
IASB[®] meeting

Date	May 2026
Project	Statement of Cash Flows and Related Matters
Topic	Improving disaggregation of cash flow information by strengthening the link with other information
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Objective

1. At its September 2025 meeting, the International Accounting Standards Board (IASB) tentatively decided to improve the disaggregation of cash flow information by strengthening 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*.
2. The objective of this paper is to discuss how to improve general disaggregation requirements to strengthen the link in a way that responds to the stakeholder feedback. Agenda Paper 20B of this meeting includes recommendations for specific disaggregation requirements to link information disclosed about changes in liabilities arising from financing activities to the statement of financial position and the statement of cash flows.
3. Depending on the tentative decisions the IASB makes at this meeting and the feedback from the IASB on this paper, we plan to discuss in future papers the need for other specific disaggregated information:

- (a) as part of possible disclosure requirements for non-cash transactions and for non-cash changes in assets and liabilities that make up the components of working capital; and
- (b) as part of considering requirements for specific cash flow items including components of the total cash outflow for leases and dividends received from associates and joint ventures.

Summary of staff recommendations

4. We recommend the IASB:
 - (a) introduce application guidance for aggregating and disaggregating line items in the statement of cash flows that requires an entity:
 - (i) to consider the disaggregation of related line items of assets or liabilities presented in the statement of financial position; and
 - (ii) to disclose information that enables users of financial statements to understand how the disaggregation of line items in the statement of cash flows differs from related line items in the statement of financial position, if applicable;
 - (b) introduce application guidance for 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) introduce application guidance specifying that the information in a note might relate to more than one primary financial statement, in which case an entity shall cross-reference that note in each related primary financial statement.

Structure of this paper

5. This paper is structured as follows:

- (a) background (paragraphs 6–23);
 - (i) summary of research findings (paragraph 6–11);
 - (ii) summary of the September 2025 IASB meeting (paragraphs 12–15);
 - (iii) summary of other meetings (paragraphs 16–18); and
 - (iv) requirements on disaggregation, labelling and cross-reference applicable to the statement of cash flows (paragraphs 19–23);
- (b) staff analysis and questions for the IASB (paragraphs 24–40).

Background

Summary of research findings

Components of changes in working capital

6. When an entity presents cash flows from operating activities using the indirect method it presents in its statement of cash flows line items representing the change during the period in inventories and operating receivables and payables. Even though IFRS Accounting Standards do not define ‘working capital’, many entities label some of these items as ‘changes in working capital’ and include varying items of assets and liabilities related to its operating activities.
7. In our initial outreach, users of financial statements (investors) said they need information to understand the link between ‘changes in working capital’ presented in the statement of cash flows and the related assets and liabilities presented in the statement of financial position—that is, information on components of ‘changes in working capital’. Preparers said they did not identify any practical concerns that might prevent entities from separating changes in working capital into changes in each individual asset and liability.

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8. We performed financial statement analysis to understand why investors do not always get such information. As a result, we observed entities that (paragraphs 26–28 of [Agenda Paper 20A](#) in the September 2025 IASB meeting):
- (a) aggregated items in the statement of cash flows differently from similar items in the statement of financial position without sufficient detail to understand the differences between the items (for example, changes in accounts receivable and other current assets presented in the statement of cash flows, while trade receivables presented in the statement of financial position), and
 - (b) label line items in the statement of cash flows differently from items representing the same (or similar) concept in the statement of financial position (for example, changes in operating receivables presented in the statement of cash flows, while trade receivables presented in the statement of financial position).

Cash changes in liabilities from financing activities

9. In our initial outreach, investors said they find it difficult to reconcile amounts disclosed in accordance with paragraphs 44A–44E of IAS 7 (disclosure of changes in liabilities from financing activities) with amounts presented in the primary financial statements. As a result of our financial statement analysis, we found it difficult to link the amounts in the disclosure to the amounts in the statement of cash flows, whereas we were able to link to the amounts in the statement of financial position (paragraphs 20–22 of Agenda Paper 20B of this meeting).

Capital expenditures

10. The IASB tentatively decided not to develop requirements for disaggregating capital expenditures between those for growth and those for maintenance based on feedback that it would be difficult to develop commonly agreed definitions. However, in our initial outreach, a few investors also said that other disaggregation of the expenditures might be helpful, including disaggregation between capital expenditures that relate to

fixed assets and those that relate to intangible assets (paragraphs 55–56 of [Agenda Paper 20A](#) in the September 2025 IASB meeting).

Dividends received from associates and joint ventures

11. In the financial statement analysis on dividends received, we observed that about half of the entities disclose the information on dividends received from associates and joint ventures in the notes (mostly as a component of the reconciliation of investments accounted for using the equity method in the note on interests in other entities in accordance with IFRS 12 *Disclosure of Interests in Other Entities*) without a cross-reference to the statement of cash flows (paragraph 40 of [Agenda Paper 20A](#) in the September 2025 IASB meeting). When the information was disclosed as part of the reconciliation of investments accounted for using the equity method, all of the sample entities cross-referenced in the statement of financial position to the note that included the reconciliation, whereas many of the entities did not cross-reference to the note in the statement of cash flows even when entities present dividends received from associates and joint ventures in the statement of cash flows (6 of 11 entities).

Summary of the September 2025 IASB meeting

12. In September 2025, the IASB tentatively decided 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.
13. One IASB member said that the extent of the link needs to be determined, such as whether to only strengthen the link between the statement of cash flows and other primary financial statements, or strengthen the link across all primary financial statements. The member wondered whether there is enough reason for the IASB to limit the scope to the link related to the statement of cash flows, while also cautioning that exploring the link across all primary statements might not result in feasible solutions. A few other IASB members expressed preference to limit the scope to the link between the statement of cash flows and other primary financial statements.

14. One IASB member said the IASB might need to consider what primary financial statement is the starting point (lead statement) to ensure the link. Another IASB member preferred not to specify a lead statement.
15. One IASB member said that the link between the statement of cash flows and the statement of financial position is the most important, whereas another IASB member said the link between the statement of cash flows and the statement of profit or loss is also important.

Summary of other meetings

16. In December 2025, at the meeting with Accounting Standards Advisory Forum (ASAF), the UK Endorsement Board representative presented the findings of their research that investors struggle to link information between the primary financial statements and the notes because relevant information is scattered and only few entities provide cross-references to the notes for relevant cash flows. It then presented potential solutions the IASB could explore, including the introduction of a ‘cohesiveness’ principle to enable investors to link items included in the statement of cash flows with the other primary financial statements, and improvement to cross-referencing.
17. In March 2026, at the meeting with Capital Markets Advisory Committee (CMAC), Global Preparers Forum (GPF), and ASAF, we asked members for their views on potential new disclosures for improving information about non-cash transactions, illustrating two examples of potential new disclosures for non-cash transactions.
18. Most CMAC members supported the example which disaggregated the effect of non-cash transactions within notes on reconciliations of the opening to closing balances of the assets and liabilities affected by these transactions, because it would enable investors to understand all the different elements that make up changes in balances presented in the statement of financial position. On the other hand, many GPF members and some ASAF members raised concerns that not all companies are able to

separately identify specific types of non-cash changes in balances required to prepare the example, as well as the concerns about difficulty in allocating all amounts (not only material amounts) in the reconciliation between cash changes and non-cash changes.

Requirements on disaggregation, labelling and cross-reference applicable to the statement of cash flows

Disaggregation requirements

19. Paragraph 41 of IFRS 18 *Presentation and Disclosure in Financial Statements* requires an entity to:
 - (a) disaggregate items whenever the resulting information is material;
 - (b) disaggregate items based on characteristics that are not shared; and
 - (c) determine whether to present the disaggregated items as line items in the primary financial statements or disclose them in the notes, based on the role of the primary financial statements in providing useful structured summaries and the role of the notes in providing material information.
20. Paragraph 41 of IFRS 18 sets out general principles which apply to the financial statements as a whole. Therefore, entities are required to apply these paragraphs in determining whether to disaggregate items of cash flows, and whether to present them in the statement of cash flows or whether to disclose them in the notes.
21. IFRS 18 further provides examples of income and expenses (paragraph B79 of IFRS 18) and assets, liabilities and items of equity (paragraph B111 of IFRS 18) that might have sufficiently dissimilar characteristics that presentation in the statement of profit or loss or statement of financial position or disclosure in the notes is necessary to provide material information. However, IFRS Accounting Standards do not provide such examples for items of cash flows.

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22. Other IFRS Accounting Standards include requirements to disaggregate some specific cash flow information, which are characterised as specific line items in accordance with paragraph 23 of IFRS 18 as follows:
- (a) each of interest and dividends received and paid (paragraph 31 of IAS 7);
 - (b) taxes on income (paragraph 35 of IAS 7);
 - (c) aggregate cash flows arising from obtaining or losing control of subsidiaries or other businesses (paragraph 39 of IAS 7); and
 - (d) the net cash flows attributable to the operating, investing and financing activities of discontinued operations (paragraph 33(c) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*).

Requirements on labelling and cross-reference

23. IFRS 18 has general requirements on labelling and cross-reference as follows, which apply to the financial statements as a whole, including the statement of cash flows and items of cash flows:
- (a) labelling—paragraph 43 of IFRS 18 requires an entity to label and describe line items presented in the primary financial statements or items disclosed in the notes in a way that faithfully represents the characteristics of the item, providing all descriptions and explanations necessary for a user to understand the item, which include in some cases information about how it has aggregated or disaggregated assets, liabilities, equity, income, expenses and cash flows.
 - (b) cross-reference—Paragraph 114 of IFRS 18 requires an entity to cross-reference each item in the primary financial statements to any related information in the notes, and, if amounts disclosed in the notes are included in one or more line items in the primary financial statements, to disclose in the note the line item(s) in which the amounts are included.

Staff analysis

24. The staff analysis is structured as follows:
- (a) strengthening the link between line items in the statement of cash flows and line items in the statement of financial position (paragraphs 25–32);
 - (b) consistent labelling (paragraphs 33–36); and
 - (c) strengthening the links to cash flow information through cross-references (paragraphs 37–40).

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

Applying disaggregation principles to the statement of cash flows

25. In our outreach, we identified several examples of related items being aggregated differently contributing to difficulty in finding the information necessary for investors to understand the link between the statement of cash flows and the statement of financial position, specifically:
- (a) components of ‘working capital’—difficulty in understanding the link between ‘changes in working capital’ presented in the operating category of the statement of cash flows and the related assets and liabilities presented in the statement of financial position, because items in the statement of cash flows are aggregated differently from similar items in the statement of financial position without explanation in the notes (paragraph 8);
 - (b) changes in liabilities from financing activities—difficulty in understanding the link between line items presented in the financing category of the statement of cash flows and the liabilities presented in the statement of financial position, because investors cannot understand how the cash flow information in the disclosure in accordance with paragraphs 44A–44E of IAS 7 relate to line items in the statement of cash flows (paragraph 9);

- (c) capital expenditures—difficulty in understanding the link between capital expenditures presented in the investing category of the statement of cash flows and the assets presented in the statement of financial position, because capital expenditures might not be disaggregated between additions of property, plant and equipment and those of intangible assets (paragraph 10); and
 - (d) disclosure reconciling the opening and closing balances in the statement of financial position—difficulty in understanding the link between items of cash flows representing components of changes in those balances in the statement of cash flows and the balances presented in the statement of financial position, because cash changes and non-cash changes might not be disaggregated in the reconciliation or elsewhere in the financial statements (paragraph 18).
26. We understand that entities might aggregate line items in the statement of cash flows and line items in the statement of financial position differently because such presentation provides useful structured summaries. For example, an entity might judge that disaggregating current assets and liabilities based on specific characteristics results in the most useful summary in the statement of financial position, while aggregating changes in some current assets and liabilities that comprise working capital results in the most useful summary in the statement of cash flows. However, feedback in our initial outreach suggests that understanding the link between the related items is material information for users of financial statements.
27. IFRS 18 includes examples of specific characteristics to consider when applying the aggregation and disaggregation principles to the statement of financial position but does not include examples of specific characteristics for the statement of cash flows. However, because the line items presented in the statement of cash flows relate to components of changes in assets and liabilities in the statement of financial position, we expect that related items in each statement would share similar characteristics. For example, a line item in the statement of cash flows presenting the repayment of liabilities would be expected to share characteristics with the related liabilities presented in the statement of financial position. We think requiring an entity to

consider this relationship when applying the aggregation and disaggregation principles to the statement of cash flows would result in more consistent disaggregation of related line items between the two statements.

28. As an application of the aggregation and disaggregation principles, such guidance would be subject to consideration of the information that results in the most useful summary for a specific statement. Consequently, different disaggregation of related line items might still result. When this is the case, requiring disclosure to explain the differences could provide this material information without the need to override the principle of useful structured summaries and resulting judgements about presentation made by an entity (paragraph 19).
29. In our initial outreach on components of ‘working capital’, preparers did not identify any practical concerns in separating changes in ‘working capital’ into changes in each individual asset and liability. For other items of cash flows, we expect similar information to be available. We recognise there might be incremental costs to gathering information aggregated in a different way. For example, an entity might gather the information about cash outflows for acquisitions of fixed assets on an aggregated basis to present one line item. In this case, disaggregating those cash outflows to disclose how they relate to property, plant and equipment and intangible assets presented in the statement of financial position might require the entity to gather more granular information. However, we expect such cost would be one-off and would not be significant, because it would refine information already gathered rather than requiring new information.

Scope of application guidance

30. We think the application guidance on disaggregating line items in the statement of cash flows should focus on the link between the statement of cash flows and the statement of financial position because:
- (a) concerns expressed by investors in the outreach (paragraph 25) were about the relationship between the statement of cash flows and the statement of financial

position, rather than the relationship across all primary financial statements or the relationship between the statement of cash flows and the statement of profit or loss;

- (b) for operating activities under the indirect method, IFRS 18 requires the starting point to be operating profit, which will strengthen the link between the statement of cash flows and the statement of profit or loss; and
 - (c) for investing and financing activities, most of the cash flows from those activities relate to changes in assets and liabilities other than dividends received and interest received and paid, for which there are already disaggregation requirements (paragraph 22) and the requirement of classification consistent with the statement of profit or loss in accordance with paragraphs 34A–34D of IAS 7.
31. We will continue to consider links between specific items of cash flow information in developing related requirements including those proposed in Agenda Paper 20B of this meeting, and those being developed for non-cash transactions and non-cash changes for assets and liabilities that make up the components of working capital.

Staff recommendation

32. We recommend the IASB introduce application guidance for aggregating and disaggregating line items in the statement of cash flows that requires and entity:
- (a) to consider the disaggregation of related line items of assets or liabilities presented in the statement of financial position; and
 - (b) to disclose information that enables users of financial statements to understand how the disaggregation of the line items in the statement of cash flows differs from the related line items in the statement of financial position, if applicable.

Question for the IASB

Question for the IASB

1. Does the IASB agree with the staff recommendation in paragraph 32?

Consistent labelling

33. In our research on components of ‘working capital’, we also identified that entities might label line items in the statement of cash flows differently from items representing the same (or similar) concept in the statement of financial position, making it difficult for investors to understand whether they are disaggregated consistently (paragraph 8).
34. We think that, when an item of cash flows is disaggregated consistently with an item of assets or liabilities based on the same characteristics, using consistent labels for those items would help to avoid doubt by investors about whether consistent disaggregation is made and understand the link between items in financial statements.
35. Paragraph 43 of IFRS 18 requires an entity to label and describe items of cash flows in a way that faithfully represents the characteristics of the item, including information about how it has aggregated or disaggregated cash flows (paragraph 23). We think it would be beneficial to clarify that consistent labelling of line items aggregated based on similar characteristics, and different labelling of line items disaggregated based on differing characteristics, is part of a faithful representation of the characteristics of that line item.

Staff recommendation

36. We recommend the IASB introduce application guidance for 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.

Question for the IASB

Question for the IASB

2. Does the IASB agree with the staff recommendation in paragraph 36?

Strengthening the links to cash flow information through cross-references

37. In our research, we identified that entities might not cross-reference some line items in the statement of cash flows to a relevant note that is cross-referenced in another primary financial statement. For example, some entities included a cross-reference in the statement of financial position to a note on associates and joint ventures but did not include a cross-reference to the same note in the statement of cash flows even though the note also included information related to cash flows (paragraph 11).
38. We think that the lack of cross-reference in the statement of cash flows makes it difficult for investors to locate the information that links the statement of cash flows and the statement of financial position.
39. Even though the financial statements of sample entities are before the adoption of IFRS 18, paragraph 113 of IAS 1 *Presentation of financial statements* already required entities to cross-reference each item in the statement of cash flows to any related information in the notes. Therefore, inconsistency in practice on cross-reference in the statement of cash flows might continue after IFRS 18 is effective.

Staff recommendation

40. We recommend the IASB introduce application guidance specifying that the information in a note might relate to more than one primary financial statement, in which case an entity shall cross-reference that note in each related primary financial statement.

Question for the IASB

Question for the IASB

3. Does the IASB agree with the staff recommendation in paragraph 40?