

	<b>Class -XII</b>	
	<b>SUBJECT: ACCOUNTANCY</b>	
	<b>CASE STUDY 1</b>	
	<p><b>Read the following hypothetical text and answer the given questions:</b></p> <p>Amit and Mahesh were partners in a fast-food corner sharing profits and losses in ratio 3:2. They sold fast food items across the counter and did home delivery too. Their initial fixed capital contribution was ₹1,20,000 and ₹80,000 respectively.</p> <p>At the end of first year their profit was ₹ 1,20,000 before allowing the remuneration of ₹.3,000 per quarter to Amit and ₹.2,000 per half year to Mahesh. Such a promising performance for first year was encouraging, therefore, they decided to expand the area of operations.</p> <p>For this purpose, they needed a delivery van, a few Scotties and an additional person to support. Six months into the accounting year they decided to admit Sundaram as a new partner and offered him 20% as a share of profits along with monthly remuneration of ₹ 2,500. Sundaram was asked to introduce ₹1,30,000 for capital and ₹.70,000 for premium for goodwill. Besides this Sundaram was required to provide Rs.1,00,000 as loan for two years.</p> <p>Sundaram readily accepted the offer. The terms of the offer were duly executed and he was admitted as a partner.</p>	
1	<p>Remuneration will be transferred to _____ of Amit and Mahesh at the end of the accounting period.</p> <p>a. Capital account. b. Loan account. c. Current account. d. None of the above.</p>	
2	<p>Upon the admission of Sundaram the sacrifice for providing his share of profits would be done:</p> <p>(a) by Amit only. (b) by Mahesh only. (c) by Amit and Mahesh equally. (d) by Amit and Mahesh in the ratio of 3:2.</p>	
3	<p>Sundaram will be entitled to a remuneration of _____ at the end of the year.</p>	
4	<p>While taking up the accounting procedure for this reconstitution the accountant of the firm Mr. Suraj Marwaha faced a difficulty. Solve it by answering the following:</p> <p>For the amount of loan that Sundaram has agreed to provide, he is entitled to interest thereon at the rate of _____ .</p>	

## CASE STUDY 2

**Read the following hypothetical text and answer the given questions:**

Dr. Rajani Mehta a qualified M.B.B.S. doctor got voluntary retirement at the age of 50 years from a renowned hospital. She was residing in a flat of a wide apartment which is surrounded by a slum which is inhabited by economically weaker strata of the society. As the people in that area were not aware about importance of health care, a widespread ailment had been persistently prevailing. Rajani met with some of the well-off people of apartment and decided to open a dispensary named as 'LOCAL Clinic' to provide them cost free medical assistance and make them aware about hygienic living, physical fitness, and economic balance diet. Many of the apartment members agreed to it. She approached health department of the town with her proposal which was accepted and an initial one time grant of ₹2,00,000 was sanctioned immediately for purchase of medical equipment and test kits for pathological tests. 10 members of the apartment contributed ₹20,000 each as lifetime subscription to the clinic. Rajni decided to charge ₹10 as one time registration fee from patients. Apart from above Rajni made following transactions for first year:

S. No.	Particulars	Amount in (₹)
1	Purchased Equipment	1,20,000
2	Purchased Medicines	95,000
3	Purchased Furniture	10,000
4	Rent paid	12,000
5	Fee received for medical tests	45,000
6	Honorarium paid to Yoga teacher	35,000
7	Honorarium paid to physiotherapist and sports teacher	38,000

Rajni informed that during the first year 10,500 patients were registered for treatment and for other services. Taking reference from the above, answer following questions.

- 1 Not for profit organization prepares
- Income and Expenditure account
  - Trading and Profit loss account
  - Receipt and Payment account
  - None of the above

Options:

- Only (ii)
- Only (iii)
- Both (i) and (ii)
- Both (i) and (iii)

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- 2 Honorarium paid to Physiotherapist and sports teacher Will be posted to
- Debit side of Income and Expenditure Account.
  - Debit side of Receipt and Payment Account.
  - Debit side of Profit and Loss Account.
  - Credit side of Income And Expenditure account
- 3 State whether the following statements are true or false:  
"Donations received by Ms Rajani Mehta from health department should be capitalized."
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- 4 Lifetime subscription paid by 10 members will be posted in
- Expenditure side of Income and Expenditure Account
  - Liability side of closing Balance Sheet
  - Income side of Income and Expenditure Account
  - Assets side of closing Balance Sheet

### CASE STUDY - 3

**Read the following hypothetical text and answer the given questions on the basis of the same:**

Krishika an alumni of IIM Ahemdabad initiated her startup Krishika Ltd. in 2018. The profits of Krishika Ltd. in the year 2019-20 after all appropriations was ₹ 31,25,000. This profit was arrived after taking into consideration the following items:-

S. No.	Particulars	Amount (in ₹)
1.	Gain on sale of fixed tangible assets	12,50,000
2.	Goodwill written off	7,80,000
3.	Transfer to General Reserve	8,75,000
4.	Provision for taxation	4,37,500

Additional Information:-

Particulars	31.03.2020 (in ₹)	31.03.2019 (in ₹)
Prepaid Expenses	7,50,000	5,00,000
Inventory	10,50,000	8,20,000
Trade Payables	4,50,000	3,50,000
Trade Receivables	6,20,000	5,90,000

- 1 Net Profit before tax will be ? .....(Choose the correct alternative)  
 (a) 22,50,000      (b) 35,62,500      (c) 39,67,500      (d) 44,37,500
- 2 Operating profit before working capital changes will be ? .....(Choose the correct alternative)  
 (a) 52,17,500      (b) 64,67,500      (c) 39,67,500      (d) 39,69,500
- 3 Cash from operating activities before tax will be? .....(Choose the correct alternative)  
 (a) 35,57,500      (b) 40,67,500      (c) 37,87,500      (d) 35,67,300
- 4 Cash flow from Operating Activities will be? .....(Choose the correct alternative)  
 (a) 39,95,000      (b) 31,20,000      (c) 40,67,500      (d) 31,00,000

**CASE STUDY - 4**

**Read the following hypothetical extract of Rehan Limited and answer the given questions on the basis of the same:**

<b>YEAR</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>AMOUNT</b>	<b>(IN ?)</b>	<b>(IN ?)</b>	<b>(IN ?)</b>
Outstanding Expenses	50,000	40,000	25,000
Prepaid Expenses	3,00,000	2,50,000	3,50,000
Trade Payables	18,00,000	16,00,000	14,00,000
Inventory	12,00,000	10,00,000	11,00,000
Trade Receivables	11,00,000	8,00,000	10,00,000
Cash in hand	17,00,000	12,00,000	15,00,000
Revenue from operations	24,00,000	18,00,000	20,00,000
Gross Profit Ratio	12%	15%	18%

- 1 Current Ratio for the year 2020 will be \_\_\_\_\_(Choose the correct alternative)  
 (a) 2:1                    (b) 1.8:1                    (c) 2.32:1                    (d) 2.4:1
  
- 2 Quick Ratio for the year 2018 will be \_\_\_\_\_(Choose the correct alternative)  
 (a) 1.75:1                    (b) 1.8:1                    (c) 0.94:1                    (d) 1.25:1
  
- 3 Inventory turnover ratio for the year 2020 will be \_\_\_\_\_(Choose the correct alternative)  
 (a) 1.62times                    (b) 1.82 times                    (c) 1.55times                    (d) 1.92 times
  
4. Cost of Revenue from Operations for the year 2020 would be  
 (Choose the correct alternative)  
 (a) ^21,12,000                    (b) ^21,13,000                    (c) ^21,15,000                    (d) ^21,17,000

**CASE STUDY - 5**

Talent sports Club is engaged in the activity of identifying and promoting sports talent from rural and tribal areas of the country. Identifying with this Noble cause Mr Manohar a renowned industrialist donated ₹ 50,00,000 on 1<sup>st</sup> July 2020, for the construction of a new hostel and mess for upcoming sportsmen.

Besides this Mr Manohar offered the services of his personal chartered accountant, free of charge, to streamline the account of Total Sports Club. The chartered accountant visited the office of the NPO on 31<sup>st</sup> March 2021 and found that till date rupees 35,00,000 had been spent on construction of hostel and mess building. He also noted that the NPO had a capital fund of Rs. 1,20,00,000 in the beginning of the year. Other important points that he noted were that NPO had 2000 regular members each having an annual subscription of Rs. 2000 per annum.

On 1<sup>st</sup> April 2020, 180 members had not paid for subscription of previous year and 20 members had paid for 2020-2021 in advance (out of which 5 had paid advance of 2021-2022 as well)

31<sup>st</sup> March 2021, 110 Members he had outstanding balance (they including 50 who had not paid for 2019-20 as well) and 25 members had paid for 2021- 2022 in advance (including all 5 who had paid in advance in 2019-20)

Since the accountant of NPO was not clear about how to deal with all the above information he drafted a set of questions for guidance.

Considering that you are the Chartered Accountant of Mr. Manohar answer the following questions based on the information detailed above.

1	<p>The amount of Rs. 50,00,000 received from Mr Manohar towards building and mess should be transferred to</p> <ol style="list-style-type: none"> <li>a. Capital fund</li> <li>b. General fund</li> <li>c. Income and Expenditure account</li> <li>d. Building fund</li> </ol>	
2	<p>The amount of Rs. 35,00,000 spent on construction of building should be:</p> <ol style="list-style-type: none"> <li>I. reflected on debit side of income and expenditure account as an expense.</li> <li>II. reflected on asset side of balance sheet.</li> <li>III. reflected as a deduction from Building fund and addition to capital fund.</li> <li>IV. Not be recorded till the building is complete.</li> </ol> <p>On basis of given information choose which of the following stands true</p> <ol style="list-style-type: none"> <li>a. Only IV</li> <li>b. Both I and IV</li> <li>c. Both II and III</li> <li>d. None of these</li> </ol>	
3	<p>The amount of subscription in arrears on 1<sup>st</sup> April 2020 is:</p> <ol style="list-style-type: none"> <li>a. ₹ 3,60,000</li> <li>b. ₹ 3,00,000</li> <li>c. ₹ 2,000</li> </ol>	

	d. ? 1,80,000	
4.	The amount of subscription in arrears on 31 <sup>st</sup> March 2021 is: a. ? 2,20,000 b. ? 3,60,000 c. ? 3,20,000 d. ? 1,80,000	
5.	The amount of subscription in advance on 31 <sup>st</sup> March 2021 is: a. ? 40,000 b. ? 50,000 c. ? 10,000 d. None of these	
6.	The amount of subscription to be transferred to income and expenditure account for the year ended 31 <sup>st</sup> March 2021 is: a. ? 40,00,000 b. ? 20,00,000 c. ? 43,20,000 d. ? 43,60,000	

<b>CASE STUDY - 6</b>	
	<p>Nidiya limited was incorporated on 1<sup>st</sup> April 2017 with registered office in Mumbai. The capital clause of memorandum of Association reflected a registered capital of 8,00,000 equity shares of Rs.10 each and 1,00,000 preference shares of Rs.50 each.</p> <p>Since some large investments were required for building and machinery the company in consultation with vendors, Ms. VPS Enterprises, issued 1,00,000 equity shares and 20,000 preference shares at par to them in full consideration of assets acquired. Besides this the company issued 2,00,000 equity shares for cash at par payable as Rs 3 on application, 2 on allotment, 3 on first call and 2 on second call.</p> <p>Till date second call has not yet been made and all the shareholders have paid except Mr. Ajay who did not pay allotment and calls on his 300 shares and Mr. Vipul who did not pay first call on his 200 shares. Shares of Mr. Ajay were then forfeited and out of them 100 shares were reissued at Rs.12 per share.</p> <p>Based on above information you are required to answer the following questions.</p>
1	<p>Shares issue to vendors of building and machinery, Ms. VPS Enterprises, would be classified as:</p> <ol style="list-style-type: none"> <li>a. Preferential Allotment</li> <li>b. Employee Stock Option Plan</li> <li>c. Issue for Consideration other than cash</li> <li>d. Right Issue of Shares</li> </ol>
2	<p>How many equity shares of the company have been subscribed?</p> <ol style="list-style-type: none"> <li>a. 3,00,000</li> <li>b. 2,99,500</li> <li>c. 2,99,800</li> <li>d. None of these</li> </ol>
3	<p>What is the amount of security premium reflected in the balance sheet at the end of the year?</p> <ol style="list-style-type: none"> <li>a. ?200</li> <li>b. ?600</li> <li>c. ?400</li> <li>d. ? 1,000</li> </ol>
4	<p>What amount of share forfeiture would be reflected in the balance sheet?</p> <ol style="list-style-type: none"> <li>a. ?600</li> <li>b. ?900</li> <li>c. ?200</li> <li>d. ? 300</li> </ol>

<b>CASE STUDY - 7</b>	
	<p>Sterlingenterprises is a partnership business with Ryan, Williams and Sania as partners engaged in production and sales of electrical items and equipment.</p> <p>Their capital contributions were Rs.50,00,000, Rs.50,00,000 and Rs.80,00,000 respectively with the profit the sharing ratio of 5:5:8. As they are now looking forward to expanding their business, it was decided that they would bring in sufficient cash to double their respective capitals.</p> <p>This was duly followed by Ryan and Williams but due to unavoidable reasons Sania could not do so and ultimately it was agreed that to bridge the shortfall in the required capital a new partner should be admitted who would bring in the amount that Sania could not bring and that the new partner would get share of profits equal to half of Sania's share which would be sacrificed by Sania only.</p> <p>Consequent to this agreement Ejaz was admitted and he brought in the required capital and Rs.30,00,000 as premium for goodwill.</p> <p>Based on the above information you are required to answer the following questions.</p>
1	<p>What will be the new profit-sharing ratio of Ryan, Williams, Sania and Ejaz?</p> <p>(a) 1:1:1:1  (b) 5:5:8:8  (c) 5:5:4:4  (d) None of the above</p>
2	<p>What is the amount of capital brought in by the new partner Ejaz?</p> <p>(a) Rs.50,00,000  (b) Rs.80,00,000  (c) Rs.40,00,000  (d) Rs.30,00,000</p>
3	<p>What is the value of the goodwill of the firm?</p> <p>(a) Rs.1,35,00,000  (b) Rs.30,00,000  (c) Rs.1,50,00,000  (d) Cannot be determined from the given data.</p>
4	<p>What will be correct journal entry for distribution of Premium for Goodwill brought in by Ejaz?</p> <p>(i) Ejaz Capital A/c.....Dr. 30,00,000  To Sania's Capital A/c 30,00,000  (Being .....)</p> <p>(ii) Premium for Goodwill A/c Dr. 30,00,000  To Sania's Capital A/c 30,00,000  (Being .....)</p> <p>(iii) Premium for Goodwill A/c Dr 30,00,000  To Reyan's Capital A/c 8,33,333  To William's Capital A/c 8,33,333</p>

To Ejaz's Capital A/c 13,33,333  
(Being .....)

(iv) Premium for Goodwill A/c ..... Dr 30,00,000  
    To Reyan's Capital A/c 10,00,000  
    To William's Capital A/c 10,00,000  
    To Ejaz's Capital A/c 10,00,000  
(Being .....)

<b>CASE STUDY - 8</b>		
	<p>VIJAYA SHANKAR, an Ex-Indian cricketer decided to start a cricket academy to train the young enthusiastic players of down south. With the support and guidance of his family he started the Star cricket academy at Tirunelveli township area on 1<sup>st</sup> April 2020.</p> <p>Land was donated by his grandfather worth Rs. 10,00,000 as per his will. His father Shankar donated Rs.5,00,000 for the construction and running the academy. He spent Rs.3,00,000 for construction of the pavilion. 200 players of Tirunelveli joined the academy and they paid yearly subscription of Rs. 1200 each. 10 players paid in advance for the next year 2021 -22. Vijayashankar appointed well experienced coach for them, the coach fee amounted to Rs. 1,20,000 p.a.</p> <p>The maintenance expenses amounted to Rs.75,000. Bats and balls purchased during the year amounted to Rs.15,000. Closing stock of bats and ball amount to Rs.1000.</p> <p>Based on the above information you are required to answer the following question.</p>	
1	What is the Primary source of income for the academy?	
2	The amount of subscription to be credited to income and expenditure account	
3	How will you treat the land donated by his grandfather?	
4	<p>The liability towards advance subscription amounted to:</p> <p>(a) Rs. 12,000</p> <p>(b) Rs.24,000</p> <p>(c) Rs.1,200</p> <p>(d) Rs.1,20,000</p>	
5	<p>The amount of subscription received as per Receipts and payments Account of Star cricket club is:</p> <p>(a) Rs.2,52,000</p> <p>(b) Rs.2,40,000</p> <p>(c) Rs.2,50,000</p> <p>(d) None of the above</p>	
6	<p>What amount should be charged to the Income and Expenditure account for bats and balls consumed during the year?</p> <p>(a) Rs.15,000</p> <p>(b) Rs.16,000</p> <p>(c) Rs.14,000</p> <p>(d) Rs.13,500</p>	

	<b>Class -XII</b>	
	<b>Subject: ACCOUNTANCY</b>	
	<b>CASE STUDY 1</b>	
1	(c) Current Account	
2	(d) By Amit and Mahesh in the ratio of 3:2	
3	Rs.15,000	
4	6% p.a.	
	<b>CASE STUDY 2</b>	
1	(d) Both (i) and (iii)	
2	(a) Debit side of Income and Expenditure Account.	
3	True	
4	(b) Liability side of closing Balance Sheet	
	<b>CASE STUDY - 3</b>	

1	(d) 44,37,500	
2	(c) 39,67,500	
3	(a) 35,57,500	
4	(b) 31,20,000	

	<b>CASE STUDY - 4</b>	
1	(c) 2.32:1	
2	(b) 1.75:1	
3	(d) 1.92 times	
4	(a) ₹21,12,000	
	<b>Case Study - 5</b>	
1	(d) Building Fund	
2	(c) Both II and III	
3	(a) Rs. 3,60,000	
4	(c) Rs.3,20,000	
5	(b) Rs.50,000	
6	(a) Rs.40,00,000	

	<b>Case Study - 6</b>	
1	( c) Issue for consideration other than cash.	
2	( c) Rs.2,99,800	
3	( c) Rs.400	
4	(a) Rs. 600	
	<b>Case Study - 7</b>	
1	( c) 5:5:4:4	
2	(b) Rs.80,00,000	
3	(a) Rs.1,35,00,000	
4	(b) Premium for Goodwill A/c..... Dr 30,00,000 To Sania's Capital A/c 30,00,000	
	<b>Case Study - 8</b>	
1	Subscription	
2	Rs.2,40,000	
3	Vijaya Shankar's grandfather donated a land for cricket coaching which is to be treated as legacy and is to be capitalized.	
4	(a) Rs.12,000	
5	(a) Rs.2,52,000	
6	( c) Rs.14,000	