

**5CM44: CONSTRUCTION FINANCE AND ACCOUNTING**  
**CREDITS - 4 (LTP:3,1,0)**

**Course Objective:**

To help students to understand various aspects of construction finance and management accounting for financial decision making.

**Teaching and Assessment Scheme:**

Teaching Scheme (Hours per week)			Credits	Assessment Scheme				Total Marks
L	T	P	C	Theory Marks		Practical Marks		150
				ESE	CE	ESE	CE	
3	1	0	4	60	40	20	30	

**Course Contents:**

Unit No.	Topics	Teaching Hours
<b>1</b>	<b>Basic financial concepts:</b> Capital and Revenue, financial accounting, cost accounting, management accounting, financial management.	<b>05</b>
<b>2</b>	<b>Accounting Process:</b> GAPP, double entry system, ten point book keeping system, journal, ledger, cash book, trial balance, final account, provision and reserves, depreciation accounting, preparation of profit and loss account and balance sheet as per companies act, 1956, interpretation of financial statements.	<b>10</b>
<b>3</b>	<b>Project Accounts:</b> Methods of recording and reporting site accounts to project office and from project office to head office.	<b>10</b>
<b>4</b>	<b>Financial Management:</b> Financial statement analysis, ratio analysis, fund flow, cash flow analysis, source of finance. Estimating working capital needs and factors affecting it, financing working capital needs, sources, procedures and practice in construction industry, break even analysis.	<b>10</b>
<b>5</b>	Corporate taxing and tax planning, joint ventures, financial packaging of project. Introduction. Cost Planning, Cost Budgeting and Cost Control. Estimation of project cost. Cost appraisal of project. Project cash flow analysis and planning. Value engineering in cost validation.	<b>10</b>
<b>Total</b>		<b>45</b>

**List of References:**

1. Bhattacharya S.K. and John Dearden, "Accounting for Management", Vani Educational Books, Bombay.
2. Mott C.H., "Accounting and Finance Management for Construction Vol. I", John Wiley, New York.
3. EPPS B.G. and Whiteman D.E., "Cost Accounting for Construction Firms", John Wiley, New York.

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4. Corniman D., "*Construction Management: Planning & Finance*", Construction Press, London.
5. Danny Myers, "*Construction Economics: A New Approach*", Taylor and Francis Publisher, 2004.
6. Ofori, G, "*The Construction Industry Aspects of its economics and Management*", Singapore University Press, 1990.

### **Course Outcomes (COs):**

At the end of this course students will be able to ...

1. Prepare income, profit and loss statements and implement construction accounting.
2. Evaluate construction project economics, cost-benefit analysis and breakeven analysis.
3. Analyze and evaluate construction risks and uncertainties.
4. Understand the importance of working capital management, budgeting and control.