12th Accountancy

Case Studies

Chapter 1:

Calculation of Sales:

Sales = Profit + Purchases + Other Expenses

= 35,000 + 55,000

∴ Sales = 90,000

Calculation of Drawings:

Opening Capital	25,000
(+) Additional Capital	-
	25,000
(+) Profit	35,000
Adjusted Opening Capital	60,000
(-) Closing Capital	32,000
Drawings	28,000

Missing cash calculation:

Dr. Cash Book Cr.

Particulars	₹	Particulars	₹
To Balance b/d	25,000	By Purchase	55,000
To Sales	90,000	By Drawings	28,000
		By Balance c/d (B/F)	32,000
	1,15,000		1,15,000

Missing Cash = Original Closing Cash Balance - Given closing cash balance

= 32,000 - 12,000

∴ Missing Cash = ₹20,000

Chapter-2:

1) Membership fee, Government Grants, Donation, revenue from Cafe.

2) Yes, the receipts and payments a/c is same as cash book.

3) No, the members are not allowed to draw money when a club has surplus of income

4) Donation can be either general or specific.

5) It will be considered as Outstanding membership fee. It will be shown on the credit side of Income & Expenditure a/c and on asset side of balance sheet.

Chapter-3:

1) As per Partnership Act 1932, partners are not allowed to draw any salary

2) Interest on loan is to be allowed at 6% per annum.

3) Both the partners should agree for the admission of a new partner

Chapter-4:

1) Refer Pg. no. 121

2) Methods for Valuation of goodwill:
i) Average Profit method
↳ Simple Average Profit method.
↳ Weighted Average Profit method.
ii) Super Profit method
↳ Purchase of super profit method
↳ Annuity method
↳ Capitalisation of super profit method

iii) Capitalisation method.

3) Self-generated goodwill is based on features of the business such as favourable location, loyal customers etc., So it cannot be recorded in the books of accounts

Chapter 5:

1) Yes, Sita & Sumathy should have partnership deed. But, there is no compulsion to have partnership deed.

2) In the absence of partnership deed. Provisions of the Indian Partnership Act 1932 should be followed.

3) Refer Pg. no. 138

4) No, the firm cannot record the internally generated goodwill

5) No, it is not possible for Susan to get share on gain on revaluation

6) When all the partners mutually agree, Susan can get commission on new contract.

Chapter-6:

1) Refer pg. no. 184

2) Refer pg. no. 184

3) It may be due to adjustment for goodwill.

4) For this case, the amount due can be transferred to Charan's loan a/c

5) No, Charan is not liable for the case filed by the customer because the customer has filled a case after his retirement.

Chapter-7:

1) Limited liability and expansion of business

2) Other sources for raising finance are
   i) Bank loan
   ii) Issue of debentures

3) M&M Ltd's registered capital is ₹10,00,000

4) The value of each share is ₹10.

5) M&M Ltd could pay the vendor by issuing shares for other than consideration of cash for buying the fixed assets.

6) Yes, M&M Ltd can issue more than 1,00,000 shares after altering or increasing their authorised capital in MOA.

7) Issued share capital of M&M Ltd is ₹5,00,000.

8) The directors deal with over-subscription by the following:
   i) Refund of excess application money
   ii) Pro Rata Allotment
   iii) Combination of both

Chapter - 8:

1) The following are interested, to assess Ravi and Raheem Ltd's financial statement.

Management - To take decision and to have control over business activities.

Shareholders - To know whether the business has potential for growth and to decide to continue their shareholding

Potential investors - For making investment decisions

Creditors - To get information about ability of business

Bankers - To assess the adequency of security to cover the amount of loan.

Government - To assess the tax liability and to frame & amend industrial policy

Employees - To assess the future growth

2) Ravi & Raheem ltd is a limited company registered under companies Act, 2013 and they have to follow the provisions of Act in the preparation of financial statements.

3) Refer Pg. no. 270 for Tools of financial statement

4) The best tool to analyse the data of more than three years is trend analysis.

5) Yes, it is possible

6) No, Comparing results of company with sole trader does not give fair result.

Chapter-9:

i) Fatima want high return on investment:
Suitable ratio is return on investment.

ii) Thenmozhi wishes to invest in company which perform well:
Gross profit Ratio, Net profit Ratio } - Company's Performance can be understood through profitability ratios.

iii) Nivetha wishes to invest in a company which has good control over expenditure:
Operating Cost Ratio

iv) Supraja is concerned that company's suppliers get their payment on time:
Trade payables turnover ratio

v) Divya wishes to invest in a company with good liquidity position:
Current Ratio, Liquid Ratio.

Chapter-10:

Refer Pg. No. 328 for Applications of CAS.