
IASB® meeting

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| Date | June 2026 |
| 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. At its January 2026 meeting, the IASB decided to move the project from the research programme to its standard setting work plan. Appendix A includes a summary of the IASB tentative decisions to date, including the topics included in the project plan.
2. At its December 2025 meeting, the IASB tentatively decided to explore:
 - (a) developing requirements for the classification of acquisition-related payments in a business combination;
 - (b) developing requirements for the classification and presentation of cash flows from derivatives;
 - (c) developing requirements for the classification and presentation of receipts of government grants; and
 - (d) amending the principle for classifying cash flows in paragraph 11 of IAS 7 to help entities apply the principle more consistently.
3. The purpose of this meeting is for the IASB to tentatively decide on proposals regarding improving the consistent application of classification requirements related

specifically to cash flows from derivatives and receipts of government grants. We will explore developing requirements for other aspects of classification in future papers.

Papers for this meeting

4. The paper for this meeting is **Agenda Paper 20A Classification and presentation of cash flows related to derivatives and government grants**—we analyse stakeholder feedback and ask the IASB to make tentative decisions on requirements for the classification and presentation of cash flows from derivatives and receipts of government grants.

Next steps

5. 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 second and third quarters of 2026 we plan to bring the IASB papers discussing:
 - (a) alternatives to clarifying application guidance on the definition of cash equivalents related to an investment with a maturity of three months or less;
 - (b) improving information about non-cash transactions and other non-cash changes in financial statements including:
 - (i) potential requirements specifying the content and location of information about non-cash transactions; and
 - (ii) potential requirements to disclose information about specific types of non-cash changes that make up the components of working capital; and
 - (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; and
 - (ii) amending the principle for classifying cash flows in paragraph 11 of *IAS 7 Statement of Cash Flows*.

- (d) initial project direction for considering statement of cash flows for financial institutions.

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

| Topic | Staff condensed summary of the IASB's tentative decisions |
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| | <p><i>A full record of the IASB's tentative decisions is available from the May 2025–May 2026 IASB updates.</i></p> |
| <p>Project direction</p> <p>January 2026 AP20A: Moving to the standard-setting agenda</p> | <p>The IASB decided:</p> <ol style="list-style-type: none"> a. to add the project to its standard-setting work plan, under which any consultative document the IASB might later publish would be an exposure draft; and b. not to set up a consultative group for the project. |
| <p>Project scope on non-financial institutions</p> <p>May 2025 AP20 Cover paper and questions for the IASB</p> | <p>The IASB decided that it will assess potential ways to improve:</p> <ol 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> <ol 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. |
| <p>Project scope on financial institutions</p> <p>May 2025 AP20 Cover paper and questions for the IASB</p> | <p>The IASB decided it will approach the statement of cash flows for financial institutions by considering:</p> <ol 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. |

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| <p>Disaggregation of cash flow information</p> <p>September 2025 AP20A Approach to disaggregation</p> <p>December 2025 AP20C Presentation of cash flows from continuing and discontinued operations</p> <p>May 2026 AP20A Improving disaggregation of cash flow information by strengthening the link with other information</p> | <p>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. Specifically, the IASB tentatively decided to propose adding:</p> <ul style="list-style-type: none"> a. application guidance on aggregating and disaggregating line items in the statement of cash flows that requires an entity: <ul style="list-style-type: none"> i. to use, as the basis for disaggregating line items in the statement of cash flows, the disaggregation of related line items of assets or liabilities presented in the statement of financial position; and ii. to disclose how the disaggregation of line items in the statement of cash flows differs from the disaggregation of related line items in the statement of financial position, if applicable; b. application guidance on labelling and describing line items that requires an entity to use similar labels for items with similar characteristics and different labels for items with different characteristics; and c. application guidance specifying that if the information in a note relates to more than one primary financial statement, an entity would be required to cross-refer to that note in each related primary financial statement. <p>The IASB also tentatively decided to propose requiring an entity to present cash flows from discontinued operations in a separate category of the statement of cash flows.</p> |
| <p>Cash flow measures not specified in IFRS Accounting Standards</p> <p>July 2025 AP20A Improving the transparency of information about cash flow measures</p> <p>December 2025 AP20A Improving the transparency of information about cash flow measures</p> | <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 be proposed to be included in IFRS 18 and not in IAS 7.</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; b. extending the rebuttable presumption for MPMs in IFRS 18 so it also applies to cash flow measures; c. extending the definition of MPMs in paragraph 117 of IFRS 18 from 'a subtotal of income and expenses' to 'a subtotal of income and expenses or a subtotal of cash inflows and outflows'; d. including application guidance to clarify that subtotals combining income and expenses and cash flows are MPMs; |

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| | <ul style="list-style-type: none"> e. including application guidance requiring an entity to disclose the effects of tax and non-controlling interest for reconciling items if reconciling an MPM that is a subtotal of income and expenses and cash flows to a subtotal in the statement of profit or loss; and f. specifying that some subtotals of cash inflows and outflows are not MPMs, namely: <ul style="list-style-type: none"> i. the subtotal of the operating activities category; ii. the subtotal of the investing activities category; and iii. the subtotal of the financing activities category. <p>The IASB tentatively decided to propose extending the disclosure objective for MPMs and the 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 to propose extending the requirement in B137(a) of IFRS 18 so that, for each reconciling item, an entity be required to disclose the amount(s) related to each line item in the statement to which the MPM is reconciled—that is:</p> <ul style="list-style-type: none"> a. to disclose amounts related to line items in the statement of profit or loss if the MPM is reconciled to that statement; and b. to disclose amounts related to line items in the statement of cash flows if the MPM is reconciled to that statement. <p>The IASB will further research the benefits and costs of applying this disclosure requirement to reconciling items that relate to operating activities in the statement of cash flows when reported using the indirect method.</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> |

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| <p>Information about non-cash transactions and other non-cash changes</p> <p>October 2025 AP20A Approach to non-cash transactions and other changes in balances</p> <p>May 2026 AP20B Changes in liabilities arising from financing activities</p> | <p>The IASB tentatively decided to develop potential requirements:</p> <ol 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; and 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. <p>The IASB tentatively decided to propose clarifying the disclosure objective in paragraph 44A of IAS 7. The clarified objective would refer to the ability of users of financial statements to link information disclosed about changes in liabilities arising from financing activities to the statement of financial position and the statement of cash flows.</p> <p>The IASB tentatively decided to propose requiring an entity to satisfy the disclosure objective by:</p> <ol style="list-style-type: none"> a. providing the information about changes in these liabilities using a reconciliation between the opening and closing balances in the statement of financial position; b. disclosing cash receipts, cash payments and related line items in the statement of cash flows as part of the reconciliation; and c. disaggregating the opening and closing balances in (a) on the basis of the line items of those liabilities in the statement of financial position and the items of those liabilities disclosed in the notes. <p>The IASB also decided not to propose requiring an entity that discloses changes in liabilities arising from financing activities to disclose information about changes in additional assets and liabilities (for example, cash and cash equivalents).</p> |
| <p>Consistent application of classification requirements</p> <p>December 2025 AP20B Classification and presentation of cash flows</p> | <p>The IASB tentatively decided:</p> <ol style="list-style-type: none"> a. to explore: <ol style="list-style-type: none"> i. developing requirements for the classification of acquisition-related payments in a business combination; ii. developing requirements for the classification and presentation of cash flows from derivatives; iii. developing requirements for the classification and presentation of receipts of government grants; and iv. amending the principle for classifying cash flows in paragraph 11 of IAS 7 to help entities apply the principle more consistently; and b. to revisit two issues after the IASB has concluded its discussions on strengthening the disclosure requirements on non-cash transactions and other non-cash changes, namely: <ol style="list-style-type: none"> i. classification of deferred payments; and ii. classification and presentation of cash flows involving third-party finance providers. |

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| <p>Consistent application of the definition of cash equivalents</p> <p>April 2026</p> <p>AP20A Improving the consistent application of the definition of cash equivalents</p> | <p>The IASB tentatively decided to propose including, in the definition of cash equivalents, the requirement for cash equivalents to be held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.</p> <p>The IASB intends to further explore alternative solutions to clarifying the application guidance related to an investment with a maturity of three months or less.</p> |