

**GUJARAT TECHNOLOGICAL UNIVERSITY****MCA - SEMESTER-I • EXAMINATION – SUMMER • 2014****Subject Code: 610007****Date: 23-06-2014****Subject Name: Enterprise Resources and Financial Management****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) Write Notes on: 07**

- (1) Phases of BPR
- (2) Nature of OLAP

**(b) From the following particulars of M/s. Shyam and Co., you are required to preparing Trading, Profit and Loss Account for the year ended 31<sup>st</sup> March, 2012 and the Balance Sheet as on that date: 07**

Particulars	Rs.	Particulars	Rs.
Sales	3,25,000	Discounted Allowed	500
Sales Return	2,500	Discount Received	2,500
Stock at the beginning	40,000	Salaries	15,000
Purchases	1,45,00	Interest paid	2,000
Purchases Return	1,500	Furniture	15,000
Direct Wages	25,000	Buildings	1,00,00
Direct Expenses	25,000	Plant and Machinery	1,00,00
Carriage Inward	20,000	Cash in Hand	6,000
Capital at the beginning	1,50,00	Bills Payable	31,000
Drawings	25,000	Bad-debt Reserve	2,500
Sundry Debtors	50,000	Bad Debts	1,500
Sundry Creditors	60,000		

**Additional information:**

- (1) Closing Stock: Rs. 40,000
- (2) Outstanding Salaries: Rs. 2,500
- (3) Interest on Capital: 10% per annum
- (4) Depreciation on Plant and Machinery @ 10% and Buildings @ 5%
- (5) Prepaid Interest: Rs. 500
- (6) Bad-debt Reserve to be kept: 10% on Debtors

**Q.2 (a) What is ERP? List out the advantages of ERP. Also list out the myths about ERP. 07**

- (b) Journalize the transactions given below in the books of Sunder and Co.: **07**

Date	Particulars
2012	
Jan. 1	Sunder starts business with Rs. 2,00,000
1	Paid into bank Rs. 1,80,000
2	Bought furniture for Rs. 8,500 and computer for Rs. 15,000. Payment made by cheque.
5	Goods purchased from Radheshyam for Rs. 56,000 on credit
7	Goods purchased from Ghanshyam for cash Rs. 11,000
8	Goods sold on credit to Kanaiyalal Rs. 15,000
10	Goods sold on credit to Ranchhod Rs. 28,000
11	Paid for office stationary Rs. 2,500
12	Paid rent Rs. 2,000
14	Bought fixture for Rs. 10,000
17	Received cash from Kanaiyalal Rs. 14,700; discount allowed Rs 300
20	Issued cheque for Rs. 55,000 to Radheshyam in full settlement
25	Paid into bank Rs. 12,000
30	Paid insurance premium for business by cheque Rs. 4,500

**OR**

- (b) A machine costs Rs. 4,50,000 with an estimated terminal scrap value of Rs. 50,000 at the end of 4<sup>th</sup> year. Calculate the amount of depreciation for all the four years under the following methods and show in the form of a statement: **07**

- (1) Straight Line Method
- (2) Written Down Method
- (3) Sum of year's Digit Method

Also find the rate (%) of annual depreciation under SLM and WDVM

- Q.3 (a)** The Profit and Loss Account of Shri Rajchandra for the year ending 31<sup>st</sup> March, 2012: **07**

Profit and Loss Account			
Dr.			Cr.
Particulars	Rs.	Particulars	Rs.
To Opening stock	15,000	By Sales: 10,00,000	
To Purchases	6,00,000	Less: Sales Return:	
To Direct Wages	35,000		9,75,000
To Gross Profit c/d	<u>3,50,000</u>	<u>25,000</u>	<u>25,000</u>
	<u>10,00,00</u>	By closing Stock	<u>10,00,00</u>
To Admin. Expenses	<u>0</u>		<u>0</u>
To Selling Expenses	75,000	By Gross Profit b/d	3,50,000
To loss on sale of Fixed Assets	1,00,000	By Dividend Received	50,000
To Net Profit	25,000		
	<u>2,00,000</u>		
	<u>4,00,000</u>		<u>4,00,000</u>

**Balance Sheet as on 31<sup>st</sup> March, 2012**

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (5,000 shares of Rs. 100)	25,00,00	Land	7,50,000
General Reserve	0	Building	10,00,00
Profit and Loss A/c	2,50,000	Plant and Machinery	0
Sundry Creditors	3,50,000	Stock	10,00,00
	<u>4,00,000</u>	Debtors	0
	<u>35,00,00</u>	Bank Balance	4,00,000
	<u>0</u>		2,50,000
			<u>1,00,000</u>
			<u>35,00,00</u>
			<u>0</u>

From the above information, calculate:

- |   |   |
|---|---|
| <p>(1) Gross Profit Ratio</p> <p>(2) Operating Ratio</p> <p>(3) Return on Net Capital Employed</p> <p>(4) Current Ratio</p> | <p>(5) Liquid Ratio</p> <p>(6) Stock Turnover</p> <p>(7) Debt Collection Period</p> |
|---|---|
- (b) Define 'Budget' and 'Budgetary Control'. Explain the essentials of Budgetary Control System. Also explain the Budgetary Control Process in brief. **07**

**OR**

- Q.3 (a)** (1) Explain the advantages and limitations of Ratio Analysis **07**  
 (2) Explain: Du Pont Chart
- (b) Following details relate to Alfa Limited for its two capacity levels 50% and 80%. Total installed capacity at 100% level is 20,000 units: **07**

	50% Capacity	80% Capacity
Direct Materials	1,00,000	1,60,000
Direct Labour	25,000	40,000
Depreciation	1,00,000	1,00,000
Factory Insurance	20,000	20,000
Maintenance	7,000	8,500
General Factory Lighting	4,000	5,500

Required:

- (1) Prepare flexible budget for 60% and 100% capacity levels
- (2) Ascertain the cost per unit and give your observations for the difference in these costs
- (3) Which price should be quoted if the company follows a pricing policy of 20% mark-up on cost
- Q.4 (a)** The Beta Ltd. is presently considering the project having the following facts: **07**

- (1) Project Cost: Rs. 13,00,000
- (2) Project life: 4 years
- (3) Estimated terminal scrap value: Rs. 1,00,000
- (4) Projected operating profits or losses are as follows:
- |                               |                               |
|-------------------------------|-------------------------------|
| Year – 1: Rs. 50,000 profit   | Year – 2: Rs 10,000 loss      |
| Year – 3: Rs. 1,50,000 profit | Year – 4: Rs. 2,10,000 profit |

The company provides depreciation under the straight line method. The cost of capital is 14%. Ignore taxation.

Evaluate the project under the following methods:

- (1) Pay-back period (2) Accounting Rate of Return (3) Net Present Value
- (b) Explain three reasons responsible for depreciation of an asset and briefly **07**

explain four methods of depreciation.

**OR**

- Q.4 (a)** XYZ Ltd. is considering an investment proposal. The relevant details are as follows: **07**

Initial project cost: Rs. 5,40,000

Estimated life of the project: 4 years

Terminal estimated scrap value: Rs. 40,000

The operating cash flows are as follows:

	Year – 1	Year – 2	Year – 3	Year – 4
Sales	4,00,000	4,50,000	5,00,000	5,00,000
Cash expenses	2,00,000	2,25,000	3,00,000	3,00,000

The company uses straight line method of depreciation. The tax rate is 40%.

The company's cost of capital is 12%. Evaluate the proposal by NPV and PI methods.

- (b)** Briefly explain the major sub-system of the financial module of ERP. **07**

- Q.5 (a)** The following table relate to Sigma Ltd.: **07**

Materials	Standard		Actual	
	Qty. (Kg)	Price (Rs/kg)	Qty. (Kg)	Price (Rs/kg)
A	3,000	8	3,600	7.50
B	4,500	10	5,400	10.20

Prepare the statement showing standard material cost and actual material cost and calculate (i) material cost variance; (ii) material price variance and (iii) material usage variance.

- (b)** The following data are extracted from the books of Proton Ltd.: **07**

Total sales: Rs. 1,60,000

Selling price: Rs. 80 per unit

Fixed costs: Rs. 50,000

Variable cost: Rs. 30 per unit

Find out:

- (1) Profit Volume Ratio
- (2) BEP in units and Rs.
- (3) Profit or loss at current sales
- (4) Margin of safety in units and Rs.
- (5) Profit or loss at sales of 1,600 units
- (6) Profit or loss at sales of Rs. 32,000
- (7) Sales required in units and Rs. to earn profit of Rs. 1,00,000

**OR**

- Q.5 (a)** The following data relate to Neutron Ltd.: **07**

Type of labour	Standard	Actual
Skilled	1,000 hours @ Rs. 10	1,050 hours @ Rs. 11
Unskilled	1,000 hours @ Rs. 7.50	950 hours @ Rs. 7

Calculate:

- (b)** Explain in brief: **07**
- |                                |                        |
|--------------------------------|------------------------|
| (1) Labour cost variance       | (4) Margin of Safety   |
| (2) Labour rate variance       | (5) Fixed Cost         |
| (3) Labour efficiency variance | (6) Variable Cost      |
| (1) Contribution               | (7) Angle of Incidence |
| (2) Profit Volume Ratio        |                        |
| (3) Break-even Point           |                        |

\*\*\*\*\*