IPSAS 2 at a glance

IPSAS 2 Cash Flow Statements · one-page reference

Core Knowledge

CORE PRINCIPLE

Report the period's cash flows as operating, investing or financing, and tie closing cash and cash equivalents to the statement of financial position (paras 18, 56).

Topic	The question	The test	Reference	Where it shows
1 **Cash equivalents**	**Is it one?**	Held for short-term commitments; about three months or less from acquisition; insignificant value risk.	**9**	Notes
2 **Overdraft**	**Inside cash?**	Repayable on demand and part of cash management: a component of cash; still a liability in the position statement.	**10, 56**	Cash flow, notes
3 **Classification**	**Which class?**	Operating is the residual (taxes, transfers, charges). Investing creates a recognised asset. Financing: borrowing, owner capital, lease principal.	**8, 22, 25, 26**	Cash flow
4 **Interest, dividends**	**Which class?**	Choose a policy, state it and apply it consistently from period to period.	**40-43**	Cash flow, notes
5 **Methods**	**Direct or indirect?**	Direct method encouraged, with the reconciliation from surplus; both give the same operating figure.	**27-29**	Cash flow, notes
6 **Notes**	**What else?**	Components and tie; non-cash transactions; changes in financing liabilities; cash the entity cannot use.	**54-56, 55A, 59**	Notes

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