

JYOTI NIVAS COLLEGE AUTONOMOUS
Programme: B.COM /INTEGRATED B.COM M.COM/TM/LSCM
CORPORATE ACCOUNTING
Course Code : 24IIICA01

No. of Credits: 4

Semester III
No. of Hours: 60

COURSE OBJECTIVES:

- Understand the treatment of underwriting of Shares & Debentures
- Comprehend the computation of profit prior to incorporation.
- Know the valuation of Goodwill.
- Know the valuation of Shares.
- Prepare the financial statements of Companies as per the New Companies Act 2013.

LEARNING OUTCOMES:

- Students can analyse and prepare company financial statements
- Students can understand, calculate goodwill and find share price value of a company.
- Students gain knowledge on underwriting of shares and Profit prior to Incorporation.

Unit-1: Underwriting of Shares and Debentures **12 hours**

Introduction - Meaning of Underwriting – SEBI regulations regarding underwriting; Underwriting Commission- Types of Underwriting – Firm Underwriting, Open Underwriting - Marked and Unmarked Applications –Determination of Liability in respect of Underwriting Contracts – when shares and debentures are fully and partially underwritten, with and without firm underwriting - Problems relating to Underwriting of Shares and Debentures of Companies only.

Unit- 2 : Profit Prior to Incorporation **12 hours**

Meaning, Calculation of Sales Ratio, Time Ratio, Weighted Ratio, Treatment of Capital and Revenue Expenditure; Ascertainment of Pre-Incorporation and Post Incorporation profits by preparing Statement of Profit and Loss and Preparation of Balance Sheet (Vertical Format) as per schedule III of Companies Act, 2013.

Unit-3: Valuation of Goodwill **12 hours**

Meaning and Factors influencing Goodwill; Valuation of Goodwill; Circumstances under which Goodwill is valued; Methods of Valuation of Goodwill- Average Profit Method, Capitalization of Average Profit Method, Super Profit Method, Capitalization of Super Profit Method, and Annuity Method-Problems (Based on both Simple and Weighted Average)

Unit- 4 : Valuation of Shares **10hours**

Meaning and Need for Valuation; Methods of Valuation - Intrinsic Value Method, Yield Method, Fair Value Method; Valuation of Preference Shares - Problems.

Unit- 5 : Financial Statements of Companies **14 hours**

Statutory Provisions regarding Preparation of Financial Statements of Companies as per schedule III of New Companies Act 2013 and IND AS-1; Treatment of Special Items – Tax deducted at source, Advance payment of Tax, Provision for Tax, Depreciation, Interest on Debentures, Dividends; Rules regarding payment of dividends – Transfer to Reserves; Preparation of Statement of profit and loss and Balance Sheet.

Skill Development Activities:

- Determine Underwriters' Liability in case of an IPO, with imaginary figures.
- Prepare the format of 'Statement of Profit and loss' with imaginary figures.
- Prepare Balance Sheet with imaginary figures.
- Calculate the intrinsic value of shares under Net Asset Method

Books for References:

1. J.R. Monga, Fundamentals of Corporate Accounting. Mayur Paper Backs, New Delhi
2. V.K. Goyal and Ruchi Goyal, Corporate Accounting. PHI Learning.
3. P. C. Tulsian and Bharat Tulsian, Corporate Accounting, S.Chand
4. S. P. Jain and K. L. Narang – Corporate Accounting
5. Anil Kumar .S, Rajesh Kumar.V and Mariyappa .B, Corporate Accounting, HPH.
6. S P Iyengar, Advanced Accountancy, Sultan Chand
7. R L Gupta, Advanced Accountancy

Note: Latest edition of text books maybe used

