

KHULNA UNIVERSITY OF ENGINEERING & TECHNOLOGY

Department of Mechanical Engineering
B. Sc. Engineering 1st Year 2nd Term Examination, 2019

Hum 1205
(Economics and Accounting)

Time: 3 Hours

Total 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) How Economics is considered as “science”? Distinguish between Microeconomics and Macroeconomics. 15
- 1(b) Draw and explain a production possibilities Frontier for an economy that produces milk and cookies. What happens to this Frontier if diseases kills half of the economy’s cow population? Explain. 20
- 2(a) Define the price elasticity of demand. Draw and explain the variety of demand curves. 10
- 2(b) Does a change in consumer’s tastes lead to a movement along the demand curve or a shift in the demand curve? 08
- 2(c) Pharmaceutical drugs have an inelastic demand, and computers have an elastic demand. Suppose, the technological advancement doubles the supply of both products (that is, the quantity supplied at each price is twice what it was). Explain, what happens to the equilibrium price and equilibrium quantity in each market? 17
- 3(a) Define total cost, average total cost and marginal cost. 06
- 3(b) What is production function? Draw a production function that exhibits diminishing marginal product of labor. Explain the shapes of the curve you have drawn. 14
- 3(c) What is meant by a “competitive firm”? Under what conditions will a firm exit a market? Explain. 15
- 4(a) What is meant by Gross Domestic product (GDP), Real GDP and GDP growth. 09
- 4(b) What is inflation? What are the main causes of inflation in a country like Bangladesh? 10
- 4(b) Suppose the government borrows \$20 billion more next year than this year. Does the interest rate rise or fall? What happens to investment? To private saving? To public saving? To national saving? 16

SECTION-B

- 5(a) Define accounting. Who are the users of accounting information? 10
- 5(b) Describe different images of accounting. 15
- 5(c) Briefly describe the double entry system of accounting. 10

- 6(a) What is cost? Classify cost in relation to the volume of production. 10
- 6(b) Various cost and sales data for Arohi Company for the just completed year appear in the worksheet below: 25

	Taka
Finished goods inventory, beginning	20,000
Finished goods inventory, ending	40,000
Depreciation, factory	27,000
Administrative expense	1,10,000
Utilities, factory	8,000
Maintenance, factory	40,000
Supplies, factory	11,000
Insurance, factory	4,000
Purchase of raw materials	1,25,000
Raw materials inventory, beginning	9,000
Raw materials inventory, ending	6,000
Direct labor	70,000
Indirect labor	15,000
Work in process inventory, beginning	17,000
Work in process inventory, ending	30,000
Sales	5,00,000
Selling expense	80,000

Required:

- (i) Prepare a schedule of cost of goods manufactured.
- (ii) Prepare an income statement.

- 7(a) What is journal? Why journal is called the book of original entry? 10
- 7(b) Journalize following transactions in the book of Zaman Company. 25
- | | |
|--------|---|
| May 1 | Zaman invested Tk 1,00,000 cash in his business. |
| May 3 | Purchased equipment on credit for Tk 10,000 making one fourth down payment. |
| May 4 | Paid Tk. 800 for two months' insurance premium in advance. |
| May 10 | Made a partial payment Tk. 100 on the equipment purchased on May 3. |
| May 15 | Customers billed for services Tk. 2000 not yet received. |
| May 20 | Zaman withdrew Tk. 1000 for his personal expense. |
| May 25 | Received cash 500 from customer previously billed. |
| May 30 | Transfer one month's insurance to insurance expense account. |

Zonus Company
Trial Balance
December 31, 2018

Name of accounts	Debit (Taka)	Credit (Taka)
Cash.....	81,500	
Inventory (1.1.18)	1,70,450	
Purchase.....	7,35,000	
General expense.....	72,500	
Selling expense	91,550	
Interest expense.....	5,700	
Drawing.....	50,000	
Account Receivable	13,100	
Fixed asset	2,50,000	
Sales Discount.....	8,600	
Sales return	9,200	
Accumulated depreciation.....		30,000
Salary payable		3,100
Account payable		42,500
Loan		1,00,000
Sales		9,98,000
Capital		3,00,000
Purchase discount		14,000
Total	14,87,600	14,87,600

Additional data:

Inventory as on December 31, 2018 Tk. 1,92,950

- (i) Prepare an income statement for the year ended December 31, 2018.
- (ii) Prepare a Balance Sheet as on December 31, 2018.