

# GBCS Scheme

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15CT52

## Fifth Semester B.E. Degree Examination, Dec.2017/Jan.2018 Construction Economics and Finance

Time: 3 hrs.

Max. Marks: 80

**Note: Answer any FIVE full questions, choosing one full question from each module.**

### Module-1

- 1 a. Explain the law of supply and Demand with suitable graph and relevant examples from construction industry. (10 Marks)  
b. With suitably example form construction industry explain market equilibrium. (06 Marks)

OR

- 2 a. Define market Demand. Emphasize on the conditions of market demand. (06 Marks)  
b. Briefly explain the different criteria required to choose any technology with respect to market economy with suitable example construction industry. (10 Marks)

### Module-2

- 3 a. Explain the economics of energy resources. (06 Marks)  
b. What are the employment effects on economics due to migration of construction workers to urban areas? (10 Marks)

OR

- 4 a. Explain economics of ecology and environment. (08 Marks)  
b. Explain construction development in transportation and other infrastructure. (08 Marks)

### Module-3

- 5 Explain the following sources of financing  
a. Foreign capital  
b. Indigenous Bankers  
c. Public deposits  
d. Managing Agency system. (16 Marks)

OR

- 6 a. Explain the importance of financial management in business. (08 Marks)  
b. List the advantages and limitations of equity financing. (08 Marks)

### Module-4

- 7 a. Explain the uses of Fund Flow and cash Flow statement. (08 Marks)  
b. Total sales of a firm is Rs. 6, 40,000. It has a gross profit margin of 15% and current ratio of 2.5. The firms current liabilities are Rs. 96,000, inventories Rs. 48,000 and cash Rs. 16,000. Determine :  
i) The average inventory to be carried by the firm if an inventory turnover of 5 times is expected.  
ii) The average collection period if the operating balance of debtors is intended to be of Rs. 80,000.

Assume a 360 – day year.

(08 Marks)

OR

8 a. Explain the following financial ratio

- i) Gross Margin
- ii) Quick Ratio
- iii) Stock turnover Ratio
- iv) Debt Ratio

(08 Marks)

b. From the following data, prepare a cash flow statement by indirect method :

CAPITAL AND LIABILITIES			ASSETS		
	30/11/2017	30/11/2016		30/11/2017	30/11/2016
Share capital	50,00,000	40,00,000	Fixed Assets	31,00,000	30,00,000
Reserve Fund	15,00,000	5,00,000	Investment	1,50,000	-
Secured loan	35,00,000	40,00,000	Stock and store	75,00,000	78,75,000
Current liabilities	50,00,000	60,00,000	Sundry debtors	40,00,000	35,00,000
			Cash in bank	2,50,000	1,25,000
Total	1,50,00,000	1,45,00,000	Total	1,50,00,000	1,45,00,000

- i) The net profit for the year after adjustment in respect of provisions for dividends and taxation was Rs. 10, 00,000.
- ii) There was addition to fixed assets during the year amounting to Rs. 4,00,000 and depreciation for the year was Rs. 3,00,000

(08 Marks)

**Module-5**

9 a. What is working capital? Explain the types of working capital.

(06 Marks)

b. List the factors affecting working capital. Explain them briefly.

(10 Marks)

OR

10 a. Explain different forecasting methods of working capital requirement.

(12 Marks)

b. Briefly explain the following :

- i) Liquidity
- ii) Profitability.

(04 Marks)

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