# FAR-WESTERN UNIVERSITY

## Faculty of Management

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| Course Title: **Corporate Accounting** | Total Marks: 100 |
| Course Code: **ACC 383** | Pass Marks: 45 |
| Nature of course: Theory | Time per period: 1 hr. |
| Semester: Eighth | Total periods: 45 |
| Level: BBA | Credit hours: 3 |

### 1. Introduction

Corporate Accounting is a pure study of Company accounting. The course is designed to provide an in-depth understanding of corporate accounting system as well as developing knowledge of the professional standards and application of accounting principles to different practical situations. This course examines several accounting topics with which professional accountants should be familiar. The areas of coverage in this course include financial report of company, business acquisition, corporate liquidation, and valuation of goodwill.

### 2. Course objective

The objective this course is to provide students with the knowledge of Corporate formation, merger and Liquidation practices in Nepal and develop in them basic skill required to work upper level accounting officers or consultants in the corporations.

| Specific objective | Contents | *LH* |
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| **To understand:**<br>❖ Meaning and characteristics of company<br>❖ Types of company<br>❖ Legal provision of company formation<br>❖ Contents of main documents of company<br>❖ Different types of company meeting | **UNIT 1: COMPANY FORMATION**<br>1.1. Definition of company<br>1.2. Characteristics of company,<br>1.3. Types of company,<br>1.4. Process of forming new company,<br>1.5. Main document of company<br>1.6. Types of share capital<br>1.7. Sources of capital,<br>1.8. Issue of share in context of Nepal,<br>1.9. Types of meeting of company. | ***5*** |
| **To understand:**<br>❖ The major financial report<br>❖ Techniques of performance analysis<br>❖ Financial statement under company act<br>❖ Analysis of financial statement for different stakeholders | **Unit 2: Financial Reporting And Analysis**<br>Concept, Contents of financial reporting, Preparation of Income statement and balance sheet under company act 2063, Analysis of management performance (productive analysis, Stability analysis, Assets management analysis, Profitability analysis and growth analysis). | ***6*** |
| **To understand:**<br>❖ Meaning of Amalgamation, Absorption And Reconstruction<br>❖ Compute purchase consideration by different method | **Unit 3: Company Merger And Reconstruction**<br>Concept of merger, Meaning of amalgamation and Absorption, Meaning of purchase consideration and determination, Accounting | ***13*** |

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| ❖ Record journal entries in the books of purchasing and selling companies<br>❖ Opening balance-sheet of purchasing company. | treatment in the books of purchasing and vendor company, Preparation of balance sheet by purchasing company. Meaning of Reconstruction, Importance and needs of internal re construction, Preparation of balance- sheet after internal Re construction, Importance and needs of external re construction. | |
| **To understand:**<br>❖ Meaning of holding and subsidiary company<br>❖ Legal requirement relating to presentation of accounts by holding company<br>❖ Explain consolidated balance sheet and related terms.<br>❖ Preparation consolidated balance-sheet.<br>❖ Various steps involved in preparation of consolidated balance sheet. | **Unit 4: Holding Company**<br>Meaning of Holding and Subsidiary Company, Capital profit, Revenue profit, Minority interest, Cost of control, Re valuation of Assets, Dividend from subsidiary Company, Inter-company transaction, Unrealized profit, Consolidated Balance sheet, Preparation of consolidated Balance Sheet by Holding company. | ***10*** |
| **To understand:**<br>❖ Meaning and feature of liquidation.<br>❖ Legal provisions with respect of different mode of winding up.<br>❖ Content on liquidator's statement.<br>❖ The term " preferential payments"<br>❖ Procedure of preparation of liquidator's final statement. | **Unit 5: Corporate Liquidation**<br>Concept and Meaning of Liquidation, Reasons of Liquidation, Mode of Liquidation, Process of Winding up as per company Act, Preparation of Liquidators Final Statement Of Account. | ***5*** |
| **To understand:**<br>❖ Meaning of goodwill and share.<br>❖ Nature and source of goodwill.<br>❖ Appreciate needs for valuing goodwill and shares<br>❖ Valuation of goodwill by different method.<br>❖ Valuation of shares by different method. | **Unit 6: Valuation of Goodwill And Shares**<br>Meaning of Goodwill, Needs for Valuation of Goodwill, Factor Affecting Goodwill, Method of valuation of Goodwill(Average profit method, Super profit method, Capitalization Method, Annuity Method)<br>Meaning of Shares, Needs For Valuation of Share, Method of Valuation of share (Net Assets Method, Market Value Method) | ***6*** |

***Reference s***

***Rajasekaran, V. & Lalitha, R. Corporate Accounting. New Dehli: Dorling Kindersley.***
***Gupta, R. L.& Radhaswamy, M. Advance Accounting. New Dehli: Sultan Chand & Sons.***
***Monga, J.R. Fundamentals of Corporate Accounting.Noida: Mayor Paperbacks.***
***Meigs, R.E. & Meigs, W.B. Financial Accounting. Newyork: Mc Graw-hill inc.***
***Company Act, The company Act 2063, Kaathmandu: Law book management board.***