

# EITF Issue No. 16-A, “Restricted Cash”

## Private Company Council Meeting

April 12, 2016

# EITF Issue No. 16-A, “Restricted Cash”

**Issue: Diversity exists in the classification and presentation of changes in restricted cash on the statement of cash flows**

## **Changes in restricted cash result from:**

Transfers between cash and restricted cash

- Entities presently classify transfers between cash and restricted cash as operating, investing, or financing activities, or as a combination of those activities

Cash receipts deposited directly into and cash payments made directly from restricted cash

- Some entities present direct cash flows of a segregated account that holds restricted cash as cash inflows and cash outflows
- Other entities disclose direct cash flows as noncash investing or financing activities

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## Consensuses Reached by the Task Force

<b>Presentation</b>	<ul style="list-style-type: none"><li>• Amounts generally described as restricted cash and restricted cash equivalents would be included with cash and cash equivalents when reconciling the beginning and end of period amounts shown on the statement of cash flows.</li></ul>
<b>Disclosure</b>	<ul style="list-style-type: none"><li>• If the total amounts of cash and cash equivalents (including amounts generally described as restricted cash or restricted cash equivalents) at the beginning and end of the period shown on the statement of cash flows are different from the amounts of similarly titled line items on the statement of financial position, disclose the titles and amounts within the statement of financial position that are outside of those similarly titled line items.</li></ul>
<b>Disclosure</b>	<ul style="list-style-type: none"><li>• Disclose the nature of restrictions on cash and cash equivalents (including amounts generally described as restricted cash and restricted cash equivalents).</li></ul>

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## Consensuses Reached by the Task Force

<b>Transition</b>	<ul style="list-style-type: none"><li>• Retrospective transition method</li></ul>
<b>Transition Disclosures</b>	<ul style="list-style-type: none"><li>• The nature of and reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable</li><li>• A description of the prior-period information that has been retrospectively adjusted, if any</li><li>• An entity that issues interim financial statements shall provide the required disclosures in the financial statements of both the interim period of the change and the annual period of the change</li></ul>