

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

**00811** Term-End Examination  
**December, 2017**

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

*Time : 3 hours*

*Maximum Marks : 70*

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

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1. (a) Define Consignment. How is it different from sale ? Explain the method to calculate normal loss and abnormal loss in consignment accounts.
- (b) Explain the fundamental rules of accounts. With the help of suitable examples, differentiate between real account, personal account and nominal account.

*5+5=10*

2. Calculate the value of Opening Stock from the following :

10

	₹
Cash sales	: 80,000
Sales return (out of credit sales)	: 10,000
Purchase return	: 8,000
Closing stock	: 72,000
Credit sale	: 3,30,000
Purchases	: 2,48,000
Carriage inward	: 16,000
Rate of gross profit	: 40% on sales

3. Show the Accounting Equation on the basis of the following :

10

	₹
(a) Ramesh started business with cash	1,80,000
(b) Purchased goods on credit	20,000
(c) Purchased furniture for cash	10,000
(d) Sold goods costing ₹ 40,000 for	80,000
(e) Drawn for personal use	20,000
(f) Paid for creditors	6,000
(g) Paid rent	6,000
(h) Outstanding wages	2,000
(i) Commission received	1,000

4. What is Inflation ? What are the causes of inflation ? Discuss how inflation is controlled in an economy. 10

5. Calculate the following from the given information : 10

- (a) Gross Profit Ratio
- (b) Inventory Turnover Ratio
- (c) Current Ratio
- (d) Liquid Ratio
- (e) Net Profit Ratio
- (f) Working Capital Turnover Ratio

	₹
Sales	50,40,000
Cost of goods sold	38,40,000
Net profit	7,20,000
Average stock	16,00,000
Other current assets	15,20,000
Fixed assets	28,80,000
Long term debt	18,00,000
Current liabilities	12,00,000
Creditors	4,00,000
Gross profit	16,00,000

6. Pass journal entries for the following :  $10 \times 1 = 10$

- (a) Received ₹ 1,760 from Ravi in full settlement of ₹ 2,000.
- (b) Received interest on loan from debtor of ₹ 300.
- (c) ₹ 1,100 from Mohan is a bad debt.
- (d) Provide interest on capital (₹ 11,00,000) at 7% for six months.
- (e) Supplied goods costing ₹ 1,200 to Vina, issued invoice at 10% above cost less 5% trade discount.
- (f) Goods worth ₹ 5,000 were distributed as free samples.
- (g) Old newspapers sold for ₹ 100.
- (h) Paid ₹ 1,000 in cash as wages on installation of machine.
- (i) Charged interest on capital of ₹ 6,000.
- (j) Charged ₹ 4,000 as depreciation on machinery.

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

$5 + 5 = 10$

- (a) Difference between Trial Balance and Balance Sheet
- (b) Rectification of Errors
- (c) Money Measurement Concept
- (d) Difference between Single Entry and Double Entry Systems

**8. Rectify the following errors :**

**10×1=10**

- (a) Salary paid ₹ 10,000 but not recorded in Salary A/c.
  - (b) Sales return was undercast by ₹ 600.
  - (c) B/R of ₹ 700 was posted as ₹ 70 on credit of Acceptor A/c.
  - (d) Goods of ₹ 6,000 paid to charity but not recorded anywhere.
  - (e) Purchase Book was found overcast by ₹ 2,000.
  - (f) A credit sale to Sushil of ₹ 500 recorded twice in his account.
  - (g) ₹ 1,000 paid as wages but not debited to Wages A/c.
  - (h) ₹ 7,480 paid for repairs to motor car were debited to Motor car A/c.
  - (i) Cash received from Ram of ₹ 2,000 but posted in his account as ₹ 20,000.
  - (j) Charged depreciation on machine ₹ 800 but not recorded in Machine A/c.
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