

Fundamental Accounting -II (Mandatory)

Credits 2

Description of the course:

"Fundamental Accounting" provides a comprehensive understanding of advanced financial valuation techniques and securities redemption processes. It covers topics such as Valuation of Shares through various methods and Redemption of Preference Shares and Debentures.

Aims & Objectives:

1. Understand and apply the Maintainable Profit method, Super Profit Method, Capitalization method, and Annuity Method for valuing goodwill.
2. To teach about the methods and sources for redeeming debentures, including payment from capital or profits.
3. To make students understand the legal framework governing and accounting treatment for the Redemption of preference shares under the Companies Act.

Course outcomes:

1. Students will get familiarize with the characteristics and features of preference shares, including dividend preferences, voting rights, and redemption provisions.
2. Students will get familiarize with various methods used to determine the value of goodwill and shares.
3. Students will understand the legal provisions and accounting treatment pertaining to the redemption of Preference shares and Debentures.

Sr. No.	Modules	No. of Lectures
1	Valuation of Goodwill and Shares	15
2	Redemption of Preference shares and Debentures	15
Total		30

Sr. No.	Modules
1	Valuation of Goodwill and Shares
	<ul style="list-style-type: none">• Unit 1: Valuation of Goodwill Maintainable Profit method, Super Profit Method Capitalization method, Annuity Method• Unit 2: Valuation of Shares Intrinsic Value Method, Yield method and Fair Value Method
2	Redemption of preference shares and Debentures
	<ul style="list-style-type: none">• Unit 1: Redemption of preference shares - Company Law / Legal Provisions for redemption of preference shares in Companies Act Sources of redemption including divisible profits and proceeds of fresh issue of shares Premium on redemption from security premium and profits of company Capital Redemption Reserve Account - creation and use.• Unit 2: Redemption of debentures by payment from sources including out of capital and / or out of profits. Debenture redemption reserve and debenture redemption sinking fund excluding insurance policy. Redemption of debentures by conversion into new class of shares or debentures with options- including at par, premium and discount

References:

- Financial Accounting: Valuation of Shares, Goodwill and Other Assets" by V.K. Bhalla (Publisher: S. Chand & Company Ltd.)
- Valuation of Shares and Goodwill" by Arun Kumar and Rachana Sharma (Publisher: Bharat Law House Pvt. Ltd.)
- "Fundamentals of Accounting: Redemption of Preference Shares" by D.S. Rawat (Publisher:

Taxmann Publications Pvt. Ltd.)

- "Accounting for Management: Redemption of Shares" by Amresh Kumar (Publisher: PHI Learning Pvt. Ltd.