



FASB | IASB Joint Education Meeting

Date	30 September 2022
Project	Statement of Cash Flows (FASB Research Project)
Topic	Background
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Feedback Received during FASB 2021 Invitation to Comment—Agenda Consultation

Investors and Other Financial Statement Users:

Generally agreed that greater disaggregation of the statement of cash flows should be a FASB priority

Suggested various potential solutions:

- Restructuring the cash flow statement
- Require use of direct method (others expressed a preference for the indirect method)
- Further disaggregation of cash flows under indirect method
- Reconciliations to amounts presented in other financial statements (balance sheet and income statement)
- Supplemental disclosures consistent with the direct method when the indirect method is provided (“cash received from customers,” “cash paid to employees,” and/or “cash paid to suppliers”)

Cash flows statement has little relevance for financial institutions

Preparers and Other Stakeholders:

Some said that the FASB must carefully consider both investor needs and preparer implementation costs in requiring further disaggregation

- Others agreed with user concerns

Most did not support requiring the direct method

Some indicated that analysts typically do not request significant additional details about the statement of cash flows

- Other preparers acknowledged receiving questions regarding the nature and definition of certain cash flows or noncash activities

FASB June 29, 2022 Board Meeting

Board members:

- Discussed feedback received and paths forward for a potential project
- Generally agreed that there is a need to improve the statement of cash flows

Some Board members:

- Asked for more research to better refine the scope of a potential project

Chair added a **research project** with the following objective:

- Explore improvements to the statement of cash flows to provide additional decision-useful information for investors and other allocators of capital

FASB Research Project

The staff plans to conduct research and outreach in a variety of areas to better understand:

- Relative priority for different potential improvements (such as working capital reconciliations and other direct method supplementary information)
- Costs and feasibility of implementing certain improvements