**CONCEPT**: GAAP VS IFRS – STATEMENT OF CASH FLOWS

Laws/Standard Setting

| | |
|---|---|
| USA follows | ***Generally Accepted Accounting Principles*** |
| Standards set by | ***Financial Accounting Standards Board*** |
| | ____________ → ____________ |
| International follows | ***International Financial Reporting Standards*** |
| Standards set by | ***International Accounting Standards Board*** |
| | ____________ → ____________ |

| Statement of Cash Flows | |
|---|---|
| Similarities between GAAP and IFRS:<br>● Statement of Cash Flows is required<br>● Operating, Investing, and Financing sections<br>● Indirect or Direct Method for Operating section<br>● Definition of cash equivalents | Differences between GAAP and IFRS:<br>● Significant noncash investing and financing activities<br>> GAAP reports on Statement of Cash Flows<br>> IFRS reports in the notes to the financial statements<br>● Classification of interest, dividends and taxes (see below)<br>● IFRS allows the operating section to be presented as one line. If this method is used, a reconciliation is shown in the notes to the financial statements. |

Classification differences:

| Item | IFRS | GAAP |
|---|---|---|
| Interest paid | Operating or financing | Operating |
| Interest received | Operating or investing | Operating |
| Dividends paid | Operating or financing | Financing |
| Dividends received | Operating or investing | Operating |
| Taxes paid | Operating–unless specific identification with financing or investing activity | Operating |