THE OPEN UNIVERSITY OF SRI LANKA
FACULTY OF ENGINEERING TECHNOLOGY
BACHELOR OF INDUSTRIAL STUDIES
FINAL EXAMINATION 2011/2012

MEM5251 – INDUSTRIAL ECONOMICS, ACCOUNTING AND MARKETING
DATE : 26th February 2012
TIME : 0930 hours –1230 hours
DURATION : 03 Hours

INSTRUCTIONS:
- **Answer five (05) questions only.**
- **All questions carry equal marks.**

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01. (a) What are the accounting errors which are disclosed by the Trial balance?

(b) What are the accounting errors which are not disclosed by the Trial balance?

(c) What are the prime entry books and related source documents?

(d) Who are the users of accounting information? What is the information required by them?

(20 marks)

02. The following table provides the quantity demanded and supplied at different prices for a commodity.

Price (Rs.)	Quantity Demanded	Quantity Supplied
05	100	00
10	75	25
15	50	50
20	25	75
25	00	100

a) Draw the demand and supply curves.

b) Find the equilibrium price and quantity.

c) Calculate the excess demand and excess supply for each price.

d) What are the factors that shift the demand curve of a commodity?

(20 marks)

03. (i) Following are the information extracted from the books of ABC Ltd for the year ended 31.03.2011

	Rs.
Current Assets	1,800
Current Liabilities	750
Stock as at 31.03.2011	1,200
Sales	3,200
Cost of Sales	2,400
Net profit	305

You are required to calculate,

(a) Current ratio

(b) Quick assets ratio

(c) Gross profit ratio

(d) Net profit ratio

(12 marks)

(ii) Draw the following on appropriate diagrams

(a) Perfectly inelastic demand

(b) Perfectly elastic demand

(c) Perfectly inelastic supply

(d) Unitary elastic supply

(08 marks)

04. (a) What is Marketing? (04 marks)

(b) Briefly explain the marketing mix? (06 marks)

(c) Briefly explain the Production life cycle? (10 marks)

05. Following Balances were extracted from the books of Aruna Trading Company as at 31.03.2011

Description	Dr (Rs.)	Cr (Rs.)
Purchases	14,800	-
Sales	-	29,670
Salaries & Wages	800	-
Stationery	130	-
Stock as at 01.04.2010	1,800	-
Discount Allowed	60	-
Purchase Return	-	1,150
Discount received	-	50
Sales returns	200	-
Advertising	380	-
Electricity	400	-
Telephone expenses	320	-
Rent	200	-
Bank charges	30	-

Other Information

(I) Closing stock at 31.03.2011 valued at Rs.1,200/-

(II) Accrued expenses as at 31.03.2011
- (i) Electricity – Rs.100/-
- (ii) Rent & rates – Rs.50/-

You are required to prepare Income statement for the year ended 31.03.2011

(20 marks)

06. Write short notes on the following terms,

(a) Opportunity cost

(b) Scarcity

(c) Basic economic problems

(d) Demand

(20 marks)

07. As at 30.11.2011, ABC Ltd has the following balances on its Ledger account.

Description	Dr	Cr
Cash in hand	14,000	-
Cash at bank	12,000	-
Debtors	20,000	-
Creditors	-	25,000
Bank loan	-	20,000
Purchase	20,000	-
Sales	-	22,000
Administration expenses	5,000	-
Capital	-	14,000
Bank charges	1,000	-
Salaries & wages	6,000	-
Interest on loan	3,000	-
	81,000	**81,000**

The transaction that took place in December 2011 is given below.

Date	Description	Amount Rs.
05.12.2011	Purchased goods on credit	3,000
06.12.2011	Salary paid by cheque	2,000
08.12.2011	Cash sales	12,000
12.12.2011	Paid creditors	5,000
15.12.2011	Sold goods on credit	7,000
17.12.2011	Received money from debtors	8,000
20.12.2011	paid rent by cheque	5,000
29.12.2011	Purchased goods	6,000

You are required to prepare a Trail balance as at 31.12.2011

(20 marks)