

**M.Sc. (RETAIL AND FASHION MERCHANDISE)**

**Term-End Examination**

**December, 2016**

**00873**

**MFR-004 : ELEMENTS OF ECONOMICS,  
ACCOUNTS AND FINANCE**

*Time : 3 hours*

*Maximum Marks : 70*

*Note : Attempt any seven questions. All the questions carry equal marks.*

---

1. Explain the fundamental rules of Accounts and classify the following into Real; Personal; and Nominal A/cs. 10
- (a) Building
  - (b) Ram's capital A/c
  - (c) Rent
  - (d) Goodwill
  - (e) Salary
  - (f) Loan of Mr. Amit
  - (g) Machinery
  - (h) Outstanding wages
  - (i) Drawing
  - (j) Bank

2. (a) What is Rectification of Errors ? How many types of errors are there ? Explain all with practical examples. 10
- (b) Differentiate between Trial Balance and Balance sheet.
3. Pass necessary Journal Entries in the Book's of Ravi for the month of April, 2014 and prepare Ledger Account for cash A/c, sales A/c and capital A/c. 10
- April 1 Ravi started business with ₹ 4,50,000 of which 1,00,000 were borrowed at 15% P.A. from Bank.
- April 2 Purchased Goods of ₹ 40,000 from Anant at 2% trade discount.
- April 3 Cash sale's to Madan ₹ 10,200.
- April 6 Credit sale's to Prakash ₹ 20,000 less trade discount 2%.
- April 9 Paid cash ₹ 19,500 to Anant.
- April 12 Received ₹ 19,500 from Prakash in full settlement of his due.
- April 14 Returned goods of ₹ 1,000 to Anant.
- April 16 Paid into Bank ₹ 50,000.
- April 22 Sold goods costing ₹ 10,000 at 25% profit to Ratan.
- April 24 Ratan Returned goods worth ₹ 1,000.
- April 25 Paid interest on loan of ₹ 500.
- April 30 Paid salaries of ₹ 20,000 out of which ₹ 12,000 paid by cheque.
- April 30 Received commission of ₹ 8,000.

4. Calculate value of opening stock from the following : 10

Cash sales	- ₹ 40,000
Sales Return (out of cr. sale)	- ₹ 5,000
Purchase Return	- ₹ 4,000
Closing stock	- ₹ 36,000
Credit sale	- ₹ 1,65,000
Purchase	- ₹ 1,24,000
Carriage inward	- ₹ 8,000
Rate of gross profit	- 40% on sales

5. (a) Cost of Goods sold ₹ 1,00,000, Stock Turnover Ratio 4 times ; closing stock was ₹ 10,000 in excess of opening stock. Calculate opening and closing stock. 10

(b) Calculate :

- (i) Current Ratio
- (ii) Quick Ratio
- (iii) Operating Ratio
- (iv) Gross Profit Ratio

From the following information :

Current Assets ₹ 70,000 ; creditors ₹ 5,000; other current liabilities ₹ 30,000 ; stock ₹ 30,000 ; sales ₹ 1,20,000, operating expenses ₹ 40,000 ; cost of Goods Sold ₹ 60,000 ; carriage inward ₹ 1,000.



6. Rectify the following error :

10

- (a) A credit sale to S of ₹ 250 recorded twice in his A/c.
- (b) Purchase book was found overcast by ₹ 1,000.
- (c) ₹ 500 paid to wages but not debited to wages A/c.
- (d) Goods of ₹ 3,000 paid to charity but not recorded anywhere.
- (e) ₹ 3,740 paid to Repairs to motor car were debited to motor car A/c.
- (f) B/R of ₹ 350 was posted as ₹ 503 on credit of Acceptor A/c.
- (g) Cash Received from Ram of ₹ 1,000 but posted in his A/c as ₹ 100.
- (h) Sales Return was undercast by ₹ 300.
- (i) Charged Depreciation on machine ₹ 400 but not Recorded in machine A/c.
- (j) Salary paid ₹ 5,000 but not recorded in salary A/c.

7. Show the Accounting Equation on the basis of following : 10

- (a) Y started business with cash ₹ 90,000.
- (b) Purchased goods on credit for ₹ 10,000.
- (c) Purchased furniture for cash ₹ 5,000.
- (d) Sold goods costing ₹ 20,000 for ₹ 40,000.
- (e) Drawn for personal use ₹ 10,000.
- (f) Paid for creditor's ₹ 3,000.
- (g) Paid Rent ₹ 300.
- (h) Outstanding wages of ₹ 1,000.
- (i) Commission Received of ₹ 500.

8. Write short notes on **any two** of the following : 10

- (a) Money measurement concept.
  - (b) Difference between cash discount and trade discount.
  - (c) Difference between single entry and double entry system.
  - (d) Difference between Gross Profit Ratio and Net Profit Ratio with formula.
-