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Manipal Institute of Technology, Manipal

(A Constituent Institute of Manipal University)



II SEMESTER M.TECH (CEM)

END SEMESTER EXAMINATIONS, MAY 2016

SUBJECT: CONSTRUCTION ECONOMICS AND ACCOUNTING [CIE 504]

REVISED CREDIT SYSTEM

Time: 3 Hours

07/05/2016

MAX. MARKS: 50

Instructions to Candidates:

❖ Answer any **FIVE FULL** questions.

Q.1 Navanirman Constructions Limited (NCL) Manipal formed a Project Management consulting firm specializing in project planning and scheduling at Manipal. Below are the transactions that occurred during the initial month of operation.

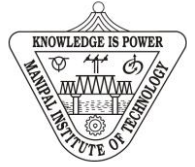
- August 2 NCL invested ₹ 3000000 cash in the capital stock of the newly formed corporation.
- August 3 Hired an administrative assistant, to be paid ₹ 40,000 per month. Leased office space at the rate of ₹ 15,000 per month. Signed a contract with X3Y Constructions to deliver consulting services valued at ₹ 80,000.
- August 8 Purchased (and immediately used) office supplies on account for ₹ 8000.
- August 9 Received ₹ 30,000 from X3Y Constructions for work performed to date.
- August 15 Paid, ₹ 12,000 for travel costs associated with consultation work.
- August 16 Provided services on account to AzB Construction for ₹ 30, 000.
- August 17 Paid ₹ 20, 000 to administrative assistant for salary.
- August 23 Billed Mantri Constructions for ₹ 40,000 consulting engagement performed.
- August 25 The company paid Owner a ₹ 10,000 dividend.
- August 26 Collected 50% of the amount due for the billing on August 23.
- August 27 Purchased computer furniture for ₹ 40, 000, paying ₹ 10,000 down.
- August 27 Paid ₹ 8000 on the open account relating to the August 8 purchase.
- August 28 Completed the X3Y Constructions job and billed the remaining amount.
- August 30 Paid ₹ 20,000 to administrative assistant for salary.
- August 30 Paid rent for August ₹ 15,000

- (a) Journalize the listed transactions.
- (b) Post the transactions to the appropriate general ledger accounts.
- (c) Prepare a trial balance as of August 30.

10 marks

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- Q.2 A) The Manipal group of companies sells a particular product for a price of ₹ 300 per unit. Fixed costs of production are ₹ 540,000 and variable costs are ₹ 120 per unit.
- What is the product break-even point in units and sales in rupees?
 - How many units would Manipal group of companies have to sell to earn a profit of ₹ 740,000?
- 4 Marks

- B). PMC service prepared the trail balance worksheet as shown below. By following the given worksheet prepare an income statement, owner's equity, and balance sheet as of the end of the financial year 2015 - 2016.

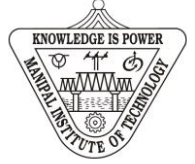
PMC SERVICE			
Worksheet for Trial Balance, March 31,2016			
Account code	Particulars	Debits (₹)	Credits (₹)
102	Cash	50,540	-
103	Accounts receivable	48,000	-
104	Supplies	27,000	-
105	Equipment	2,00,000	-
106	Accumulated depreciation	-	46,700
107	Accounts payable	-	32,900
109	Utilities payable	-	-
110	Unearned revenue	-	34,450
111	Notes payable	-	80,100
101	Capital stock	-	1,20,000
113	Dividends paid	15,000	-
114	Revenues	-	3,20,800
115	Wages expense	2,16,600	-
116	Utilities expense	12,700	-
117	Selling expense	43,610	-
118	Depreciation expense	14,000	-
119	Interest expense	7,500	-
		₹ 634950	₹ 634950

6 Marks

- Q.3 A) Following are the Balance Sheet of Manipal Group & Co. For the year 2015 and 2016, Prepare the comparative and common size financial statements for these two years.

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Balance Sheets as on March 31, for the years 2015 & 2016

Figures in ₹			Figures in ₹		
Particulars	2015	2016	Particulars	2015	2016
Land	100000	100000	Secured Loans	75000	100000
Prepaid Rent	50000	35000	A/C Payable	100000	137000
Plant	150000	135000	O/S Expenses	60000	85000
Furniture	50000	70000	Common Stock	375000	375000
Cash	160000	180000	Retaining Earning	100000	123000
Debtors	100000	150000			
Inventory	100000	150000			

6 Marks

- B). The only current assets possessed by a firm are: cash ₹ 105,000, inventories ₹ 560000 and debtors ₹ 420,000. If the current ratio for the firm is 2:1, determine its current liabilities. Also, calculate the firm's quick ratio. Comment on the quick ratio by comparing with ideal ratio.

4 Marks

- Q.4. A). Briefly explain the market demand and supply.

3 Marks

- B). What are the different types of code used in an accounting system? Briefly explain with example.

4 Marks

- C). What kind of parties are interested in analysis of financial statements?

3 Marks

- Q.5 A company is considering the following investment projects

Project	Cash flows (₹)				
	C ₀	C ₁	C ₂	C ₃	C ₄
A	-15000	4000	7000	8000	
B	-15000	7500	7500	7500	6000
C	-15000	2000	4000	9000	4000
D	-15000	10000	5000	3000	8000

Calculate payback, APR, IRR and NPV at 12% discount rate

10 Marks

- Q.6 Write a short note on the following:

- Objective management accounting
- Budgetary control
- Share capital
- Working Capital Management

10 Marks

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