

**REVISED SYLLABUS – 2008**

# **REVALIDATION TEST PAPERS**

**INTERMEDIATE**

**Group II**



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**

**DIRECTORATE OF STUDIES**

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**PAPER - 8**  
**COST AND MANAGEMNET ACCOUNTING**  
**QUESTIONS TO**  
**REVALIDATION TEST PAPER-RV/08/CMA/2010**

**Time Allowed : 3 Hours**

**Full Marks : 100**

Answer Question **No. 1** which is compulsory and **five** from the rest.

1. (a) State whether the following statements are **True (T)** or **False (F)**-Give reasons :
- (i) ABC analysis is made on the basis of unit prices of materials.
  - (ii) Cost of tube used for packing tooth paste is indirect material cost.
  - (iii) Value analysis helps in cost control.
  - (iv) No distinction is made between direct and indirect materials in Process Costing.
  - (v) Cost industry makes use of output costing. (10 marks)
- (b) Match the following correctly :
- |                            |   |
|----------------------------|---|
| Merit rating               | Pure finance not included in cost   |
| Flexible budget            | Profitability rate  |
| Differential cost analysis | Evaluation of a job   |
| Debenture interest         | Liquidity   |
| Angle of incidence         | Considers costs by behavior   |
|                            | Decision taking   |
|                            | Budgetary control   |
|                            | Basis for remunerating employees <span style="float: right;">(5 marks)</span> |
- (c) Choose the correct answer from the answers given for each of the following questions. Indicate workings briefly :
- (i) A worker has a time rate of Rs. 15/hr. He makes 720 units of a component (standard time:5 minutes/unit in a week of 48 hours. His total wages including Rowan bonus for the week is \_\_\_\_\_.  
(A) Rs. 792 (B) Rs. 820 (C) Rs. 840 (D) Rs. 864.
  - (ii) A television company manufactures several components in batches. The following data relates to on component :  
Annual demand : 32,000 units; Set-up cost per batch : Rs. 120.  
Annual rate of interest : 12%; Cost of production per unit : Rs. 16.  
The Economic Batch Quantity is \_\_\_\_\_ units  
(A) 2,500 (B) 4,000 (C) 3,000 (D) 2,000
  - (iii) A company has annual turnover of Rs. 200 lakhs and an average C/S ratio of 40%. It makes 10% profit to sales before charging depreciation and interest which amount to Rs.10 lakhs and Rs. 15 lakhs respectively The annual fi xed cost of the company is \_\_\_\_\_.  
(A) Rs. 85 lakhs (B) Rs. 75 lakhs (C) Rs. 60 lakhs (D) Rs. 55 lakhs.
  - (iv) Sales for two consecutive months of a Company are Rs. 3,80,000 and Rs.4,20,000. The Company's net profits for these months amounted to Rs. 24,000 and Rs. 40,000 respectively. There is no change in C/S ratio or fixed costs. The C/S ratio of the Company is \_\_\_\_\_.  
(A) 1/3 (B) 2/5 (C) 1/4 (D) None of these.

- (v) In activity based costing, costs are accumulated by  
 (A) Cost objects (B) Cost benefit analysis  
 (C) Cost Pool (D) None of the above (10 marks)
2. (a) What is idle time? Explain the causes for idle time. (5 marks)  
 (b) A worker takes 6 hours to complete a job under a scheme of payment by results. The standard time allowed for the job is 9 hours. His wage rate is Rs.15 per hour. Material cost of the job is Rs.120 and the overheads are recovered at 15% of the total direct wages. Calculate the factory cost of job under A] Rowan and B] Halsey system of incentive system. (10 marks)
3. (a) Distinguish between 'allocation and apportionment' of overheads. (5 marks)  
 (b) A machine was purchased on 1st January, 2007 for Rs. 5 lakhs. The total cost of all machinery inclusive of the new machine was Rs. 75 lakhs. The following further particulars were available.  
 Expected life of the machine – 10 years  
 Scrap value at the end of the life – Rs. 5,000  
 Repairs and maintenance for the machine during the year Rs. 2,000  
 Expected number of working hours of the machine per year 4,000  
 Insurance premium annually for all machines Rs. 4,500  
 Power consumption for the machine per hour @ Rs. 5 @ per unit = 25 units  
 Area occupied by the machine – 100 sq feet  
 Area occupied by other machines – 1,500 sq. feet  
 Rent per month of the department Rs. 800  
 Lighting charges for 20 points for the whole department out of which three points are for the new machine – Rs.120 per month  
 Compute the machine hour rate for the machine. (10 marks)
4. (a) A factory has two production processes. Normal loss in each process is 10% and scrapped units sell for Re. 0.50 each from process 1 and Rs. 3 each from process 2. Relevant information for costing purposes relating to period 5 are as follows :
- | Direct materials added :           | <b>Process 1</b>           | <b>Process 2</b>           |
|------------------------------------|----------------------------|----------------------------|
| Units                              | 2,000                      | 1,250                      |
| Cost                               | Rs. 8,100                  | Rs. 1,900                  |
| Direct labour                      | Rs. 4,000                  | Rs. 10,000                 |
| Production overhead                | 150% of direct labour cost | 120% of direct labour cost |
| Output to Process 2/finished goods | 1,750 units                | 2,800 units                |
| Actual production overhead         | Rs. 17,800                 |                            |
- Workout cost per unit of output and losses. (10 marks)
- (b) State the fundamental principles of Process Costing. (5 marks)



**PAPER - 9**  
**OPERATION MANAGEMENT AND INFORMATION SYSTEM**  
**QUESTIONS TO**  
**REVALIDATION TEST PAPER-RV/09/OMS/2010**

**Time Allowed : 3 Hours**

**Full Marks : 100**

**SECTION I: OPERATION MANAGEMENT**

Answer Question 1 and any *two* from the remaining.

1. (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) OR
- (b) Given below are two lists —list 'A' containing six observations and list 'B' containing various functional areas associated with production management. Expand the abbreviations and match them with the corresponding functional areas.

List 'A'	List 'B'
LP	Quality control
PERT	Project planning
CRAFT	Inventory management
MRP	Product design
CAD	Product mix determination
AOQ	Plan layout

(1×6 marks)

- (c) Put an appropriate word or two in blank position :
- (i) \_\_\_\_\_ uses algebraic procedure to solve any problem, which satisfies the test of linearity and certainty.
- (ii) Under preventive maintenance “(hours worked for maintenance)/(Scheduled hours) × 100 = \_\_\_\_\_ “
- (iii) Trend values of all years of the series may be obtained advantageously using the \_\_\_\_\_ .
- (iv) \_\_\_\_\_ is a process that bakes on a white, brittle protection finish. (1×4 marks)

2. (a) The annual sales of TV sets by a dealer in Delhi are as under :

Year	2004	2005	2006	2007	2008
Sales (thousand units)	3	14	36	4	33

- Fit a linear trend equation to the sales figure and estimate the sales for the year 2009. (8 marks)
- (b) Mention main factors to be considered when planning a good material handling system? (7 marks)
3. (a) Discuss the factors affecting the plant layout. (7 marks)
- (b) What are the various objectives of using control charts for variable characteristics of products undergoing manufacture (8 marks)

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4. (a) What is Value Analysis? (5 marks)  
(b) Describe the main phases of a Value Analysis exercise. (5 marks)  
(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 marks)

**SECTION II-INFORMATION SYSTEM**

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

5. Write Short notes on :
- (i) Internet
  - (ii) Search Engine
  - (iii) E-mail.
  - (iv) E-commerce
  - (v) DBMS (2×5 marks)
- (b) Which of the following features will apply for an interpreter and which ones for a compiler —
- (i) Cost of Software is high.
  - (ii) Transaction takes place during execution
  - (iii) Translates the whole programme
  - (iv) Translates line by line
  - (v) Requires more memory (1×5 marks)
- (c) Expand the following :
- (i) LAN
  - (ii) URL
  - (iii) DSS
  - (iv) ORDBMS
  - (v) DML (1×5 marks)
6. (a) What are the cost components for implementation of ERP System ? (5 marks)  
(b) Name and describe some common modules of an ERP System ? (5 marks)  
(c) What is methodology followed for implementation of ERP System ? (5 marks)
7. (a) What are the objectives of developing a good Management Information System (5 marks)  
(b) What the steps involved in developing an MIS ? (5 marks)  
(c) What are constraints towards developing MIS ? (5 marks)
8. Write Short Notes on :
- (i) Knowledge Management
  - (ii) Business Process Re-engineering ( BPR)
  - (iii) Expert System
  - (iv) Artificial Intelligence
  - (v) Decision Support System (3×5 marks)

**PAPER - 10**  
**APPLIED INDIRECT TAXATION**  
**QUESTIONS TO**  
**REVALIDATION TEST PAPER-RV/10/AIT/2010**

**Time Allowed : 3 Hours**

**Full Marks : 100**

Answer Question No. 1 which is compulsory and *five* from the rest.

1. (a) Fill up the blanks :
- (i) Goods covered by Central Excise Tariff but fully exempt from duty are \_\_\_\_\_. (excisable/not excisable)
  - (ii) SSI units whose turnover exceeds Rs. \_\_\_\_\_ per annum have to furnish declaration in prescribed form for Central excise purposes.
  - (iii) Compressing and bottling gas \_\_\_\_\_ (is/isnot) manufacture.
  - (iv) Affixing brand name, labelling or re-labelling and repacking from bulk pack to small pack of readymade garment \_\_\_\_\_ (is/is not) manufacture.
  - (v) Cenvat credit \_\_\_\_\_ (can/can not) be utilised for payment of service tax on output service.
  - (vi) Job work done under Cenvat provisions \_\_\_\_\_ (is/is not) exempt from service
  - (vii) Basic Customs duty is levied under section \_\_\_\_\_ of the Customs Act.
  - (viii) Exclusive economic zone extends to \_\_\_\_\_ (200/300) nautical miles from the base line of the coast. Beyond \_\_\_\_\_ (100/200) nautical miles is High Seas.
  - (ix) Laptop Computer (Note Book Computer) brought as baggage by person above 18 YEARS OF AGE \_\_\_\_\_ (is/is not) Fully exempt from Custom Duty.
  - (x) Finance Act, 1994 which contains provisions relating to service tax \_\_\_\_\_ (does/does not) provide for criminal liability in service tax matters. (10 marks)
- (b) State with reasons, whether **True** or **False** :
- (i) Cenvat credit on capital goods can be availed in full in the year of purchase.
  - (ii) Wastes and scrap are always treated as excisable goods.
  - (iii) Trade Discount is permissible as deduction from assessable value for Central Excise, only if it is given before removal from factory. Discount given later is not allowable as deduction. (3×5 marks)
2. (a) Briefly examine the significance of the Levy of Anti Dumping Duty under the Custom Tariff Act (8 marks)
- (b) Write Short Note on "Transaction Value under the Central Excise Act. (7 marks)
3. (a) What is special Audit under section 14AA of CEA? (cenvat credit Audit) (4 marks)
- (b) Who can conduct such audit? (3 marks)
- (c) Who can order such audit? (4 marks)
- (d) What is the time limit for submission of report? (4 marks)
4. (a) Briefly discuss about the general exemption and concessions given to SSI Units for Excise duty purposes. (8 marks)
- (b) M/S RPL has three units situated in Bangalore, Delhi and Pune. The total clearances from all these three Small Scale units of excisable goods was Rs. 350 lakhs during the financial year, 2007-2008. However, the value of individual

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clearances of excisable goods from each of the said units was Bangalore Unit Rs. 150 lakhs; Delhi Unit Rs. 100 lakhs; and Pune Unit Rs. 100 lakhs.

Discuss briefly with reference to the Notifications governing small scale industrial undertakings under the Central Excise Act, 1944 whether the benefit of exemption would be available to M/s RPL for the financial year, 2008-2009. (7 marks)

5. (a) Briefly explain the provisions under the Customs Act relating to import through courier. (7 marks)  
(b) Write Brief notes on  
(i) Identical Goods  
(ii) Similar Goods (8 marks)
6. (a) State the provisions relating to general exemption available to small service providers. (8 marks)  
(b) Outline the provisions relating to registration under service tax. (7 marks)
7. (a) What is the impact of VAT on CST ? (8 marks)  
(b) Distinguish 'ZERO RATED SALE' and 'EXEMPT SALE' with reference to VAT (7 marks)
8. Write short notes on any three of the following :  
(a) Related Person under Central Excise Act  
(b) Meaning of Accessory for Central Excise purpose.  
(c) Transit and Transhipment of Goods.  
(d) Appeals under Service tax. (5×3 marks)