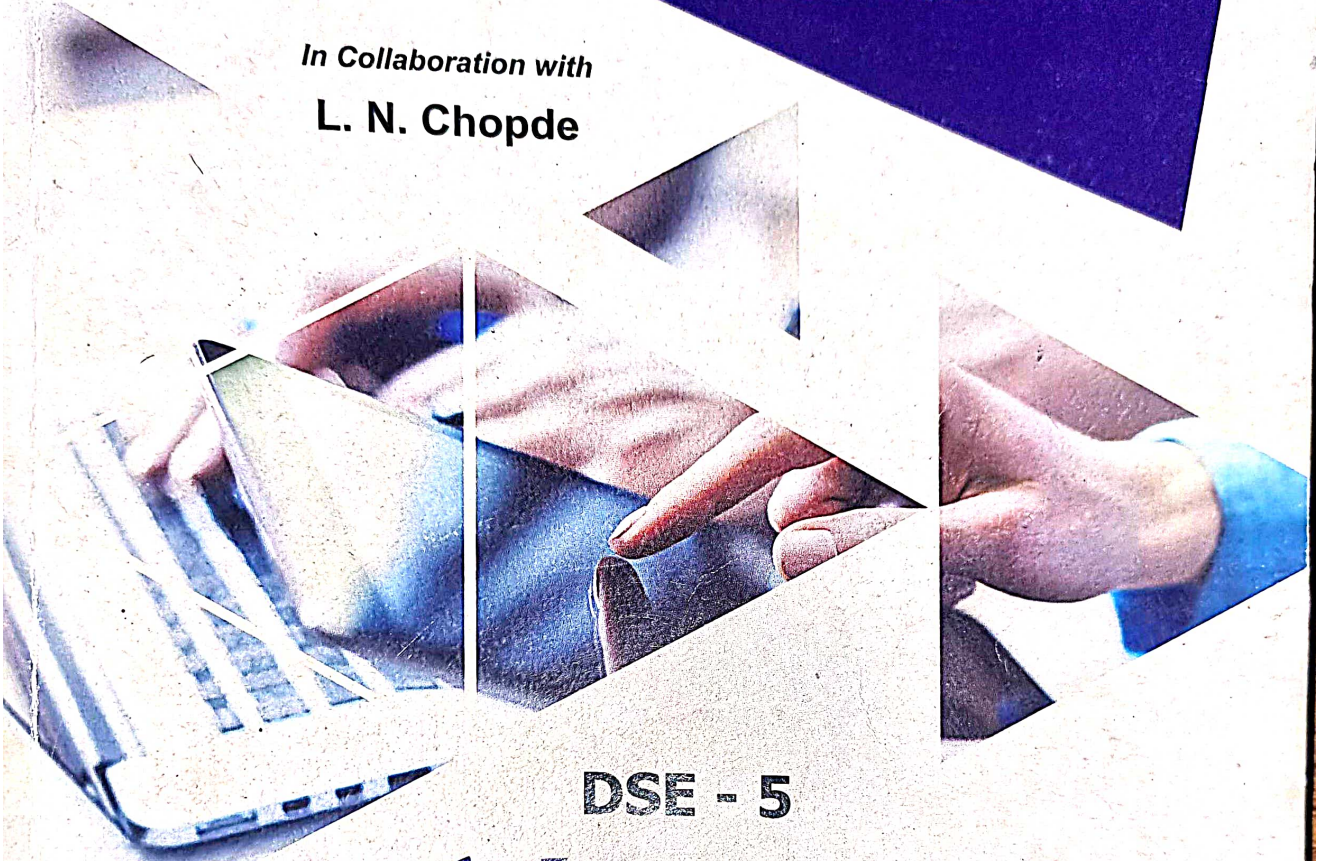


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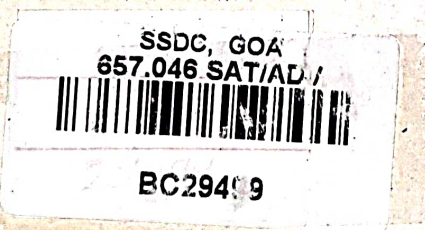
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DSE - 5

Advanced **Company Accounts**

T.Y. B.Com. Semester-VI



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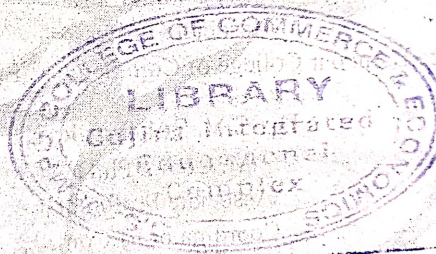
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Email : support@shethpublishers.com
- Goa** : 'PALLAV-KUNJ', Borda, Margao, Goa, © (0832) 2733436
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- Bhavnagar** : Shah & Co. High Court Road, Bhavnagar (Gujarat). © (0278) 2516679

Price : ₹ 300 /- only

ISBN - 978-93-89756-32-6

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Published & Printed by : Sheth Publishers Private Ltd., Unit No. 4, Ground Floor, Lalwani Industrial Estate, 14, G.D. Ambekar Marg, Wadala, Mumbai – 400 031.
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SYLLABUS

DISCIPLINE SPECIFIC ELECTIVE ACCOUNTING ADVANCED COMPANY ACCOUNTS (DSE 5) B.COM SEMESTER VI

Unit I : Company Final Accounts (Comprehensive Study)

Preparation of 'Balance Sheet' and 'Statement of Profit and Loss' as per Schedule III of the Indian Companies Act, 2013. (Problems to include 'Notes' required as per Schedule III). (20 Marks, 16 Lectures)

Unit II : Internal Reconstruction

Concept, Treatment of special items, Legal aspects, accounting procedures, Journal entries Capital Reduction Account and Balance sheet after reconstruction (as per Schedule III). (20 Marks, 14 Lectures)

Unit III : Valuation of Goodwill and Shares :

a) Valuation of Goodwill

Circumstances under which goodwill is valued, factors affecting value of goodwill, Methods of valuation of Goodwill (Super profit, Future Maintainable Profit and Capitalization of FMP). (20 Marks, 14 Lectures)

b) Valuation of Shares

Meaning and need for Valuation of shares, Factors affecting valuation of shares, Methods of Valuation of Shares:

- Net Assets Method (or Intrinsic Value Method/ Liquidation value Method/ Breakup Value Method/ Asset Backing Method.
- Yield Value/ Market Value Method: Earning Yield and Dividend Yield,
- Fair Value Method.

Unit IV : Mergers, Acquisitions & External Reconstruction

Concept, Terms, Introduction to IND-AS 14, Calculation of Purchase consideration, Accounting procedures in the books of Vendor company and Purchasing company, Treatment of liquidation expenses, Journal entries, Ledger accounts and Balance sheet (including pooling of interest method and purchase method but exchange of shares method based on valuation of shares to be excluded). (40 Marks, 18 Lectures)

Note : Relevant amendments to the Companies Act to be covered wherever applicable.

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1. MEANING

Financial statements are historical documents which show summaries of detailed information about financial performance of an organization for the accounting period and financial position at the end of the accounting period. There are two basic financial statements viz. Income Statement and Balance Sheet.

2. INCOME STATEMENT

It is a statement of revenue from operations, other incomes and expenses during a given accounting year. It indicates financial performance of an organisation for an accounting year. It is also called as statement of profit and loss.

3. BALANCE SHEET

It is a statement of assets and liabilities indicating financial position of an organization at a certain date. It is a statement of assets and equity. Assets include non-current assets and current assets and liabilities include shareholders fund, Non-current liabilities and current liabilities.

4. FINANCIAL STATEMENTS AS PER COMPANY LAW

As per section 2 (40) of the Companies Act, 2013, financial statements include

- i) a balance sheet at the end of the financial year;
- ii) a profit and loss A/c or in the case of a company carrying on any activity not for profit an income and expenditure A/c for the financial year;
- iii) cash flow statement for the financial year;
- iv) a statement of changes in equity, if applicable and
- v) any explanatory note annexed to or forming part of any document referred to I to IV.

In the case of one person company, financial statements may not include cash flow statement.

5. LEGAL REQUIREMENTS

1. Books of Accounts

Section 128 (1) provides that every company must keep at its registered office books of accounts, relevant papers and financial statements for every financial year and explain the transactions effected both at the registered office and its branches.

2. Basis

Books of accounts must be kept on accrual basis and according to Double Entry System of accounting.

3. A Place Other than Registered Office

The books of accounts may be kept at such other place in India as the Board of directors may decide. When such a decision is taken, the company must file with the registrar, within 7 days a notice giving full address of that place.

4. Electronic Mode

The company may keep such books of accounts or other relevant papers in electronic mode in such a manner as may be prescribed.

5. Branch Books of Accounts

Where a company has a branch in India or outside India, the provisions of the Act must be complied with. The branch must send the summarized return at its registered office or at such other place where accounts are kept [section 128 (2)].

6. Inspection by Directors

The directors have the right to inspect the books of accounts at the registered office or at such a place where accounts are kept.

7. Preservation

The books of accounts of every company must be preserved for at least 8 financial years immediately preceding the financial year.

8. Penalty

In case of contravention of section 128, M.D., whole time director in charge of finance, chief financial officer shall be punishable with imprisonment for 1 year or with fine of ₹ 50,000 which may be extended to ₹ 5,00,000 or with both.

9. Compliance with A.S. and Forms

The financial statements must comply with the accounting standard notified under section 133 and must be in the form prescribed by schedule III [Section 129 (1)].