

Cash flow statement, Section 1540

Cash and cash equivalents

- .43 *An enterprise shall disclose the policy that it adopts in determining the composition of cash and cash equivalents and present a reconciliation of the amounts presented in its cash flow statement with the equivalent items presented in the balance sheet.*
- .44 *An enterprise shall disclose the amount of cash and cash equivalents for which use is restricted.*
- .45 As discussed in paragraph 1540.09, in certain circumstances an enterprise may classify investments that qualify to be treated as cash equivalents, as trading assets or investments. In such circumstances, the policy for determining components of cash and cash equivalents would be disclosed. Any change in the policy for determining the components of cash and cash equivalents (for example, a change in the classification of financial instruments previously considered to be part of an enterprise's investment portfolio), would be disclosed in accordance with ACCOUNTING CHANGES, Section 1506.
- .46 Paragraph 1540.07 discusses cash subject to restrictions that prevent its use for current purposes. In other circumstances, cash and cash equivalents may be available for current purposes but on a restricted basis. Examples of the latter type of restriction that would be disclosed include:
- (a) cash and cash equivalent balances held by a regulated subsidiary that operates in a country where exchange controls or other legal restrictions apply with the result that the balances are not available for general use by the consolidated entity; and
 - (b) cash and cash equivalent balances held by a joint arrangement that are restricted to use within the joint arrangement when the joint arrangement is accounted for in accordance with INTERESTS IN JOINT ARRANGEMENTS, paragraphs 3056.17-.18.

Business combinations and disposals of business units

- .47 *An enterprise shall disclose, in aggregate, in respect of both business combinations and disposals of business units during the period:*
- (a) *the total purchase or disposal consideration;*
 - (b) *the portion of the purchase or disposal consideration composed of cash and cash equivalents; and*
 - (c) *the amount of cash and cash equivalents acquired or disposed of.*

Non-cash transactions

- .48 *Investing and financing transactions that do not require the use of cash or cash equivalents shall be disclosed in the notes to the financial statements in a way that provides all the relevant information about these investing and financing activities.*
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