Staff paper

Agenda reference: 20

IASB® Meeting

Date	**October 2025**
Project	**Statement of Cash Flows and Related Matters**
Topic	**Cover Paper**
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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 decisions to date, including the topics included in the project plan.

2. The purpose of this meeting is to begin discussions on the topic of the reporting of information about non-cash transactions and other non-cash changes in assets and liabilities in the financial statements.

3. In **Agenda Paper 20A Approach to non-cash transactions and other changes in balances** we provide our analysis and recommendations on the approach to information about non-cash transactions and other non-cash changes in assets and liabilities. In the paper:

   (a) we analyse the underlying reasons investors receive insufficient information about non-cash transactions and other non-cash changes; and

   (b) ask the IASB to make tentative decisions to develop requirements that would improve the information.

4. In **Agenda Paper 20B Examples of potential solutions** we illustrate potential ways in which the IASB might be able to improve the information. Agenda Paper 20B is not a decision-making paper.

5. At its September 2025 meeting the IASB tentatively decided to develop potential requirements to strengthen the link between the statement of cash flows and information presented or disclosed in other parts of the financial statements in accordance with IFRS Accounting Standards other than IAS 7 *Statement of Cash Flows*.

6. The recommendations in Agenda Paper 20A of this meeting are specific to improving the information about non-cash transactions and other non-cash changes in assets and liabilities. However, one of the reasons users of financial statements seek this information is to better understand how cash flow related information in various parts of financial statements links together. IFRS Accounting Standards also include some requirements to disclose information related to non-cash transactions and non-cash changes in assets and liabilities. We therefore expect the recommendations in Agenda Paper 20A of this meeting to overlap with the IASB's decision in September 2025.

Next steps

7. At future IASB meetings, we will continue assessing potential ways to improve financial reporting for each of the topics included in the project plan. Following the project timeline, in 2025 we plan to bring the IASB papers discussing:
   (a) the scope of work related to consistent application of requirements to classify cash flows as operating, investing or financing;
   (b) the analysis of outstanding matters related to transparency of information communicated about cash flow measures not specified in IFRS Accounting Standards; and
   (c) the analysis of the presentation of cash flows from discontinued operations.

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

Topic	Staff condensed summary of the IASB’s tentative decisions
	A full record of the IASB’s tentative decisions is available from the May-September 2025 IASB updates.
Project scope on non-financial institutions	The IASB decided that it will assess potential ways to improve: a. the disaggregation of cash flow information in the financial statements; b. the reporting of information about non-cash transactions in the 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’. The IASB decided it will not: 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 *Presentation and Disclosure in Financial Statements*; 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 for an entity to present operating activities using the direct or the indirect method.
Project scope on financial institutions	The IASB decided it will approach the statement of cash flows for financial institutions by considering: 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	The IASB tentatively decided to respond to the feedback by developing potential requirements: a. to strengthen the link between: 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	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. The IASB tentatively decided to propose: 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: 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. 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. The IASB tentatively decided not to propose extending a requirement for MPMs in IFRS 18 to apply to cash flow measures. Specifically, the IASB tentatively decided not to propose extending the requirement 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.