Statement of Cash Flows

This paper has been prepared for discussion at a public education meeting of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). It is not intended to represent the views of the boards or any individual member of either board or the staff. Comments on the application of IFRS® Accounting Standards or US GAAP do not purport to set out acceptable or unacceptable application of IFRS Accounting Standards or US GAAP. Tentative technical decisions are made in public and reported in FASB Action Alert or in IASB Update. Official positions of the FASB or the IASB are determined after extensive due process and deliberations.
**Project Objective:** This research project will explore improvements to the statement of cash flows to provide additional decision-useful information for investors and other allocators of capital.

### General Feedback from Investor Survey in 2022

- Majority of investors agree that the current statement of cash flows provides information needed for analyzing changes in working capital; however, they noted an opportunity for targeted improvements.
- Most support a reconciliation between changes in balance sheet line items and the corresponding changes in the statement of cash flows with strong support for reconciling revenue-related accounts (such as A/R, contract assets, and contract liabilities).
- “Cash received from customers” received the most support and was the highest priority disclosure.

### Financial Institutions Feedback

- About half the respondents to the investor survey who follow financial institutions use the statement of cash flows in their analysis.
- Some investors would support the Board exploring ways to make the cash flow statement more informative for financial institutions.
- A majority supported a “cash interest received” disclosure.

### Project Next Steps

- Continued stakeholder outreach and research efforts to identify project scope.
- Evaluate the operability of certain additional disclosures.
- Obtain feedback on a potential improved statement of cash flows for financial institutions.