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MANIPAL INSTITUTE OF TECHNOLOGY
MANIPAL
(A constituent institution of MAHE, Manipal)

II SEMESTER M.TECH. (CONSTRUCTION ENGINEERING & MANAGEMENT)
END SEMESTER EXAMINATIONS, APRIL/MAY 2018
SUBJECT: CONSTRUCTION ECONOMICS & ACCOUNTING (CIE-5202)
REVISED CREDIT SYSTEM
(19/ 04/ 2018)

Time: 3 Hours

MAX. MARKS: 50

Instructions to Candidates:

- ❖ Answer ALL the questions.
- ❖ Missing data may be suitable assumed.

1A.	<p>Journalise the following transactions of M/s Prestige Enterprises for the month of March 2018, post the same in the relevant ledger and balance the same in Trial.</p> <p>Balance on 28.03.2018.</p> <p>March 1: Started a business with a cash of Rs. 50,000 and furniture worth 20,000.</p> <p>March 3: Purchased an equipment worth 40,000 by paying cash Rs 20,000 and agreed to pay the balance amount by signing a promissory note.</p> <p>March 4: Opened a current account in Canara Bank with Rs. 50,000</p> <p>March 6: Purchased goods worth Rs. 20,000 from Ganesh Enterprises.</p> <p>March 8: Sold goods to Medha Traders on credit for Rs. 30,000</p> <p>March 13: Bank charged Rs. 500 as penalty for not maintaining minimum balance.</p> <p>March 16: Received a cheque of Rs. 30,000 in full settlement from Medha Enterprises.</p> <p>March 19: Paid the advances rent of Rs. 20,000.</p> <p>March 24: Paid the balance amount as agreed on March 3, towards the purchase of equipment</p>	10
2A.	Explain accounting conversions (any 3) with an example.	3

2B.	Prepare the Profit & Loss Account and Balance sheet of Shankar & Co. after considering the adjustments for the Trial Balance shown on December 31, 2017 as follows:					7																																																																																										
	<table><tr><td>Particulars</td><td colspan="2">Debit (Rs.)</td><td colspan="2">Credit (Rs.)</td></tr><tr><td>Rent</td><td colspan="2">5000</td><td colspan="2">6000</td></tr><tr><td>Bank Loan</td><td colspan="2"></td><td colspan="2">1000000</td></tr><tr><td>Machinery</td><td colspan="2">400000</td><td colspan="2"></td></tr><tr><td>Furniture</td><td colspan="2">40000</td><td colspan="2"></td></tr><tr><td>Building</td><td colspan="2">600000</td><td colspan="2"></td></tr><tr><td>Repairs & maintenance</td><td colspan="2">20000</td><td colspan="2"></td></tr><tr><td>Debtors</td><td colspan="2">100000</td><td colspan="2"></td></tr><tr><td>Salary</td><td colspan="2">30000</td><td colspan="2"></td></tr><tr><td>Electricity Expenses</td><td colspan="2">13000</td><td colspan="2"></td></tr><tr><td>Fixed Deposit with Bank</td><td colspan="2">100000</td><td colspan="2"></td></tr><tr><td>Travelling Expenditure</td><td colspan="2">12000</td><td colspan="2"></td></tr><tr><td>Interest</td><td colspan="2">20000</td><td colspan="2">34000</td></tr><tr><td>Insurance</td><td colspan="2">20000</td><td colspan="2"></td></tr><tr><td>Advance to Mahesh</td><td colspan="2">250000</td><td colspan="2"></td></tr><tr><td>Bad debt</td><td colspan="2">10000</td><td colspan="2"></td></tr><tr><td>Capital</td><td colspan="2"></td><td colspan="2">580000</td></tr><tr><td></td><td colspan="2">1620000</td><td colspan="2">1620000</td></tr></table>						Particulars	Debit (Rs.)		Credit (Rs.)		Rent	5000		6000		Bank Loan			1000000		Machinery	400000				Furniture	40000				Building	600000				Repairs & maintenance	20000				Debtors	100000				Salary	30000				Electricity Expenses	13000				Fixed Deposit with Bank	100000				Travelling Expenditure	12000				Interest	20000		34000		Insurance	20000				Advance to Mahesh	250000				Bad debt	10000				Capital			580000			1620000		1620000	
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3A.	A company sells his product at Rs. 500 each. Variable costs are 100 per unit and fixed cost of production are Rs. 5, 00,000.					4																																																																																										
	a. What is the product break-even point in units and sales in rupees?																																																																																															
	b. The profit that the company earn at the sales level of 3000 units and 5000 units																																																																																															
3B.	From the balance sheet as shown, prepare the Common Size Balance sheet statement and comment on the performance					6																																																																																										
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4A.	Distinguish management accounting from financial accounting.	3																			
4B.	Explain the various sources of finance with respect its importance in the firm	4																			
4C.	<p>A company possess the following current assets: Cash: Rs. 1,10,000 Goods: Rs. 3,00,000 Debtors: Rs. 4,00,000 Prepaid expenses: 1,00,000</p> <p>If the current ratio for the firm is 2: 1, determine the current liabilities. Also calculate the Quick Ratio of the firm and comment on the liquidity of the firm in comparison with ideal ratio.</p>	3																			
5A.	<p>A company has following investment project proposal with estimated annual operating cost of proposal A and proposal B is Rs. 2,000 per annum and Rs. 3,000 per annum respectively. Calculate payback period, ARR, IRR and NPV at 10% discount rate and rank the project. Also justify your selection.</p> <table><tr><th rowspan="2">Project</th><th>Cash Outflow</th><th colspan="3">Cash inflows (₹)</th></tr><tr><th>C0</th><th>C1</th><th>C2</th><th>C3</th></tr><tr><td>A</td><td>-15000</td><td>6000</td><td>7000</td><td>8000</td></tr><tr><td>B</td><td>-15000</td><td>10000</td><td>10000</td><td>10000</td></tr></table>	Project	Cash Outflow	Cash inflows (₹)			C0	C1	C2	C3	A	-15000	6000	7000	8000	B	-15000	10000	10000	10000	5
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5B.	What is working capital? Explain any four factors determining working capital?	3																			
5C.	What is law of supply? What are the determinants of supply	2																			