Seat No.: _____ Enrolment No.______

GUJARAT TECHNOLOGICAL UNIVERSITY

MCA. Sem- IST Regular / Remedial Examination January/ February 2011

Subject code: 610007

Subject Name: Enterprise Resources & Financial Management

Date: 03 /02 /2011 **Time: 10.30 am – 01.00 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)** Define Accounting. What are the objectives and limitations of Accounting? **07**

(b) Discuss tangible and intangible benefits of the ERP system. **07**

Q.2 **(a)** Following details are related to Nirali Plastics Ltd. indicating the actual and forecast figures. You are required to prepare a cash budget for the quarter January to March. **07**

Particulars	Actual (Rs.)		Budgeted (Rs.)		
	Nov.	Dec.	Jan.	Feb.	Mar.
Sales	80,000	88,000	1,00,000	1,04,000	96,000
Purchase	72,000	64,000	40,000	50,000	90,000
Non operating income	8,000	10,000	8,000	9,000	10,000

Other Information:

1. 20% of the sales are cash and the credit sales are collected as under:
   (a) 70% in the following first month.
   (b) 30% in the following second month.
2. All purchase are cash purchase.
3. Administrative expenses are Rs.10,000 per month.
4. An old machinery having book value of Rs.28,000 is estimated to realize Rs.25,000 in January.
5. The closing cash balance on 31st December is Rs.20,000.
6. Show the closing cash balance at the end of the month March.

(b) What is Ratio Analysis? Discuss advantages and disadvantages of Ratio Analysis. **07**

OR

(b) The following details are extracted from the cost record of the Gaurang Engineering Ltd. for the production of a standard item 50% & 60% capacity. **07**

Cost item	50% capacity	60% capacity
	20,000 units	24,000 units
Material cost	1,00,000	1,20,000
Labour cost	40,000	48,000
Inspection cost	4,500	4,600
Power	10,400	11,400
Depreciation	20,000	20,000
Taxes	1,600	1,600
Selling overheads	3,000	3,200
Office overhead	14,000	16,400

Required:

Prepare a flexible budget for 70% and 100% capacity utilization for the year ending 31st December 2008, assuming that no change would occur in the above cost pattern.

Q.3 (a) Prepare Trading, Profit & Loss Account and Balancesheet for the Minaxi Enterprise using given particulars for the year ending 31st December 2008. **10**

Particulars	Dr. (Rs)	Cr. (Rs)
Sales		3,54,000
Sales Return	2,000	
Opening Stock	60,000	
Purchase	1,20,000	
Purchase return		1,500
Carriage inwards	1,500	
Opening capital		1,00,000
Debtors	90,000	
Creditors		50,000
Discount allowed	700	
Salaries	12,000	
Plant and machinery	1,60,000	
Cash in hand	1,800	
Cash at bank	12,000	
Advertisement	4,000	
Rent & taxes	20,000	
Carriage outward	2,400	
Bank charges	150	
Manufacturing wages	20,000	
Bad debts provision		1,050
Total	5,06,550	5,06,550

The adjustments are as under:
1. Bad debts provision to be adjusted to Rs.1,000.
2. Closing stock is Rs. 70,000.
3. Depreciate plant and machinery at 6%.
4. Interest on capital to be allowed at 5% per annum.
5. Salaries outstanding during the year Rs. 8,000.

(b) What are the differences between Journal and Ledger? **04**

OR

Q.3 (a) Following is the profit & loss account and balancesheet of Akshara Ltd. as on 31st March 2008. **08**

Profit & Loss Account

Particulars	Rs.	Particulars	Rs.
To opening stock	1,500	By sales	97,500
To purchase	60,000	By closing stock	2,500
To wages	3,500		
To gross profit c/d	35,000		
	1,00,000		1,00,000
To administrative expenses	7,500	By gross profit b/d	35,000
To selling & distribution expenses	10,000	By dividend receive	5,000
To loss on sale of fixed assets	2,500		
To net profit	20,000		
	40,000		40,000

Balancesheet as on 31st March 2008

Liabilities	Rs.	Assets	Rs.
Equity share capital (Rs.100 each)	2,50,000	Plant & machinery	1,00,000
General reserve	25,000	Building	1,00,000
P & L	35,000	Land	75,000
Creditors	40,000	Stock	2,500
		Debtors	25,000
		Cash balance	37,500
		Bank balance	10,000
Total:	3,50,000		3,50,000

From the above information you are required to calculate:
1. Gross profit ratio
2. Current ratio
3. Stock turnover ratio
4. Debtors turnover ratio

(b) Explain the following two methods of project appraisal with appropriate illustration: **06**
1. Payback Period Method (PPM)
2. Net Present Values (NPV)

Q.4 (a) The following details related to Mira Ltd. for a standard product **04**
Sales: 25,000 units
Selling price: Rs. 10 per unit
Variable cost: Rs. 5 per unit
Fixed cost: Rs. 2,00,000
Answer the following
1. Calculate the break even point in units.
2. Calculate the break even point in rupees.
3. Ascertain the margin of safety at the current level of sales.
4. The company plans to increase its profit by 25% in the next year. How many units it should sell?

(b) Define Standard Costing. Discuss its advantages and limitations. **05**
(c) Define Depreciation. Explain the methods of Depreciation. **05**

OR

Q.4 (a) Following detail relate to Swastik Enterprise for a current capital investment proposal developed by finance department of the company: **10**
1. Initial capital investment Rs.5,22,000
2. Life of the project 4 years
3. Estimated scrap value Rs.1,62,000
4. Operating cash flow data

Particulars	Year 1	Year 2	Year 3	Year 4
Sales	3,60,000	4,80,000	5,10,000	4,92,000
Cash manufacturing expense	1,80,000	2,10,000	2,28,000	2,04,000
Cash administrative expense	60,000	72,000	72,000	78,000

The tax rate is 40%. Company's required rate of return is 12%. Company provides the rate of depreciation by Straight Line Method.
Evaluate the investment under the following methods:

I. Payback period method
II. Average rate of return method
III. Net Present Value method
IV. Profitability index method

(b) From the given information calculate: **04**

1. Labour cost variance
2. Labour rate variance
3. Labour efficiency variance

For the following details related to the Mihir Enterprise for the March 2008:

Standard	Actual
5 hours per unit Rs. 4 per hour	Actual production 340 units Time taken 1800 hours Actual wages paid 7560 Rs.

Q.5 **(a)** Discuss the common myths about ERP. **05**
(b) Define OLAP. Discuss different styles of OLAP. **05**
(c) What is BPR? List out the phases of BPR. **04**

OR

Q.5 **(a)** What are the different modules of the ERP system? **07**
(b) What is Data Mining? Explain technologies used in Data Mining. **07**

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