

QP Code: D 122689	Total Pages: 3	Name:
		Register No.
SECOND SEMESTER (CUFYUGP) DEGREE EXAMINATION, APRIL 2025		
B.Com/B.Com Professional		
COM2MN101/COP2MN101 : Accounting and Finance for Entrepreneurs		
2024 Admission onwards		
Maximum Time :2 Hours		Maximum Marks :70
Section A		
All Questions can be answered. Each Question carries 3 marks(Ceiling : 24 Marks)		
1	Explain the importance of accounting in entrepreneurship.	
2	Which are the different types of assets ?	
3	Who are angel investors? Also write their roles	
4	Explain the importance of venture capital	
5	Discuss the pros and cons of crowdfunding for startups.	
6	Which are the types of GST ?	
7	How net profit is computed ?	
8	Which are the heads under which Income tax is computed ?	
9	What are contingent liabilities ?	
10	A company issued Rs. 1,00,000, 10% redeemable debentures at a discount of 5%. The cost of floatation amount to Rs. 3,000. The debentures are redeemable after 5 years. Compute before – tax and after – tax cost of debt. The tax rate is 50%.	
Section B		
All Questions can be answered. Each Question carries 6 marks(Ceiling : 36 Marks)		
11	What are the functions of accounting?	
12	Differentiate between financial accounting and cost accounting	
13	Explain the role of managerial accounting in decision-making.	
14	Explain the nature and importance of projected financial statements	
15	Explain the role of finance in entrepreneurship	
16	Prepare a cash budget for Prasad and Co for January, February and March months from the following estimated revenue and expenses ;	

Month	Total sales (Rs.)	Materials (Rs.)	Wages (Rs.)	Production overheads (Rs.)	Selling and distribution overheads (Rs.)
January	10,000	10,000	2,00	1,600	400
February	11,000	7,000	2,200	1,650	450
March	14,000	7,000	2,300	1,700	450
April	18,000	11,000	2,300	1,750	500
May	15,000	10,000	2,000	1,600	450
June	20,000	12,500	2,500	1,800	600

Additional information

1. Cash balance on 1st January was Rs. 5,000. New machinery is to be installed at Rs. 10,000 on credit, to be repaid by two equal instalments in March and April.
2. Sales commission @ 5% on total sales is to be paid within a month of following actual sales.
3. Rs. 5,000 being the amount of 2nd call may be received in March. Share Premium amounting to Rs. 1,000 is also obtainable with the 2nd call.
4. Period of credit allowed by suppliers is 2 months.
5. Period of credit allowed to customers is 1 month.
6. Delay in payment of overheads is 1 month.
7. Delay in payment of wages $\frac{1}{2}$ month.
8. Assume cash sales to be 50% of total sales.

17	From the following particular, you are required to prepare production budget of Mittal Ltd. a manufacturing organization that has three products X, Y and Z			
	Product	Estimated stock at the beginning of the budget period	Estimated stock at the end of the budget period	Estimated sales as per sales budget
	X	5,000 units	6,400 units	21,600 units
	Y	4,000 units	3,850 units	19,200 units
	Z	6,000 units	7,800 units	23,100 units

18	X Co. has made its plans for the next year. It is estimated that the company will employ total assets of Rs. 8,00,000; 50 per cent of the assets being financed by borrowed capital at an interest cost of 8 per cent per year. The direct costs for the year are estimated at Rs. 4,80,000 and all other operating expenses are estimated at Rs. 80,000. The goods will be sold to customers at 150 per cent of the direct costs. Tax rate is assumed to be 50 per cent. You are required to calculate: (i) Net Profit Margin; (ii) Return on Assets; (iii) Assets Turnover and (iv) Return on Owners' Equity.
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Section C

Answer any ONE .Each Question carries 10 marks(1x10=10 Marks)

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The Board of Director of Amit Ltd. was not able to decide that why the Co. is not having adequate cash balance. The amount of profit of the company for the year 2003 was Rs. 90,000. This was highest amount as compared to previous years. You have been asked to prepare a Cash Flow Statement

Balance Sheet					
(Rs. in thousands)					
Liabilities	Dec.2002	Dec.2003	Assets	Dec.2002	Dec.2003
Issue and paid up capital	1,575.00	1,575.00	Long term assts	1,125.00	2,047.50
Profit and Loss A/c	157.00	225.00	Closing stock	337.50	900.00
Mortgage Loan		900.00	Prepayments	45.00	90.00
Tax unpaid	22.50	67.50	Trade debtors	112.50	450.00
Trade creditors	315.00	877.50	Cash	450.00	157.50
	2,070.00	3,645.00		2,070.00	3,645.00

Statement of Profit		
(For the year ended Dec.2003)		
Particulars	Rs. ,000	Rs. ,000
Sales		2,250.00
Opening stock	337.50	
Add. Purchases	2205.00	
	2,542.50	
Less Closing stock	900.00	1642.50
Gross profit		607.50
Less:		
Administrative expenses	247.50	
Depreciation	180.00	
Taxes (Provision)	90.00	517.50
Net Profit		90.00
Payment of dividends		22.50
		67.50
Add. Profit and loss a/c (Jan.2003)		157.50
Balance on Dec. 2003		225.00

You are also informed that a new building was purchased on 15th June 2003 for Rs.11,02,500.

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Z Co. has a capital structure of 30% debt and 70% equity. The company is considering various investment proposals costing less than Rs. 30 Lakhs. The company does not want to disturb its present capital structure. The cost of raising the debt and equity are as follows

Project Cost	Cost of Debt	Cost of Equity
Above Rs. 5 Lakhs	9%	13%
Above Rs. 5 Lakhs and upto Rs. 20 Lakhs	10%	14%
Above Rs. 20 Lakhs and upto Rs. 40 Lakhs	11%	15%
Above Rs. 40 Lakhs and upto Rs. 1 Crore	12%	15.55%

Assuming the tax rate is 50%, compute the cost of two projects A and B, whose fund requirements are Rs. 8 Lakhs and Rs. 22 Lakhs respectively. If the projects are expected to yield after tax return of 11%, determine under what conditions they would be acceptable