

**B.Sc. RETAIL AND FASHION MERCHANDISE
(BSCRFM)**

Term-End Examination

December, 2017

00260

**BFR-002 : BASIC OF ACCOUNTS AND MANAGERIAL
ECONOMICS**

Time : 3 hours

Maximum Marks : 70

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

1. Define Production Function. State and explain the law of variable returns to proportion. 10
2. What is Demand ? Explain Law of Demand. What do you understand by Movement along the demand curve and Shift in demand curve ? Explain with a graph. 10
3. What do you mean by Capitalist Economy ? How does the capitalist economy solve their control problems ? 10
4. Define Perfect Competition Market situation. How is the price of a commodity determined under the perfect competition market ? 10

5. Prepare accounting equations from the following information : 10

- (i) Started business with cash ₹ 2,00,000 and goods ₹ 1,00,000.
- (ii) Goods costing ₹ 30,000 sold at a profit of 25% out of which ₹ 20,000 received in cash.
- (iii) Purchased a car for personal use for ₹ 50,000.
- (iv) Withdrew goods for personal use costing ₹ 5,000.
- (v) Introduced fresh capital ₹ 10,000.
- (vi) ₹ 8,000 deposited in bank.
- (vii) Paid salary of ₹ 10,000.
- (viii) Prepaid commission of ₹ 6,000.
- (ix) Withdrew cash of ₹ 4,000 from bank.
- (x) ₹ 4,000 received as interest on investment.

6. Write short notes on the following : 10

- (i) Trading A/c and Profit and Loss A/c
- (ii) Trial Balance and Balance Sheet

7. Journalise the following transactions in the books of Mr. Kumar and prepare a cash ledger account :

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- (i) Mr. Kumar started business with a capital of ₹ 5,00,000.
- (ii) He purchased goods for cash ₹ 80,000.
- (iii) He purchased machinery for cash ₹ 1,20,000.
- (iv) He sold goods to Dinesh for ₹ 20,000.
- (v) Dinesh returned goods for ₹ 5,000.
- (vi) He purchased goods from Varun for ₹ 8,000.
- (vii) Paid cash to Varun for full settlement of his account after deducting 10% cash discount.

8. From the following information calculate

- (i) Current Ratio,
- (ii) Acid-test Ratio.

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Cash	60,000
Debtors	2,40,000
Stock	2,40,000
Outstanding Expenses	40,000
Creditors	60,000
Short-term Loan	80,000
Preliminary Expenses	20,000