ECHNICAL UNIVERSITY OF MOMBASA

Faculty of Engineering and Technology

Department of Mechanical & Automotive Engineering

UNIVERSITY EXAMINATION FOR:

Type program name

Type unit code: BFI 4204 ECONOMICS AND ACCOUNTING

SUPPLEMENTARY EXAMINATION

SERIES: MARCH 2025

TIME:2HOURS

DATE:March 2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of five questions. Attemptquestion ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

Question 1

a) Define a budget curve and represent it graphically. (6mks)
b) Discuss any two methods used in the calculation of depreciation. (6mks)
c) Consider a piece of equipment that costs Shs 450,000 with an estimated useful life of 5 years and a shs 50.000 salvage value. Calculate depreciation using the sum-of-the-years-digits and set up the depreciation schedule. (6mks)
d) Show the format of a Trading profit and loss account. (6mks)
e) Differentiate between Process costing and job costing. (6mks)

Question2

a) What is site selection and why is it so important? (10mks)
b) Discuss the role of Quality control inspectors. (10mks)

Question 3

a) What is a perfect competition market and what are the assumptions upon which it is founded? (10mks)

b) What is accounting information? Different parties use accounting information for different purposes. Indicate four such parties and their interest in accounting information. (10mks)

Question 4

a) Three projects have an initial cash outflow of shs 500,000 and a cash inflow as follows in shs000

Year	project A	Project B	Project C
1	200	250	300
2	200	200	200
3	150	200	150
4	150	180	150
5		150	120

i) Using an appropriate method appraise the above projects and advise the management accordingly. (8mks)

ii) Indicate any two of the disadvantages of the method used above, (2mks)

b) Clearly explain the difference between financial accounting and cost accounting (10mks)

Question 5

a) Using an appropriately labeled diagram, show how the price of a product is determined (10mks)

b) Discuss market power and market collusion and state in which markets they occur (10mks)