

INDIAN ACCOUNTING STANDARD (Ind AS) 7

Statement of Cash Flows

Statement of Cash Flows

A statement of cash flows provide useful information about an entity's ability to generate cash and cash equivalents and the needs of the entity to utilise those cash flows.

Statement of Cash flows

Under Indian GAAP , AS 3 Cash Flow Statements deals with requirements concerning preparation of cash flow statement. Under Ind-AS, this matter is covered under Ind-AS 7 Statement of Cash Flows.

Statement of Cash flows

The requirements of AS-3 and Ind-AS 7 concerning preparation of cash flow statements are substantially aligned. Given below is an overview of certain differences which exist between the two:

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP-AS 3	Ind AS-7
Bank overdrafts		

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP- AS 3	Ind AS-7
Bank overdrafts	AS 3 does not require an entity to treat bank overdrafts as part of cash equivalent.	

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP- AS 3	Ind AS-7
Bank overdrafts	AS 3 does not require an entity to treat bank overdrafts as part of cash equivalent.	Bank overdrafts , which are repayable on demand and form an integral part of entity's cash management , are included in cash equivalents.

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP-AS 3	Ind AS-7
Concepts of Extraordinary items		

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP-AS 3	Ind AS-7
Concepts of Extraordinary items	AS 3 requires that cash flows associated with extraordinary items should be classified as arising from operating, investing or financing activities as appropriate and seperately disclosed.	

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP-AS 3	Ind AS-7
Concepts of Extraordinary items	AS 3 requires that cash flows associated with extraordinary items should be classified as arising from operating, investing or financing activities as appropriate and seperately disclosed.	As presentation of items as extraordinary is not permitted , the cash flow statement does not reflect any items of cash flow as extraordinary.

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP –AS 3	Ind–AS 7
Acquisition and disposal of properties held for rental to others.		

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP –AS 3	Ind AS-7
Acquisition and disposal of properties held for rental to others.	AS 3 does not specifically deal with cash flows from such assets. Cash inflows and outflows related to such fixed assets are generally classified as investing activities.	

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP –AS 3	Ind AS-7
Acquisition and disposal of properties held for rental to others.	AS 3 does not specifically deal with cash flows from such assets. Cash inflows and outflows related to such fixed assets are generally classified as investing activities.	Requires cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale in the ordinary course of business should be presented as part of cash flows from operating activities . Consequently , cash receipts from rent and subsequent sale of such assets should also be shown as part of operating activities.

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP-AS 3	Ind-AS 7
Preparation and presentation of consolidated cash flow statements.		

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP-AS 3	Ind-AS 7
Preparation and presentation of consolidated cash flow statements.	AS 3 does not give guidance specifically to deal with preparation and presentation of consolidated cash flow statement.	

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP-AS 3	Ind-AS 7
Preparation and presentation of consolidated cash flow statements.	AS 3 does not give guidance specifically to deal with preparation and presentation of consolidated cash flow statement.	Ind-AS 7 deals with Guidance on preparation and presentation of consolidated cash flow statements.

Ind AS and Indian GAAP Comparison

Guidance Provided in Ind AS 7 related to Preparation and Presentations of consolidated cash flow deals with :

- Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control are classified as cash flows from financing activities.
- Cash flows of a foreign subsidiary should be translated using the exchange rates at the dates of the cash flows . However , an entity may use average rate as well if it approximates the actual rate.

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP –AS 3	Ind–AS 7
Additional Disclosures		

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP –AS 3	Ind–AS 7
Additional Disclosures	There is no such disclosure required under AS 3.	

Indian GAAP and Ind AS Comparison

Topic	Indian GAAP –AS 3	Ind–AS 7
Additional Disclosures	There is no such disclosure required under AS 3.	Ind-AS 7 requires certain additional disclosures. Examples given in next slide .

Additional Disclosures in Ind-AS 7

- Cash paid by a lessee relating to finance lease liability is disclosed under financing activities.
- In case entity is not investment entity , if an entity obtains or loses control over a subsidiary or other business , it needs to disclose the amount of cash and cash equivalents and other assets and liabilities in the said subsidiary/business separately.

Additional Disclosures in Ind-AS 7

The amount of the cash flows arising from the operating , investing and financing activities of each reportable segment.

THANK YOU