

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

Term-End Examination

June, 2017

00834

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

Time : 3 hours

Maximum Marks : 70

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

1. Prepare accounting equations from the following information : 10
- (a) Commenced business with cash of ₹ 5,00,000.
 - (b) Paid three months' advance rent for office, ₹ 4,200.
 - (c) Bought office car for ₹ 50,000.
 - (d) Received security deposit from tenants ₹ 5,000.
 - (e) Interest due but not paid ₹ 1,000.
 - (f) Goods destroyed by fire ₹ 2,500.
 - (g) Sold securities costing ₹ 20,000 for ₹ 30,000.
 - (h) Withdrew cash for private use ₹ 3,000.
 - (i) Sold goods to Ramesh on credit (costing ₹ 4,000) for ₹ 3,000.
 - (j) Dividend received ₹ 1,000.

2. Explain the Fundamental Rules of Accounts and classify the following into real, personal and nominal accounts : 10×1=10

- (a) Building
- (b) Insurance paid
- (c) Shyam's capital A/c
- (d) Furniture
- (e) Loan to Mr. Partha
- (f) Goodwill
- (g) Outstanding wages
- (h) Cash
- (i) Bank
- (j) Creditors

3. Rectify the following errors : 10×1=10

- (a) Goods sold to Madhav of ₹ 102 was posted to his A/c as ₹ 120.
- (b) ₹ 750 paid by Ram were credited to Shyam's A/c.
- (c) Purchase book was undercast by ₹ 500.
- (d) Rent paid to landlord ₹ 2,400 was debited to Landlord's A/c as ₹ 2,004.
- (e) Sale of old furniture for ₹ 150 passed through Sales book.

- (f) Purchase of furniture on credit was debited to Purchase A/c ₹ 250.
- (g) Purchase of furniture on credit of ₹ 250, credited as ₹ 25.
- (h) Purchase of furniture on credit passed through Purchase book.
- (i) Purchase return book was overcast by ₹ 1,000.
- (j) An item of ₹ 27 in return inward not posted to Customer's A/c.

4. On 31st March, 2013, the total assets and external liabilities were ₹ 2,00,000 and ₹ 6,000 respectively. During the year, the proprietor had introduced a capital of ₹ 20,000 and withdrawn ₹ 12,000 for personal use. He had made a profit of ₹ 20,000 during the year. Calculate the capital as on 1st April, 2012.

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5. Write short notes on any **two** of the following : 2×5=10

- (a) Going Concern Concept
- (b) Single Entry vs Double Entry System
- (c) Error of Compensation (with example)
- (d) Difference between Trial Balance and Balance Sheet

6. Calculate the following from the given information :

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

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Sales	25,20,000
Cost of goods sold	19,20,000
Net profit	3,60,000
Average stock	8,00,000
Other current assets	7,60,000
Fixed assets	14,40,000
Long term debt	9,00,000
Current liabilities	6,00,000
Creditors	2,00,000
Gross profit	8,00,000

7. Pass journal entries for the following : 10×1=10

- (a) Received ₹ 980 from Ram in full settlement of ₹ 1,000.
- (b) Received interest on loan from debtor of ₹ 150.
- (c) ₹ 550 due from Mohan is a bad debt.
- (d) Provide interest on capital (₹ 5,00,000) at 6% for six months.
- (e) Supplied goods costing ₹ 600 to Rina, issued invoice at 10% above cost less 5% trade discount.
- (f) Goods worth ₹ 2,500 were distributed as free samples.
- (g) Old newspapers sold ₹ 50.
- (h) Paid ₹ 500 in cash as wages on installation of machine.
- (i) Charged interest on capital of ₹ 3,000.
- (j) Charged ₹ 2,000 as depreciation on machinery.

8. (a) Define Consignment. How is it different from sale ? Explain the method to calculate normal loss and abnormal loss in consignment accounts.

(b) What is rectification of errors ? How many types of errors are there ?

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