Unit 9 - Week 7: Construction Accounts

Course outline

How does an NPTEL online course work?

Assignment-0

week-1: Introduction

Week 2: Methods in economic decision making

Week 3: Depreciation and its impact on economic decision making

Week 4: Risk analysis

Week 5: Simulation and Bidding

Week 6: Bidding

Week 7: Construction Accounts

- Introduction to accounting
- Introduction to accounting (Part 2)
- Introduction to accounting (Part 3)
- Revenue recognition
- Construction Contract Status Reports
- Quiz : Assignment-7
- Feedback Form for Week-07
- Assignment-07 Solution

Week 8: Construction accounts (Continued)

Text Transcripts

Download Videos

Assignment-7

The due date for submitting this assignment has passed.
As per our records you have not submitted this assignment.

Due on 2020-03-18, 23:59 IST.

1) Why is the General Journal used to correct errors in the ledger? ***1 point***

- to avoid making alterations in the ledger to complete the double entry to provide a record explaining ledger entries to save the book-keeper's time
- to complete the double entry
- to provide a record explaining ledger entries
- to save the book-keeper's time

No, the answer is incorrect.
Score: 0
Accepted Answers:
to provide a record explaining ledger entries

2) Consider the following statements in the context of revenue recognition: ***1 point***

Statement – 1: In completed contract method, the revenue is recognized only when the project has been completed

Statement – 2: In straight accrual method, the revenue for the project at any point of time is calculated by subtracting costs incurred to date from the billed to date amount

Which of the following is CORRECT?

- Both statements are TRUE
- Statement – 1 is TRUE and Statement – 2 is FALSE
- Statement – 1 is FALSE and Statement – 2 is TRUE
- Both statements are FALSE

No, the answer is incorrect.
Score: 0
Accepted Answers:
Both statements are TRUE

3) Consider the following operations related to accounting: ***1 point***

1. Adjusting entries and recording transactions in T-Accounts
2. Preparing initial trial-balance
3. Preparation of the profit & loss account and closing of T-accounts
4. Recording transactions chronologically
5. Preparation of the balance sheet

Which of the following options denotes the correct sequence of operations given above?

- 4→2→1→3→5
- 4→1→2→3→5
- 2→1→4→5→3
- 2→4→1→5→3

No, the answer is incorrect.
Score: 0
Accepted Answers:
4→1→2→3→5

4) The construction contract status reports of two of the projects are given in the table below: ***1 point***

Project	Contract value (INR)	Cost to date (INR)	Total amount billed to date (INR)	Estimated cost to complete the balance work (INR)
P	150,000	40,000	60,000	100,000
Q	125,000	60,000	70,000	60,000

Compute the percentage completion and choose the correct option:

- The percentage completion of Project P is 42.86%
- The percentage completion of Project P is 71.43%
- The percentage completion of Project Q is 50%
- The percentage completion of Project Q is 58.33%

No, the answer is incorrect.
Score: 0
Accepted Answers:
The percentage completion of Project Q is 50%

5) The construction contract status reports of two of the projects are given in the table below: ***2 points***

Project	Contract value (INR)	Cost to date (INR)	Total amount billed to date (INR)	Estimated cost to complete the balance work (INR)
P	150,000	40,000	60,000	100,000
Q	125,000	60,000	70,000	60,000

Compute the estimated profit/loss of both the projects at completion and choose the correct option:

- The estimated profit of Project P is INR 10,000
- The estimated loss of Project P is INR 10,000
- The estimated profit of Project Q is INR 10,000
- The estimated loss of Project Q is INR 5,000

No, the answer is incorrect.
Score: 0
Accepted Answers:
The estimated profit of Project P is INR 10,000

6) The construction contract status reports of two of the projects are given in the table below: ***2 points***

Project	Contract value (INR)	Cost to date (INR)	Total amount billed to date (INR)	Estimated cost to complete the balance work (INR)
P	150,000	40,000	60,000	100,000
Q	125,000	60,000	70,000	60,000

Compute the amount earned to date and choose the correct option:

- Project P is over-billed and Project Q is under-billed
- Project P is under-billed and Project Q is over-billed
- Both the projects are over-billed
- Both the projects are under-billed

No, the answer is incorrect.
Score: 0
Accepted Answers:
Both the projects are over-billed

7) For the set of the data given in the Table, what will be the revenue using (i) cash method of revenue recognition, (ii) straight accrual method of revenue recognition, and (iii) percentage of completion method of revenue recognition? ***2 points***

S. No.	Description	Amount (INR)
1	Contract amount	2,000,000
2	Original estimated cost	1,800,000
3	Billed to date	1,500,000
4	Payments received to date	1,300,000
5	Costs incurred to date	900,000
6	Forecasted costs to complete	850,000
7	Costs paid to date	800,000

Choose the correct option:

- (i) INR 400,000; (ii) INR 700,000; (iii) INR 969,600
- (i) INR 500,000; (ii) INR 700,000; (iii) INR 969,600
- (i) INR 500,000; (ii) INR 600,000; (iii) INR 969,600
- (i) INR 500,000; (ii) INR 600,000; (iii) INR 1,028,600

No, the answer is incorrect.
Score: 0
Accepted Answers:
(i) INR 500,000; (ii) INR 600,000; (iii) INR 1,028,600