
Accounting Standards Advisory Forum meeting

Date	December 2024
Project	Statement of Cash Flows and Related Matters
Topic	Cover paper on initial research
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This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum (ASAF). 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*.

Purpose and structure

1. In its September 2024 meeting the International Accounting Standards Board (IASB), moved the project on Statement of Cash Flows and Related Matters from the research pipeline to the research work plan. The IASB had added the project to the research pipeline in its April 2022 meeting following the feedback to its Third Agenda Consultation.
2. The purpose of this paper is to:
 - (a) provide an update on our preliminary research; and
 - (b) seek ASAF members' views on perceived deficiencies in the statement of cash flows applying IAS 7 *Statement of Cash Flows* including their prevalence.
3. The input from ASAF members will contribute to the IASB deciding on the topics the IASB decides to further explore in the project.
4. This paper is structured as follows:
 - (a) preliminary feedback on the project (paragraphs 5–7);
 - (b) project discussions at ASAF (paragraphs 8–10); and
 - (c) question for ASAF members.

Preliminary feedback on the project

5. At its September 2024 meeting the IASB reviewed:
 - (a) feedback received in the Third Agenda Consultation on a project on statement of cash flows and related matters;
 - (b) feedback shared by CMAC and GPF members at the June 2024 joint meeting where members were asked about their experiences preparing and using the information presented in the statement of cash flows or disclosed in the notes applying IFRS Accounting Standards (see [Agenda paper 20B](#) of the IASB's September meeting); and
 - (c) evidence from academic literature review conducted to identify topics that the IASB might consider in deciding the scope of the project (see [Agenda paper 20A](#) of the IASB's September meeting).
6. Based on this initial feedback, the IASB identified the following topics it might explore in the project on Statement of Cash flows and Related Matters:
 - (a) requirements for classifying cash flows;
 - (b) disaggregation requirements for information about cash flows;
 - (c) definition of cash and cash equivalents;
 - (d) requiring the use of direct method;
 - (e) effects of non-cash transactions;
 - (f) information about commonly used cash flow measures; and
 - (g) statement of cash flows for financial institutions.
7. During the initial research phase of the project, we are gathering evidence of the nature and extent of the perceived deficiencies to provide evidence for the IASB to decide the scope of the project. The initial research will include meetings with consultative groups and individual stakeholders, reviewing the results of the projects of National Standard-

setters, analysing a sample of companies' financial statements and reviewing related IASB's projects.

Project discussions at ASAF

8. During the September 2024 ASAF meeting, the AcSB representative presented the results of the AcSB's staff research and shared users' perspectives on the application of IAS 7. They presented potential solutions that the IASB could explore in its project on Statement of Cash Flows and Related Matters mainly related to:
 - (a) cash flow measures relevant to users of financial statements;
 - (b) methods of reporting cash flows from operating activities; and
 - (c) the usefulness of the statement of cash flows for the financial services sector.
9. ASAF members said the research findings are generally consistent with the views of stakeholders in most jurisdictions and the views on how to resolve some of the issues raised in the research findings vary by jurisdiction.
10. At the December 2024 ASAF meeting, we plan to provide members with an update on our preliminary research activities, including initial findings from a review of financial statements. An important aspect of that activity will be the feedback received at the CMAC and GPF meetings that will take place between the date of this paper and the ASAF meeting in December 2024. To capture this feedback an updated paper will be circulated by 20 November 2024.

Question for ASAF members

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Do you have any feedback from stakeholders in your jurisdiction or have you performed further research that might provide evidence on the nature or pervasiveness of the perceived deficiencies in IAS 7 related to the topics outlined in paragraph 6?