

APPROVED

by Resolution No. 1 of 18 December 2003 of the Standards Board of the Public Establishment the Institute of Accounting of the Republic of Lithuania

5 BUSINESS ACCOUNTING STANDARD “CASH FLOW STATEMENT”

Version effective as from 26 November 2006 (“Valstybės žinios” (Official Gazette), 2004, No. 20-616; 2006, No. 127-4883).

I. GENERAL PROVISIONS

1. The objective of this Standard is to set out how information about changes in cash and cash equivalents of an entity during the reporting period shall be presented.

2. This Standard establishes a procedure of preparing a cash flow statement, classifying cash flows into cash flows from operating, investing and financing activities, and provides standard forms of the cash flow statement, except for consolidated. Standard cash flow statement forms are presented in the Annexes to this Standard:

2.1. cash flow statement forms for all entities, except for state and municipal enterprises, are in Annexes 1 and 2;

2.2. forms for state and municipal enterprises are in Annexes 3 and 4.

II. KEY DEFINITIONS

Cash flows from financing activities – cash flows comprising changes in equity and liabilities of an entity related to borrowings.

Investments - cash and other tangible, intangible and financial assets, valued in the manner established by laws and other legal acts, that are invested to gain profit (income) from the investment object, or to maintain the operating capability of the entity.

Cash flows from investing activities – cash flows related to acquisition and disposal of investments.

Payments – any cash outflows.

Unrealised changes in exchange rates – a result of revaluing currency items arising from the difference in exchange rates:

a) on the last day of the reporting period and at initial recognition of the economic transaction or event if no financial statements have been prepared after the transaction date;

b) on the last day of the current and previous reporting periods if financial statements have been prepared after the initial recognition of the economic transaction or event.

Cash flows from operating activities – cash flows related to principal activities of an entity (production, trade and rendering of services), except for investing and financing activities.

Cash - cash on hand and in bank accounts.

Cash equivalents - short-term (up to three months) liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments in equity instruments are not attributed to cash equivalents.

Cash flows - inflows and outflows of cash and cash equivalents during the reporting period.

Realised changes in exchange rates – a result of currency transactions or events arising from the difference in exchange rates:

a) on the day of the initial recognition of the economic transaction or event and on the day of settlement, if no financial statements have been prepared after the initial recognition of the economic transaction or event;

b) on the last day of the previous reporting period and on the day of settlement if financial statements have been prepared after the initial recognition of the economic transaction or event.

III. CLASSIFICATION OF CASH FLOWS

3. In the cash flow statement cash flows of the reporting period shall be classified into cash flows from operating, investing and financing activities.

4. Entities classify their cash flows at their own discretion on the basis of the nature of their activities and requirements of this Standard.

5. Interest and dividend cash flows from investing and financing activities shall be presented separately. They may be classified as cash flows from entity's operating, investing or financing activities. Dividends and interest received and paid may be classified as cash flows from operating activities, or dividends received may be classified as investing activities, whereas dividends paid – as financing activities. Accounting policies shall establish where such cash flows shall be disclosed.

6. A single transaction may generate cash flows that may be classified differently. For example, when a cash repayment of a loan includes both interest and principal, the interest element may be classified as cash flows from operating activities of the entity, and the principal element – as cash flows from financing activities.

IV. OPERATING ACTIVITIES OF AN ENTITY

7. Cash flows from operating activities of an entity show the extent to which the principal operations of the entity (production, trade, and rendering of services), except for investing and financing activities, can generate cash flows. Such cash flows are the principal financing source for maintaining and developing the operating capability of the entity, repaying loans, paying dividends, and making new investments.

8. Examples of cash inflows from operating activities of the entity are:

8.1. cash receipts from the sale of goods and the rendering of services;

8.2. cash receipts from commissions, royalties and other income;

8.3. cash receipts from prepayments of customers;

8.4. cash receipts from recovery of trade debts;

8.5. covered insurance claims;

8.6. cash receipts from sales of held-for-resale non-current assets;

8.7. cash receipts from sales of held for trading purposes securities of other entities (for example, shares, bonds) and other non-current investments;

8.8. dividends received from other entities (if these inflows are classified as an operating activity according to the accounting policies);

8.9. interest received (if these inflows are classified as an operating activity according to the accounting policies).

9. Examples of cash outflows from operating activities of the entity are:

9.1. cash payments to suppliers of raw materials, goods and services;

9.2. cash payments to entity's employees;

9.3. taxes paid;

9.4. cash payments to purchase current investments;

9.5. insurance premiums paid;

9.6. cash payments to purchase held-for-resale non-current assets;

9.7. cash payments to purchase securities of other entities for trading purposes;

9.8. dividends paid (if these outflows are classified as an operating activity according to the accounting policies);

9.9. interest paid (if these outflows are classified as an operating activity according to the accounting policies);

V. INVESTING ACTIVITIES OF AN ENTITY

10. Cash flows from investing activities show cash amounts spent on acquisition of assets, which will generate future economic benefits, and cash receipts from disposals of such assets.

11. Examples of inflows from investing activities are:

11.1. cash receipts from sales of non-current assets (except for held-for-resale);

11.2. cash receipts from repayment of loans made to third parties;

11.3. cash receipts from transfers of held for trading purposes securities of other entities;

11.4. dividends received from other entities (if these inflows are classified as an investing activity according to the accounting policies);

11.5. interest received on originated loans (if these inflows are classified as an investing activity according to the accounting policies);

11.6. interest received on cash held in financial institutions (if these inflows are classified as an investing activity according to the accounting policies).

12. Examples of outflows from investing activities are:

12.1. cash payments to acquire non-current assets (except for held-for-resale assets);

12.2. cash payments to build, reconstruct or repair non-current tangible assets that are controlled by the entity and increase in value as a result of work;

12.3. cash payments upon lending cash to third parties;

12.4. cash payments to acquire securities.

VI. FINANCING ACTIVITIES OF AN ENTITY

13. Cash flows from financing activities show how the entity has used external financing sources during the reporting period.

14. Examples of inflows from financing activities of the entity are:

14.1. cash proceeds from issuing all types of shares;

14.2. cash proceeds from issuing bonds, bills and other debt securities;

14.3. cash receipts from borrowing (irrespective of maturity) from third parties (including credit institutions).

15. Examples of outflows from financing activities of the entity are:

15.1. cash payments to acquire own shares;

15.2. dividends paid (if these outflows are classified as a financing activity according to the accounting policies);

15.3. cash payments to redeem bonds, bills and other debt securities previously issued by the entity;

15.4. cash repayments of amounts borrowed;

15.5. interest paid on loans (if these outflows are classified as a financing activity according to the accounting policies);

15.6. cash payments relating to a finance lease.

VII. CASH FLOWS FROM EXTRAORDINARY ITEMS

16. In the cash flow statement extraordinary cash flows shall be disclosed in a separate line at the end of the statement.

VIII. REPORTING CASH FLOWS FROM OPERATING ACTIVITIES

17. An entity shall report cash flows from operating activities using either the direct or the indirect method.

18. When reporting cash flows from operating activities using the direct method, major classes of gross cash inflows and outflows of the reporting period are disclosed in the statement.

19. When preparing a cash flow statement using the direct method, cash inflows and outflows are presented including value added tax (VAT). Information about inflows and outflows can be obtained:

19.1. from accounting records, i.e. by summarising the movements of cash accounts;

19.2. by converting the items of the income statement (income and expenses) into cash inflows and outflows.

20. Under the indirect method for reporting cash flows from operating activities, net profit (loss) of the reporting period is recalculated into the net of cash inflow or outflow from the entity's operating activities.

21. When presenting cash flows in the cash flow statement, attention shall be paid to their substance and economic content, not only to formal reporting requirements. Entities may include additional items to or delete unused items from the statement in order to present fairly the cash flows of the reporting period.

IX. REPORTING CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES

22. Cash inflows and outflows of the reporting period arising from investing and financing activities are disclosed in the statement separately, except for cases when cash flows are reported on a net basis. Reporting such cash flows in the cash flow statement prepared under the direct or indirect method does not differ because these parts of the cash flow statement are prepared on the basis of the direct method only.

23. Cash flows arising from acquisitions or disposals of subsidiaries and other business units shall be reported separately and classified as cash flows from investing activities.

X. NON-CASH TRANSACTIONS

24. Investing and financing transactions that do not require any cash inflows or outflows during the reporting period shall be excluded from the cash flow statement. Information about such transactions shall be disclosed in explanatory notes to financial statements.

25. Some investing and financing transactions do not have a direct impact on cash flows of the reporting period although they do affect the structure of the entity's equity, liabilities and assets. Due to this reason such transactions are not reported in the cash flow statement but they are described in explanatory notes to financial statements.

26. Examples of non-cash transactions are:

26.1. conversion of a part of an entity's debt into equity;

26.2. acquisition of non-current assets on credit, including finance lease.

XI. CURRENCY ITEMS

27. In the cash flow statements cash inflows and outflows arising from the entity's transactions in a foreign currency shall be recorded in the reporting currency by applying the exchange rate of currencies announced on the day of receipt (payment) of cash. Realised gains and losses arising from the changes in exchange rates directly affect the cash amount, therefore they shall be reported in the cash flow statement.

29. Unrealised gains and losses arising from changes in exchange rates, regardless of the fact that they are not cash inflows or outflows, shall also be reported in the cash flow statement

prepared under the indirect method. They shall be presented in "Elimination of results of financing and investing activities" line or in a separate line.

30. The effect of changes in exchange rates on the closing balance of cash and cash equivalents shall be presented in a line item of the cash flow statement separately from operating, financing and investing activities, in order to reconcile the cash amount at the beginning and at the end of the reporting period.

XII. FINAL PROVISIONS

31. This Standard shall be effective for financial statements covering periods beginning on or after 1 January 2004. Standard cash flow statement forms for state and municipal enterprises presented in Annexes 3 and 4 to this Standard shall be used by state and municipal enterprises for financial statements covering periods beginning on or after 1 January 2006.

Annex 1
to 5 Business Accounting Standard
“Cash Flow Statement”

(Standard Form of Complete Cash Flow Statement Prepared under the Direct Method)

(entity name)

(entity identification number, address, other information)

APPROVED

Minutes No.....

..... 20

CASH FLOW STATEMENT

_____ (reporting period)

..... No.

(reporting date)

Reporting currency, specify degree of accuracy

No.	Items	Note No.	Financial year	Previous financial year
I.	Cash flows from operating activities			
I.1.	Cash inflows of the reporting period (VAT included)			
I.1.1.	Inflows from customers			
I.1.2.	Other inflows			
I.2.	Cash outflows of the reporting period			
I.2.1.	Cash paid to suppliers of raw materials, goods and services (VAT included)			
I.2.2.	Outflows related to employment relations			
I.2.3.	Taxes paid into the budget			
I.2.4.	Other payments			
	<u>Net cash flows from operating activities</u>			
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investments)			
II.2.	Disposal of non-current assets (excluding investments)			
II.3.	Acquisition of non-current investments			
II.4.	Disposal of non-current investments			
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Dividends and interest received			
II.8.	Other increases in cash flows from investing activities			
II.9.	Other decreases in cash flows from investing activities			
	<u>Net cash flows from investing activities</u>			

III.	Cash flows from financing activities		
III.1.	Cash flows related to entity owners:		
III.1.1.	Issue of shares		
III.1.2.	Owners' contributions against losses		
III.1.3.	Purchase of own shares		
III.1.4.	Dividends paid		
III.2.	Cash flows arising from other financing sources		
III.2.1.	Increase in financial debts		
III.2.1.1.	Loans received		
III.2.1.2.	Issue of bonds		
III.2.2.	Decrease in financial debts		
III.2.2.1.	Loans returned		
III.2.2.2.	Redemption of bonds		
III.2.2.3.	Interest paid		
III.2.2.4.	Payments of liabilities arising from finance leases		
III.2.3.	Increase in other liabilities of the entity		
III.2.4.	Decrease in other liabilities of the entity		
III.5.	Other increases in cash flows from financing activities		
III.6.	Other decreases in cash flows from financing activities		
	<u>Net cash flows from financing activities</u>		
IV.	Cash flows from extraordinary items		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
V.	Effect of changes in exchange rates on the balance of cash and cash equivalents		
VI.	Net increase (decrease) in cash flows		
VII.	Cash and cash equivalents at the beginning of the period		
VIII.	Cash and cash equivalents at the end of the period		

(title of the head of entity administration)

(signature)

(name, surname)

Annex 2
to 5 Business Accounting Standard
“Cash Flow Statement”

(Standard Form of Complete Cash Flow Statement Prepared under the Indirect Method)

(entity name)

(entity identification number, address, other information)

APPROVED

Minutes No.....

..... 20

CASH FLOW STATEMENT

_____ (reporting period)

..... No.
(reporting date)

Reporting currency, specify degree of accuracy

No.	Items	Note No.	Financial year	Previous financial year
I.	Cash flows from operating activities			
I.1.	Net profit (loss)			
I.2.	Depreciation and amortisation expenses			
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventories			
I.5.	Decrease (increase) in prepayments			
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade debtors			
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable			
I.10.	Decrease (increase) in other current assets			
I.11.	Increase (decrease) in non-current trade amounts payable and received prepayments			
I.12.	Increase (decrease) in current trade amounts payable and received prepayments			
I.13.	Increase (decrease) in income tax liabilities			
I.14.	Increase (decrease) in liabilities related to employment relations			
I.15.	Increase (decrease) in provisions			
I.16.	Increase (decrease) in other amounts payable and liabilities			
I.17.	Elimination of results of disposals of non-current tangible and intangible assets			

I.18.	Elimination of results of financing and investing activities			
I.19.	Elimination of other non-cash items			
	<u>Net cash flows from operating activities</u>			
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investments)			
II.2.	Disposal of non-current assets (excluding investments)			
II.3.	Acquisition of non-current investments			
II.4.	Disposal of non-current investments			
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Dividends and interest received			
II.8.	Other increases in cash flows from investing activities			
II.9.	Other decreases in cash flows from investing activities			
	<u>Net cash flows from investing activities</u>			
III.	Cash flows from financing activities			
III.1.	Cash flows related to entity owners:			
III.1.1.	Issue of shares			
III.1.2.	Owners' contributions against losses			
III.1.3.	Purchase of own shares			
III.1.4.	Dividends paid			
III.2.	Cash flows arising from other financing sources			
III.2.1.	Increase in financial debts			
III.2.1.1.	Loans received			
III.2.1.2.	Issue of bonds			
III.2.2.	Decrease in financial debts			
III.2.2.1.	Loans repaid			
III.2.2.2.	Redemption of bonds			
III.2.2.3.	Interest paid			
III.2.2.4.	Payments of liabilities arising from finance leases			
III.2.3.	Increase in other liabilities of the entity			
III.2.4.	Decrease in other liabilities of the entity			
III.2.5.	Other increases in cash flows from financial activities			
III.2.6.	Other decreases in cash flows from financial activities			
	<u>Net cash flows from financing activities</u>			
IV.	Cash flows from extraordinary items			
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
V.	Effect of changes in exchange rates on the balance of cash and cash equivalents			
VI.	Net increase (decrease) in cash flows			
VII.	Cash and cash equivalents at the beginning of the period			
VIII.	Cash and cash equivalents at the end of the period			

(title of the head of entity administration)

(signature)

(name, surname)

**(Standard Form of Complete Cash Flow Statement for State and Municipal Enterprises
Prepared under the Direct Method)**

(entity name)

(entity identification number, address, other information)

APPROVED

Minutes No.

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CASH FLOW STATEMENT

(reporting period)

..... No.

(reporting date)

Reporting currency, specify degree of accuracy

No.	Items	Note No.	Financial year	Previous financial year
I.	Cash flows from operating activities			
I.1.	Cash inflows of the reporting period (VAT included)			
I.1.1.	Inflows from customers			
I.1.2.	Other inflows			
I.2.	Cash outflows of the reporting period			
I.2.1.	Cash paid to suppliers of raw materials, goods and services (VAT included)			
I.2.2.	Outflows related to employment relations			
I.2.3.	Taxes paid into the budget			
I.2.4.	Other payments			
	<u>Net cash flows from operating activities</u>			
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investments)			
II.2.	Disposal of non-current assets (excluding investments)			
II.3.	Acquisition of non-current investments			
II.4.	Disposal of non-current investments			
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Interest received			
II.8.	Other increases in cash flows from investing activities			
II.9.	Other decreases in cash flows from investing activities			

	<u>Net cash flows from investing activities</u>		
III.	Cash flows from financing activities		
III.1.	Cash flows related to entity owners:		
III.1.1.	Increase of owner's capital		
III.2.	Cash flows arising from other financing sources		
III.2.1.	Increase in financial debts		
III.2.1.1.	Loans received		
III.2.2.	Decrease in financial debts		
III.2.2.1.	Loans returned		
III.2.2.2.	Interest paid		
III.2.2.3.	Payments of liabilities arising from finance leases		
III.2.3.	Increase in other liabilities of the entity		
III.2.4.	Decrease in other liabilities of the entity		
III.5.	Other increases in cash flows from financing activities		
III.6.	Other decreases in cash flows from financing activities		
	<u>Net cash flows from financing activities</u>		
IV.	Cash flows from extraordinary items		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
V.	Effect of changes in exchange rates on the balance of cash and cash equivalents		
VI.	Net increase (decrease) in cash flows		
VII.	Cash and cash equivalents at the beginning of the period		
VIII.	Cash and cash equivalents at the end of the period		

(title of the head of entity administration)

(signature)

(name, surname)

**(Standard Form of Complete Cash Flow Statement of State and Municipal Enterprises
Prepared under the Indirect Method)**

(entity name)

(entity identification number, address, other information)

APPROVED

Minutes No.

..... 20

CASH FLOW STATEMENT

(reporting period)

..... No.
(reporting date)

Reporting currency, specify degree of accuracy

No.	Items	Note No.	Financial year	Previous financial year
I.	Cash flows from operating activities			
I.1.	Net profit (loss)			
I.2.	Depreciation and amortisation expenses			
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventories			
I.5.	Decrease (increase) in prepayments			
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade debtors			
I.8.	Decrease (increase) in other amounts receivable			
I.9.	Decrease (increase) in other current assets			
I.10.	Increase (decrease) in non-current trade amounts payable and received prepayments			
I.11.	Increase (decrease) in current trade amounts payable and received prepayments			
I.12.	Increase (decrease) in income tax liabilities			
I.13.	Increase (decrease) in liabilities related to employment relations			
I.14.	Increase (decrease) in provisions			
I.15.	Increase (decrease) in other amounts payable and liabilities			
I.16.	Elimination of results of disposals of non-current tangible and intangible assets			
I.17.	Elimination of results of financing and investing activities			

I.19.	Elimination of other non-cash items			
	<u>Net cash flows from operating activities</u>			
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investments)			
II.2.	Disposal of non-current assets (excluding investments)			
II.3.	Acquisition of non-current investments			
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II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Interest received			
II.8.	Other increases in cash flows from investing activities			
II.9.	Other decreases in cash flows from investing activities			
	<u>Net cash flows from investing activities</u>			
III.	Cash flows from financing activities			
III.1.	Cash flows related to entity owners:			
III.1.1.	Increase of owner's capital			
III.2.	Cash flows arising from other financing sources			
III.2.1.	Increase in financial debts			
III.2.1.1.	Loans received			
III.2.2.	Decrease in financial debts			
III.2.2.1.	Loans repaid			
III.2.2.2.	Interest paid			
III.2.2.3.	Payments of liabilities arising from finance leases			
III.2.3.	Increase in other liabilities of the entity			
III.2.4.	Decrease in other liabilities of the entity			
III.2.5.	Other increases in cash flows from financial activities			
III.2.6.	Other decreases in cash flows from financial activities			
	<u>Net cash flows from financing activities</u>			
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IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
V.	Effect of changes in exchange rates on the balance of cash and cash equivalents			
VI.	Net increase (decrease) in cash flows			
VII.	Cash and cash equivalents at the beginning of the period			
VIII.	Cash and cash equivalents at the end of the period			

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