
BOOK REVIEW

CORPORATE ACCOUNTING

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Book Information

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BOOK REVIEW

The 4th revised edition of this book makes an important contribution to the literature by a well-known author, and fills an acknowledged void in the field of accounting. This book “**Corporate Accounting**” is prepared for the syllabus requirements of Third Semester B.com of Bangalore University.

Being student friendly is the sole feature of this book. The subject matter has been offered systematically, which easily enables the reader to master the topics covered, without any additional guidance. Most advanced provisions have been incorporated in this book.

There are two categories of graduates those who have learnt “how to learn” and those who have learnt “how to think” for this reason universities have considered introduction of semester system to facilitate “thinking and application skills”. The semester system provides adequate time for a student to study the entire width and depth of any topic, making him remain more focused and acquires specialized knowledge.

The purpose of this book is to enable the students to have a complete awareness about the provisions of the Company's Act and Corporate Accounts.

This book is divided into five units namely: Unit – I (Underwriting of Shares), Unit – II (Profit Prior to Incorporation), Unit – III (Valuation of Goodwill), Unit – IV (Valuation of Shares) and finally Unit – V (Company Final Accounts).

In the first unit, the authors have introduced the concept of Underwriting of Shares along with the meaning of underwriters and underwriting, underwriting commission of 5% of the issue price of the shares and 2.5% of the issue price of the debentures as per companies Act. However, the maximum commission payable to underwriters for underwriting shares and debentures as per SEBI guidelines is only 2.5% of the issue price of shares and debentures. No underwriting commission is payable to any one on shares and debentures not offered to the public is incorporated in the book. Advantages of underwriting, types of underwriting, pure underwriting, firm underwriting, features of firm underwriting, and marked & un marked applications are also explained. To better comprehend different situations of underwriting for students a flow chart is also given. The basic objective of this chapter is to calculate underwriters' liability for this purpose authors has given a separate format of calculation of underwriters' liability under (a) When firm underwriting (included in total subscription) is treated on par with unmarked application and (b) When firm underwriting (included in total subscription) is treated "on par with marked applications". A total of 24 illustration problems worked out in the book including previous university question paper problems and Section A, Section B and Section C pattern like question paper of university has been given in exercise along with answers at the end to check answers which are solved by students.

In unit second i.e., Profit or Loss prior to incorporation chapter started with meaning and nature and use. According to this pre-incorporation period is the period from the date of purchase or acquisition of a business to the date of incorporation and not the date of commencement. The Post-incorporation period is the period that begins from the date of incorporation and ending with the last date of the accounting period. In order to calculate the profit prior to and post period we are required to calculate certain ratios such as time ratio, sales ratio, weighted ratio and revised time ratio and also, we required an actual basis. To make it easy and convenient for students' authors have given various procedures to be followed to determine the pre and post incorporation profit or loss. Total 14 illustrated problems are incorporated and Exercises problem in the form Section A, Section B and Section C have been given with university question paper of previous years along with answers of it.

In unit three, the chapter Valuation of Goodwill has been well defined with meaning and definition of goodwill and its types explained in a simple way. Features, factors determining the value of goodwill and valuation of goodwill – when required are explained in detail. In order to value the goodwill of a company the study of methods of valuation of goodwill is very much required and for this purpose the authors have explained the different methods of valuation of goodwill such as the Average profits method, Capitalization method, Super profit method and Annuity method along with proforma to calculate goodwill under each method. In all, a total of 23 illustration problems solved covering all the methods of valuation of goodwill including previous year university question papers besides exercises problems covering section A, B and C with answers to check.

In unit four, Valuation of Shares, the chapter begins with an introduction, the meaning of valuation of shares and factors to be considered while valuing the shares. The methods of valuation of shares i.e., Net assets method or Intrinsic value method, Yield method and Earning capacity method

are explained well with formats to calculate the value of shares to better understand for the students' authors have given key points to remember to value the shares. There is a total of 18 illustrated problem with answers and also exercises problems with answers given at the end to check.

The last unit is of Company final accounts, every company, like other business entities, must prepare final accounts or financial statements periodically. However, the uniqueness in the case of companies is that, the preparation of final accounts or financial statements is governed by the schedule III of the companies Act, 2013, and other statutory requirements compliances have been followed in this chapter. Format of the Balance sheet as prescribed in part I of the schedule III is given and part II of schedule III lays down a format for the presentation of the statement of profit and loss is also incorporated in this book. A total of 27 illustration problems which includes previous years question papers is given along with review questions at end.

To sum up, the book is comprehensive and a delight to read as authors take complete care to make the book error free. It contains lot of useful information in its 261 pages and demonstrates that the authors are recognized specialists in this field. The book is student-teacher friendly as all the concepts, theory, formats and problems explained and solved in simple way. In short, the authors are to be congratulated since they set a high standard for other writers to follow in this fascinating area.

We highly recommend this book.

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