

FREE OF COST

I.S.B.N : 81-7666-359-x

SCANNER'S APPENDIX

ICWA Stage - I

December 2005

Paper - 5

Cost and Management Accounting

Chapter - 3 : Level of Inventories

2005 - Dec [8] Write short on the following:-

(a) ABC analysis

(4 marks)

Chapter - 5 : Overheads

2005 - Dec [2] M M Ltd. has three production departments X,Y,Z and two service departments S and C. The following details are extracted from the books of accounts in respect of indirect expenses incurred during April 2005:

Indirect Cost	Amount (Rs.)
Indirect wages	9,000
Lighting and heating	1,200
Rent and rates	12,000
Electric power	6,000
Depreciation	24,000
Sundry expenses	<u>7,800</u>
	<u>60,000</u>

Following further details are collected for distribution of the above costs:

Particulars	Departments				
	X	Y	Z	S	C
Value of machinery (in Rs.'000)	60	50	80	10	—
Horse power of machines	40	45	60	5	—
Light points (Nos.)	20	30	40	20	10
Floor space (sq. metres)	150	200	250	100	50
Direct wages (in Rs.'000)	30	20	40	4	6
Machine hours worked	4250	3380	7120		

The costs of the service departments are apportioned percentagewise as follows:

Departments	X	Y	Z	S	C
S	20	30	40	—	10
C	40	20	30	10	—

Calculate:

- (a) Overhead Recovery Rates showing the basis of apportionment.
 (b) Total cost of job 321 (with elementwise and deptwise cost break down), the job card of which contain the following details:

Particulars	Dept X	Dept Y	Dept Z
Direct materials used	Rs.268	Rs.131	Rs.102
Direct wages	Rs.300	Rs.250	Rs.300
Machine hours worked	10	12	12

(16 marks)

Chapter - 8 : Job, Batch and Contract

2005 - Dec [8] Write short on the following:–

- (c) Cost-plus contract (4 marks)

Chapter - 9 : Process Costing, Joint Products & By-Products

2005 - Dec [3] A product passes through two distinct processes X and Y before completion. During a certain period, 10,000 units of crude material were introduced in process X at a cost of Rs. 40,000. After processing in dept X, 9,000 units of processed material were transferred to process Y for finishing. From process Y finally 8,600 units of the finished product were obtained and transferred to Finished Goods store.

Further data regarding normal waste, costs etc. are given below:

		Process X	Process Y
Costs incurred:	Material	Rs.10,000	Rs.5,000
	Labour	20,000	15,000
	Overheads	10,000	8,000
Normal waste (% of input)		8%	5%
Realisable value of waste per unit		Rs.5	Rs.8

There was on opening or closing stock in any process.

Required:

- (a) Process Accounts.
 (b) Normal Loss Account.
 (c) Abnormal Loss/Gain Accounts.
 (d) Selling price per unit of the finished product, if management wants 25% profit on sales. (16 marks)

2005 - Dec [8] Write short on the following:–

- (b) Equivalent production (4 marks)

Chapter - 12 : Marginal Costing and Decision Making

2005 - Dec [5] A company has plans to manufacture five different types of products using a common raw material which is locally available according to requirements at Rs. 16 per kg. However skilled labour required for manufacture is in short supply and current availability is only 30,000 hours per month @ Rs. 20 per hour.

Variable production overheads amounts to Rs.10 per labour hour and variable selling and distribution cost is 10% of sales value.

Total fixed costs of selling, distribution and administration is estimated to be Rs.3,00,000 per month.

Further details relating to the products are given below:

Product	Current demand (units)	Selling price per unit (Rs.)	Raw material required (kg/unit)	Direct labour required (hrs/unit)
A	8,000	100	2	1
B	6,000	120	2.5	1.2
C	5,000	160	3	2
D	3,000	220	4	3
E	2,000	300	5	4

Required:

- Contribution Analysis statement showing the relative profitability of the products under:
 - Normal conditions without any constraints on resources.
 - When skilled labour hours are in short supply.
- Production plan for optimum profit when available labour hours is only 30,000. What is the expected profit?
- If the company decides to produce and sell even relatively less profitable products to meet at least 10% of the current demand, what revised plan will you suggest? What is the anticipated profit? (16 marks)

Chapter - 13 : Budgetary Control

2005 - Dec [7] (a) Briefly distinguish between the two cost control techniques 'Budgetary Control' and 'Standard Costing'. (4 marks)

2005 - Dec [8] Write short on the following:—

- Flexible budgeting (4 marks)

Chapter - 14 : Standard Costing

2005 - Dec [7] (b) A factory manufactures a chemical product with three ingredient chemicals A, B and C as per standard data given below:

Chemical	Percentage of total input	Standard Cost per kg. (Rs.)
A	50%	40
B	30%	60
C	20%	95

Note : There is a process loss of 5% during the course of manufacture.

The Management gives the following details for a certain week:

Chemical Consumed	Quantity purchased and issued	Actual Cost (Rs.)
A	5,200 kg.	2,34,000
B	3,600 kg.	2,19,600
C	1,700 kg.	1,58,100

Output of finished product : 10,200 kg.

Calculate all the relevant variances. (12 marks)

Chapter - 15 : Uniform Costing and Inter-Firm Comparison

2005 - Dec [8] Write short on the following:–

(e) Advantages of Inter-firm comparison. (4 marks)

Chapter - 16 : Cost Reduction and Value Analysis

2005 - Dec [4] (a) Define 'Cost Reduction'. How is it different from 'Cost control'?' (4 marks)

(b) List out the main areas to be examined in a manufacturing organisation, for a cost reduction study and very briefly mention the relevant points in each area. (12 marks)

Chapter - 18 : Funds Flow & Cash Flow Statements

2005 - Dec [6] The summarised balance sheets of ABC Ltd. for the years ended 31.3.2004 and 31.3.2005 are given below:

Liabilities	Year ending		Assets	Year ending	
	31.3.'04	31.3.'05		31.3.'04	31.3.'05
	(In lakhs of rupees)			(In lakhs of rupees)	
Equity capital	100	150	Fixed Assets:		
General Reserve	40	65	Land	15	15
Profit & Loss			Buildings	16	14
Account	7	11	(Net of depreciation)		
15% Debentures	70	50	Plant & Machinery	180	240
			(Net of depreciation)		
Dividend	40	50	Furniture & Fittings	5	4
			(Net of depreciation)		
Provision for			Current Assets:		
Taxation	10	5	Stock	37	27
Bank Overdraft	25	10	Bills Receivable	20	14
Sundry Creditors	18	19	Debtors	32	38
			Cash & Bank	5	8
	<u>310</u>	<u>360</u>		<u>310</u>	<u>360</u>

Additional information available:

- Depreciation amounting to Rs.17 lakhs (Buildings: Rs. 2 lakhs, Plant and Machinery: Rs.14 lakhs, Furniture & Fittings: Rs. 1 lakh) was written off during 2004-'05.
- Dividend for the year ended 31.3.'04 was paid during the next year.
- An old machine (original cost: Rs. 10 lakhs, written down value: Rs.3 lakhs) was sold for Rs.4 lakhs.
- Debentures were partly redeemed at a premium of 10%.

Prepare the Funds Flow Statement for the year ended 31.3.'05.

(16 marks)

Chapter - 20 : Objective Questions

2005 - Dec [1] {C} (a) Match the following correctly:

Scatter Diagram	Production Order
Escalator Clause	Reverse Cost Method
Perpetual Inventory	Splitting of Semi-variable Costs
Material Requisition	Contract Costing
By-product Cost accounting	Method of maintaining Store records
	Purchase Order
	Continuous Verification of Stores

(5 marks)

(b) State whether the following are True (T) or False (F):

- Variable Cost varies with time.
- ABC analysis is based on the unit price of materials.
- Cenvat credit is allowed on the basis of Central Excise Gate Pass.
- Differential Costing and Marginal Costing mean the same thing.
- Integral accounts merge financial and cost accounts in one set of accounts.

(5 marks)

(c) Choose the correct answer from the answers given for each of the following questions. Indicate working briefly:

- 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.
- A television company manufactures several components in batches. The following data relates to one 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 isunits
(A) 2,500 (B) 4,000 (C) 3,000 (D) 2,000
- A company has annual turnover of Rs.200 lakhs and an average c/s ratio of 40%. It makes 10% profit on sales before charging depreciation and interest which amount to Rs.10 lakhs and Rs.15 lakhs respectively.
The annual fixed cost of the company is
(A) Rs. 85 lakhs (B) Rs. 75 lakhs
(C) Rs. 60 lakhs (D) Rs. 55 lakhs.
- 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 ratio or fixed costs. The ratio of the Company is.....
 (A) (B) (C) (D) None of these.
- (v) The average period of credit allowed by a Company which has an annual credit sales of Rs.120 lakhs is one month. By reducing the period of credit to half-a-month, sales fall to Rs.108 lakhs. The fall in the amount of average Debtors is.....
 (A) Rs.5 lakhs (B) Rs.4 lakhs
 (C) Rs.5.5 lakhs (D) Rs.6 lakhs. (2×5=10 marks)

Paper - 6

Information Systems and Technology

Chapter - 2 : Hardware and Software

2005 - Dec [2] (b) Give the advantages and disadvantages of the magnetic tape. (6 marks)

(c) Distinguish between the microprocessor and microcomputer. (6 marks)

2005 - Dec [4] (a) What is multimedia processor? (6 marks)

2005 - Dec [5] (a) What is a virus scanner? Briefly describe the functions of a virus scanner. (6 marks)

(b) What is an interface device? Describe some of them that are commonly available. (2+8 = 10 marks)

Chapter - 3 : Computing Concepts

2005 - Dec [2] (a) Convert the following from one number system to another system:

(i) $(125.125)_{10} = (?)_2$ (2 marks)

(ii) $(29C)_{16} = (?)_8$ (2 marks)

Chapter - 4 : Database System

2005 - Dec [3] (a) What is database? Briefly describe the characteristics of the database. (2+6 = 8 marks)

(b) What is DBMS? Mention any six advantages of the DBMS. (2+6 = 8 marks)

Chapter - 6 : Information System Audit

2005 - Dec [6] (a) What do you understand by Detective Controls, Preventive Controls and Corrective Controls in the context of auditing a computer system? (8 marks)

(b) What do you understand by Quality in regard to software? Describe briefly the main tools, which are generally employed for quality assurance of software. (8 marks)

2005 - Dec [8] (b) What are the steps required in auditing a computer application system? Explain them. (10 marks)

Chapter - 7 : Enterprise Integration

2005 - Dec [4] (b) Explain briefly the operation by an office automation system. Why is it required? (6+4 = 10 marks)

Chapter - 8 : Network & Internet

2005 - Dec [7] (b) What is Intranet? Give the purpose and advantages of the Intranet. (2+6 = 8 marks)

2005 - Dec [8] (a) Explain an Electronic Payment System with an example. Give the applications of Electronic Payment System. (6 marks)

Chapter - 9 : Information Technology Act, 2000

2005 - Dec [7] (a) Briefly explain any three tools that are available to protect information against misuse. (8 marks)

Chapter - 10 : Objective Questions

2005 - Dec [1] {C} (a) Match column 1 with column 2:

Column A	Column B
(i) Off-the-self software	(a) Several devices to share one communication line
(ii) Cache memory	(b) High speed data connection
(iii) Multiplexer	(c) Page printers
(iv) Hubs	(d) Logical error
(v) Web browser	(e) To evaluate single module within a program
(vi) Leased line	(f) Client software package
(vii) DAT drives	(g) Software development and market by computer vendors
(viii) Non-impact	(h) Tertiary storage
(ix) Bug	(i) Common wiring pointing
(x) Unit testing	(j) High speed buffer memory

(1×10 =10 marks)

(b) Complete the following sentences by putting an appropriate word in the blank position:

- (i) The computer equipment and its components are collectively known as
- (ii) is useful in designing logic circuits used by the processors of the computer systems.
- (iii) defined as the capacity to change the scheme at one level of database without having to change the scheme at the next higher level.
- (iv) The consists of a number of digits or characters or a combination of both to denote an entity.
- (v) The of a network refers to the amount of data that can be transmitted over a given segment of communication media with a specific time. (1×5 = 5 marks)

(c) Expand the following abbreviations:

(i) A/D (ii) OLAP (iii) FGCS (iv) VRS (v) GB

(1×5 = 5 marks)

Paper - 7
Business Laws & Communication Skills
Section — A

Chapter - 1 : Basics of Companies Act, 1956

2005 - Dec [1] {C} (a) Comment on the following statements:

(iii) A company has a separate legal existence of its own. (2 marks)

(viii) A company filing a shelf-prospectus is not required to file a prospectus. (2 marks)

2005 - Dec [2] (a) Distinguish between Memorandum and Articles of Association. (5 marks)

Chapter - 2 : Management of Company Operation

2005 - Dec [2] (b) What happens if the resolution for re-appointment of a director is not passed at the Annual General Meeting? (3 marks)

2005 - Dec [3] (b) Explain the provisions of law relating to political donations. (4 marks)

2005 - Dec [4] (d) Can an act done by a director become invalid if afterwards any irregularity is detected in his appointment? (3 marks)

Chapter - 3 : Company Meetings

2005 - Dec [5] (d) The Annual General Meeting of Messy Ltd. could not be held on time due to delay in finalisation of accounts. Advise the company. (3 marks)

Chapter - 4 : Meeting – Procedure

2005 - Dec [3] (d) Explain the provisions relating to postal ballot (5 marks)

2005 - Dec [5] (b) X and Y are joint-holders of five hundred shares in ABC Ltd. For the General Meeting of the Company, X whose name stands first in the order of names executes a proxy authorising M to attend the meeting.

Is the proxy valid? Give reasons. (3 marks)

(c) Distinguish between ordinary business, special business and special notice. (5 marks)

Chapter - 5 : Divisible Profits & Dividends

2005 - Dec [2] (c) State the procedure for declaration and payment of final dividend. (8 marks)

2005 - Dec [4] (a) In spite of having adequate profits in a particular year and also sufficient General Reserve made out of profits of earlier years, the company wants to declare dividend out of General Reserve. Advise the Board.

(5 marks)

Chapter - 6 : Capital

2005 - Dec [1] {C} (a) Comment on the following statements:

- (vii) No Return of Allotment is required to be filed with regard to the re-issue of forfeited shares, (2 marks)

Chapter - 7 : Accounts & Audit

2005 - Dec [3] (c) What is a qualified report of an auditor?. (3 marks)

2005 - Dec [5] (a) List out the statutory books required to be maintained by a company. (5 marks)

2005 - Dec [6] Write explanatory notes on:

- (b) Accounting Standard; (4 marks)

Chapter - 11 : Consideration

2005 - Dec [1] {C} (a) Comment on the following statements:

- (v) A stranger to a contract cannot sue upon it. (2 marks)

Chapter - 12 : Capacity of Parties

2005 - Dec [4] (c) Can a minor be liable for payment of supplies of necessities to him? (2 marks)

Chapter - 15 : Discharge of Contract

2005 - Dec [1] {C} (b) Distinguish between liquidated damages and penalty. (4 marks)

Chapter - 21 : Sale of Goods Act

2005 - Dec [1] {C} (a) Comment on the following statements:

- (i) Passing of Risk is dependent on delivery of goods. (2 marks)

Chapter - 22 : Negotiable Instruments Act

2005 - Dec [6] Write explanatory notes on:

- (c) Acceptance for Honour; (4 marks)

Chapter - 23 : Partnership Act

2005 - Dec [4] (b) Explain briefly dissolution of partnership firms. (6 marks)

2005 - Dec [6] Write explanatory notes on:

- (d) Implied Authority of a Partner; (4 marks)

Chapter - 25 : The Payment of Gratuity Act, 1972

2005 - Dec [1] {C} (a) Comment on the following statements:

- (ix) Gratuity can be attached by an order of the court, (2 marks)

Chapter - 26 : Industrial Disputes Act

2005 - Dec [1] {C} (a) Comment on the following statements:

- (iv) Lay off and retrenchment connote the same meaning. (2 marks)

Chapter - 28 : Environment Protection Act

2005 - Dec [3] (a) Explain the principle of 'Polluter pays', in relation to the environment protection laws. (4 marks)

2005 - Dec [6] Write explanatory notes on:

- (a) Environmental audit; (4 marks)

Chapter - 29 : The Foreign Exchange Management Act, 1999

2005 - Dec [1] {C} (a) Comment on the following statements:

- (vi) Depository System means keeping of ownership records in electronic form. (2 marks)

Chapter - 30 : MRTP Act, 1969

2005 - Dec [1] {C} (a) Comment on the following statements:

- (ii) Every trade practice in restraint of trade is not necessarily a restrictive trade practice. (2 marks)

2005 - Dec [6] Write explanatory notes on:

- (e) Re-sale Price Maintenance; (4 marks)

Chapter - 31 : The Consumer Protection Act, 1986

2005 - Dec [6] Write explanatory notes on:

- (f) Remedies available under the Consumer Protection Act. (4 marks)

Section — B

Chapter - 1 : Claim and Complaint Letters

2005 - Dec [8] (a) XYZ Ltd. are unable to deliver the goods to ABC Ltd. on the scheduled date of delivery. Draft a letter on behalf of XYZ Ltd. seeking extension of time by a month. (8 marks)

2005 - Dec [9] (b) Write to your supplier, who has supplied goods of inferior quality which do not also correspond to the sample approved by you. (7 marks)

Chapter - 2 : Sales Letters

2005 - Dec [8] (b) Draft a suitable letter to invite one of your customers to attend a special sale of ladies silk dresses on 1st October, 2005 to know in advance about it before it is put on sale to the general public. (7 marks)

Chapter - 3 : Market Survey Report

2005 - Dec [10] (a) Draft a market survey report for submission before the Managing Director regarding opening of retail stores in the eastern parts of India, specially in West Bengal, Bihar and Assam. (8 marks)

Chapter - 4 : Personnel Matters

2005 - Dec [10] (b) Draft a notice of suspension to an employee for serious dereliction of duty causing massive loss to the company. (7 marks)

Chapter - 9 : Inter-departmental Communication

2005 - Dec [9] (a) A deposit holder in your company reports that he has lost his fixed deposit receipt. The fixed deposit has matured already. Write a note to

the Managing Director on the formalities to be followed before settlement of a claim from the deposit holder asking for the maturity amount. (8 marks)

Chapter - 10 : Report Drafting & Writing

2005 - Dec [7] (a) Draft Directors' Responsibility Statement which forms part of the Directors Report. (8 marks)

Chapter - 11 : Auditor's Certificate

2005 - Dec [7] (b) Draft an auditors certificate on compliance with the conditions of corporate governance under clause 49 of the Listing Agreement. (7 marks)

Paper - 8 **Business Taxation**

Chapter - 4 : Income from House Property

2005 - Dec [2] (b) Mr. Jai Prakash has house property in Chennai, which he has given on rent during FY 2004-05. Municipal valuation of the property is Rs. 1,94,000. Its fair rent as determined on the basis of similar property in similar area is Rs. 2,34,000. Standard Rent as determined under provisions of Rent Control Act is Rs. 1,60,000. Actual rent received during the year is Rs. 1,40,000. Jai Prakash has paid municipal taxes of Rs. 12,000. He incurred expenditure of Rs. 10,000 on repairs of building. Insurance premium paid was Rs. 2,000. He had borrowed from housing finance and interest payable was Rs. 84,000. Find the income from house property. (6 marks)

Chapter - 5 : Profits & Gains of Business or Profession

2005 - Dec [1] {C} (c) Answer in brief;

- (i) An assessee raised an invoice of Rs. 50,000 in AY 2004-05 and had taken it into account as his income. Since it was not recoverable, he has filed suit in civil court. However, he wants to write it off as bad debt in AY 2005-06 and claim as deduction as bad debt. Can he do so?
- (ii) Your client is a doctor. When is he required to compulsorily maintain books of account?
- (iii) Explain the provisions under the Income-tax Act, 1961 in respect of valuation of closing stock of raw materials when assessee has availed Cenvat in respect of his inputs. (2×3 = 6 marks)

2005 - Dec [3] What would be your advice regarding admissibility of the following items of expenditure in computing the business income:

- (a) A donation of Rs. 1 lakh made to a University for starting a laboratory for Scientific Research (i) relating to the assessee's business (ii) not relating to the assessee's business. (6 marks)
- (b) Travelling expenses include a sum Rs. 1,50,000 incurred by a Director in

travelling abroad for negotiating purchase of Plant & Machinery.

(2 marks)

- (c) Amount payable to Government on account of shortfall in export target. (2 marks)
- (d) Interest of Rs. 20,000 charged by bank on account of overdraft taken for payment of income tax. (2 marks)
- (e) Payment of interest of Rs. 40,000 on monies borrowed from bank for payment of dividend to shareholders. (2 marks)
- (f) Rs. 1,20,000 paid for shifting of business premises from the original site to the present place which is more advantageously located. (2 marks)
- (g) Retrenchment compensation of Rs. 4 lakhs paid to the workmen on the closure of one of the units. (2 marks)

2005 - Dec [4] (b) State whether tax audit u/s. 44AB is applicable in the following cases:

- (i) Gross turnover from manufacturing business Rs. 20 lakhs and gross turnover from retail trade business of Rs. 30 lakhs where the assessee opts to be assessed u/s. 44AF.
- (ii) Professional receipts Rs.15 lakhs and gross sales in business Rs.20 lakhs. (4 marks)

Chapter - 13 : Assessment of Companies

2005 - Dec [2] (a) A public company had unabsorbed depreciation of Rs.18,000 and business loss of Rs. 40,000 as on 01.04.2004. During the financial year 2004-05, the company made profit from business of Rs. 60,000 (before depreciation). Depreciation for the financial year 2004-05 was Rs.38,000. The company received during the year income from other sources of Rs. 52,000, which included dividend of Rs. 10,000 received from its investment in other companies. Calculate net income liable to tax for assessment year 2005-06 and tax payable, if any. Also show the amount of unabsorbed depreciation and unabsorbed business loss, if any, that can be carried forward. (8 marks)

Chapter - 14 : Tax Administration & Assessment Procedure

2005 - Dec [2] (c) Name any three transactions where tax collection at source is required to be made and the rate at which tax collection is to be done. (4 marks)

Chapter - 16 : Wealth Tax Act

2005 - Dec [4] (a) M/s. Alpha Beta Co. Ltd. has the following assets and liabilities as on 31st March, 2005. Compute the Net Wealth as on 31.3.2005 (stating whether each item is taxable or not).

Rs.

- (i) Land in urban area (Construction not allowed as per Municipal bye laws) 36,00,000

(ii) Land in rural area	38,00,000
(iii) Land in urban area (bought 12 years ago, but construction of factory yet to start)	50,60,000
(iv) Residential Quarters for workers	34,80,000
(v) Residential Quarters for officers-six units (2 of them are occupied by officers drawing monthly salary of Rs. 46,700 each)	48,00,000
(vi) Guest House and land appurtenant thereto	10,00,000
(vii) Air craft	2,80,00,000
(viii) Motor cars for use of officers	20,50,000
(ix) Loan from LIC for acquiring aircraft	90,00,000
(x) Residential house provided to a whole-time director (salary Rs. 7,20,000 p.a., the director owns 25% equity)	27,00,000
	(14 marks)

Chapter - 18 : Central Sales Tax Act, 1956

2005 - Dec [6] (b) From Central sales tax point of view, distinguish between goods returned by buyer and goods rejected by buyer. (5 marks)

2005 - Dec [8] Write about notes on:

(a) Aggregate sale price under CST Act, 1956. (5 marks)

Chapter - 19 : The Customs Act, 1962

2005 - Dec [6] (c) State purpose and use of 'Yellow Bill of Entry'. (5 marks)

2005 - Dec [8] Write about notes on:

(b) Unaccompanied Baggage under Customs Act, 1962. (5 marks)

Chapter - 20 : The Central Excise and Salt Act, 1944

2005 - Dec [5] {C} (b) Selling price of a product is Rs. 10,000. It is inclusive of outward freight of Rs. 250, packing charges of Rs. 200, CST @ 4%, excise duty @ 16% and education cess @ 2%. Find the Assessable Value.

(8 marks)

2005 - Dec [5] {C} (c) (i) State the basic two requirements that should be satisfied for treating something as "goods" for the purpose of levy of Excise Duty. (2 marks)

(ii) XYZ situated in Kolkata placed order for a certain product with the manufacturer ABC in Mumbai. The product manufactured to the buyer's specification by ABC is transferred by ABC to its branch in Kolkata. The Excise authorities refused to treat the transfer from Mumbai to Kolkata branch as "Branch Transfer" and treated it as "Sale". Are they justified in doing so? (4 marks)

2005 - Dec [7] A large manufacturing unit undertook following job work:

(a) Machining of raw materials supplied by the buyer. The material was sent under Cenvat challan. Job work charges were Rs. 30,000. Cost of raw

material was Rs. 3,50,000. These were returned after job work.

- (b) Processing of inputs sent by a buyer under his own (buyer's) challan. Processing charges were Rs. 10,000 and cost on inputs was Rs. 2,00,000.
- (c) Repairs of a component. Original cost of component was Rs. 25,000 and repairs charges were Rs. 3,000. The component was sent by customer under cover of his letter.

In all these cases, raw material was sent by customer. Excise duty payable is 16% plus education cess of 2%. You are required to (a) Find total duty payable, (b) Procedure to be followed by manufacturer for despatch in each case after carrying out job work. (15 marks)

Chapter - 21 : The Central Excise Act and Rules

2005 - Dec [8] Write about notes on:

- (c) House mark and Brand name under the Central Excise Act, 1944. (5 marks)

Chapter - 22 : Central Excise Procedures MODVAT & CENVAT

2005 - Dec [6] (a) Explain provisions in Cenvat Credit Rules in respect of 'Input service distributor'. (5 marks)

Chapter - 23 : Objective Questions

2005 - Dec [1] {C} (a) All answers should be on basis of provisions relating to assessment year 2005-06:

- (i) State the limit for payment of dividend distribution tax u/s. 115-O(2).
- (ii) What is last date for serving of notice for hearing for regular assessment u/s. 143(2)?
- (iii) What is the rate and period for allowing amortization of expenditure in case of amalgamation?
- (iv) Name the postal investment scheme where investment is eligible for tax rebate u/s. 88, but interest qualifies for deduction only within limits of Section 80L.
- (v) Name any two intangible assets on which depreciation is allowable under Income-tax Act, 1961. (1×5 = 5 marks)

(b) Fill in the blanks:

- (i) Death-cum-retirement gratuity received by an employee of Central Government is (wholly exempt/exempt up to Rs.3,50,000/ exempt up to 5,00,000).
- (ii) If loan granted by employer to employee does not exceed Rs..... (10,000, 20,000, 50,000, 1,00,000), it is not treated as perquisite to employee for purpose of income tax.
- (iii) A person owns 4 heavy goods vehicles. His estimated annual income u/s. 44AE is Rs..... (1,68,000, 1,51,200, 1,92,000, 2,40,000). (1×3 = 3 marks)

2005 - Dec [5] {C} (a) Answer the following:

- (i) Fill in the blanks — An EOU unit is required to execute a bond.
- (ii) An EOU unit can obtain indigenous material without payment of duty on submission of certificate.
- (iii) State true or false — Petrol is 'declared goods' under CST Act.
- (iv) State true or false — State Government can waive condition of submission of C Form by issue of a notification under CST Act.
- (v) A registered dealer has procured some goods from depot of a manufacturer. Is the registered dealer 'first stage dealer' or 'second stage dealer'?
- (vi) Fill in the blank — A service provider is providing both taxable and exempt services and he is unable to bifurcate the common input services used for providing exempt output services. In such case, his Cenvat credit of input services is restricted to (10%, 20%, 33%, 40%) of service tax payable on his output taxable services.

(1×6 = 6 marks)

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