

KHULNA UNIVERSITY OF ENGINEERING & TECHNOLOGY

Department of Mechanical Engineering

B. Sc. Engineering 1st Year 2nd Term Examination, 2015

Hum 1205

(Economics and Accounting)

Time: 3 Hours.

Full Marks: 210

- N.B. i) Answer any THREE questions from each section in separate scripts.
ii) Figures in the right margin indicate full marks.
iii) Assume reasonable data if any missing.

SECTION – A

- 1(a). What is Economics? What are the basic problems of an economic system? 13
- 1(b). Distinguish between Micro and Macro economics. 10
- 1(c). Draw and explain a production possibilities Frontier for an economy that produces milk and cookies. 12
- 2(a). Explain law of demand and its determinants. 15
- 2(b). Why the demand curve slopes down-ward? 10
- 2(c). What are the main causes of inflation? 10
- 3(a). What is production? Discuss the different factors of production. 10
- 3(b). Draw the marginal - cost, average-cost curves for a typical firm. Explain why the curves have shapes that they do and why they cross where they do. 15
- 3(c). By monetary instruments, how can you suggest the government to control, inflation? 10
- 4(a). In year 2010, the economy produces 100 loaves of bread that sell for \$2 each. In year 2011, the economy produces 200 loaves of bread that sell \$4 each. And in year 2012 the economy produces 400 loaves of bread that sell \$6 each. Calculate Normal GDP, real GDP and the GDP deflator for each year. (Use 2010 as base year). 15
- 4(b). By what percentage does each of these three statistics rise from one year to another? Explain. 10
- 4(c). Suppose GDP is \$8 trillion, Taxes \$0.5 trillion and public savings \$0.20 trillion. Assume this country is closed. Calculate consumption, Govt. purchases, National savings and investment. 10

SECTION – B

- 5(a). What is accounting cycle? State the steps of accounting cycle. 13
- 5(b). Who are the users of Accounting information? What are the information needs of the different types of users? 12
- 5(c). Why ledger is called the king of all accounts? 10
- 6(a). What are the differences between journal and ledger? 10
- 6(b). Mr. Ripon started his own delivery service. Selim deliveries on June 01 2015. The following transactions occurred during the month of June. 25

- June – 01 Tk. 2,00,000 invested by Selim.
- “ - 02 Purchased a deliver van costing Tk. 1,00,000 in which Tk. 50,000 in cash and the balance on account.
- “ - 05 purchased office supplies for cash Tk. 5,000
- “ - 06 purchased and office equipment costing Tk.6,000
- “ - 08 Borrowed Tk. 30,000 from Sonali bank.
- “ - 10 Received cash Tk. 3,000.
- “ - 15 Performed delivery services to Mr. X Tk. 4,000
- “ - 20 Received cash from Mr. X.
- “ - 27 Utility bill received Tk. 250 for this month.
- “ - 29 Employees salaries paid in cash Tk. 7,000.

Required: Journalise above the transactions in the book of Mr. Ripon.

- 7(a). What is transaction? State the characteristics of Business transaction. 10
- 7(b). Define Trial balance. What are the differences between Trial balance and statement of Financial Position? 10
- 7(c). From the following ledger balances of A. K. Rahman and Co. prepare a Trial balance as on 31st December, 2015. 15

Name	Taka	Name	Taka
Cash	35,000	Capital	40,500
Notes receivable	18,000	Accounts payable	20,000
Accounts receivable	50,000	Good purchase	1,00,000
Good sales	2,00,000	Sales returns	5,000
Purchase returns	3,000	Furniture	20,000
Accumulated depreciation-Furniture	6,000	Plant and Machinery	40,000
Accumulated depreciation-plant & Machinery	12,000	Travelling expense	2,000
Salaries expense	7,000	Insurance expense	1,500
Utility expense	1,000	Interest expense	2,000
Notes payable	15,000	10% Mortgage loan	10,000
Opening inventory	25,000		

8(a). Why the both sides of trial balance are equal?

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8(b). The trial balance for Kajol's video service for the year ended December 31, 2014. Is given below:

Kajol's Video Service
Trial Balance
December 31, 2014

Account Titles	Debit (Tk.)	Credit (Tk.)
Cash	10,000	
Accounts receivable	18,000	
Parts and supplies	91,000	
Prepaid insurance	5,400	
Lab. equipment	2,40,000	
Accumulated depreciation – Lab. equipment		60,000
Accounts payable		20,000
Kajol's capital		2,05,600
Notes payable		40,000
Kajol's drawing	2,17,000	
Service revenue earned		4,35,000
Wages expense	1,03,800	
Rent expense	48,000	
Utilities expense	21,700	
Advertisement expense	4,900	
Miscellaneous expense	800	
Total Taka	7,60,600	7,60,600

Adjustments:

- (i) Parts and supplies on hand at December 31, 2014 amount to Tk. 16,000.
- (ii) Wages unpaid Tk. 3,200.
- (iii) Insurance premium per month Tk. 400.
- (iv) Depreciation on equipment for the year amount to Tk. 24,000.

Instructions :

- (i) Prepare a statement of comprehensive income for the year December 31, 2014.
- (ii) Prepare an owner's equity statement for the year ending December 31, 2014.
- (iii) Prepare a statement of financial position as on December 31, 2014.