

---

**IASB<sup>®</sup> meeting**

Date	<b>May 2026</b>
Project	<b>Statement of Cash Flows and Related Matters</b>
Topic	<b>Cover paper</b>
Contacts	Dennis Deysel ( <a href="mailto:ddeysel@ifrs.org">ddeysel@ifrs.org</a> ) Nick Barlow ( <a href="mailto:nbarlow@ifrs.org">nbarlow@ifrs.org</a> ) Aida Vatrenejak ( <a href="mailto:avatrenjak@ifrs.org">avatrenjak@ifrs.org</a> )

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<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *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. The purpose of this meeting is for the IASB to tentatively decide on the matters regarding improving the disaggregation of cash flow information and the disclosure of changes in liabilities arising from financing activities.

**Papers for this meeting**

3. The papers for this meeting are:
  - (a) **Agenda Paper 20A Improving disaggregation of cash flow information by strengthening the link with other information**—we analyse stakeholder feedback and ask the IASB to make tentative decisions on general requirements that would improve disaggregation requirements to strengthen

the link between the line items in the statement of cash flows and the line items in the statement of financial position.

- (b) **Agenda Paper 20B Changes in liabilities arising from financing activities**—we analyse stakeholder feedback and ask the IASB to tentatively decide on improvements to disclosure requirements for changes in liabilities arising from financing activities.

## 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 second and third quarter 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 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;
    - (ii) classification and presentation of cash flows from derivatives;
    - (iii) classification and presentation of receipts of government grants; and
    - (iv) 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
	<p><i>A full record of the IASB’s tentative decisions is available from the May 2025–April 2026 IASB updates.</i></p>
<b>Project direction</b>	<p>The IASB decided:</p> <ol style="list-style-type: none"> <li>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</li> <li>b. not to set up a consultative group for the project.</li> </ol>
<b>Project scope on non-financial institutions</b>	<p>The IASB decided that it will assess potential ways to improve:</p> <ol style="list-style-type: none"> <li>a. the disaggregation of cash flow information in financial statements;</li> <li>b. the reporting of information about non-cash transactions in financial statements;</li> <li>c. the transparency of information communicated about cash flow measures not specified in IFRS Accounting Standards;</li> <li>d. the consistent application of requirements to classify cash flows as operating, investing or financing; and</li> <li>e. the consistent application of the definition of cash equivalents.</li> </ol> <p>The IASB tentatively decided it will not:</p> <ol style="list-style-type: none"> <li>a. aim to redefine the operating, investing and financing categories;</li> <li>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>;</li> <li>c. define ‘growth and maintenance capital expenditures’;</li> <li>d. define the measures ‘free cash flows’ or ‘net debt’;</li> <li>e. expand the definition of cash and cash equivalents;</li> <li>f. develop new requirements for cash flow information by segment;</li> <li>g. develop specific requirements for offsetting cash flows;</li> <li>h. develop alternatives to a statement of cash flows; or</li> <li>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.</li> </ol>
<b>Project scope on financial institutions</b>	<p>The IASB decided it will approach the statement of cash flows for financial institutions by considering:</p> <ol style="list-style-type: none"> <li>a. improvements to the statement of cash flows generally before deciding how any changes might apply to the requirements for financial institutions;</li> <li>b. exemptions for financial institutions from some or all of the requirements for presenting a statement of cash flows; and</li> <li>c. any presentation or supplementary disclosure requirements specific to financial institutions that might enhance the usefulness of information about cash flows for such entities.</li> </ol>

Topic	Staff condensed summary of the IASB's tentative decisions
<b>Disaggregation of cash flow information</b>	<p>The IASB tentatively decided to respond to the feedback by:</p> <ul style="list-style-type: none"> <li>a. developing potential requirements to strengthen the link between: <ul style="list-style-type: none"> <li>i. the statement of cash flows; and</li> <li>ii. information presented or disclosed in other parts of the financial statements in accordance with IFRS Accounting Standards other than IAS 7; and</li> </ul> </li> <li>b. proposing requiring an entity to present cash flows from discontinued operations in a separate category of the SCF.</li> </ul>
<b>Cash flow measures not specified in IFRS Accounting Standards</b>	<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"> <li>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"> <li>i. an entity uses in public communications outside financial statements; and</li> <li>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;</li> </ul> </li> <li>b. extending the rebuttable presumption for MPMs in IFRS 18 so it also applies to cash flow measures;</li> <li>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';</li> <li>d. including application guidance to clarify that subtotals combining income and expenses and cash flows are MPMs;</li> <li>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</li> <li>f. specifying that some subtotals of cash inflows and outflows are not MPMs, namely: <ul style="list-style-type: none"> <li>i. the subtotal of the operating activities category;</li> <li>ii. the subtotal of the investing activities category; and</li> <li>iii. the subtotal of the financing activities category.</li> </ul> </li> </ul> <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"> <li>a. to disclose amounts related to line items in the statement of profit or loss if the MPM is reconciled to that statement; and</li> <li>b. to disclose amounts related to line items in the statement of cash flows if the MPM is reconciled to that statement.</li> </ul>

Topic	Staff condensed summary of the IASB's tentative decisions
	<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>
<b>Information about non-cash transactions</b>	<p>The IASB tentatively decided to develop potential requirements:</p> <ol style="list-style-type: none"> <li>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;</li> <li>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</li> <li>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.</li> </ol>
<b>Consistent application of classification requirements</b>	<p>The IASB tentatively decided:</p> <ol style="list-style-type: none"> <li>a. to explore: <ol style="list-style-type: none"> <li>i. developing requirements for the classification of acquisition-related payments in a business combination;</li> <li>ii. developing requirements for the classification and presentation of cash flows from derivatives;</li> <li>iii. developing requirements for the classification and presentation of receipts of government grants; and</li> <li>iv. amending the principle for classifying cash flows in paragraph 11 of IAS 7 to help entities apply the principle more consistently; and</li> </ol> </li> <li>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"> <li>i. classification of deferred payments; and</li> <li>ii. classification and presentation of cash flows involving third-party finance providers.</li> </ol> </li> </ol>
<b>Consistent application of the definition of cash equivalents</b>	<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>