a period was 20, 000 kg of the finished product for which the actual quantities of material used and the prices paid thereof are as under.

Material P: 10,000 kg @ Rs.19 per kg

Material Q: 8,500 kg @ Rs.42 per kg

Material R: 4,500 kg @ Rs.65 per kg

Calculate Material Variances.

Paper-8

COST AND MANAGEMENT ACCOUNTING

Test Paper- II/8/CMA/2008/T-4

Time Allowed: 3 hours Marks: 100

Attempt Question No.1, which is compulsory and carries 20 marks. [Five marks each for 1 A and 1 B and 10 marks for 1 C] and attempt any five of the remaining, which carry 16 marks each

Q1]
A] Match the following correctly to what it relates

Uniform costing	Flow of funds
Variance analysis	Continuous physical verification
Ratio analysis	Cost of alternative course of action
Relevant cost	Technique to assist inter firm comparison
Perpetual inventory system	Performance evaluation
	Management by exception

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

I] Standard costing can be introduced in all types of manufacturing industries.

II] Net profit under marginal costing and absorption costing will be the same if no inventory exists.

III] Fixed cost vary with volume rather than time.

IV] Centralized purchasing is always advisable in a multi unit industry.

V] Slow moving material has a high turnover ratio

C] Choose the correct answer from the answers given for each of the following questions. Indicate working briefly wherever necessary

I] A company have a margin of safety of Rs.40 lakhs and earns an annual profit of Rs.10 lakhs. If the fixed cost amount to Rs.20 lakhs, annual sales will be

A] Rs.160 lakhs B] Rs.140 lakhs C] Rs.120 lakhs D] Rs.200 lakhs

II] The current ratio of ABC Ltd is 2:1, while Quick ratio is 1.80:1. If the current liabilities are Rs.40, 000 the value of stock will be,

A] Rs.6400 B] Rs.8000 C] Rs.10, 000 D] Rs.12, 000

III] In a mill, number of employees at the beginning and end of a period were 2486 and 2334 respectively. During the period, 320 workers left the mill while 168 persons joined in service. Labor turnover rate as per Flux method will be,

A] 8.22% B] 9.46% C] 10.12% D] None of the above.

IV] Under Gantt's Task and Bonus plan, no bonus is payable to a worker if his efficiency is less than,

A] 50%

B] 662/3%

C] 831/3%

D] 100%

V] Bad debt is an example of,

A] Production overheads

B] Administration overheads

C] Selling overheads

D] Distribution overhead

Q2] Distinguish between the following [Any Four]

I] Prime cost and conversion cost

II] Direct cost and indirect cost

III] Fixed budget and flexible budget

IV] First in first out and Last in first out

V] Time keeping and Time booking

Q3] The New Enterprise Ltd has three departments, P1, P2, P3 and in addition two service departments, S1 and S2. The following figures are extracted from the records of the company.

	Rs
Rent and Rates	5,000
General lighting	600
Indirect wages	1,500
Power	1,500
Depreciation of machinery	10,000
Sundries	10,000

The following further details are also available

Particulars	Total	P1	P2	P3	S1	S2
Floor space (sqm)	10,000	2,000	2,500	3,000	2,000	500
Light Points	60	10	15	20	10	5
Direct Wages (Rs)	10,000	3,000	2,000	3,000	1,500	500
H.P.of Machines	150	60	30	50	10	-----
Value of Machinery (in 000s of Rs)	250	60	80	100	5	5
Working hours		6226	4028	4066		

Expenses of S1 and S2 are allocated as follows

	P1	P2	P3	S1	S2
Dept S1	20%	30%	40%		10%
Dept S2	40%	20%	30%	10%	

What should be the cost of job if the direct materials cost is Rs. 50, Direct labour cost is Rs. 30 and it passes through departments P1, P2 and P3 for 4, 5, and 3 hours respectively?

Q4] A manufacturer purchases 800 units of a certain component p.a. @ Rs.30 per unit from outside supplier. The annual usage is 800 units, order placing and receiving cost is Rs.100 per order and cost of holding one unit of the component for one year is Rs.4. Calculate the Economic Order Quantity by tabular method. Also calculate the number of orders to be placed per year

Q5] Define joint products and by-products. Explain the various bases available for apportionment of joint costs to joint products.

Q6] A factory engaged in manufacturing plastic toys is working at 40% capacity and produces 10000 toys per month. The present cost break up for one toy is as under

Material: Rs.100

Labor: Rs.30

Overheads: Rs.50 [60% fixed]

The selling price is Rs.200 per toy. If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity the selling price falls by 5% accompanied by a similar fall in the price of material. You are required to prepare a statement showing profits at 50% and 90% capacity.

Q7] Write short notes on [Any Four]

A] Opportunity costs

B] Perpetual inventory system

C] Escalation clause in contracts

D] Key factor

E] Types of standards.

Paper-9

OPERATIONS MANAGEMENT
AND
INFORMATION SYSTEMS

Test Paper –II/9//OMS/2008/T-1

Time Allowed: 3 hours Marks: 100

SECTION-I
OPERATIONS MANAGEMENT
Full Marks: 50

(Answer Question **1** and any **TWO** from the remaining)

Q1] **(a)** Write full description of the following:
(i) R&D, (ii) CPM, (iii) SD, (iv) ADB, (v) WHO, (vi) UTI, (vii) EDP, (viii) BPE, (ix) ISO, (x) NITIE, (xi) O & M, (xii) OR **12**

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

(i) A Bill of Materials is prepared by the Sales Department in an organization.
(ii) Progressing ensures that production takes place according to plan.
(iii) Most castings are made in green and mouldings.
(iv) Only railway workshops use engine lathes.
(v) Drawings, where applicable, are the best means of expressing product specification.
(vi) Work content of a job is established by job evaluation.
(vii) Industrial engineering is not a line function.
(viii) The Scanlon Plan is a system of Production Planning and Control. **8**

Q2] **(a)** Mention the type of material handling equipment which is used for:
(i) Handling large steel plates in an open steel yard.
(ii) Handling and moving coal in a thermal power house and feeding it on to the hoppers.
(iii) Transporting the newly dug iron ore from the mines to the stocking yard.
(iv) Handling crates of sizes 18” × 12” × 15” in lots within a factory premises.

(v) Transporting liquid chemicals from a warehouse to retailer's premises. **5**

Q2] (b) Fill in the blanks with the more suitable word/phrase chosen from the pair given within brackets:

(i) Factor comparison is a method of …………. (Job Evaluation/Value Analysis).
(ii) Taylor originated the idea of ……….. …….. type of organization (line/functional).
(iii) Statistical analysis is used in ……………… maintenance (preventive/breakdown).
(iv) The pattern Shop directly feeds the ……….. in a factory (Foundry/Machine Shop)
(v) Network Analysis is most often used in …… planning and control (Production/Project).
(vi) …………… cannot be delegated (Authority/Responsibility).
(vii) General purpose machine tools are less prone to ……(Obsolescence/Breakdown)
(viii) Human Engineering is another name for ………… (Econometrics/Ergonomics)
(ix) CPM is a concept used in…………… (Project / Inventory Management)
(x) EBQ is a concept used in…………... (Operations Management/Sales Budget). **10**

Q3] (a) On making a limited number of preliminary observations a machine appears to be idle 40% of the total time available for its operation. Use a proper statistical formula to calculate how many observations should be made to obtain a more accurate estimate of idleness within limits of $\pm$ 10% error at 95 confidence level. **10**

Q3] (b) For a certain element of work, the basic time is established to be 20 seconds. If, for three observations, a time study observer records ratings of 100, 125, and 80 on a "100 normal" scale, what are the observed timings? **5**

Q4] (a) Mention the various types of productivity indices. **8**

Q4] (b) Mention main factors to be considered when planning a good matrial handling system?**7**

Q5] (a) Explain in brief, the interface, if any, between Quality circle and TQC. **7**

Q5] (b) Suggest ways by which number of machines whose capacities are not balanced may be put to better utilization for the organization as a whole. **8**

Q6] (a) A company consumes 12000 units of a particular item. The company has a production capacity of 60 units/day. The cost of each unit produced by the company is Rs. 8. The setup and tooling up cost is Rs. 96 per setup. The carrying charges are 15 per cent of cost per unit. Determine:

(i) Economic quantity to be manufactured in each batch. (ii) How frequently should the production runs be made. (iii) Determine the production period. Assume 300 working days per annum. **10**

Q6] (b) Which is considered to be the most versatile machine tool? Describe some of machining operations which can be performed on it. **5**

SECTION-II
INFORMATION SYSTEMS
Full Marks: 50

(Answer Question **1** and any **TWO** from the remaining)

Q1] (a) What are the Characteristics of an Information System ?
Q1] (b) Describe how growth of information system is contributing to business development ? 18

Q2] (a) Describe how information system help in strategic decision making.
Q2] (b) Describe the requirement for a good Information System Infrastructure. 16

Q3] Draw a picture of good System Organization and describe the role of different functional specialists.

16

Q4] Write short notes on (any four)

(i) High Level Language
(ii) Assembly Language
(iii) Application software
(iv) Virus
(v) Forth Generation Language
(vi) Flow Chart 16

Paper-9

OPERATIONS MANAGEMENT
AND
INFORMATION SYSTEMS

Test Paper –II/9//OMS/2008/T-2

Time Allowed: 3 hours Marks: 100

SECTION-I
OPERATIONS MANAGEMENT
Full Marks: 50

(Answer Question 1 and any TWO from the remaining)

1. **(a)** Match the phrase in column I with the most suitable one in column II.

I	II
VED analysis	is a technique of time study
Effectiveness of effort rather than hard drive	helps to establish minimum level of production
Break-even Analysis	does not assess the individual worth of an employee
Tool Room	is used in production planning and control
Activity Sampling	is used in inventory control
Process Layout	is the key to higher productivity
Gantt Chart	is used in computer programming
Job Evaluation	is another name for Industrial Engineering
BASIC	is used in a jobbing workshop
Work Study	is only found in the engineering industry

10

Q1] (b) Indicate whether the following statements are **True or False**:

(i) Fork-lift trucks are not used for unit load handling.
(ii) Higher production may not always be the result of higher productivity.
(iii)Drawings, where applicable, are the best means of expressing product specification.
(iv) Closed circuit television is not used in Indian industry.
(v) Comprehensive legislation protects consumers in India.
(vi) The Factories Act does not regulate the employment of women.
(vii)The Bill of Materials is prepared by the Sales Department of an organization.

(viii)Work content of a job is established by Job Evaluation.
(ix) A gravity roller conveyor requires electric power for its operations.
(x) Industrial Engineering is not a line function. **10**

Q2] (a) "Other than for increasing the capacity of production, multishift working may be inevitable for certain other reasons." Elaborate. **8**

Q2] (b) Highlight the role of the Cost and Management accountant in a drive for higher productivity in an industrial organization. **7**

Q3] (a) Poor maintenance of plant and machinery leads to various losses in industry. Discuss these under 4 broad heads. **5**

Q3] (b) Five jobs have 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	6	7	3

What is the minimum total time for completion of all jobs?
For What periods, if any, does Machine 2 remains idle?
When Job D does get completed? **10**

Q4] (a) Give four indicators of poor activity planning in a mass production organization. **5**

Q4] (b) What do you understand by scheduling production stages? **10**

Q5] (a) Discuss the benefits which may be obtained from an effective Quality Control Programme. **5**

Q5] (b) A Company has an old equipment which can give service for another 12 years, if overhauled for every three years. Considering the given data, you are required to suggest whether new equipment, which has a life of 12 years, should be purchased or not?

Old equipment:

Present repair cost	Rs.1,500
Cost of repair after three years	Rs.1,800
Cost of repair after six years	Rs.2,100
Cost of repair after nine years	Rs.2,500
Resale value of the machine after twelve year	Rs.1,500
Annual operating Costs for twelve years	Rs.2,000 per annum

Resale value of the old equipment now	Rs.3,000	
New equipment:		
Installation cost	Rs.15,000	
Operating Costs	Rs. 900 per annum	
Resale value after twelve years	Rs. 4,000	
Interest rate is assumed to be 10%.		**10**

Q6] (a) Discuss the factors affecting the plant layout. **7**

Q6] (b) What are the various objectives of using control charts for variable characteristics of products undergoing manufacture. **8**

SECTION-II
INFORMATION SYSTEMS
Full Marks: 50

(Answer Question **1** and any **TWO** from the remaining)

Q1] (a) Describe the steps involved in System Development Life Cycle.

Q1] (b) What are major consideration for implementation of a system ? Describe the steps involved in System Implementation.

Q1] (c) What are the components of systems development cost ? 18

Q2] (a) What is meant by Database Management System (DBMS) ? What are the advantages of DBMS over the conventional file management system ?

Q2] (b) Describe different models of DBMS Structure. 16

Q3] (a) Describe different activities involved in Data processing. What are Factors you will be considering for deciding on mode of data processing

Q3] (b) Differentiate between batch processing and distributed data processing. 16

Q4] Write Short notes on :

i) Internet
ii) Search Engine
iii) E-mail.
iv) E-commerce 16

Paper-9

OPERATIONS MANAGEMENT
AND
INFORMATION SYSTEMS

Test Paper –II/9//OMS/2008/T-3

Time Allowed: 3 hours Marks: 100

SECTION-I
OPERATIONS MANAGEMENT

Full Marks: 50

(Answer Question 1 and any TWO from the remaining)

Q1] **(a)** Match the terms shown in (A), with their relevant terms of (B).

A	B
1. Copper wire	a. Inventory Control
2. Two-Bin System	b. Machine shop
3. Patterns	c. Electric Motor
4. Carbide Tips	d. Foundry
5. Merit Rating	e. Plant layout
6. Energy Audit	f. Welding
7. X- R Chart	g. Time Study
8. Group Technology	h. Dimensional Variation
9. Oxy-acetylene Gas	i. Cost Reduction
10. Stop-watch	j. Salary Appraisal

10

Q1] **(b)** Indicate whether the following statements are **True or False**.

(i) Work content of a job is established by Job Evaluation,

(ii) No handling is best handling,

(iii) A preventive Maintenance programme can be fully installed within a short time.

(iv) Aeroplane bodies are made of High Speed Steel.

(v) Quality of a lot submitted for inspection is the percentage of defectives actually present in it.

(vi) Programme Evaluation and Review Technique is used to assess the merit of an employee.

(vii) Industrial Engineering is a staff function.

(viii) A Drilling Machine cannot be used for other operations.
(ix) Value Analysis does not require the involvement of many departments.
(x) Weights and measures, other than in Metric units, are not legally permitted to be used in India. **10**

Q2] (a) What is "Fabrication process"? How does it differ from Metal Working Processes? **7**

Q2] (b) What is Line balancing in the context of Operations Management? **8**

Q3] Write short notes on (Any Three):

(a) Rest Allowance

(b) Operations Research

(c) Method Study.

(d) Time Standards **15**

Q4] (a) (i) A Work Study Observer has rated the performance of a worker at 80% rating. If this worker has taken 0.8 minutes for a job, how much time would a standard worker take? **2**

(ii) A Work Study Practitioner who conducted a work-sampling study assesses the activity level of a worker to be 70%. During the space of 8 hours working, this worker turns out 320 components. If company policy is to inflate the normal time arrived at by work sampling study by 20%, what should be the "allowed time" for the job. **8**

(b) A foundry firm wishes to install enough automatic moulders to produce 2,50,000 good castings per years. The moulding operation takes 1.5 minutes per casting - but its output is typically about 3% defective. How many moulders will be required if each one is available for 2,000 hours (of capacity) per year? **5**

Q5] (a) A manufacturing company has developed the accompanying forecast. The company uses a modified response model (with a control number of $K = 0.8$) to set actual production levels. Since it takes almost 30 days of lead time to adjust production, the incremental response is effective after an intervening month.

	Forecast	Actual
September	24000	23000
October	32000	
November	28000	
December	20000	

If the actual demand (which includes inventory and delivery charges) is 23000 units in September, what 'modified' production quantity should be scheduled for November? **8**

Q5] (b) Explain the need for Acceptance Sampling. **7**

Q6] (a) Discuss the three broad areas where quality control should be effectively done in manufacturing industry. **5**

(b) List six resources on which quality depends. **5**

(c) Give four objectives of using control charts for variable characteristics of products undergoing manufacture **5**

SECTION-II
INFORMATION SYSTEMS
Full Marks: 50

(Answer Question **1** and any **TWO** from the remaining)

Q1] (a) What are the objectives of developing a good Management Information System ?
Q1](b) What the steps involved in developing an MIS ?
Q1] (c) What are constraints towards developing MIS ? 18

Q2] (a) What ate the different types of Reports under an MIS in a business house ?
Q2] (b) Explain the Components of Business Information System..
Q2] (c) Explain the need for Integration of Information enterprise-wide 16

Q3] (a) Why an ERP package is getting popular these days ? How BPR helps in implementing an ERP System ?
Q3] (b) What are the steps involved in implantation of an ERP System ?
Q3] (c) What is the selection process for an ERP Package ? 16

Q4] Write Short Notes on :

(i) Knowledge Management ?
(ii) Business Process Re-engineering (BPR)
(iii) Expert System
(iv) Artificial Intelligence
(v) Decision making process
(vi) Decision Support System

16

Paper-9

OPERATIONS MANAGEMENT
AND
INFORMATION SYSTEMS

Test Paper –II/9//OMS/2008/T-4

Time Allowed: 3 hours Marks: 100

SECTION-I
OPERATIONS MANAGEMENT
Full Marks: 50
(Answer Question 1 and any TWO from the remaining)

Q1] Distinguish between:
(i) Job Evaluation and Value Analysis.
(ii) Time Study and Motion Study.
(iii)Preventive Maintenance and Break down maintenance.
(iv)Sales Turnover and Labour Turnover
(v) Production and Productivity **20**

Q2] (a) What is Value Analysis? **5**
(b) Describe the main phases of a Value Analysis exercise. **5**
(c) It may generally be said that Value Analysis leads to Cost Reduction. Can you give some specific benefits which may be expected when Value Analysis is effectively used within a manufacturing organisation? **5**

Q3] (a) Write in a few lines what you understand by:-
(i) Process layout
(ii) Standardisation
(iii) Job analysis
(iv) Group incentive system
(v) Productivity
(vi) Opportunity Cost. **6**

Q3] (b) (i) What are the characteristics of job order production? **3**

(ii) How can labour productivity be calculated? **3**

(iii) What is 'Gantt Chart'? How is it used? **3**

Q4] (a) Give six factors which affect quantity of product in a manufacturing organisation. **5**

(b) State five production processes where SQC can be useful employed. **5**

(c) State the precautions required in sampling for statistical quality control. **5**

Q5] The activities in respect of a maintenance project are as below:

Activity	1-2	1-3	1-4	2-5	3-6	3-7	4-7	5-8	6-8	7-9	8-9
Months	2	2	1	4	5	8	3	1	4	5	3

(a) Draw the project network and find the critical path and duration of the project.

(b) Determine total float, free float and independent float. **15**

Q6] (a) What do you mean by loading a production set- up? List various steps in carrying out loading over a sequence of operation. **7**

Q6] (b) What is Flow Process Chart?

SECTION-II
INFORMATION SYSTEMS
Full Marks: 50

(Answer All)

Q1] (a) What are the cost components for implementation of ERP System?
Q1] (b) Name and describe some common modules of an ERP System ?
Q1] (c) What is methodology followed for implementation of ERP System? 18

Q2] (a) What are different risk factors in an Information system and how they are to be controlled ?
Q2] (b) What methodology do you propose to minimize risk in operation of a system ?
Q2] (c) What do you propose to create a proper processing environment ? What are the controls for an good processing environment ? 16

Q3] Write Short Notes on :

(vii) Knowledge Management ?
(viii) Business Process Re-engineering (BPR)
(ix) Expert System
(x) Artificial Intelligence
(xi) Decision making process

(xii) Decision Support System 16

Paper-10

APPLIED INDIRECT TAXATION

Test Paper II/10/AIT/2008/T-1

Time Allowed-3 Hours Full Marks-100

Answer Question No. 1 which is compulsory and any 10 questions from rest. Q 1 carries 20 marks and other questions carry 8 marks each

Q1] (a) What are the conditions for taking the CENVAT credit under the CENVAT Credit Rules, 2004 by a manufacturer? (b) Explain the differences between 'Identical goods' and 'Similar goods' with reference to Customs Valuation Rules, 2007. (10 x 2 = 20 marks)

Q2] Describe the Constitutional provisions under which various indirect taxes are imposed.

Q3] Briefly explain with reference to the provisions of Central Excise Act, 1944 : Dutiability of Waste and Scrap.

Q4] Discuss provisions relating to 'deemed manufacture' in respect of goods covered under MRP provisions of valuation *(ICWA Inter June 2006 (Refer para 3.8)*
Briefly explain with reference to the provisions of the Central Excise Act, 1944 : Labelling and branding activities.

Q5] ABC Co. Ltd. wanted a stainless steel tank for their manufacturing process. Since the tank was huge size, they decided to fabricate the same in their own factory to save problems of transportation. The contract of fabrication was given to XYZ Co. Ltd. who are experts in specialized stainless steel tank designing, manufacture and welding. The tank was fabricated at site as designed by XYZ Co. Ltd. Stainless steel sheets required for manufacture of tank were supplied by ABC Co. Ltd. The tank was affixed to ground with bolts but could be removed without dismantling. No excise duty was paid on the tank. Excise department wants to issue show cause notice demanding duty. Whether duty is payable ? If duty is found to be payable, whether demand notice should be issued to ABC Co. Ltd. or XYZ Co. Ltd.?

Q6] Discuss how are the 'incomplete or unfinished goods having the essential characteristics of finished goods' classified under the Central Excise Tariff Act, 1985?

Q7] (a) Refrigerators under heading No. 8418 10 carry 'abatement rate' of 40% and they are specified only in the First Schedule to the Central Excise Tariff Act 1985. Find out the amount of duty, if the maximum retail price (MRP) of a refrigerator is Rs. 20,000 only and the rate of excise duty is 16% plus education cess as applicable (b) What legal / penal actions can be taken in case the retail sale price is unduly tampered after the removal?

Q8] What are the requirements to be satisfied for applicability of transaction value in a given case? (b) State true or false, giving reasons – 'If transaction value is lower than cost of production, it cannot be accepted as assessable value for central excise purposes'.

Q9] A manufacturer has agreed to supply a machine on following terms: - (i) Price of the machine at Rs. 4,50,000.00 (Exclusive of taxes and duties) (ii) Packing for transportation of the machine Rs. 15,000.00, (iii) Transport charges of machinery Rs. 25,000.00, (iv) Development and tooling charges Rs. 40,000.00 (exclusive of taxes and duties), (v) C.S.T. @ 4% (vi) Octroi paid on machine supplied Rs. 2,000.00 (not recovered from party separately) (vii) Excise duty @ 16% plus education cesses as applicable (viii) Interest will be charged @ 16% on delayed payment beyond 30 days, (ix) Special discount of Rs. 5,000.00 if advance of Rs. 2,00,000.00 is paid with order. Work out the excise duty liability based on following additional information - (i) Actual transportation cost is Rs. 26,000.00, (ii) Interest of Rs. 5,000.00 was charged as party has failed to make payment within 30 days, (iii) The buyer paid advance with the order.

Q10] Write a note on Large Tax Payers Units. Explain procedural relaxations available to LTU.

Q11] Explain the provisions relating to "Invoice" under Rule 11 of the Central Excise Rules, 2002.

Q12] (a) As assessee has written off obsolete inputs from his books of account. Is he liable to reverse the Cenvat credit on those inputs? (b) Explain whether credit under the Cenvat Credit Rules, would be available when Inputs are used in intermediate product, which is exempt from duty. However, the final product is dutiable.

Q13] Define 'inputs service' under the Cenvat Credit Rules, 2004. Is Cenvat Credit available on mobile phone?

Paper-10

APPLIED INDIRECT TAXATION

Test Paper II/10/AIT/2008/T-2

Time Allowed-3 Hours Full Marks-100

Answer Question No. 1 which is compulsory and any 10 questions from rest. Q 1 carries 20 marks and other questions carry 8 marks each

Q1] Explain principles of cost analysis for valuation of captive consumption for excise duty purposes. Give the format of cost sheet for certifying cost of production [20 marks]

Q2] When a manufacturer can claim exemption from payment of Excise duty on any intermediate product manufactured and used within the same factory?

Q3] 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 ?

Q4] Is show cause notice essential, if assessee voluntarily pays the amount of excise duty or customs duty?

Q5] State the doctrine of unjust enrichment in case of refunds under Central Excise and Customs

Q6] A SSI unit has effected clearances of goods of the value of Rs. 475 lacs during the Financial Year 2006-07. The said clearances include the following: (i) Clearance of excisable goods without payment of excise duty to a 100% EOU unit. Rs. 120 lacs (ii) Job work in terms of notification no : 214/86 CE, which is exempt from duty - Rs. 75 lacs (iii) Export to Nepal and Bhutan - Rs. 50 lacs (iv) Goods manufactured in rural area with the brand name of the others - Rs. 90 lacs. Examine with reference to the notification governing SSI, under the Central Excise

Act whether the benefit of exemption would be available to the unit for the Financial Year, 2007-08.

Q7] Explain the point at which duty liability arises in case of imported goods and warehoused goods.

Q8] Explain the meaning of 'normal value', 'margin of dumping' and 'injury margin'. How would you determine 'normal value' in case of import from non-market economy countries?

Q9] Discuss provisions for valuation for exports, if value cannot be determined on basis of transaction value.

Q10] Explain briefly the procedure for assessment and clearance of imported goods through a Customs Sea Port under the Customs Act, 1962.

Q11] Mr. A, a person holding Indian passport, brings 1 Kg Gold, out of which Rs. 3,60,000 are in form of biscuits and balance of Rs. 40,000 in form of gold jewellery which he was using abroad. (valued at international rates). What is the duty payable if (*a*) the person is returning after 3 months stay (*b*) the person is returning after 9 months stay abroad and the Gold belongs to him. (*c*) the person is returning after 8 months stay abroad and the Gold belongs to his friend, who has given it only for carrying to India. (*d*) He is returning after 18 months' stay abroad (ignore difference due to minor impurities in jewellery).

Q12] Explain provisions under Customs Act relating to Interest on warehoused goods.

Q13] Discuss the Government policy to set up a Special Economic Zone (SEZ).

Q14] Explain special provisions regarding burden of proof for Goods covered u/s 123 of Customs Act.

Paper-10

APPLIED INDIRECT TAXATION

Test Paper II/10/AIT/2008/T-3

Time Allowed-3 Hours Full Marks-100

Answer Question No. 1 which is compulsory and any 10 questions from rest. Q 1 carries 20 marks and other questions carry 8 marks each

Q1] (a) Explain provisions relating to general Exemption to available to small service providers (b) An advertising agency charges Rs 10,000 to its customer. It pays Rs 8,500 to the newspaper where advertisement was published and retains Rs 1,500 as its commission. Service tax was not charged extra. Calculate the service tax payable by advertising agency (12+8 = 20 marks)

Q2] Discuss how valuation of service should be done when consideration is not ascertainable.

Q3] Explain the provisions of Chapter-V of the Finance Act, 1994 relating to classification of taxable services

Q4] (a) Explain provisions relating to filing of Revised return under service tax. (b) An assessee could not file service tax return in time. Explain the consequences.

Q5] Can an exporter of service claim refund of input service tax and duty under Cenvat Credit Rules?

Q6] Write note on appeals under service tax.

Q7] Explain provisions in Cenvat Credit Rules in respect of ‘Input service distributor’.

Q8] (a) Discuss the taxability of Activity of printing and publishing Telephone Directories, Yellow Pages or Business Directories (b) XYZ Co. has been as ‘authorised service agent’ of ABC Co. Ltd. XYZ Co. provides free service to customers on behalf of ABC Co. Ltd. during warranty. They get reimbursement from ABC Co. Ltd. on basis of coupons etc. Are XYZ Co. liable to pay service tax?

Q9] Discuss liability of service tax in case of job work done by a manufacturing unit.

Q10] Define 'residential complex' for the purpose of service tax. When the service will be classified as works contract service?

Q11] What is 'franchise' service? A vocational raining institute provides vocational training under franchise from a leading franchisor. Is he liable to pay service tax?

Q12] List the specified services provided by a practicing Cost Accountant, liable to service tax and not liable to service tax.

Q13] Explain meaning of 'reverse charge'. Who is the person liable for payment of service tax in case of services of Goods Transport Agency.

Paper-10

APPLIED INDIRECT TAXATION
Test Paper II/10/AIT/2008/T-4

Time Allowed-3 Hours Full Marks-100

Answer Question No. 1 which is compulsory and any 10 questions from rest. Q 1 carries 20 marks and other questions carry 8 marks each

Q1] (a) Following is information pertaining to inter-state sales effected by a registered dealer:

	Products		
	L	M	N
Local State Sales tax	12.5%	8%	2%
Total sales value	7,84,000	5,40,000	4,12,000

Additional information (i) In respect of product L sold in May, 2007, goods of total sales value of Rs. 67,200 were returned in July, 2007 and Rs. 44,800 in December, 2007: Rs. 56,000 were rejected and returned in January, 2008. (ii) Buyer of product N did not produce C forms. (iii) Buyer of product M for total sale value Rs. 43,200 did not furnish C form as the product was not covered in his registration certificate. - - Compute the taxable turnover and the sales tax liability of the three products L, M and N, for the financial year 2007-08.

Q1] (b) Distinguish between 'Zero rated sale' and 'exempt sale' with reference to Vat.

Q2] Explain restrictions on State Government on imposing sales tax.

Q3] Explain use of C, F and H form under CST Act.

Q4] What are advantage of VAT over conventional system of taxation?

Q5] Define 'inter-State sale' and explain its ingredients.

Q6] Discuss the instances wherein the goods move out of the selling State, but do not amount to inter-State sales under section 3 of the Central Sales Tax Act, 1956. How does a dealer *prima facie* discharge the burden of proof that he is not liable to tax in the course of inter-State transaction?

Q7] State giving brief reasons, whether sales tax can be levied on following transactions: (i) Sale of newspapers (ii) Giving utensils on rental basis (iii) Supply, erection, testing and commissioning of water supply line (iv) Development of software

Q8] Define 'works contract'. Can sales tax be levied on activity of textile processing?

Q9] State correct or incorrect, giving correct legal position – All goods purchased by 'registered dealer' are eligible for concessional rate of tax under the Central Sales Tax Act, 1956.

Q10] Explain the expression 'sale in the course of import'. A person while returning to India from abroad purchased goods in duty free shop in the International Airport. Is he liable to pay sales tax?

Q11] Write note on 'Goods of special importance'.

Q12] Write a note on White Paper on Vat.

Q13] write note on cancellation of registration obtained under CST Act.