Seat No.: _____ Enrolment No.______

GUJARAT TECHNOLOGICAL UNIVERSITY

M. C. A. Semester - IST Examination –July- 2011

Subject code: 610007

Subject Name: Enterprise Resources and Financial Management

Date:15/07/2011 **Time: 02:30 pm – 05:00 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) Do as directed:

i. Define Accountancy? List the phases of Accounting cycle. **02**

ii. State whether the following statements are true or false: **05**

a) Journal and journal proper contains same types of entries.

b) Carriage inwards is entered in trading account while carriage outwards is shown in P & L account.

c) Under standard costing, the actual costs are compared with the historical costs.

d) Depreciation is a source of funds.

e) Discounted cash flows have lower value than the simple cash flows.

(b) Answer the following:

i. If P/V ratio = 30% and Total fixed cost = Rs. 60,000, then BEP is __________. **02**

ii. Fixed asset turnover ratio=4, Gross Profit Ratio=20%, Gross Profit = Rs. 60,000. Calculate sales and fixed assets. **02**

iii. The following information is supplied with respect to Mohan Pvt. Ltd.: **03**
Selling price per unit: Rs. 150, Variable expense per unit: Rs.90
Fixed expenses: Rs.9, 00,000
If selling price is decreased by 20%, then what will be the new BEP?

Q.2 (a) On 31st December 2008, the following Trial Balance was extracted from the books of Bhasker & Sons. **07**

Particulars	Debit Amount	Credit Amount
Capital Account	-	1,00,000
Plant & Machinery	1,60,000	-
Sales	-	3,54,000
Purchases	1,20,000	-
Returns	2,000	1,500
Opening Stock	60,000	-
Discount	700	1,600
Bank Charges	150	-
Sundry Debtors	90,000	-
Sundry Creditors	-	50,000
Salaries	13,600	-
Manufacturing Wages	20,000	-
Carriage Inwards	1,500	-
Carriage Outwards	2,400	-

Bad debts provision	20,000	-
Advertisements	4,000	-
Cash in hand	1,800	-
Cash in bank	12,000	-
	5,08,150	5,08,150

Prepare final accounts for the year ended on 31st December 2008 considering the following adjustments:

1. Closing stock is valued at Rs. 70,000.
2. Depreciate plant @ 12%.
3. Bad debts provision to be adjusted to Rs. 1,000.
4. Interest on capital to be allowed at 10% per annum.
5. 5% of the profits is to be carried to the reserve funds.

(b) A cloth manufacturing company is considering investment in a project that costs Rs. 4,00,000. The tax rate is 50% and the company uses straight line method of depreciation. The proposed project has cash flows before depreciation and tax as follows: **07**

Year	1	2	3	4	5
Cash Flow	1,60,000	1,80,000	2,00,000	2,20,000	2,50,000

Determine the following:

1. Pay Back Period
2. Accounting Rate of Return
3. Net Present Value at 15%

OR

(b) Attempt the following:

i. From the following data calculate the material variances for Alpha Ltd. **03**

Standards:		Actuals:	
Materials quantity	1 kg/unit	Materials purchased	10,000 kg
Materials price	Rs. 1.40/kg	Materials price	Rs. 1.50/kg
		Materials used	5,400 units

ii. Plot a BEP graph using following figures and label it properly. **04**

No. of Units	Fixed Expenses	Variable Expenses	Total Expenses	Sales
0	300	0	300	0
100	300	200	500	400
150	300	300	600	600
300	300	600	900	1200

Q.3 **(a)** Analyze the financial statements of Manan Datalink Services given below with the help of following ratios. **07**

i) Current ratio
ii) Stock turnover ratio
iii) Debtors turnover ratio
iv) Net profit ratio
v) Return on investment
vi) Debt-equity ratio

Statement of Profit, year ended March 31, 2009

Particulars	Amount (in Rs.)
Sales	40,00,000
Less: Cost of Goods Sold	30,80,000
Gross Profit on Sales	9,20,000
Less: Operating Expenses	6,80,000
Net Profit	2,40,000
Less: Taxes @ 50%	1,20,000
Net Profit After Tax	1,20,000

Balance Sheet as on March 31, 2009

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Share Capital (Rs. 100 each)	10,00,000	Plant and Equipments Land and Buildings Cash	6,40,000 80,000 1,60,000
Retained Earnings	3,68,000	Sundry Debtors	3,60,000
Sundry Creditors	1,04,000	Less: Allowances	40,000
Bills Payable	2,00,000	Stock	4,80,000
Other Current Liabilities	20,000	Prepaid Insurance	12,000
Total	16,92,000	Total	16,92,000

(b) The following details are extracted from the cost records of ABC Ltd. for the production of items at 50% and 60% capacity. **07**

Particulars	50% Capacity (10,000 units)	60% Capacity (12,000 units)
Material Cost	50,000	60,000
Labour Cost	20,000	24,000
Inspection Cost	2,250	2,300
Electricity Expenses	5,200	5,700
Taxes	10,000	10,000
Administrative Expenses	800	800
Selling Expenses	7,000	8,200
Depreciation	1,500	1,600

Compare the cost for the above capacities and state which costs are 100% variable, which are 100% fixed and which are semi-variable.

OR

Q.3 (a) Prepare a cash budget for the quarter April-June 30, 2008 from the information given below: **07**

Particulars	January	February	March	April	May	June
Sales	8,000	8,000	7,500	9,000	8,500	8,000
Purchases	4,500	4,000	4,200	5,000	4,500	3,500
Wages	2,000	1,800	2,200	2,350	2,100	1,850
Expenses	500	600	600	700	600	500

Additional Information:

a) 60% of sales and purchases are cash.
b) Suppliers are paid after one month and the credit sales are collected after two months.
c) Wages are paid every month and expenses after one month.
d) Rent Rs. 300 per month is not included in the expenses.
e) Cash balance on 31^{st} March, 2008 was Rs. 1,300.

(b) The initial acquisition cost of a machinery is Rs. 1,00,000 with the terminal value of Rs. 6,000 after the estimated life of 8 years. Calculate the depreciation usig the following methods: **07**

a) Straight line method for all 8 years
b) Written down value method for first 4 years
c) Sum of years digit method for first 4 years

Q.4 (a) Compile a three column cash book of Mr. Kapil from the following transactions: **07**

2002, Aug 1	Started business with cash Rs. 2,00,000.
2	Deposited into Bank Rs. 50,000.
4	Cash purchases Rs. 5,000.

5	Purchases by cheque Rs. 6,000.
6	Goods sold to Nathan on credit Rs. 5,000.
8	Received cheque from Manish Rs. 490, discount allowed Rs. 10.
10	Paid carriage Rs. 1,000.
12	Withdrew from bank for office use Rs. 10,000.
15	Paid to Sanjay Rs. 4,960, discount allowed by her Rs. 40.
20	Received a cheque for Rs. 4,950 from Nathan in full settlement of his account, which is deposited into bank.

(b) Name all the modules of ERP system. Explain how ERP systems can improve the performance of the organization by integrating the different functional modules. **07**

OR

Q.4 **(a)** Write the journal entries for the following transactions: **07**

a) Opened a bank a/c and paid into it a cheque of Rs. 46,000.
b) Goods of Rs. 320 received as samples.
c) Rs. 1,400 due from Roohi was written off as she is declared insolvent.
d) Sold goods to Mr. Patel Rs. 2,000 and paid carriage on his behalf Rs. 200.
e) Given a cheque of Rs. 105 to Satyam in full settlement of our dues of Rs. 110 to him.
f) Sold goods Rs. 600 at 5% trade discount to Praveen.
g) Received commission Rs. 1800 from Disha and paid college fee of son Rs. 675.

(b) A company is planning implementation of its data warehouse. Help the owners of the company to understand the connection between data warehouse and OLAP. Suggest all possible OLAP styles, with a brief description of each, which can be considered? Also provide a list of guidelines for a successful implementation. **07**

Q.5 **(a)**
1. Discuss any three ERP myths. **03**
2. What do you mean by ERP? Discuss the reasons of growth of ERP market. **04**

(b)
1. List the tangible and intangible benefits of ERP systems. **04**
2. Discuss the data warehouse architecture stating how its integration with ERP is useful. **03**

OR

Q.5 **(a)**
1. Why do you think ERP is important for any company? **03**
2. Describe Data mining. Briefly write the technologies used in data mining. **04**

(b)
1. What is BPR? Explain the activities involved in building the reengineering organization. **04**
2. Discuss the business benefits of Supply chain management. **03**

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