



Statement of Cash Flows Targeted Improvements

FASB | IASB Education Meeting

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2021 Agenda Consultation

- Investors and other financial statement users generally agreed that greater disaggregation of the statement cash flows should be a priority for the Board to help them better perform their analyses.
 - More supplemental disclosures for direct cash-flow-like items, such as cash interest received, would be useful.
- Preparers encouraged the Board to conduct a thorough and transparent cost-benefit analysis in this area.
 - Preparers indicated that they currently receive very few questions on the statement of cash flows from investors and assert that their investors receive sufficient information.

What We Have Heard

The following is a summary of key themes that the FASB staff has recently heard from stakeholders:

- Define free cash flows
- Create a better connection between cash flows and the balance sheet for working capital items
- Consider new disclosures for certain items, such as cash received from customers, cash interest received, and noncash items
- Disaggregate certain line items (either in the statement or through disclosures), such as depreciation and amortization
- Restructure the statement of cash flows
- Provide more decision-useful information for financial institutions
- Address certain presentation/classification issues raised

Project Overview

Technical Agenda Project Added

- In November 2023, the Board added a project to its technical agenda to make targeted improvements to the statement of cash flows to provide investors with decision-useful information.

Scope

- Reorganize and disaggregate the statement of cash flows for financial institutions to improve the decision usefulness of that statement
- Develop a disclosure about an entity's cash interest income received

Next Steps



The Board directed the staff to perform further research and outreach to:

- Determine the scope of entities that would be subject to the proposed changes
- Explore possible revised definitions of *investing* and *financing* activities for the entities within the scope
- Develop a disclosure about an entity's cash interest received



The FASB Chair also retained a project on the research agenda to continue to explore other improvements to the statement of cash flows.



The 2025 Emerging Financial Reporting Issues Research Symposium, co-sponsored by the FASB and the Chookaszian Accounting Research Center of the University of Chicago Booth School of Business, will address cash flow information.



The staff will consider whether responses received on the KPIs ITC will provide the statement of cash flows project with additional information.