IFRS Accounting

Staff paper

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IASB® meeting

Date	**July 2026**
Project	**Statement of Cash Flows and Related Matters**
Topic	**Approach to the statement of cash flows for financial institutions**
Contacts	Easton Bilsborough (ebilsborough@ifrs.org) Nick Barlow (nbarlow@ifrs.org)

Objective of the paper

1. As part of its project on the statement of cash flows and related matters, the IASB is developing potential ways to improve the statement of cash flows for financial institutions.

2. At its May 2025 meeting, the IASB decided how to approach this topic. We are now ready to begin work on the topic and this paper sets out our plan for doing so. The planned work and identified areas of focus are supported by the IASB's research in 2024 and 2025 on this topic, as well as more recent research and discussions.

3. The objective of this paper is to discuss our planned work and areas of focus. The paper does not ask the IASB to make a decision but invites IASB members' comments and questions on our planned work and areas of focus.

Structure of the paper

4. This paper contains:

    (a) a reminder of the IASB's previous decisions and research on this topic (paragraphs 7–13);

    (b) a summary of research and discussions since the IASB's previous decisions (paragraphs 14–35);

(c) staff analysis of research and discussions to date (paragraphs 36–43);

(d) an outline of our planned work and areas of focus (paragraphs 44–72);

(e) a summary of the timetable for our planned work (paragraphs 73–77); and

(f) an indication of next steps (paragraph 79).

5. The questions for the IASB follow paragraph 79.

6. The paper includes:

(a) Appendix A—Analysis of improvements being explored for entities that are not financial institutions; and

(b) Appendix B—Figure illustrating the planned work on the statement of cash flows for financial institutions.

Background

Previous research on financial institutions

7. Between June 2024 and January 2025, the staff carried out research on the nature and extent of perceived deficiencies in the requirements of IAS 7 *Statement of Cash Flows* and the likely benefits of developing new financial reporting requirements. The research included:

(a) conducting consultative group and individual stakeholder meetings;

(b) reviewing results of national standard-setter projects;

(c) reviewing academic literature; and

(d) analysing financial statements.

8. Most stakeholders said the statement of cash flows is of limited use for financial institutions. Most investors said that the statement of cash flows is not the key source of information for their analysis on financial institutions, and a few said they did not use the statement at all.

9. Some stakeholders suggested exempting financial institutions from preparing a statement of cash flows and some suggested replacing the statement with more industry-specific information (such as replicating regulatory disclosures regarding capital requirements).

10. Some investors specialising in financial institutions had specific suggestions for additional disclosures which could improve the usefulness of the statement of cash flows and related information (see paragraph 40 of this paper). A few suggestions were made for alternative statements to replace the statement of cash flows for financial institutions; however, overall demand for such statements was low.

Previous decisions on financial institutions

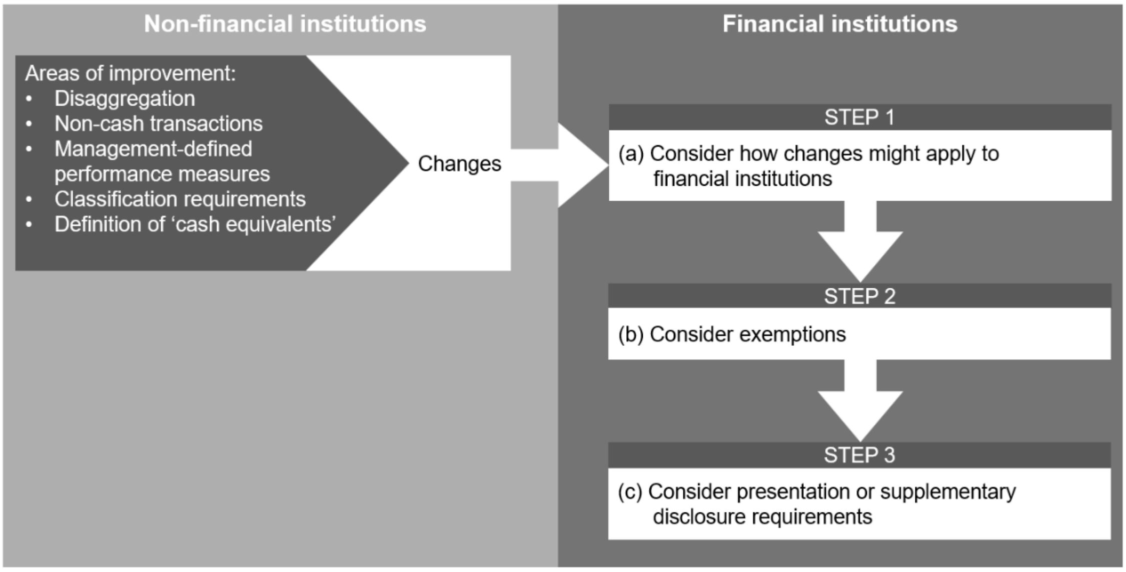
11. At its meeting in May 2025, the IASB discussed how they should approach the statement of cash flows for financial institutions in the context of the project plan and how the work on this topic should be sequenced.

12. At the meeting, the IASB decided to approach the topic 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.[1]

[1] See IASB Update of the May 2025 IASB meeting.

13. Figure A illustrates the sequence of the approach for financial institutions discussed at the meeting.

Figure A—Approach for financial institutions



Recent research and discussions

14. Since the IASB previously discussed the statement of cash flows for financial institutions, there has been:

(a) new outputs from national standard-setter projects (see paragraphs 15–21); and

(b) discussions with advisory committees and bodies, and other national standard-setters, about the topic (see paragraphs 22–35).

Outputs from national standard-setter projects

European Financial Reporting Advisory Group

15. In December 2025, the European Financial Reporting Advisory Group published a feedback statement on their discussion paper *The Statement of Cash Flows. Objectives, Usages and Issues* issued in November 2024. The feedback statement includes an analysis of responses to a question about the statement of cash flows for financial institutions.

16. Most respondents said the statement of cash flows is not relevant or is of limited use for financial institutions. Respondents said the statement's limited use is linked to:

    (a) the nature of financial institutions' business model; and

    (b) the availability of other information disclosed by financial institutions.

17. Many respondents supported exempting financial institutions from preparing a statement of cash flows.

18. One respondent, a preparer, said that some of the information on liquidity that the discussion paper suggests financial institutions include in their financial statements is already provided because of the requirements in IFRS 7 *Financial Instruments: Disclosures*.

UK Endorsement Board

19. The UK Endorsement Board has worked on two research papers relevant to the statement of cash flows for financial institutions:

    (a) *Statement of Cash Flows: UK User and Preparer Perspectives*, published in March 2025; and

    (b) *Statement of Cash Flows and Related Matters: Further research—Financial Institutions*, a draft of which was discussed at its June 2026 meeting.[2]

20. The research is based on interviews with investors and preparers, and discussions at various UK Endorsement Board advisory group meetings. The research includes reviews of information disclosed by financial institutions both inside and outside of their financial statements.

21. The research concludes that users and preparers think the statement of cash flows is of limited use for financial institutions. The research suggests that stakeholders think the statement does not fit financial institutions' business model. Key recommendations from stakeholders were:

[2] See Agenda Paper 5 *Statement of Cash Flows and Related Matters* of the June 2026 UK Endorsement Board meeting.

(a) simplifying the presentation of the statement of cash flows;

(b) disclosures that link key regulatory metrics with information required by IFRS Accounting Standards (including reconciliations) and provide information about constraints on capital distribution; and

(c) improvements to the definition of 'cash and cash equivalents'.

Recent discussions

22. In preparation for beginning work on the statement of cash flows for financial institutions, the topic was discussed at the:

(a) May 2026 Financial Instruments Consultative Group (FICG) meeting; and

(b) July 2026 Accounting Standards Advisory Forum (ASAF) meeting.

23. At both meetings, members were asked for views on the applicability of the improvements being explored for entities that are not financial institutions (non-financial entities) and how any potential changes might apply to the requirements for financial institutions—Step 1 of the topic.

24. At the July 2026 ASAF meeting, members were also asked for views about various exemptions, presentation and supplementary disclosure requirements identified in the staff's initial research—Steps 2 and 3 of the topic.

25. The topic was also discussed at the education meeting between the Financial Accounting Standards Board (FASB) and the IASB in June 2026. Each board gave an update about their respective projects on the statement of cash flows.

Feedback from May 2026 FICG meeting

26. Members provided limited input about Step 1 of the topic. One member did not think the potential change to the requirements for management-defined performance measures would be relevant to financial institutions because they do not communicate adjusted measures of cash flow.

27. Most members said the statement of cash flows is of no, or limited, use for financial institutions. Some members said the statement's limited use is due to the availability of other information disclosed by financial institutions both inside and outside of their financial statements. Investor members mentioned information required by IAS 7 that is useful (for example, cash flows from interest received).

28. Many members suggested exempting financial institutions from preparing a statement of cash flows. One member suggested a principle-based approach by allowing entities to make a materiality judgement about whether to present a statement of cash flows.

29. Members had mixed views on the cost of preparing the statement of cash flows. One member from a bank said it required little effort to prepare, however, another member from an insurer said it required significant effort. Another member from a bank said the statement's lack of relevance does not justify the cost and effort required to prepare it.

Feedback from July 2026 ASAF meeting

30. Many ASAF members did not think that the potential changes for non-financial entities would significantly improve the cash flow information provided by financial institutions. Most of these members commented on the limited benefit of the changes for financial institutions, which, in their view, would not justify the cost of the changes.

31. Members had mixed views about introducing exemptions for financial institutions. Most members from Europe supported an exemption for financial institutions from presenting a statement of cash flows because of feedback that the statement does not provide useful information and an exemption would reduce costs for preparers. Members that did not support such an exemption did so for different reasons. Some members said financial institutions should continue to present the statement because it provides some useful information for investors and regulators and could be improved. Other members said an exemption from presenting the statement would not be practical because local legislation in some jurisdictions would continue to require the

statement to be presented and there would be difficulties in defining the scope of entities that should be exempt. One member raised a concern that if financial institutions are exempt from presenting a statement of cash flows, other industry groups might ask for similar exemptions.

32. Many members said that defining the scope of an exemption would be difficult. Most of these members said there are likely to be practical challenges to implementing any exemption within consolidated financial statements of groups with subsidiaries that have different business models and reporting systems.

33. Members also had mixed views about introducing supplementary disclosure requirements for financial institutions. Some members supported requiring financial institutions to disclose reconciliations between key regulatory metrics and information required by IFRS Accounting Standards. However, some members did not support such reconciliations because of concerns about their complexity and lack of relevance to cash flow information. Members that did not support including regulatory information in financial statements mentioned differences in regulatory requirements between jurisdictions and the potential increase in audit costs. Some members said the IASB should avoid requiring financial institutions to disclose information that is provided elsewhere and therefore adding cost and volume to financial statements.

Update at the June 2026 FASB–IASB education meeting

34. FASB staff and members provided an update on their project on targeted improvements to the statement of cash flows for financial institutions. The project was exploring improving the statement of cash flows, including changing its layout. However, outreach with preparers and investors found that the statement has limited use for financial institutions, as many investors do not use the statement to analyse these entities. Stakeholders suggested replacing the statement with targeted disclosure, instead of improving it. In response to this feedback, the FASB decided to remove the project from its agenda and to consider the topic as part of its broader research project on the statement of cash flows at its meeting on 22 April 2026.

35. Following the FASB–IASB education meeting, the FASB discussed the next steps in its research project at its meeting on 11 June 2026. At that meeting, many of the FASB members agreed with the staff's plan to perform research on disclosures that could replace the statement of cash flows for financial institutions before further research on potential targeted improvement to the statement of cash flows.

Staff analysis

36. Recent research and discussions are consistent with initial findings: the statement of cash flows is not relevant or is of limited use for financial institutions, with discrete items of information being cited as useful (for example, cash flows from interest and dividends received and paid, capital raised, buybacks and options exercised).

37. Reasons for the statement's limited use largely focus on the business model of financial institutions compared with non-financial entities. Non-financial entities create value by converting non-cash inputs that are acquired for cash into goods or services that are then sold for cash during the reporting period. This means cash flows are a good measure of performance for these entities. However, the relationship between cash and performance is less clear for financial institutions. For banks, lending and deposit-taking, and interest income and expenses, do not consistently result in cash flows (for example, many of these transactions are settled through internal transfers of cash). For insurers, cash premiums are received upfront and claims are usually paid out in a different reporting period. Because of this difference in timing, the cash flows in the reporting period do not provide a complete picture of the effect of contracts issued in the period. Therefore, for different reasons, the statement of cash flows does not communicate information about the performance of a bank or insurer.

38. Research and discussions also focused on the performance of financial institutions being communicated through information about liquidity and solvency, not cash flows. Liquidity and solvency information is considered more relevant to financial institutions because regulators often specify liquidity and solvency metrics that must be met to operate and pay dividends.

39. In discussions and research, preparers often said the statement is unsuitable for financial institutions because of the definition of 'cash and cash equivalents' and classification requirements in IAS 7. The definition of cash and cash equivalents is considered to not reflect the assets used by financial institutions when managing liquidity. Similarly, the classification requirements are considered to not reflect the business model of financial institutions. This is because some activities IAS 7 categorises as investing and financing could be considered as principal revenue-generating activities for a financial institution, and therefore better categorised as operating activities.

40. Exempting financial institutions from preparing a statement of cash flows has also been regularly suggested by preparers and investors. Feedback suggests that preparers and users broadly support such an exemption, but support among national standard setters is mixed. In discussions, comments have been made about the potential magnitude and wider implications of such an exemption, for example, the interaction with local legislation and the risk of losing useful information.

41. As well as an exemption, ideas for introducing new information have been suggested. Common suggestions include:

    (a) expanding existing cash flow related disclosures required by other IFRS Accounting Standards (IFRS 7 and IFRS 17 *Insurance Contracts*);

    (b) disclosing regulatory-type information (including a statement of regulatory capital flows and information about constraints on capital distribution);

    (c) disclosing reconciliations between key regulatory metrics and information required by IFRS Accounting Standards ;

    (d) disclosing information about the collection and uses of cash resources (for example, starting from a statement of funding sources);

    (e) changing the focus of the statement from changes in cash and cash equivalents, to changes in operating assets and liabilities (similar to the previous statement of changes in financial position);

(f) disclosing specific cash flow information on a gross basis (for example, cash payments for loans made to other parties and cash receipts for repayments of loans); and

(g) presenting cash attributable to shareholders and policyholder's cash separately (insurers only).

42. Most discussions about exemptions and new disclosure and presentation requirements mentioned the challenge of defining the scope of entities that would apply these changes. This was often considered the most challenging aspect of the topic because of the spectrum of entities that could be described as financial institutions, or that undertake activities similar to financial institutions.

43. Although feedback about the costs of preparing the statement is mixed, its limited benefit for users suggests that preparer appetite for increasing the costs of preparing the statement is limited. Consequently, in their view, any changes to the statement would need to increase the costs of preparing the statement only to the extent they are justified by a corresponding increase in benefit.

Planned work and areas of focus

44. Paragraphs 46–72 of this paper outline our planned work on the statement of cash flows for financial institutions and identifies areas of focus. The plan is structured around the IASB's approach to this topic (see paragraphs 11–13 of this paper) and reflects research and discussions to date.

45. We think this structured approach is helpful because of the potentially complex nature of this topic. Planning our work around this approach will also help stakeholders understand how and why the IASB have arrived at their conclusions on the topic. This is particularly important because of the variety of views and level of stakeholder interest in this topic to date.

Step 1—Considering how changes might apply to financial institutions

46. Since May 2025, work on improvements to the statement of cash flows and related information for non-financial entities has progressed (see *Agenda Paper 20: Cover paper* of this meeting for a list of tentative decisions to date). Appendix A to this paper sets out our initial analysis of the effect of these potential changes for financial institutions based on the IASB's tentative decisions to date and feedback from FICG and ASAF members.

47. Based on the analysis in Appendix A, we think the potential changes are unlikely to improve the statement of cash flows for financial institutions. This is because the changes will not overcome the reasons for the statement's limited use as described in paragraph 37 of this paper. The analysis also suggests the changes could introduce additional costs and complexity for financial institutions that would not be justified by a corresponding increase in benefit, and, for some changes, could result in information that lacks faithful representation.

48. Our assessment in paragraph 47 of this paper is consistent with the main messages from recent research and discussions. In both, more attention was given to introducing exemptions and new presentation or disclosure requirements to improve the statement of cash flows for financial institutions (that is, Steps 2 and 3 of the topic), instead of amending or clarifying the existing requirements in IAS 7 (Step 1 of the topic).

49. Based on our assessment about the ability of the changes to improve the statement of cash flows, we think the most efficient use of resources is not to consider Step 1 in any more detail at present. Instead, our focus will move to Steps 2 and 3, as well as defining the scope of any changes. However, depending on the outcome of this work, Step 1 might be revisited at a later stage of the project.

Defining the scope of entities

50. The IASB will need to consider how to define the scope of entities to which any changes arising from Steps 2 and 3 will apply. Because defining the scope will be a key aspect of developing such changes, staff will begin work on scope as a priority.

We also think it is necessary to begin work on scope as a priority because it will be one of the most challenging aspects of the topic, consistent with the view of stakeholders (see paragraph 42 of this paper). We think defining the scope will be challenging because of the variety of activities and complexity of the structure of financial institutions internationally.

Previous work on scope

51. The work on scope can build on previous approaches used to define scope in IFRS Accounting Standards. These approaches are summarised in paragraph 28(b) of Agenda Paper 20A *Moving to the standard-setting agenda* of the January 2026 IASB meeting and include activity-based and threshold-based approaches. Other approaches suggested in research and discussions include defining the scope based on whether entities are subject to other regulatory reporting requirements (for example, the Pillar 3 disclosure requirements for banks developed by the Basel Committee on Banking Supervision, or the Solvency II requirements for insurers developed by the European Union).

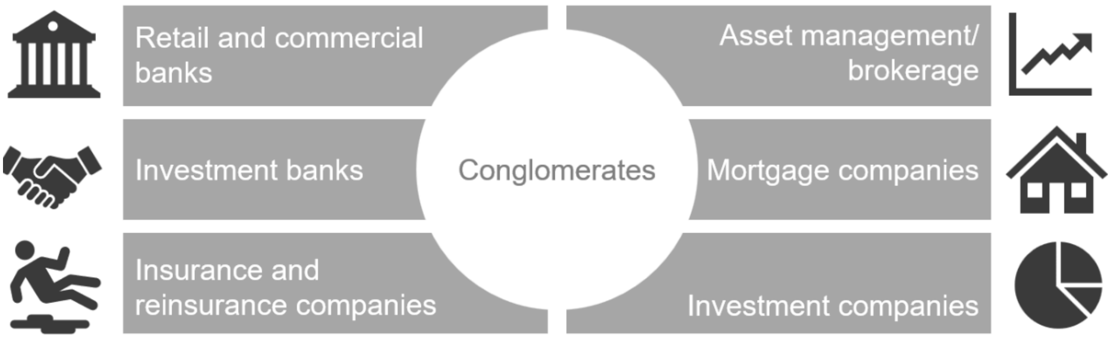
52. Some of the previous approaches used to define scope in IFRS Accounting Standards were developed by thinking about what a particular presentation or disclosure requirement is trying to achieve (that is, the purpose of the information). Assessing whether there are facts or circumstances that make the purpose of the information more or less relevant to entities helped define the scope of the requirement. We plan to think about scope in the same way for financial institutions. For example, whether an entity’s decision to provide liquidity information (such as presenting its assets and liabilities in order of liquidity) provides evidence that cash flow information is less relevant. This reflects feedback that the statement of cash flows is less relevant for financial institutions due to the importance of liquidity and solvency information.

Issues identified for further analysis

53. Figure B illustrates that there is a range of entities that can be described as financial institutions. Research and discussions have generally focused on the statement of cash

flows of banks and insurers. However, there might be other types of financial institutions or related entities for which the statement might also not be relevant.

Figure B—Types of financial institutions and related entities



54. Conglomerates have the potential to include business activities for which cash flow information is typically useful, and business activities for which cash flow information is not typically useful. Our work on scope will consider what information is relevant in such entities, and whether this information can be separately identified and provided to users.

55. We plan to test any potential definitions of scope on conglomerates, as well as the other types of financial institutions listed in Figure B. We think such testing will be necessary because of the variety of structures and activities undertaken by these entities.

Step 2—Consider exemptions

56. Step 2 of the topic involves considering exemptions for financial institutions from some or all of the requirements for presenting a statement of cash flows. Exemptions can vary, for example:

    (a) an exemption from presenting cash flows from certain categories, so a reduced or simplified statement is presented; or

    (b) an exemption from IAS 7, other than certain disclosure requirements, so some cash flow information is retained but no statement of cash flow is presented.

57. We plan to start work on Step 2 by identifying what cash flow information required by IAS 7 is useful to investors. From this, changes can be developed so financial institutions:

    (a) continue to present or disclose existing cash flow information (or similar information) if it is useful to users; and

    (b) no longer present or disclose existing cash flow information if it is not useful to users.

58. Based on research and discussions to date, we have identified an initial list of cash flow information about financial institutions that is useful to investors and have some insight into why that information is useful. Because of the potential consequences of introducing any exemptions for financial institutions (see paragraph 40 of this paper), we plan to conduct targeted outreach with investors:

    (a) to verify the list; and

    (b) to obtain additional insight into why investors find the information useful.

59. The outreach will provide evidence that the list of useful information is complete. Understanding why the cash flow information is useful will be helpful when considering whether and how to preserve that information, or whether similar information is available elsewhere that could meet the needs of users. For example, the outreach might identify that the usefulness of specific items of cash flow information is dependent on them being presented within the statement of cash flows. This would help inform future discussions about how to preserve that information.

60. Our work on developing changes so financial institutions provide cash flow information in circumstances when it is useful to users is linked with our planned work on scope and the purpose of the information (see paragraph 52 of this paper). Developing requirements so entities provide cash flow information in circumstances when it is useful to users aligns with the role of the primary financial statements in IFRS 18 *Presentation and Disclosure in Financial Statements.* That is, to provide structured summaries of an entity's recognised assets, liabilities, equity, income,

expenses and cash flows, that are useful to users of financial statements.[3] We will consider this concept as part of our work on developing any changes.

61. We plan to begin work on Step 2 as a priority, alongside the work on scope (see paragraphs 50–55 of this paper). We think this aspect of the topic should be prioritised because the IASB has received strong feedback about the limited use of the statement of cash flows and suggestions for exemptions. We also think it is logical to prioritise this aspect of the topic alongside scope because of the link between any exemptions and the identification of the entities to which they apply.

Step 3—Consider presentation or supplementary disclosure requirements

62. Step 3 of the topic involves considering presentation or supplementary disclosure requirements specific to financial institutions that might enhance the usefulness of information about cash flows for such entities.

63. Research and discussions have suggested several new disclosure and presentation requirements (see paragraph 40 of this paper). There are themes that link these suggestions based on their consequences for preparers, users and the IASB. Paragraphs 65–71 of this paper discuss these themes and key considerations they raise.

64. We plan to start work on Step 3 by analysing the suggestions and new information that they would provide, carrying out targeted outreach as needed. Our analysis will look at:

    (a) the costs and benefits of any new information; and

    (b) how any new information relates to the objective of the project, including the IASB's previous tentative decisions about the project's scope.

[3] See paragraph 16 of IFRS 18 *Presentation and Disclosure in Financial Statements*.

Regulatory-type information

65. Many of the suggestions were for financial institutions to include regulatory-type information in their financial statements. The information described by stakeholders was typically measures of liquidity and solvency included in the Pillar 3 disclosure requirements for banks or the Solvency II requirements for insurers. Suggestions included requiring financial institutions to disclose:

    (a) information that is the same or similar as that in regulatory reports; or

    (b) reconciliations between key regulatory metrics and information required by IFRS Accounting Standards.

66. These suggestions reflect feedback that financial institutions already prepare regulatory reports that are used by investors, where publicly available.

67. Regulatory reporting is developed to provide information that is useful to regulators about specific areas of focus, often related to financial stability. Including information that is developed to meet the needs of regulators in general purpose financial reports might not meet the objective of general purpose financial reporting. Because of these differences, the starting point for preparing regulatory information is often not information prepared in accordance with IFRS Accounting Standards. This different starting point means it might be challenging for financial institutions to reconcile regulatory metrics to information required by IFRS Accounting Standards.

Replacement statement

68. Some suggestions were for financial institutions to present a statement that is significantly different to the statement of cash flows. For example:

    (a) a statement of changes in financial position; or

    (b) a statement of changes in regulatory capital.

69. Developing a replacement primary financial statement that fundamentally changes what financial institutions report would require a significant amount of work and would be likely to increase costs for preparers. Because of the limited usefulness of

cash flow information for financial institutions, we think it is unlikely that this increase in costs would be justified, unless the statement provided different information from cash flows. Regardless of the type of information, we also think it is unlikely that any increase in costs would be supported by stakeholders because our initial research found there was limited support for replacement statements.

Changes to definition of 'cash and cash equivalents' and classification requirements

70. A few suggestions were for new requirements for financial institutions in areas that preparers had identified as making the statement of cash flows unsuitable for financial institutions: the definition of 'cash and cash equivalents'; and the classification of cash flows (see paragraph 39 of this paper).

71. These suggestions reflect feedback from preparers. However, we think they offer limited scope to improve the statement of cash flows for financial institutions. This is because even if new requirements did resolve preparers' issues, they would not overcome the reasons for the statement's limited use, as described in paragraph 37 of this paper. This assessment is similar to the FASB's decision to research replacing the statement of cash flows for financial institutions instead of improving it (see paragraph 34–35 of this paper) and our plan to not consider Step 1 in any more detail (see paragraphs 46–49 of this paper).

Package of changes

72. Based on the outcome of our work on defining the scope and Steps 2 and 3, we will develop a package of potential changes for financial institutions. The changes will be refined through discussion with the IASB's various advisory group bodies and consultative groups, including the FICG and ASAF.

Timetable

73. The IASB discussed the project timeline at its May 2025 meeting.[4] The draft timeline discussed at that meeting included plans for discussions on financial institutions to begin in the third quarter of 2026 and conclude in the fourth quarter of 2026.[5]

74. The figure in Appendix B to this paper illustrates our planned work on the topic described in paragraphs 46–72 of this paper. Based on this plan, we are now moving our focus beyond Step 1 to prioritise work on defining the scope of any changes and Step 2. This work will require outreach.

75. We think that the IASB's ability to conclude its discussions on financial institutions in 2026 will be affected by the staff being able to conduct the necessary outreach during the third and fourth quarters of 2026. As well as the staff being able to conduct the necessary outreach, the timetable will also be affected by the findings from the outreach. For example, outreach might identify a need for further information to decide on the best approach or a need for more work to explore a specific outcome in more detail.

76. The figure in Appendix B includes the potential that the staff will have to revisit Step 1. Whether the staff revisit Step 1 will depend on the outcome of its work and the IASB's decisions on Steps 2 and 3, as well as the IASB's future discussions about changes for non-financial entities. This will also affect the timetable.

77. Because of the uncertainties and dependencies described in paragraphs 75–76 of this paper, we think the IASB's discussions on financial institutions might extend into the first quarter of 2027.

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[4] See paragraphs 21–25 of Agenda Paper 20 *Cover paper and questions for the IASB* of the May 2025 IASB meeting.

[5] See slide 26 of Agenda Paper 20A *Project plan* of the May 2025 IASB meeting.

Next steps

78. Consistent with our plan to prioritise work on defining the scope of any changes and on Step 2, we plan to bring the IASB a paper in the fourth quarter of 2026 that:

    (a) analyses the findings from outreach with investors on the usefulness cash flow information required by IAS 7; and

    (b) discusses the nature and scope of any potential exemptions.

79. At future IASB meetings, we plan to bring papers analysing the suggestions for presentation and supplementary disclosure requirements (Step 3) and the need to revisit Step 1.

Questions for the IASB
1. Do you have any comments or questions on the work planned and identified areas of focus for the statement of cash flows for financial institutions, as described in paragraphs 46–72 of this paper? 2. Do you have any views on the key considerations relating to potential presentation and disclosure requirements discussed in paragraphs 65–71 of this paper?

Appendix A—Analysis of improvements being explored for entities that are not financial institutions

A1. The following table analyses the improvements to the statement of cash flows being explored for entities that are not financial institutions (non-financial entities). It is based on the IASB's tentative decisions to date (see Appendix A to Agenda Paper 20 *Cover paper* of this meeting for a summary of these decisions).

A2. The analysis considers the likely costs for preparers and benefits for users of financial statements of any potential changes.

Topic	Staff analysis		Effect on costs/benefits
Disaggregation of cash flow information	*Costs for preparers*	Could increase depending on how financial institutions currently aggregate/disaggregate, label and reference items in the statement of cash flows.	⊕
	Benefits for users	Will improve the accessibility and understandability of information, but the underlying information will remain unchanged, so unlikely to significantly increase.	*Limited*
Cash flow measures not specified in IFRS Accounting Standards	*Costs for preparers*	Limited applicability, as financial institutions' performance measures generally do not include adjusted measures of cash flow (for example, free cash flow). Therefore, unlikely to change.	*Unchanged*
	Benefits for users	Limited applicability, as financial institutions' performance measures generally do not include adjusted measures of cash flow (for example, free cash flow). Therefore, unlikely to significantly increase.	*Unchanged*
Information about non-cash transactions and other non-cash changes	*Costs for preparers*	Based on financial statement analysis, most financial institutions do not disclose non-cash transactions arising from investing and financing activities as a single note.[6] Therefore, could increase. Gathering the necessary information to distinguish between non-cash changes in operating assets and liabilities could be complex for financial institutions, especially for high-volume or high-frequency products. Therefore, could increase. Based on financial statement analysis, most financial institutions provide information about changes in financing liabilities using a reconciliation, however, most banks do not.[7] Therefore, could increase for banks but unlikely to change for other financial institutions.	⊕

[6] Based on the sample of 15 financial institutions analysed as part of the initial financial statement analysis described in Agenda Paper 20C *Analysis of financial statements* of the March 2025 IASB meeting.

[7] Based on the sample of 15 financial institutions analysed as part of the initial financial statement analysis described in Agenda Paper 20C *Analysis of financial statements* of the March 2025 IASB meeting.

Topic	Staff analysis		Effect on costs/benefits
	Benefits for users	Information about non-cash transaction arising from investing activities helps users understand adjusted measures of cash flow (for example, free cash flow). Financial institutions' performance measures generally do not include adjusted measures of cash flow. Therefore, having information about non-cash transactions arising from investing activities in a single note is unlikely to significantly increase benefit. Information about non-cash transactions arising from financing activities may not provide a complete picture of a financial institution's sources of finance because only some these are classified as 'financing activities' (see paragraph BC17(a) of IAS 7), Therefore, having information about non-cash transactions arising from financing activities in a single note is unlikely to significantly increase benefit. Similarly, current classification requirements mean a reconciliation of changes in liabilities from financing activities may not provide a complete picture of how a financial institution is financed (see paragraph BC17–BC19 of IAS 7). Also, current classification requirements mean a disclosure of operating assets and liabilities may not provide a complete picture of the balances used by a financial institution in its day-to-day operations. Therefore, changes could result in information that does not provide a faithful representation of a financial institutions performance.	⊖
Consistent application of classification requirements	*Costs for preparers*	Could increase depending on how financial institutions currently classify those cash flows being clarified.	⊕
	Benefits for users	Potential benefit as the cash flows being clarified are relevant to financial institutions. However, as changes are expected to clarify, not change, the current classification requirements, the aspects of the requirements that are problematic for financial institutions will not change (see paragraph 39 of this paper). Therefore, unlikely to significantly increase.	*Limited*

Topic	Staff analysis		Effect on costs/benefits
Consistent application of the definition of cash equivalents	*Costs for preparers*	Could increase if clarifications move the definition further away from how it is currently applied by financial institutions	⊕
	Benefits for users	As changes are expected to clarify, not change, the current definition, the aspects of the definition that are problematic for financial institutions will not change (see paragraph 39 of this paper). Therefore, unlikely to significantly increase.	*Limited*

Appendix B—Figure illustrating the planned work on the statement of cash flows for financial institutions