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Staff paper

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Accounting Standards Advisory Forum meeting

Date	**November 2026**
Project	**Statement of Cash Flows and Related Matters**
Topic	**Form of possible exposure draft**
Contacts	**Nick Barlow** (nbarlow@ifrs.org) **Aida Vatrenjak** (avatrenjak@ifrs.org)

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Purpose of the session

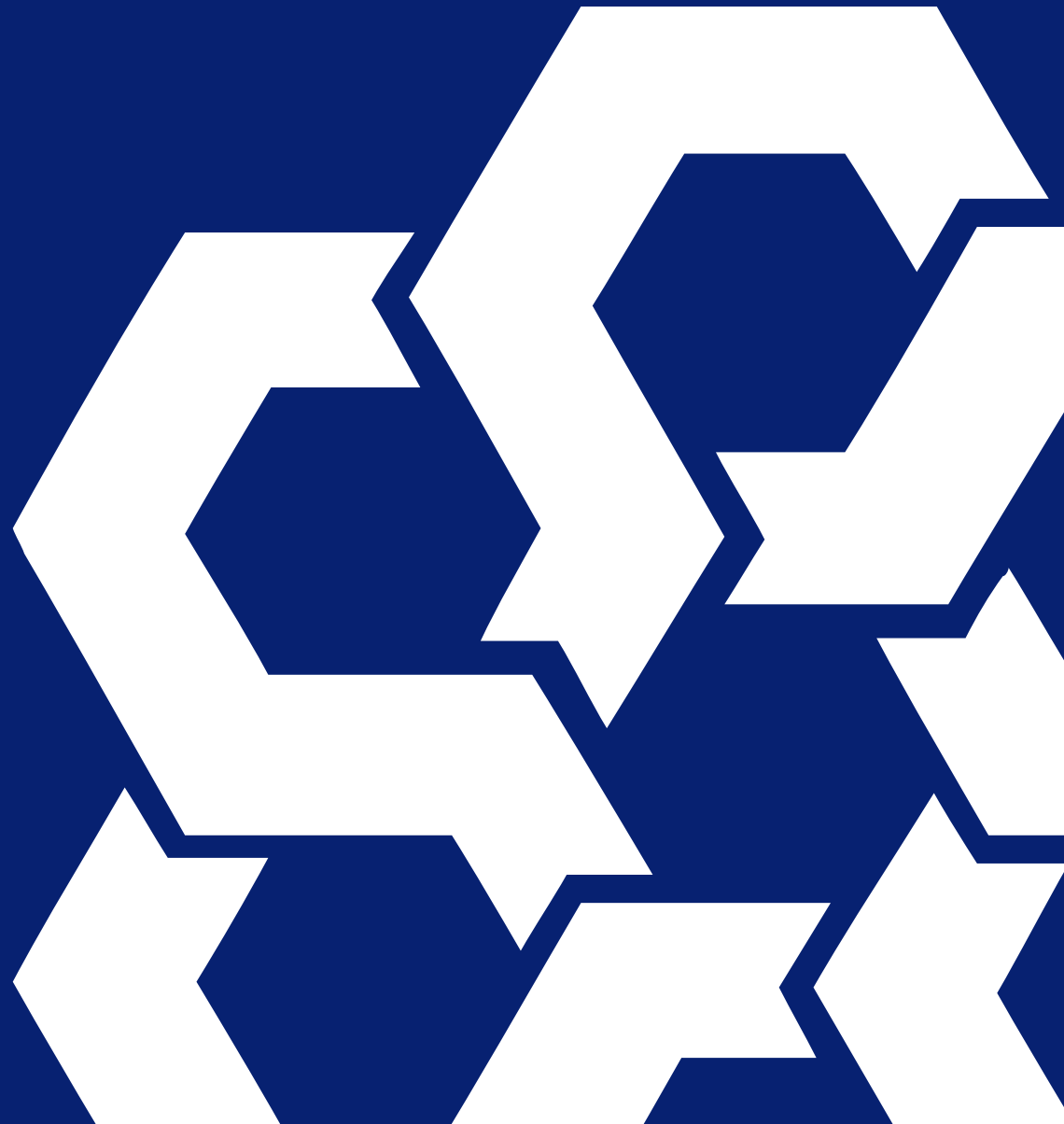
- In January 2026 the IASB decided to move the project to the standard-setting work plan resulting in any consultative document being an exposure draft
- We will provide ASAF members with an overview of the matters being considered and seek members' views on issues relating to the form of the possible exposure draft
- We will use the input received to further develop these ideas for discussion with the IASB at a future meeting

Summary of questions for ASAF members

1. Have you identified any matters to consider, in addition to those identified by staff, regarding the location of requirements for MPMs and aggregation and disaggregation (slides 9-11)?
2. Have you identified any advantages or disadvantages of the location options for other requirements in IAS 7, in addition to those identified by staff (slides 13-14)?
3. Are there any other matters that we should consider regarding the form of the possible exposure draft?

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Background

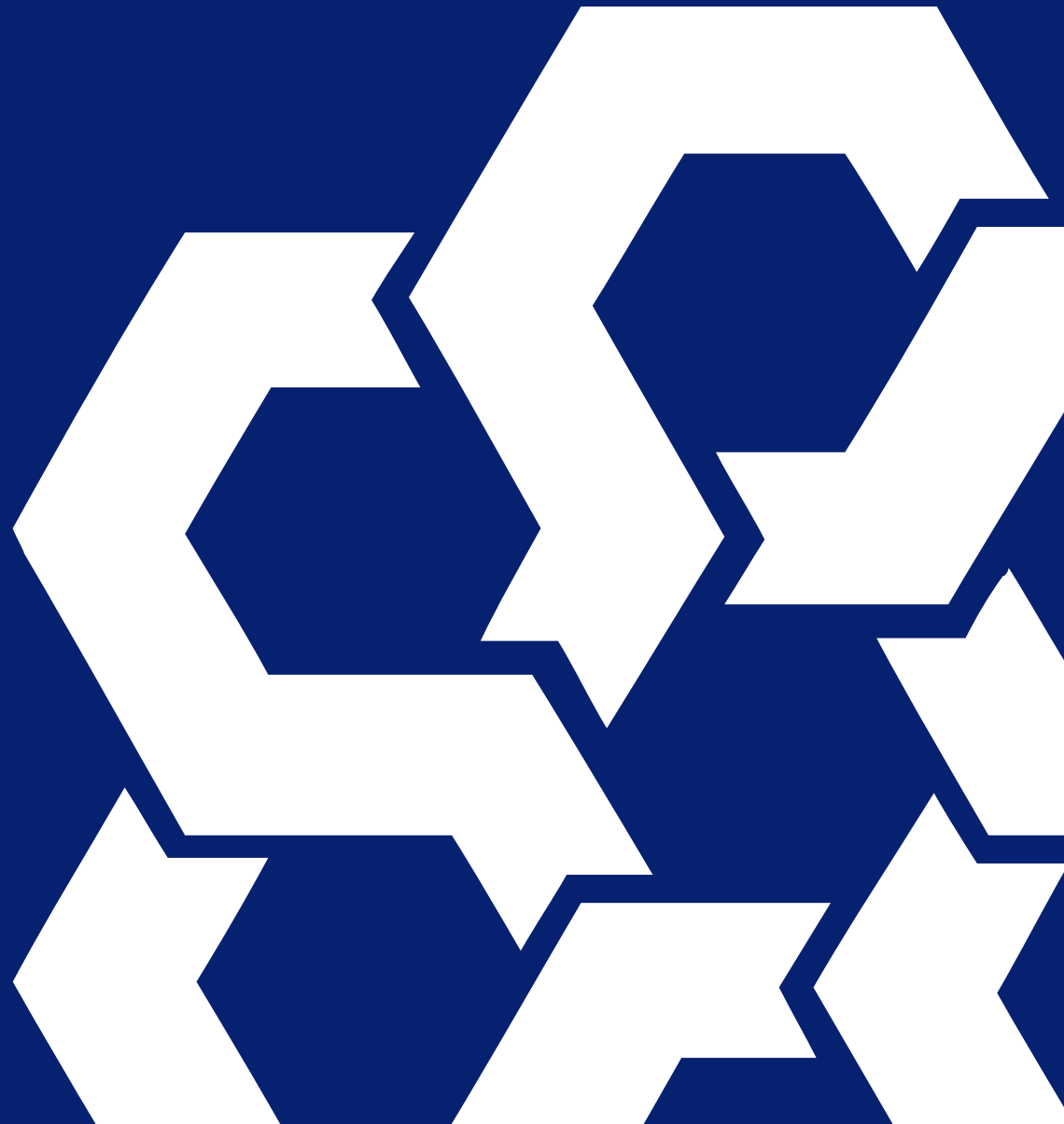


Background

- The IASB's project on the statement of cash flows and related matters focuses on targeted improvements to IAS 7 *Statement of Cash Flows* (for the IASB's tentative decisions see AP20 cover paper October 2026)
- We expect the project will result in publication of an exposure draft. Generally, a targeted improvements project leads to amendments to the standard being improved
- However, the nature of some of the targeted improvements in the project raise questions about whether:
  - any of the new requirements are better located in a standard other than IAS 7?
  - the most appropriate location for other requirements is still IAS 7?
  - there is an opportunity to consider replacing IAS 7 with an IFRS Accounting Standard, or to combine the requirements for the presentation of financial statements in a single standard?
- The development of IFRS 18 *Presentation and Disclosure in Financial Statements* raised similar issues with some parts of IAS 1 *Presentation of Financial Statements* being incorporated in IFRS 18, and some parts moving to IAS 8 and IFRS 7

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Which topics in the project might be best addressed outside IAS 7?



Topics being explored in the project

Develop requirements to improve reporting of cash flow information

Improve the **disaggregation** of cash flow information in financial statements

Strengthen reporting of information about **non-cash transactions** and other non-cash changes

Increase transparency around **cash flow measures**

Develop requirements to improve consistent application of requirements

Support more consistent application of requirements to **classify cash flows** as operating, investing, or financing

Promote consistent application of the definition of **cash equivalents**

Financial Institutions

Project topics which relate to IFRS 18

- The IASB's tentative decision 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 (cash flow measures) is proposed to be included in IFRS 18.
- Some of the IASB's tentative decisions on **disaggregation** amend paragraphs in IFRS 18:
  - proposed application guidance on labelling and describing line items; and
  - proposed application guidance on cross-referring to items in more than one primary financial statement

Project topics which might relate to either IFRS 18 or IAS 7

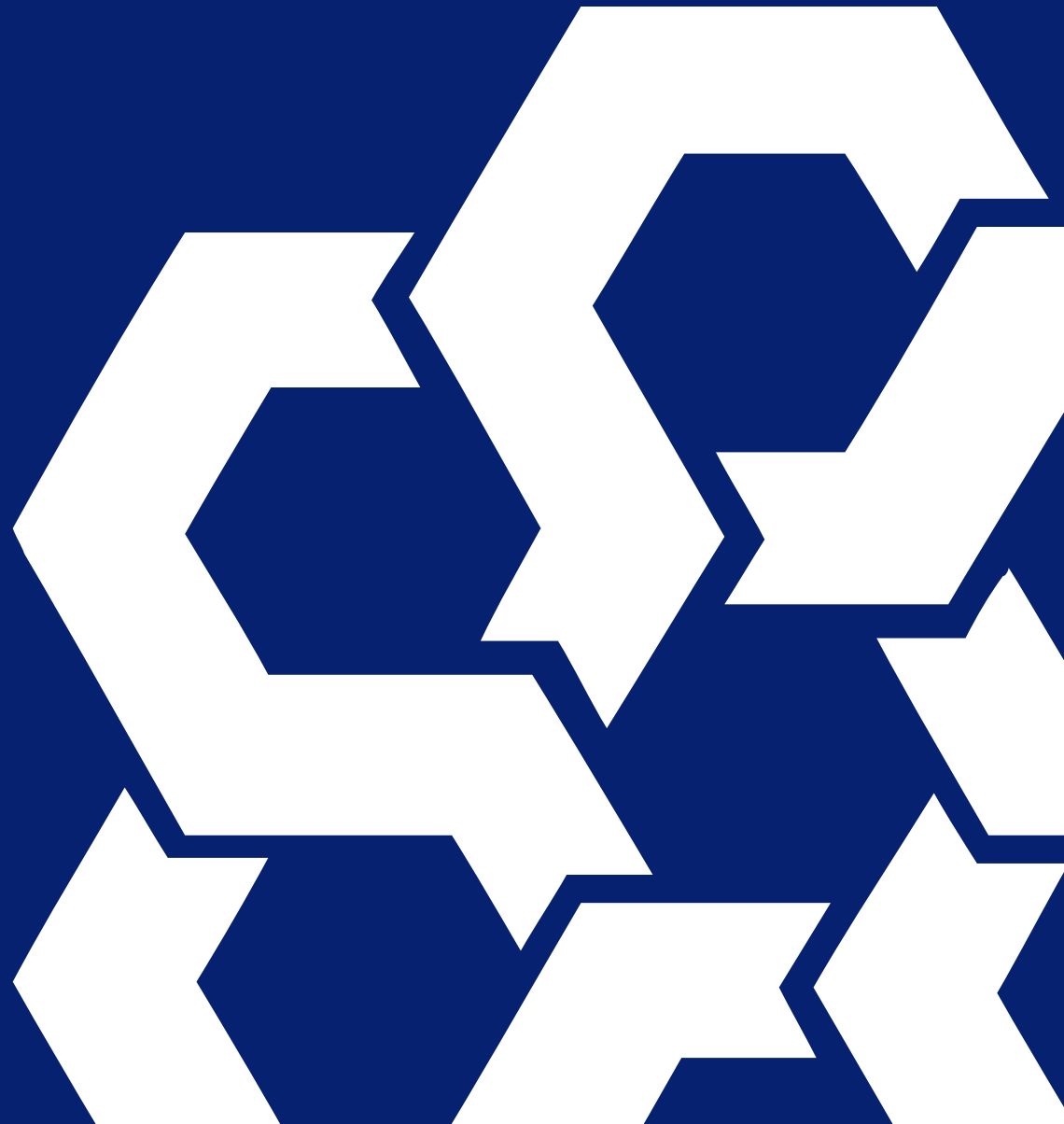
- Some **disaggregation** requirements build on principles in IFRS 18 but do not directly amend requirements in IFRS 18 or requirements in IAS 7:
  - application guidance to use the statement of financial position as a basis for disaggregation in the statement of cash flows; and
  - disclosure requirement for differences in disaggregation between those statements for related line items
- The proposed disaggregation requirements that do not directly amend IFRS 18 or IAS 7 could be included in either standard because:
  - including these proposed requirements in IFRS 18 would locate them alongside similar principles of disaggregation for the statements of profit or loss and financial position; and
  - including them in IAS 7 would locate them alongside the specific requirements for the related statement (although the organisation of specific presentation requirements differs from IFRS 18)

Project topics which relate to IAS 7

- The IASB's tentative decisions relating to **non-cash transactions**, **classifying cash flows**, and the **definition of cash equivalents** propose amending paragraphs in IAS 7
- The following section discusses the advantages and disadvantages of including the various requirements of IAS 7 (including amendments proposed by this project) in other IFRS Accounting Standards

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Is there a case for changing the location of the remaining cash flow statement requirements?



Which sections of IAS 7 might fit in other IFRS Accounting Standards?

IAS 7 Contents	Possible location
Introduction (objective, scope, benefits, definitions)	• Could be removed if relevant sections were relocated • Would require revision if only some relevant sections were relocated
Classification requirements (Operating, investing, and financing activities, net basis, FX, interest & dividends, taxes, AJVs, changes in ownership)	• Most significant part of IAS 7 • Has similarities to content in IFRS 18 (see slide 14 for further discussion)
Disclosure—non-cash transactions	• The proposed disclosures have a strong link with both the statement of financial position (IFRS 18) and statement of cash flows (IAS 7); • The proposed table includes similar cash transactions (IAS 7)
Disclosure—changes in liabilities from financing	• The reconciliation from opening-to-closing balance is closely related the statement of financial position (IFRS 18) • Disclosure includes cash flow information, and project improves links to SCF (IAS 7)
Disclosure—Supplier finance (no proposed amendments)	• The disclosure objective establishes a close relationship to both an entity's financial liabilities and the liquidity risk that arise from them (IFRS 7) and cash flows (IAS 7)
Disclosure—other (incl. components of cash equivalents and transition)	• Combination of disclosures that complement information in the statement of cash flows (IAS 7) as a reconciliation of cash, and the balance of cash in statement of financial position (IFRS 18)

Possible location of the classification requirements of IAS 7

- The **classification** requirements in IAS 7 make up the largest part of the standard with sections on the categories of operating, investing and financing and requirements for specific presentation or disclosure (for example, requirements to separately present interest). Classification requirements for other primary financial statements are set out in IFRS 18. This raises the question of where the classification requirements for statements of cash flows are most appropriately located—in IFRS 18 or IAS 7

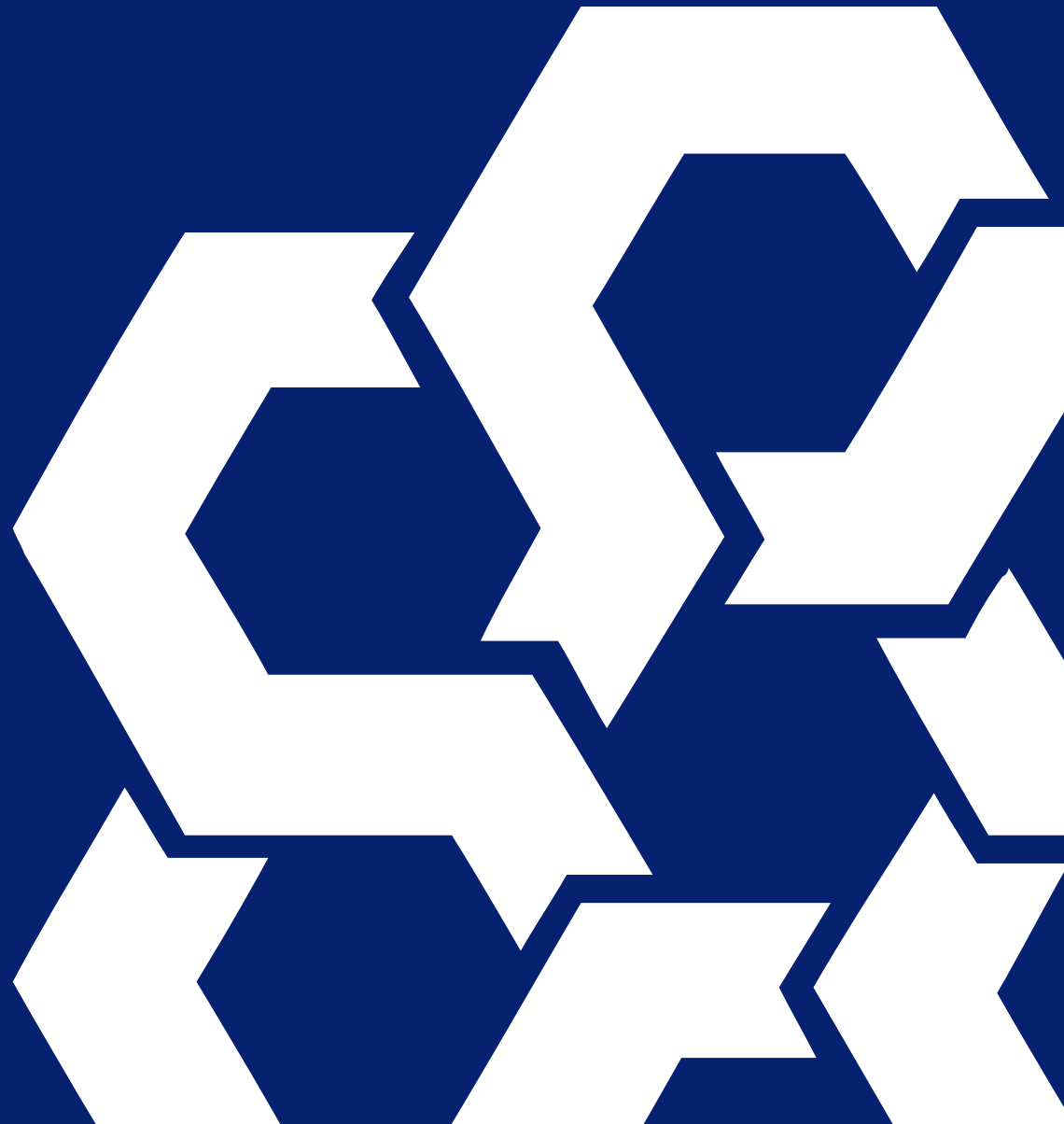
Advantages of locating SCF classification requirements in IFRS 18

- Having a single location for classification of all primary financial statements in a single standard would be logical and might make those requirements more accessible
- If the classification requirements are no longer in IAS 7, there would be little justification to keep IAS 7 as a separate standard providing an opportunity to remove an IAS standard

Disadvantages of combining SCF classification requirements in IFRS 18

- The structure of the classification requirements differs from the structure of similar requirements in IFRS 18 potentially requiring drafting amendments to paragraphs not affected by the project's targeted improvements to create a coherent single standard. This will create additional work and risks unintended consequences that will need to be considered
- The classifications in the statement of profit or loss and statement of cash flows are not aligned. Including them in the same standard could increase pressure on addressing this, such as by relabelling categories in the statement of cash flows
- Perceived disruption to IFRS 18—this risk could be managed by clear labelling and communication of unrelated requirements and making limited changes to current IFRS 18 paragraphs

Overall observations



Overall observations

- Classification forms the fundamental requirements of IAS 7 and relocating these requirements would leave little need for the standard as a whole
- There appear to be feasible alternatives for relocating (or removing) the remaining requirements in IAS 7 if relocating classification were concluded to be the most useful outcome, mainly by including the requirements in IFRS 18
- However there do not appear to be compelling arguments to relocate those requirements if relocating classification is not the most useful outcome
- If classification were not relocated to IFRS 18, the potential advantage of removing an IAS standard could also be achieved by moving all of the requirements of IAS 7 to a new IFRS Standard instead of revising IAS 7
- However, this would also have the disadvantage of signalling a comprehensive review of IAS 7 requirements, which is not consistent with this project's focus on targeted improvements

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