Cash Flow Statements and Foreign Currency: IAS 7 and IAS 21

CertiFi micro-credential

1 course · 5 lessons · about 3 study hours · issued 28 Nov 2026

IFRS-10

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About 3 study hours · 5 lessons · pass mark 70% · AED 299

The cash flow statement is the one most often prepared last and wrong, and almost every UAE company buys or sells in a foreign currency. Following an Abu Dhabi distributor, you will build a statement of cash flows under IAS 7, including the changes that come with IFRS 18, and account for foreign currency purchases, balances, advances and a foreign branch under IAS 21. This is a CertiFi certificate of completion and is not a qualification of the IFRS Foundation.

On completion, you will be able to:

- Classify cash flows as operating, investing or financing
- Prepare a statement of cash flows using the indirect method
- Deal with non-cash transactions, leases and the reconciliation of financing liabilities
- Determine a functional currency and account for foreign currency transactions and balances
- Translate a foreign operation and account for the exchange differences

Learning outcomes by lesson

1. IAS 7: what the statement shows

- Define cash and cash equivalents
- Classify cash flows into three activities
- Apply the classification of interest and dividends
- Explain why profit and cash differ

2. Building the statement: the indirect method

- Distinguish the direct and indirect methods
- Start from operating profit
- Adjust for non-cash items and working capital
- Complete and prove a statement

3. Non-cash transactions, leases and disclosures

- Exclude non-cash transactions
- Present lease cash flows
- Reconcile liabilities arising from financing activities
- List the other disclosures

4. IAS 21: foreign currency transactions

- Determine a functional currency
- Record a foreign currency transaction

- Retranslate monetary items at the year end
- Deal with advances and the dirham peg

5. Foreign operations and translation

- Identify a foreign operation
- Translate its statements into the presentation currency
- Account for the translation difference
- Deal with intra-group balances and disposal