

The Open University of Sri Lanka
Faculty of Engineering Technology



Study Programme : BACHELOR OF INDUSTRIAL STUDIES
 Name of the Examination : Final Examination
 Course Code and Title : **MEM5251 – INDUSTRIAL ECONOMICS, ACCOUNTING AND
 MARKETING**
 Academic Year : 2012/13
 Date : 31st July 2013
 Time : 1330hours –1630hours
 Duration : 3 hours

General instructions

1. Read all instructions carefully before answering the questions.
2. This question paper consists of 7 questions. All questions carry equal marks.
3. Answer any 5 questions only.

1) Write short notes on the following terms.

- a) Management Accounting
- b) Cost Accounting
- c) Opportunity cost
- d) Absorption Costing
- e) Marginal Costing

(20 marks)

2)

a) Explain the following using appropriate graphs.

- i) Fixed cost
- ii) Variable cost

(08 marks)

b) Following information is given to you from the books of XY Ltd.

Fixed cost per annum	Rs. 80, 000
Unit selling price	Rs. 40
Unit variable cost	Rs. 24
Existing Sales	9,000 units

Calculate the following.

- i) Total Contribution
- ii) Profit
- iii) Break even point in units
- iv) Contribution/Sales (C/S) ratio
- v) Units to be sold to obtain a profit of Rs. 40, 000
- vi) Profit if fixed cost is reduced by Rs. 20, 000 and Variable cost per unit is reduced by 25%

(12 marks)

3)

- a) The following table provides the quantity demanded and supplied at each price.

Price (Rs.)	Quantity Demanded	Quantity Supplied
02	120	20
04	100	40
06	80	60
08	60	80
10	40	100
12	20	120

(i) Draw the demand and supply curves.

(ii) Find the equilibrium price & quantity.

(10 marks)

b)

(i) What are the determinants of demand? Explain.

(ii) What are the determinants of supply? Explain.

(10 marks)

4)

a) What is marketing?

(04 marks)

b) Explain the Production life cycle.

(10 marks)

c) Explain the Market Segmentation and identify the steps of it.

(06 marks)

- 5) Following Transactions were extracted from the books of ZY Ltd for the Month of March 2012.

01.03.2012	Opening Cash balance Rs.20, 000
	Opening Bank Current Account balance Rs.25, 000
03.03.2012	Cash Sales Rs.15, 000
05.03.2012	Salaries paid Rs.10, 000 by Cheque
06.03.2012	Cash banked Rs.15, 000
08.03.2012	Cheque received from Sunil for Rs.40, 000
09.03.2012	Cash purchases Rs.10, 000
11.03.2012	Electricity bill paid by cheque Rs.5, 000
15.03.2012	Cash withdrawn from bank Rs.10, 000
19.03.2012	Stationary Purchases Rs.6, 000
21.03.2012	Insurance paid Rs.4, 000
23.03.2012	Obtained a loan from Kamal for Rs.50, 000 & received it by cheque
25.03.2012	Cash & Cheque banked Rs.45, 000
27.03.2012	Cash paid to Rohan Rs.7, 000
28.03.2012	Cash sales Rs.8, 000
29.03.2012	Rent paid Rs.2, 000

You are required to prepare Double Column Cash Book for the month of March 2012 and post the above transactions to the General Ledger.

(20 marks)

- 6) The Trial Balance extracted from the books of Prasad Trading Company as at 31.03.2012 is given below.

Description	Rs.	
	Dr	Cr
Stock as at 01.04.2011	700	-
Sales	-	4,800
Telephone expenses	150	-
Purchases	1,800	-
Sales return	300	-

Salaries	1,000	-	00
Purchase return	-	200	
Bank Charges	180	-	
Stationery	80	-	
Motor vehicle (at cost)	17,000	-	
Office equipment (at cost)	8,500	-	
Furniture & Fittings (at cost)	5,200	-	
Other income	-	1,900	
Advertising	210	-	
Electricity	170	-	
Accumulated depreciation as at 01.04.2011			
Motor vehicle	-	3,400	
Office equipment	-	325	
Furniture & Fittings	-	520	
Debtors & Creditors	2,000	3,100	
Drawings	700	-	
Cash & Bank balance	800	-	
Capital	-	<u>24,545</u>	
	<u>38,790</u>	<u>38,790</u>	

Other Information

(i) Closing stock at 31.03.2012 valued at Rs.1,250/-

(ii) Accrued expenses as at 31.03.2012

Advertising - Rs.40

Telephone - Rs.30

(iii) Depreciation is to be charged on Straight Line Basis as follows.

Motor Vehicle - 10%

Office equipment - 5%

Furniture & Fittings - 10%

You are required to prepare:

(a) Income statement for the year ended 31.03.2012

(b) Balance Sheet as at 31.03.2012

(20 marks)

7)

- 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) "Cash book serves a dual function" Briefly explain.
- e) Write Short notes on the following terms.
 - i) Current ratio
 - ii) Quick assets ratio
 - iii) Net profit ratio
 - iv) Stock turnover ratio

(20 marks)

*****END*****