
IASB[®] meeting

Date **December 2025**
Project **Statement of Cash Flows and Related Matters**
Topic **Cover paper**
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Introduction and purpose

1. [At its May 2025 meeting](#), the IASB decided on the topics it will include in the project plan and discussed a draft timeline for work on the project. Appendix A includes a summary of the IASB tentative decisions to date, including the topics included in the project plan.
2. The purpose of this meeting is for the IASB to:
 - (a) tentatively decide on outstanding matters regarding the IASB's tentative decision in July 2025 to extend the requirements for management-defined performance measures in IFRS 18 *Presentation and Disclosure in Financial Statements* to also include cash flow measures (Agenda Paper 20A);
 - (b) begin discussions on the topic of improving the consistent application of requirements to classify cash flows as operating, investing and financing (Agenda Paper 20B); and
 - (c) tentatively decide on the matter of diversity in the presentation of cash flows from continuing and discontinued operations discussed at its October 2025 meeting (Agenda Paper 20C).

Papers for this meeting

3. The papers for this meeting are:

- (a) **Agenda Paper 20A Improving the transparency of information about cash flow measures**—we analyse the outstanding matters relating to the definition and disclosure requirements for management-defined performance measures and ask the IASB to make tentative decisions to conclude these matters. Appendix A of the paper includes a draft mark-up of possible amendments to IFRS 18 to reflect the IASB’s tentative decisions, including those proposed in the paper.
- (b) **Agenda Paper 20B Classification and presentation of cash flows**—we analyse stakeholder feedback to identify the reasons stakeholders say there is inconsistent application of the requirements to classify cash flows as operating investing and financing and ask the IASB to make tentative decisions to develop requirements that would improve consistent application.
- (c) **Agenda Paper 20C Presentation of cash flows from continuing and discontinued operations**—we analyse feedback from CMAC and GPF members regarding possible approaches to reducing diversity in the presentation of cash flows from continuing and discontinued operations and ask the IASB to tentatively decide on requirements to reduce this diversity.

Next steps

4. At future IASB meetings, we will continue to assess potential ways to improve financial reporting for each of the topics included in the project plan. Following the project timeline, in the first half of 2026 we plan to bring the IASB papers discussing:
- (a) improving information about non-cash transactions in financial statements including:
 - (i) potential requirements specifying the content and location of information about non-cash transactions;
 - (ii) potential requirements to disclose information about specific types of non-cash changes that make up the components of working capital; and

- (iii) potential requirements to disclose cash receipts, cash payments and related line items from the statement of cash flows as part of the reconciliation of changes in liabilities arising from financing activities;
- (b) potential requirements to strengthen the link between the statement of cash flows and other cash flow information presented or disclosed in financial statements;
- (c) improving the consistent application of requirements for classifying and presenting cash flows as operating, investing, and financing including:
 - (i) classification of acquisition-related payments in a business combination;
 - (ii) classification and presentation of cash flows from derivatives;
 - (iii) classification and presentation of receipts of government grants;
 - (iv) amending the principle for classifying cash flows in paragraph 11 of *IAS 7 Statement of Cash Flows*; and
- (d) improving the consistent application of the definition of cash equivalents.

Appendix A: Summary of the IASB's tentative decisions to date

Topic	Staff condensed summary of the IASB's tentative decisions
	<i>A full record of the IASB's tentative decisions is available from the May–October 2025 IASB updates.</i>
Project scope on non-financial institutions	<p>The IASB decided that it will assess potential ways to improve:</p> <ul style="list-style-type: none"> a. the disaggregation of cash flow information in financial statements; b. the reporting of information about non-cash transactions in financial statements; c. the transparency of information communicated about cash flow measures not specified in IFRS Accounting Standards; d. the consistent application of requirements to classify cash flows as operating, investing or financing; and e. the consistent application of the definition of cash equivalents. <p>The IASB tentatively decided it will not:</p> <ul style="list-style-type: none"> a. aim to redefine the operating, investing and financing categories; b. aim to align the classification of cash flows in the statement of cash flows with the classification of related income and expenses in the statement of profit or loss, which is set out in IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>; c. define 'growth and maintenance capital expenditures'; d. define the measures 'free cash flows' or 'net debt'; e. expand the definition of cash and cash equivalents; f. develop new requirements for cash flow information by segment; g. develop specific requirements for offsetting cash flows; h. develop alternatives to a statement of cash flows; or i. amend the requirement in IAS 7 <i>Statement of Cash Flows</i> for an entity to present operating activities using the direct or the indirect method.
Project scope on financial institutions	<p>The IASB decided it will approach the statement of cash flows for financial institutions by considering:</p> <ul style="list-style-type: none"> a. improvements to the statement of cash flows generally before deciding how any changes might apply to the requirements for financial institutions; b. exemptions for financial institutions from some or all of the requirements for presenting a statement of cash flows; and c. any presentation or supplementary disclosure requirements specific to financial institutions that might enhance the usefulness of information about cash flows for such entities.
Disaggregation of cash flow information	<p>The IASB tentatively decided to respond to the feedback by developing potential requirements:</p> <ul style="list-style-type: none"> a. to strengthen the link between: <ul style="list-style-type: none"> i. the statement of cash flows; and ii. information presented or disclosed in other parts of the financial statements in accordance with IFRS Accounting Standards other than IAS 7; and b. to improve the consistency of the presentation of cash flows from discontinued operations.

Topic	Staff condensed summary of the IASB's tentative decisions
Cash flow measures not specified in IFRS Accounting Standards	<p>The IASB tentatively decided to propose extending the requirements for management-defined performance measures (MPMs) in IFRS 18 to also apply to measures relating to the statement of cash flows not specified in IFRS Accounting Standards (cash flow measures). The proposed requirements would apply to cash flow measures, subject to the definition of an MPM and the applicability of the related disclosure requirements.</p> <p>The IASB tentatively decided to propose:</p> <ul style="list-style-type: none"> a. applying to cash flow measures, unchanged, the parts of the IFRS 18 definition of an MPM that describe an MPM as a measure that: <ul style="list-style-type: none"> i. an entity uses in public communications outside financial statements; and ii. an entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole; and b. extending the rebuttable presumption for MPMs in IFRS 18 so it also applies to cash flow measures. <p>The IASB tentatively decided to propose extending the disclosure objective for MPMs and specific disclosure requirements for MPMs in IFRS 18 to also apply to cash flow measures. The IASB will further consider any drafting changes required when these disclosure requirements are applied to those measures.</p> <p>The IASB tentatively decided not to propose extending the requirement for MPMs in IFRS 18 for an entity to disclose the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation between the MPM and the most directly comparable subtotal or total specified by IFRS Accounting Standards to cash flow measures.</p>
Information about non-cash transactions	<p>The IASB tentatively decided to develop potential requirements:</p> <ul style="list-style-type: none"> a. that would specify the content and location of information an entity discloses about non-cash transactions that are in the scope of paragraphs 43–44 of IAS 7; b. that would require an entity to disclose information about specified types of non-cash changes other than the non-cash transactions in (a) for assets and liabilities that make up the components of working capital; and c. that would require an entity to disclose cash receipts, cash payments and related line items in the statement of cash flows as part of the reconciliation of changes in liabilities arising from financing activities.