

CA INTER IPCC - AMENDMENTS FOR NOVEMBER 2018 EXAMS (OLD SYLLABUS)

GROUP 1

- 1. Cash Flow statement :** Cash flow statement is not required to be prepared by the following
 - One Person Company
 - Dormant Company
 - Small company
 - Start up Private company
- 2. Accounting Standards:** Due to introduction of AS 10 (PPE) the following changes are included in other accounting standards. This has already been taught 2 years back. So it is exactly not an amendment of this term. It is given in RTP but it's a very very old amendment.
 - **AS 2:** Servicing equipment's and machinery equipment's which meet the definition of Property Plant and Equipment are not inventories. They are PPE.
 - **AS 13:** Investment Property is to be accounted for by using Cost Model as suggested in AS 10
 - **AS 14:** In the cases of amalgamation in the nature of purchase the statutory reserves of the vendor will be incorporated by the purchasing company in its books by passing the following entry:

Amalgamation Adjustment Reserve A/c	Dr		
To Statutory Reserve			

In the balance sheet this Amalgamation Adjustment Reserve Account is shown by deduction from reserves as a separate line item in the Notes to Reserves and Surplus.

- 3. IND AS** are not applicable for CA intermediate or IPCC.

GROUP 2

1. Accounting Standards:

These changes are included in the accounting standards of group 2 syllabus. Again I would say that these are old changes. You already know it. This is only a revision.

AS 4: Dividend can only be recorded as a liability only after it is declared. So when the dividend from the profit of 2017-18 is declared say on 22.5.2018 (before the signing of the balance sheet), the company can record it in the year 2018-19. So the concept of recording of proposed dividend is over. However in the year 2017-18 the company will disclose the dividend in the notes on accounts.

AS 29: we are not required to discount any provision (i.e. find the PV) except the Provision for Decommissioning, restoration and other similar liabilities. Only this provision of decommissioning restoration and other liabilities need to be discounted.

2. Liquidation of companies:

There are no changes in the chapter although a big note is given in the RTP. The following points are important:

- a. The payment to Preferential creditors can be (mind can be not necessarily) shown after the payment to Debenture holders
- b. If the security realised by secured creditors and workmen's due (overriding preferential creditors) is there, then they will be paid proportionately from that money.

Eg.

Secured creditors	3,00,000
Workmen due	1,00,000
Security realised	1,00,000

Then workmen will get 25,000 and secured creditor will get 75,000

- 4. Statutory Liquidity Ratio** is 19.5%
- 5. Cash Reserve Ratio** is 4%