DSEA04 – Accounting for Corporate Restructuring

Master of Commerce
Semester III
DSE – Elective Paper
Accounting for Corporate Restructuring

Course Type/ Course Code	Course Title	Lectures	Tutorials	Practical	Credits	Pre-requisite (if any)
DSEA04	Accounting for Corporate Restructuring	3	1	0	4	NIL

Objectives: The course aims to provide an advanced understanding of the accounting principles and practices applicable to various forms of corporate restructuring such as mergers, acquisitions, demergers, and internal reorganizations. The emphasis will be on recognition, measurement, reporting, and disclosure requirements in accordance with relevant financial reporting framework. It incorporates contemporary developments such as technology-driven changes, ESG factors, and ethical considerations.

Learning Outcomes: On completion of this course, the students will be able to:

- Understand the concept of corporate restructuring and different types of restructuring, and their accounting implications
- Gain expertise in financial statements analysis for M&A using AS-14 and Ind AS 103.
- Apply accounting standards to ensure accurate financial reporting and comprehensive disclosures in financial statements post-restructuring events.
- Incorporate ESG and ethical considerations in corporate restructuring.
- Analyze real-life restructuring cases and develop practical accounting skills.

Contents:

Unit I **(7 Hours)**

Meaning of Corporate Restructuring, Need & Scope of Corporate Restructuring, Various Modes of Restructuring, Commonly applied tools of Corporate Restructuring; Legal Framework of Corporate Restructuring; Planning, formulation and execution of various restructuring strategies; Financial Restructuring; Reduction of capital; Buy-back; Technological influence (AI, Blockchain); ESG and ethical considerations.

Unit II **(20 Hours)**

Accounting for Amalgamations (AS-14), Scope and applicability; Types of Amalgamation; Methods of Accounting for Amalgamation- the Pooling of Interests Method, the Purchase Method; Consideration for Amalgamation; Treatment of Reserves, Goodwill on Amalgamation; Balance of Profit and Loss Account; Disclosure Requirements; Amalgamation after the Balance Sheet Date; Case-based discussions on corporate amalgamations.

Business Combination (IND AS 103), Scope and applicability; Acquisition Method; Identifying the acquirer, Determining the acquisition date; Identification and measurement of consideration transferred; Recognizing and measuring the identifiable assets acquired; Recognizing and measuring goodwill or a gain from a bargain purchase; Measurement of Non-Controlling Interest (NCI); Step Acquisitions; Reverse Acquisition; Business Combination of Entities under Common Control; Business Combinations Disclosures; Recent Developments in M&A Accounting; Difference between Ind AS 103 and AS 14.

Unit III **(8 Hours)**

Meaning and Types of demergers (Spin-off, Split-off, Equity Carve-out, Asset Divestiture), Objectives, Process; Accounting aspects of demergers; Internal reconstruction – meaning and process, various methods of Internal Reconstruction; Practical application with Indian case studies.

Unit IV **(10 Hours)**

Preparation of consolidated financial statements post-restructuring; Accounting for non-controlling interests and goodwill; Changes in ownership interest without loss of control; Accounting implications of loss of control; Related party disclosures; Comprehensive disclosure requirements in financial statements post-restructuring.

Tutorial Exercise:

The students shall be asked to analyze corporate restructuring cases using real-life business examples and examine the financial statements (balance sheet, income statement, cash flow statement) and financial ratios of the company before and after the restructuring event. The students may also be asked to evaluate post-restructuring disclosure practices from annual reports of companies.

Suggested Readings:

- Gaughan, P. A. (2017). *Mergers, Acquisitions, and Corporate Restructurings*. United States: Wiley.
- Godbole, P. G. (2013). *Mergers, Acquisitions and Corporate Restructuring, 2nd Edition*. VIKAS Publishing House PVT Limited.
- CCH India. Master Guide to Merger and Acquisition in India – Tax and Regulatory, 4th Edition.
- Accounting for Amalgamation- AS-14 (Revised) issued by the Ministry of Corporate Affairs.
- Business Combination (Ind AS -103) issued by the Ministry of Corporate Affairs.
- Rawat, D. S., & Patel, P. (2024). *Students' guide to Ind ASs [Converged IFRS]*. Taxmann.
- Deloitte/KPMG/EY White Papers on M&A trends and corporate disclosures.

Note: Latest edition of the readings may be used.