



MANIPAL INSTITUTE OF TECHNOLOGY

SECOND SEMESTER M.TECH (CEM)

END SEMESTER EXAMINATION, MAY 2023

CONSTRUCTION ECONOMICS & ACCOUNTING (CIE-5254)

(– 05 - 2023)

TIME: 3 HRS.

MAX. MARKS: 50

- Note:** 1. Answer all questions.
2. Any missing data may be suitably assumed.

Q. NO	QUESTION	MARKS	CO																																																						
1A	<p>M/s. Mukesh & Co. recorded the following transactions for the month of January 2023. The company has asked you to formulate the journal, ledger and trial balance as on 31.01.2023.</p> <p>January 1: Commenced a business with cash ₹ 75,000 and office building worth ₹ 1,00,000.</p> <p>January 9: Opened an account in Bank and deposited cash of ₹ 1,00,000.</p> <p>January 10: Provided services to M/s. Aparna consultancy worth ₹ 70,000. They paid cash of Rs. 30,000 and remaining amount promised to pay through promissory note.</p> <p>January 14: M/s. Aparna consultancy is declared insolvent.</p> <p>January 17: Received a cheque of ₹ 50,000 for the service rendered to customer.</p> <p>January 19: Withdrew Rs.2,000 cash from bank for private use.</p> <p>January 22: Paid ₹ 2,000 towards the purchase of office supplies.</p> <p>January 31: Paid utility charges ₹ 20,000</p>	6	1																																																						
1B	<p>Explain the following terms with their significance on preparing the financial statements (i) Cost concept</p> <p>(ii) Objective Evidence concept</p>	2	1																																																						
1C	<p>Distinguish between the common size statement, comparative statement and trend analysis with regard to various modes of operation.</p>	2	3																																																						
2A	<p>Construct the Profit & Loss Account and Balance sheet of Mohan & Co. after considering the adjustments for the Trial Balance shown on March 31, 2022 as follows</p> <table><tr><th>Particulars</th><th>Debit (Rs.)</th><th>Credit (Rs.)</th></tr><tr><td>Interest</td><td>3000</td><td>5000</td></tr><tr><td>ICICI Bank Loan</td><td></td><td>1280000</td></tr><tr><td>Machinery</td><td>400000</td><td></td></tr><tr><td>Furniture</td><td>80000</td><td></td></tr><tr><td>Building</td><td>600000</td><td></td></tr><tr><td>Repairs & maintenance</td><td>7000</td><td></td></tr><tr><td>Debtors</td><td>300000</td><td></td></tr><tr><td>Salary</td><td>30000</td><td></td></tr><tr><td>Utilities Expense</td><td>13000</td><td></td></tr><tr><td>Fixed Deposit with Bank</td><td>200000</td><td></td></tr><tr><td>Travelling Expenditure</td><td>12000</td><td></td></tr><tr><td>Rent</td><td>25000</td><td>45000</td></tr><tr><td>Printing & Stationary</td><td>20000</td><td></td></tr><tr><td>Advance to Sachin</td><td>250000</td><td></td></tr><tr><td>Bad debt</td><td>10000</td><td></td></tr><tr><td>Capital</td><td></td><td>620000</td></tr><tr><td></td><td>1950000</td><td>1950000</td></tr></table> <p>Adjustments:</p> <p>1. Prepaid salary Rs. 10,000</p> <p>2. Outstanding rent expense Rs. 2000</p>	Particulars	Debit (Rs.)	Credit (Rs.)	Interest	3000	5000	ICICI Bank Loan		1280000	Machinery	400000		Furniture	80000		Building	600000		Repairs & maintenance	7000		Debtors	300000		Salary	30000		Utilities Expense	13000		Fixed Deposit with Bank	200000		Travelling Expenditure	12000		Rent	25000	45000	Printing & Stationary	20000		Advance to Sachin	250000		Bad debt	10000		Capital		620000		1950000	1950000	7	2
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2B	Distinguish financial accounting with management accounting.	3	2																																				
3A	A company sells his product at Rs. 400 each. Variable costs are 120 per unit and fixed cost of production are Rs. 6,30,000. 1. Determine the product break-even point in units and sales in rupees. 2. Determine the quantity of units to be sold by the company to make a profit of Rs. 28,000.	4	5																																				
3B	From the given balance sheet for the end of year 2022, formulate the Comparative Balance sheet statement and comment on the change of performance. (All Fig.in Rs.) <table><tr><td>Liabilities</td><td>2021</td><td>2022</td><td>Assets</td><td>2021</td><td>2022</td></tr><tr><td>Debentures</td><td>50000</td><td>50000</td><td>Building</td><td>130000</td><td>100000</td></tr><tr><td>Account Payable</td><td>80000</td><td>40000</td><td>Plant</td><td>50000</td><td>40000</td></tr><tr><td>Share Capital (Rs. 10 each)</td><td>100000</td><td>120000</td><td>Cash</td><td>50000</td><td>30000</td></tr><tr><td>Reserves & Surplus</td><td>70000</td><td>50000</td><td>Account Receivables</td><td>50000</td><td>60000</td></tr><tr><td></td><td></td><td></td><td>Inventories</td><td>20000</td><td>30000</td></tr></table>	Liabilities	2021	2022	Assets	2021	2022	Debentures	50000	50000	Building	130000	100000	Account Payable	80000	40000	Plant	50000	40000	Share Capital (Rs. 10 each)	100000	120000	Cash	50000	30000	Reserves & Surplus	70000	50000	Account Receivables	50000	60000				Inventories	20000	30000	6	3
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4A	Explain the various sources of finance and its applications.	3	4																																				
4B	Explain capital budgeting. Discuss the merits and demerits of “Accounting rate of return” method adopted in choosing the project proposal in comparison with discounted cash flow techniques.	3	4																																				
4C	For the statement of profit shown for the respective year 2022 and 2023, Evaluate and comment on the profitability and solvency using i) Gross profit ratio ii) Net Profit Ratio and iii) Interest coverage Ratio. <table><tr><td>Particulars</td><td>2022</td><td>2023</td></tr><tr><td>Sales Revenue</td><td>100000</td><td>270000</td></tr><tr><td>Cost of Goods Sold</td><td>50000</td><td>60000</td></tr><tr><td>Selling & Administration expenses</td><td>5000</td><td>10000</td></tr><tr><td>Interest expenses</td><td>10000</td><td>30000</td></tr><tr><td>Depreciation</td><td>10000</td><td>50000</td></tr><tr><td>Tax</td><td>4000</td><td>5000</td></tr></table>	Particulars	2022	2023	Sales Revenue	100000	270000	Cost of Goods Sold	50000	60000	Selling & Administration expenses	5000	10000	Interest expenses	10000	30000	Depreciation	10000	50000	Tax	4000	5000	4	3															
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5A	A company has following investment proposal with estimated annual operating cost of proposal A and proposal B is Rs. 2,000 per annum and 3,000 per annum for 3 years respectively. Determine payback, ARR, IRR and NPV at 10% discount rate and rank the project. <table><tr><td rowspan="2">Project</td><td>Cash Outflow</td><td colspan="3">Cash inflows (₹)</td></tr><tr><td>C0</td><td>C1</td><td>C2</td><td>C3</td></tr><tr><td>A</td><td>-20000</td><td>10000</td><td>10000</td><td>9000</td></tr><tr><td>B</td><td>-20000</td><td>15000</td><td>15000</td><td>15000</td></tr></table>	Project	Cash Outflow	Cash inflows (₹)			C0	C1	C2	C3	A	-20000	10000	10000	9000	B	-20000	15000	15000	15000	5	4																	
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5B	Distinguish the determinants of demand with that of supply.	2	5																																				
5C	Explain the significance of the following terms with respect to demand and supply: i. Breakeven point ii. Perfect Market iii. Implicit cost	3	5																																				