

GUJARAT TECHNOLOGICAL UNIVERSITY
ME - SEMESTER- I • EXAMINATION – WINTER 2014

Subject Code: 2711406**Date: 12/01/ 2015****Subject Name: Construction Finance & Accounting****Time: 02:30 p.m. to 05:00 p.m.****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) Explain the basic concepts of finance. **07**
 (b) Differentiate Finance and Accounting. **07**

- Q.2** (a) Explain different accounting process in brief. **07**
 (b) How does management accounting help in management decision process and control? **07**

OR

- (b) Explain the role of depreciation in construction industry. **07**

- Q.3** (a) Sunlight company needs a paver machine for its project. The cost of the new machine is Rs. 8 cr. The expected useful life of the machine is 8 years. At the end of 8-year period, the machine would have no salvage value. After installation, the machine would increase cash inflows by Rs.3cr. per year. Sunlight is interested to know the net present value of the machine to accept or reject this investment. The minimum required rate of return of the company is 16% on all capital investments. Required: **07**

1. Compute net present value of the machine.
2. Is it acceptable to purchase the machine?

- (b) What are the objectives of financial management? **07**

OR

- Q.3** (a) What are the different uses of financial statement? **07**
 (b) What are the sources of long-term capital? **07**

- Q.4** (a) What are the factors affecting working capital? **07**
 (b) What are the sources of working capital in construction industry? **07**

OR

- Q.4** (a) What are the merits and demerits of cash flow analysis? **07**
 (b) A firm sells 7000 units at Rs. 27 per unit. Its fixed cost amounts to Rs. 44,000 and variable cost to Rs. 16 per unit. You are required to find: **07**
1. The break-even point.
 2. Profit-Volume ratio.
 3. Margin of safety.

- Q.5** Write Notes on any two : - **14**
1. Joint Ventures.
 2. Corporate taxes.
 3. Interpretation of financial statement.
 4. Break-even analysis.
