

## EFRAG SECRETARIAT PAPER FOR PUBLIC MEETING

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### **EFRAG's proactive work – The statement of cash flows: issues for financial institutions**

#### **Objective of the session**

- 1 The objective of the session is to discuss and approve a Short Discussion Paper on the specific issues for financial institutions in relation to the statement of cash flows.

#### **Background**

- 2 The IASB is currently bringing forward its Disclosure Initiative project to improve and bring together the principles for determining the basic structure and content of the financial statements. In this context, the IASB intends to review the general requirements of IAS 7 *Statement of Cash Flows* and identify possible improvements.
- 3 In 2014, it was agreed that the UK FRC and EFRAG would perform research work on the topic. The FRC staff presented a paper on issues relating to cash flow statements and related disclosures at different meetings (IASB, ASAF and IFASS among others) and reported its proposals to the IASB.
- 4 The work of the FRC staff addressed general issues for all preparers. EFRAG Secretariat focused instead on specific issues for financial institutions. There have been claims that the statement of cash flows has limited relevance for these entities due to the nature of their business activities. The Short Discussion Paper discusses these claims and discusses two alternatives for the identified entities:
  - (a) To replace the SCF with other disclosures; or
  - (b) To modify some of the requirements in IAS 7.
- 5 In addition to this cover note, agenda papers for this session are:
  - (a) **Paper 9.02** – SDS Paper: The Statement of Cash Flows – Issues for Financial Institutions.