Seat No.: _____ Enrolment No.______

GUJARAT TECHNOLOGICAL UNIVERSITY

MCA. Sem-I Examination January 2010

Subject code: 610007

Subject Name: Enterprise Resources & Financial Management

Date: 30 / 01 / 2010 **Time: 12.00 – 2.30 pm**

Total Marks: 70

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1. (a) From the following extracts and information obtained from the books of Mr.Ramnarain prepare Trading and Profit & Loss Account for the year ended on 31st March 2009 and a Balance Sheet as at that date. **07**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Capital	1,14,4,000	Drawings	6,600
Plant & machinery	49,500	Freehold Property	33,000
Purchases	55,000	Purchase Returns	550
Stock (1/4/2008)	19,250	Wages	17,600
Sundry Creditors	22,000	Postage & Telegram	770
Insurance	880	Gas & fuel	1,485
Salaries	6,600	Office Expenses	1,375
Office Furniture	2,750	Discount Allowed	660
Sundry debtors	14,630	Loan to Mr. Dayanidhi @10%	22,000
Cash at bank	14,630	Bills payable	2,750
Bad debts	330	Office rent	1,430
Freight	4,950	Loose tools	1,100
Factory Lighting	550	Provision for Bad & doubtful debts	440
Interest on loan to Mr. Dayanidhi	550	Cash on Hand	1,320
Sales	1,15,720		

Additional Information:

1. Stock as on 31st march 2009 was valued at Rs. 36,300, while its market value was Rs. 40,0000.
2. A new machine was installed during the year for Rs. 7,700 but it was not recorded. Wages Rs. 550 paid for its erection was debited to wages account.
3. Depreciate: Plant & Machinery @ 33.33%, Furniture @ 10% & Freehold property @5% p.a.
4. Loose tools were valued at Rs. 880 as on 31.3.2009.
5. Rs. 300 of sundry debtors is to be recorded as Bad debts. Also maintain a provision @5% on bad & doubtful debts.

(b) What is Journal? Discuss the various types of Accounts with examples and explain the Accounting rules of Debit-Credit for the purpose of recording in the Journal. **07**

Q.2. **(a)** What is ERP? Discuss the benefits of ERP. Also explain the concept of Supply Chain Management. **07**

(b) From the following Balance sheet of JAYPRAKASH INDUSTRIES LTD., as at 31.03.08 & 31.03.09, you are required to calculate the following ratios: **07**

1. Return on Capital Employed
2. Current Ratio
3. Stock turnover Ratio
4. Capital Gearing Ratio
5. Return on Shareholders' funds
6. Net Profit Ratio

Liabilities	31.03.08	31.03.09	Assets	31.03.08	31.03.09
Equity Capital	4,00,000	6,00,000	Fixed Assets	6,40,000	11,40,000
10% Pref. Capital	2,00,000	3,00,000	Stock	60,000	1,20,000
Reserves	2,00,000	4,00,000	Debtors	1,20,000	1,60,000
Depreciation Fund	80,000	2,00,000	Bills Receivable	20,000	40,000
12% Debenture	2,00,000	4,00,000	Other Current assets	6,00,000	9,40,000
Bank Overdraft	1,20,000	1,00,000			
Other Current Liab	2,40,000	4,00,000			
	14,40,000	24,00,000		14,40,000	24,00,000

Additional Information:

Particulars	31.03.08	31.03.09
Total Sales (Rs.)	20,00,000	24,00,000
EBIT (Rs.)	2,24,000	4,48,000
Rate of G.P.	25%	25%
Rate of Income Tax	40%	40%
Opening Stock (Rs.)	1,00,000	---

OR

(b) What is a Ratio? How can solvency of a firm be measured? Discuss. **07**

Q.3. **(a)** The following details are extracted from the cost records of Shivhari Engineering Ltd., For the production of a standard item at 50% and 60% capacity. Prepare the flexible budget for the 80% and 100% capacity utilization for the year ending on 31^{st} December 2009, assuming that no changes would occur in the following cost patterns. **07**

Cost Item	50% capacity (10,000 units) Total Rs.	60% capacity (12,000 units) Total Rs.
1. Material cost	50,000	60,000
2. Labour cost	20,000	24,000
3. Inspection cost	2,250	2,300
4. Power	5,200	5,700
5. Depreciation	10,000	10,000
6. Insurance & taxes	800	800
7. Administrative overheads	7,000	8,200
8. Selling overheads	1,500	1,600

(b) The following information is obtained from the books of Agnichakra Publishing House **07**
Sales – Rs. 200,000, Variable Costs - Rs. 100,000 and Fixed Costs – Rs. 60,000
Find out –

1. P V Ratio, BEP and MOS at the current level
2. Also find BEP & P V Ratio when-
   - There is 20% decrease in Fixed costs
   - 10% decrease in selling price along with 10% decrease in Variable cost

OR

Q.3. (a) Prepare a Cash Budget for 3 months ending on 31 March 2010 from the following information provided by Nagraj Ltd. **07**

i) Cash balance as on 1st January, 2010 is Rs. 60,000/-
ii) Assume 10% of the total sales to be cash sales, 20% of the total purchases to be cash purchases.
iii) 50% of the credit sales are realized in the month following the sales and remaining 50% in the second month following the sales.
iv) A machine of Rs. 60,000 is purchased, is due for delivery in February 2010, 10%down payment is payable against delivery and balance after 3 months.
v) Interest and dividend on investments Rs. 10,000 is expected in February.
vi) The time lag in payment of wages is ¼th month and other expenses ½ month.
vii) An old machine is to be sold for Rs. 30,000 in March.
viii) Period of credit allowed by suppliers is 1 month.

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Other Expenses (Rs.)
November 2009	75,000	40,000	26,000	20,000
December 2009	80,000	45,000	28,000	25,000
January 2010	90,000	50,000	24,000	30,000
February	1,00,000	55,000	32,000	35,000
March	1,10,000	60,000	36,000	40,000

(b) What is a Budget? What is budgetary control? Discuss the advantages & limitations of Budgetary control system. **07**

Q.4. (a) Define Capital Budgeting. Critically evaluate the various Discounted Cash Flow techniques of Project Appraisal. **07**

(b) The Rajamani Crystals Ltd., is considering an investment in a capital Project. Some of the details of the project are as under: **07**

Initial project cost	Rs. 1,08,000
Estimated life of the Project	4 years
Estimated Scrap value	Rs. 8,000

The operating cash flows are as follows;

	Year 1	Year 2	Year 3	Year 4
Sales (Rs.)	80,000	90,000	1,00,000	1,00,000
Cash expenses (Rs.)	40,000	45,000	60,000	60,000
PVIF at 12%	0.893	0.797	0.712	0.636

The company depreciates its investments under the straight line method. The tax rate for the company is 40%. The company's present cost of capital is 12%.

Evaluate the project under the following methods:

a. Payback period method
b. Net Present Value (NPV)

OR

Q.4(a) Discuss the difference between Accounting Rate of Return (ARR) & Internal Rate of Return (IRR) methods of Project Appraisal. **07**

(b) A project costs Rs. 10,00,000 and has a scrap value of Rs. 2,00,000 after 5 years. The nest profit before depreciation and taxes for the five years period are expected to be Rs. 2,00,000, Rs. 2,40,000, Rs. 2,80,000, Rs. 3,20,000 and Rs. 4,00,000 respectively. You are required to calculate the Accounting rate of return, assuming 50%rate of tax and depreciation on straight line method. **07**

Q.5. (a) Discuss the Accounting Standard for Depreciation Accounting in India. **07**

(b) What are Fixed Assets? Discuss its various types. **07**

OR

Q.5. (a) What is Depreciation? Discuss the various methods of providing depreciation and explain the accounting treatment of depreciation. **07**

(b) What is standard costing? State the advantages & disadvantages of standard costing. **07**

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