

### CASH

Accepted by the bank or other financial institution for deposit at face value.

Characteristics:

<b>Unrestricted</b>	can be withdrawn immediately
<b>Immediately available for use in the current operations</b>	current obligations, operating expenses, or acquisition of current assets

### TIMING VS INTENTION

**When using cash to buy an asset** the intention matters.

E.g., When cash is **RESTRICTED** for purchase of building (PPE) within 12 months after the balance sheet date, it is still **not** part of cash because it is used to purchase a **non-current asset**.

**When using cash to pay for liabilities** timing matters.

### CASH EQUIVALENTS

**Short term and highly liquid investments** that are readily convertible to cash.

**Near maturity** usually 3 months or less from date of acquisition of the instrument, **not** the date on the face of the instrument

### PRESENTATION AND MEASUREMENT OF CASH

Cash is generally measured at face value, which is its fair value.

**Foreign currency** cash at the exchange rate at the end of the reporting period.

**Cash in closed banks/- financial difficulty/in bankruptcy** not cash; reclassified as receivable and written down to its recoverable amount.

**Post-dated checks, DAIF/DAUD, NSF, and IOUs** not cash; receivable.

**Postage stamps and advances** not cash; prepaid expenses

**Bank overdraft** if there is a right of offset, deduct from another bank and report net positive amount as cash.

**Undelivered or unreleased checks** cash

**Company's postdated check** cash

**Compensating balances** cash if unrestricted.

**Cash set aside for long-term purpose** not cash; reported under the non-current assets.



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