



Standard Setter Discussion of “How Does Reporting Complexity Affect the Decision Usefulness of Cash Flow Information”

Christine Botosan, FASB Member

November 6, 2025

The views expressed in this presentation are those of the presenter.
Official positions of the FASB are reached only after extensive due process and deliberations

Relevant? YES!

Timely

- IASB Work Plan: [Statement of Cash Flows and Related Matters](#)
- FASB Technical Agenda: [Statement of Cash Flows Targeted Improvements](#)
- FASB Chair Research Agenda: [Statement of Cash Flows](#)

Addresses an important problem in practice

- Investor feedback to the IASB's third agenda consultation and the FASB's agenda consultations in 2016, 2021, and 2025.
- EFRAG Discussion Paper "The Statement of Cash Flows—Objectives, Usages and Issues."
- Past-SEC Chief Accountant, Paul Munter's statement "The Statement of Cash Flows-Improving the Quality of Cash Flow Information Provided to Investors."

Provides evidence pertaining to analysts and the market

May I have some more disaggregation, please!



CON8, Chapter 7, Presentation, PR39
“...creating line items that include classes of items that are as nearly homogeneous as possible is a critical aspect of presentation. Homogeneity enhances the ability to faithfully represent a line item.”

Other Statement of Cash Flow Improvements

- ✓ Greater comparability
- ✓ More economically meaningful subtotals
- ✓ Improved articulation of net income and free cash flow

Comparability

With definitions like these...

With Definitions Like These....

When SFAS 95 was issued:

Some view principal payments on seller-financed mortgages of productive assets as investing cash flows; others view them as financing cash flows.

Operating Activities

Generally, involve producing and delivering goods and providing services. (Also, all transactions and other events that are not defined as investing or financing activities.)

Investing Activities

Making and collecting loans and acquiring and disposing of debt or equity instruments and property, plant, and equipment (other than inventory).

Financing Activities

Obtaining resources from owners and providing them with a return on, and a return of, investment; obtaining and paying for other resources obtained from creditors on long-term credit.

In recent outreach with banks:

Some view customer bank deposits as operating cash flows; others view them as financing cash flows.

Economically Meaningful Subtotals

Economic meaning? Meet the objective.

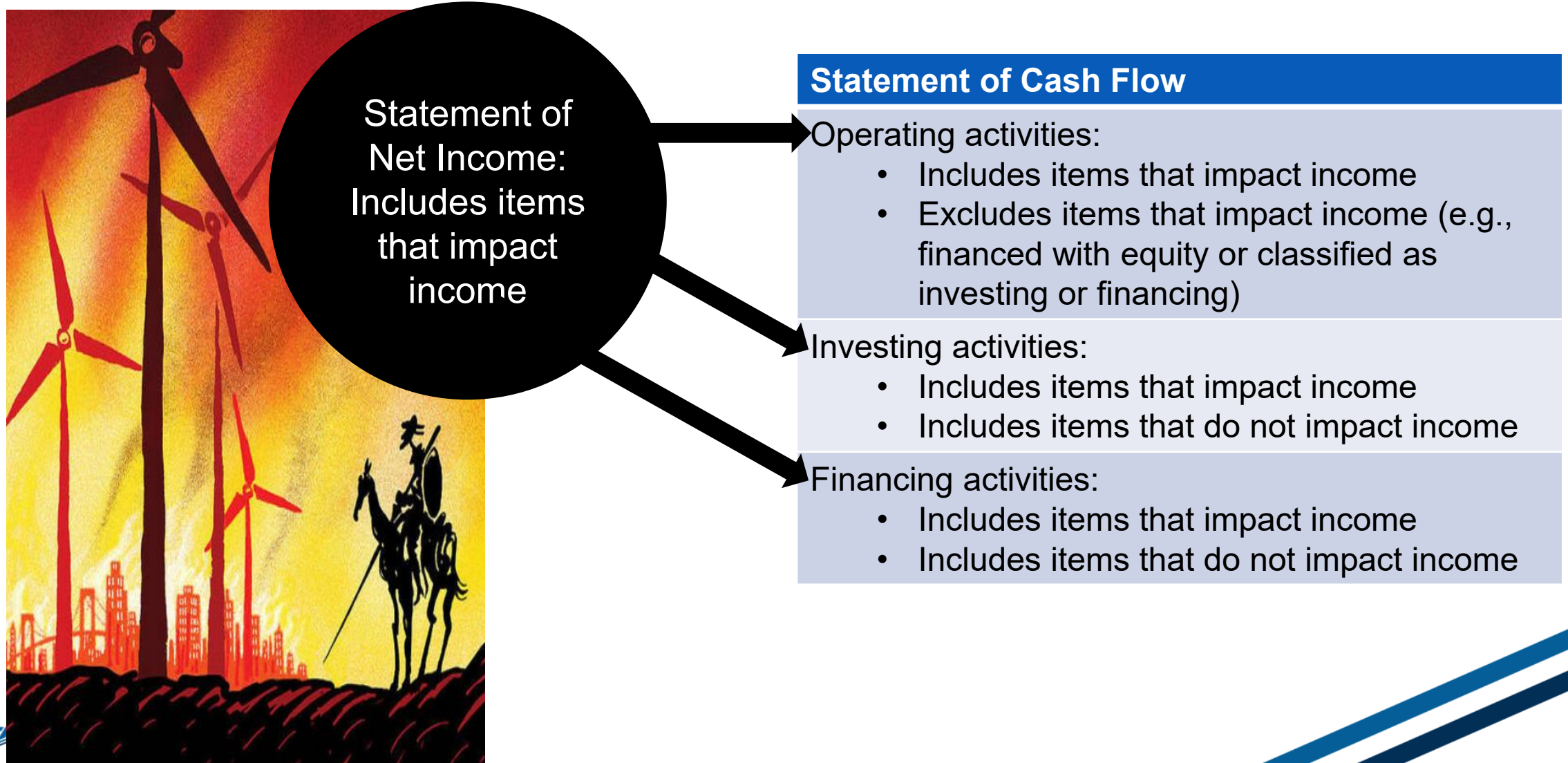
Economically Meaningful Subtotals?—Meet the Objective



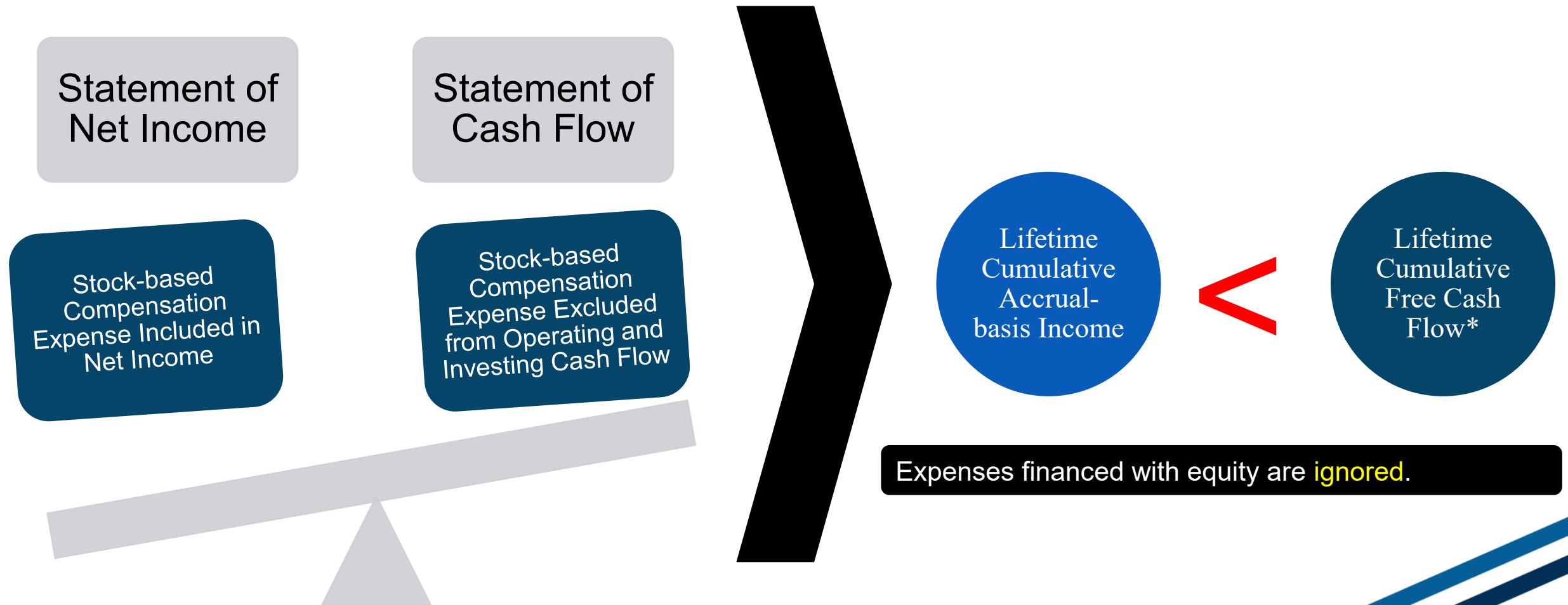
Improved Articulation

The impossible dream?

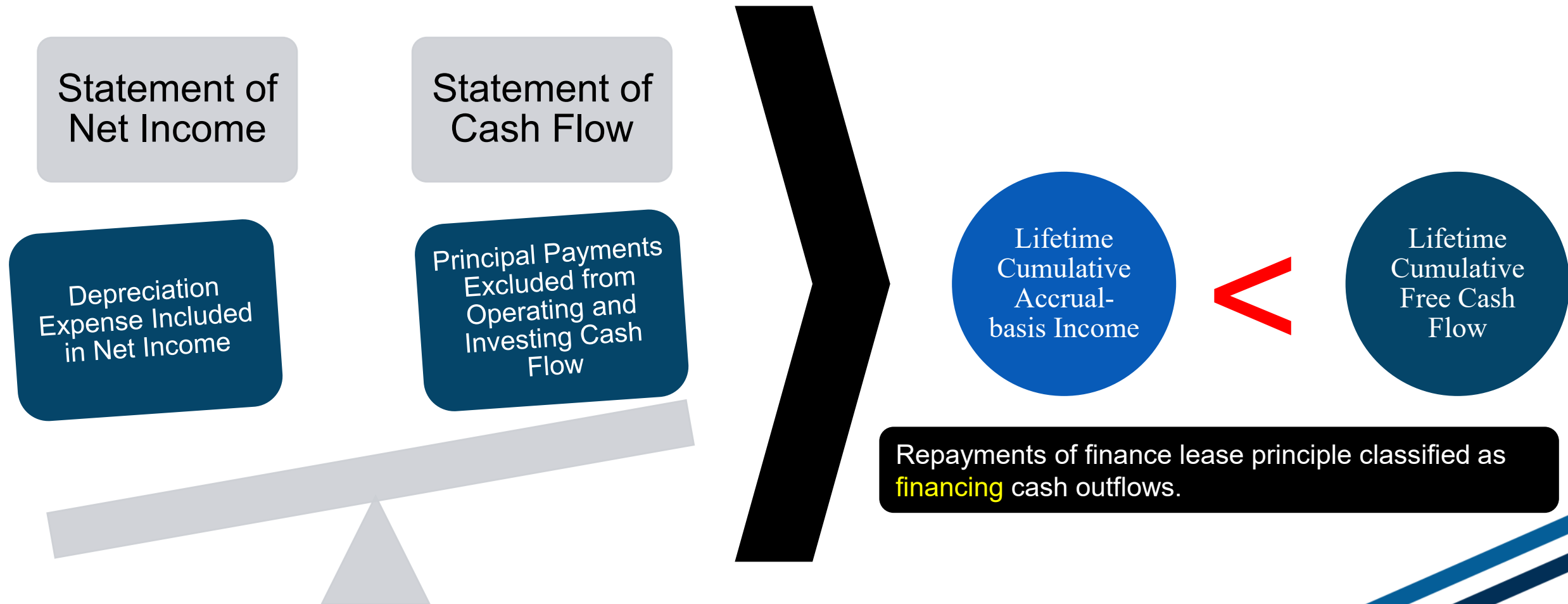
Articulation—The Impossible Dream?



Stock-based Compensation



Finance Leases



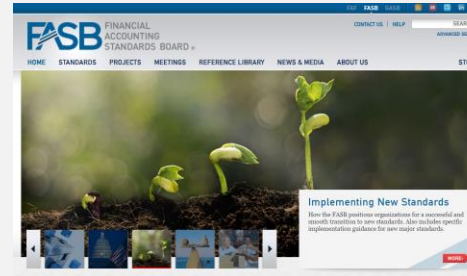
Contact us: FASB

Keep up to date

-  @FAFNorwalk
-  FASB
-  FASBstandards
-  fasb.org/signup
(FASB Outlook, ActionAlert)

Technical inquiries

-  techinq@fasb.org
-  fasb.org/implementation



Join the organization, and help shape the future of financial reporting

-  fasb.org/careers