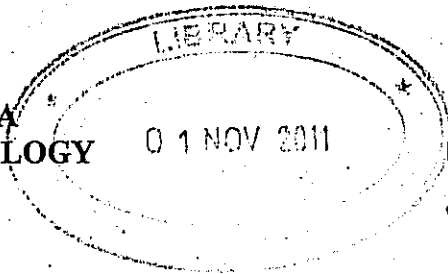


**THE OPEN UNIVERSITY OF SRI LANKA
 FACULTY OF ENGINEERING TECHNOLOGY
 BACHELOR OF INDUSTRIAL STUDIES
 FINAL EXAMINATION 2010/2011**



MEM5251 – INDUSTRIAL ECONOMICS, ACCOUNTING AND MARKETING

DATE : 06th March 2011
TIME : 0930hours –1230hours
DURATION : 03 Hours

INSTRUCTIONS:

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

- 1.
- a. What are the factors that shift the demand curve of a commodity.
 - b. What are the factors that shift the supply curve of a commodity.
 - c. What is opportunity cost? Explain with examples.
 - d. Economic systems can be broadly categorized into three what are they? Briefly explain.
 - e. What are the basic economic problems that every country should find the answers to? Briefly explain.

(20 Marks)

2. **Information:** price of X is Rs. 10.00, price of Y is Rs. 5.00, and the income is Rs. 100.00
- a. Draw a budget line based on the above information.
 - b. Draw the budget line, if the price of X reduced to Rs.5.00.
 - c. Draw the budget line, when the prices of both X and Y are Rs. 5.00 each.
 - d. Draw the budget line, when the prices of both X and Y are Rs. 10.00 each.
 - e. Draw the budget line, if 5 units of Product Y are given free of charge.

(20 Marks)

3. Explain the following with examples: Use appropriate diagrams for further elaboration.
- a. Fixed Cost (5 Marks)
 - b. Variable Cost (5 Marks)
 - c. Semi-variable Cost (Draw and explain the two forms) (5 Marks)
 - d. Total Cost (5 Marks)

(20 Marks)

4. The following table provides the quantity demanded and supplied at each price

Price	Qd	Qs
35	5	70
30	10	60
25	15	50
20	20	40
15	25	30
10	30	20
5	35	10

- a. Draw the demand and supply curves by using the above information (4 Marks)
- b. Identify the equilibrium price and quantity (4 Marks)
- c. Calculate the excess demand and excess supply for each price. (4 Marks)

- d. If quantity demanded increased by 5 units for each price level, what will happen to the equilibrium price and quantity (**hint**: calculate new quantity demanded at each price level and draw a new demand curve) (8 Marks)

(20 Marks)

5.

- a. What is marketing?

(5 Marks)

- b. Briefly explain the marketing mix

(7 Marks)

- c. Draw the product life cycle and indicate different stages of production

(8 Marks)

(20 Marks)

6.

- a. What is accounting?

(4 Marks)

- b. Describe how interested parties use financial accounting information.

(6 Marks)

- c. What are the primary financial statements?

(5 Marks)

- d. List and define the main elements of an income statement.

(5 Marks)

(20 Marks)

7. I Write whether the following balances should be transferred to the debit or credit side of the income statement, or asset or liability side of the balance sheet.

Example: Balance	Side	Statement/Sheet
Sales	Credit	Income Statement
Receivables	Asset	Balance Sheet

- Purchases
- Receipt of written off Bad Debt
- Interest Expense
- Interest Income
- Interest Receivable
- Interest Payable
- Capital
- Creditors
- Debtors
- Cash Balance
- Bank Overdraft
- Term Loan Received
- Property Plant Equipments
- Salary Paid
- Advertising Expense

(10 Marks)

II As at 30.3.2010 year business has the following balances on its ledger accounts.

	Rs.
Bank loan	12000
Cash at bank	11700
Capital	13000
Creditors	11200
Purchase	12400
Sales	14600
Other Creditors	1620
Debtors	12000
Interest	3420
Other expenses	12900

On 31.3.2010 the business made the following transactions.

- Bought materials for Rs. 1000 on credit.
- Made Rs. 1040 sales on credit.
- Paid wages to sales person Rs. 2000/=

You are required to prepare a trail balance showing at the balances as at the end of 31.3.2010.

(10 Marks)

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