
Statement of Cash Flows and Related Matters

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Plenary session

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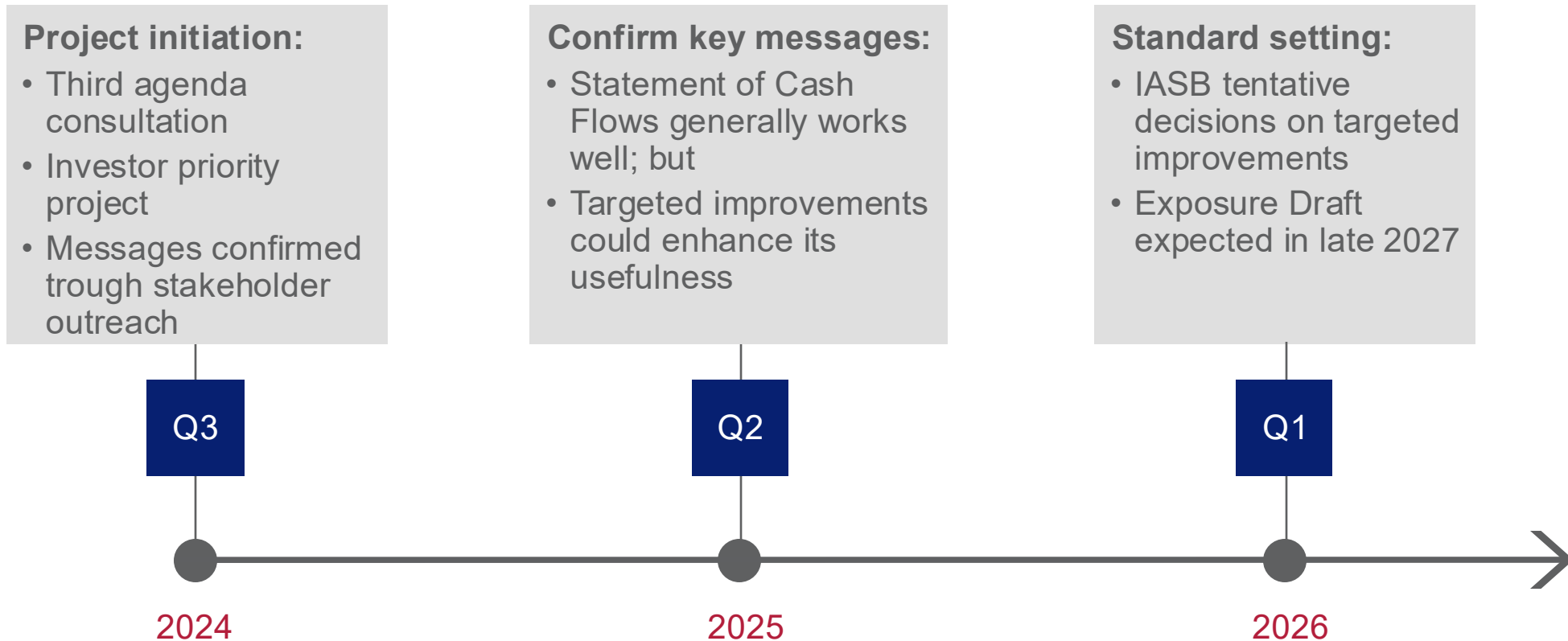


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Agenda

- 1 Project background
- 2 Disaggregation
- 3 Non-cash information
- 4 Management-defined performance measures
- 5 Consistent application
- 6 Financial institutions

Project background



Targeted improvements identified from stakeholder outreach

Develop requirements to improve reporting of cash flow information

Improve the **disaggregation** of cash flow information in financial statements
(slides 6–9)

Strengthen reporting of information about **non-cash transactions** and other non-cash changes
(slides 10–15)

Increase transparency around **cash flow measures**.
(slides 16–19)

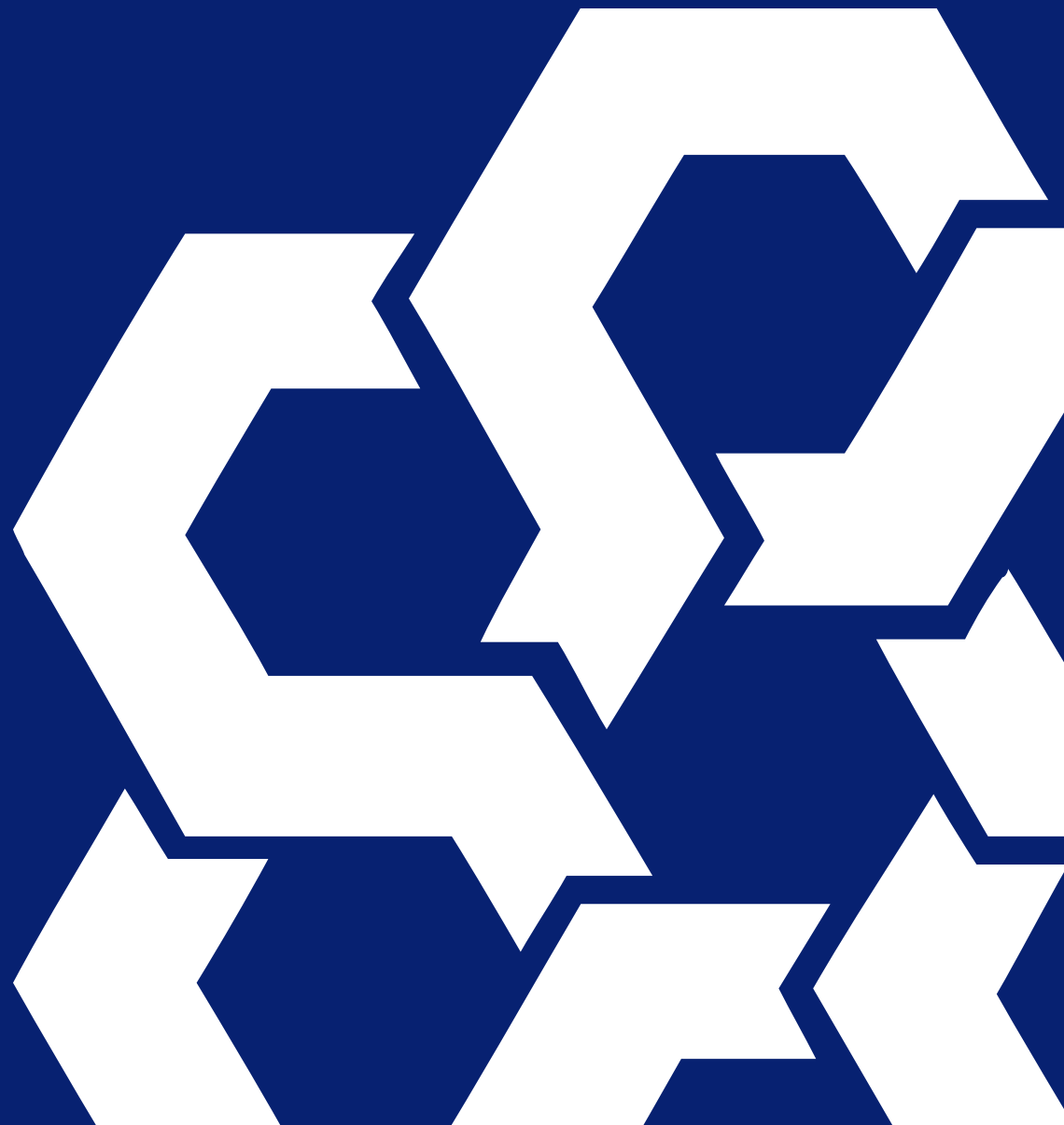
Develop requirements to improve consistent application of requirements

Support more consistent application of requirements to **classify cash flows** as operating, investing, or financing
(slide 21–22)

Promote consistent application of the definition of **cash equivalents**
(slide 23)

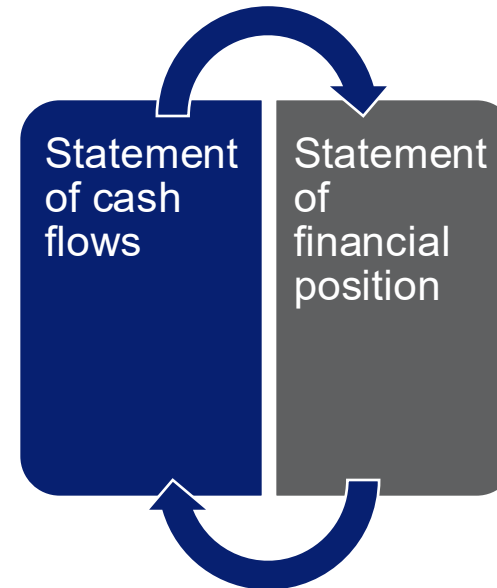
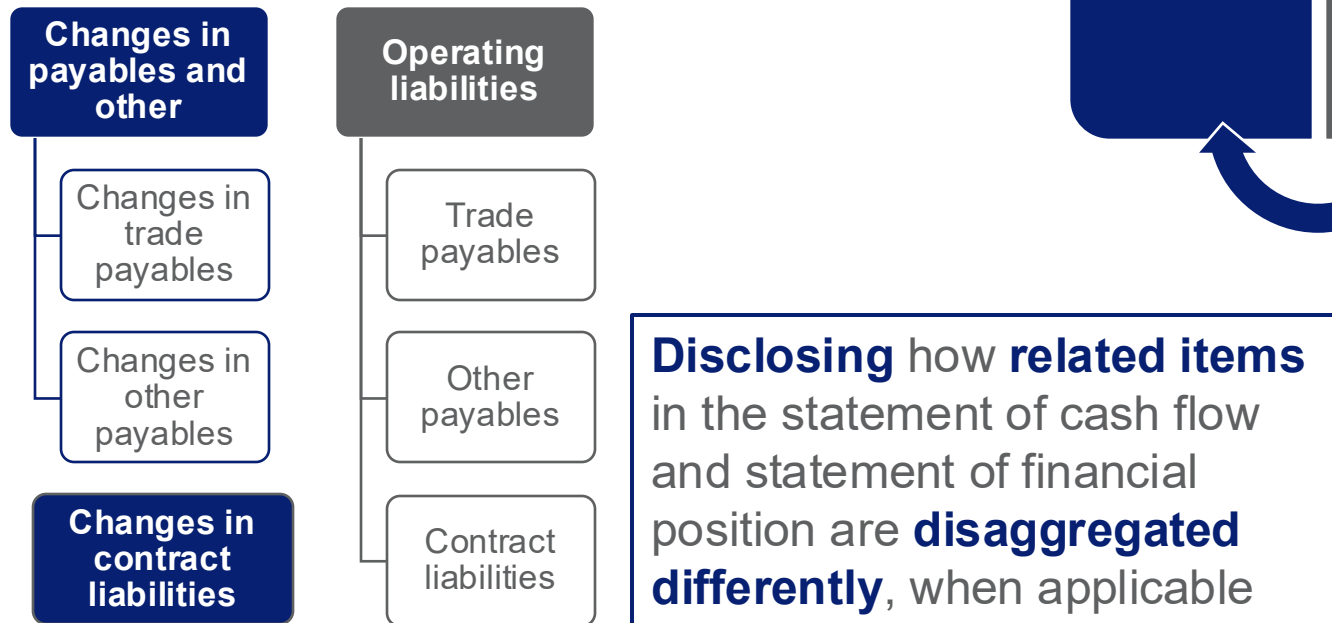
Financial Institutions
(slides 24–27)

Disaggregation of cash flow information



Disaggregating cash flow information

The IASB tentatively decided to propose **strengthening the link** between information in the statement of cash flows and statement of financial position by adding application guidance on **disaggregating cash flow line items**



Using **disaggregation** in the statement of financial position as disaggregation basis for **related line items** in the statement of cash flows

Labelling and cross referencing

The IASB tentatively decided to propose **strengthening the link** between information in financial statements by adding application guidance on **labelling** and **cross-referring** information

Labelling and describing items with similar characteristics similarly and items with different characteristics differently

Changes in
trade
receivables

Trade
receivables

Changes in
other
receivables

Prepaid
expenses

Cross-referring
information in a note
to more than one
primary financial
statement when
applicable

Note 2 -
Dividends from
associates

Statement of
cash flows (see
note 2)

Statement of
financial position
(see note 2)

Specific disaggregation

The IASB has also tentatively decided to propose an entity be required to **present cash flows from discontinued operations** in a **separate category** of the statement of cash flows providing consistency in presentation

The IASB is continuing to explore possible **disaggregation** requirements for **specific items**

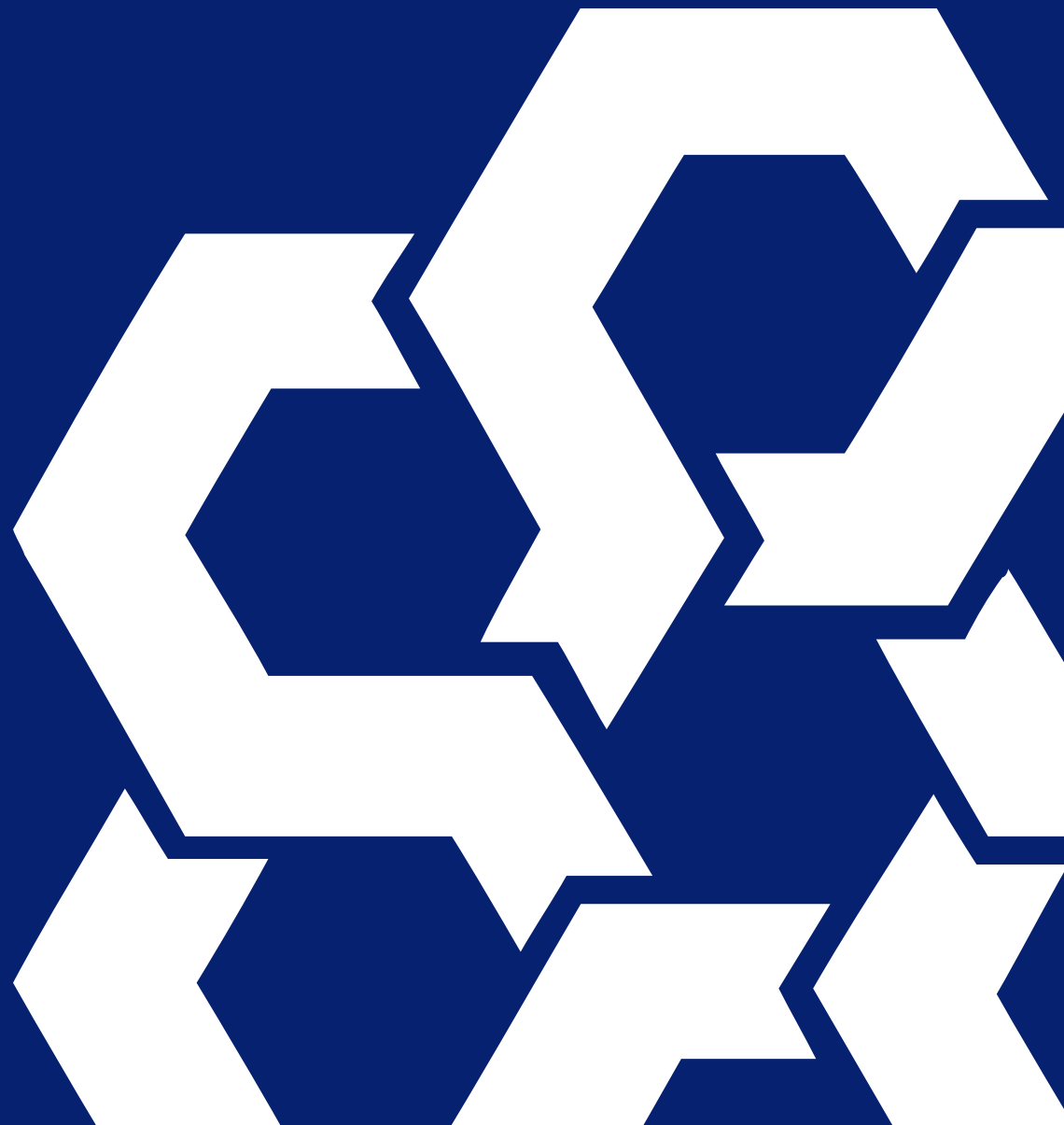
Statement of cash flows

Operating profit – continuing ops	3,220
Depreciation and amortisation	440
Changes in working capital	(1,340)
Income taxes paid	(879)
Operating activities – continuing ops	1,441
Proceeds from sale of equipment	5
Others	(500)
Investing activities - continuing ops	(495)
Payment of lease liabilities	(70)
Interest paid	(267)
Other financing	(700)
Financing activities – continuing ops	(1,037)
Cash flows from discontinued ops	201

Note – Discontinued operations

Net cash flows from operating activities	209
Net cash flows from operating activities	15
Net cash flows from operating activities	(23)

The reporting of non-cash information



Non-cash transactions

IAS 7 **requires an entity to disclose** all the relevant information about non-cash transactions but **isn't specific about where and how** the information is disclosed

The IASB has tentatively decided to propose requiring an entity to disclose:

- the **amounts and classification** (as investing, financing or operating activities) of non-cash transactions **in a single note**
- the effects on assets, liabilities and equity in a structured format **alongside similar cash transactions**, including adding the cash and non-cash amounts together
- a **cross-reference** to related information

The IASB tentative decision **maintains** the scope of non-cash transactions in IAS 7 subject to the disclosure requirements as **investing and financing transactions** that **do not require the use of cash** or cash equivalents

Expected benefits of non-cash transactions proposals

Proposed requirements	Expected benefits
➤ Specify a single location of the disclosure	➤ Results in complete and easy-to-find information that supports the statement of cash flows
➤ Require the amounts and classification (as investing, financing or operating activities) of non-cash transactions	➤ Makes it easier to compare and assess a company's investing and financing activities.
➤ Require effects on assets, liabilities and equity in a structured format alongside similar cash transactions , including adding the cash and non-cash amounts together	➤ Reduces the risk of misunderstanding more complex transactions (like supplier finance arrangements)
➤ Require cross-reference to related information	➤ Information in the single location could act as a 'sign-post' to other detailed information already provided

Example of possible non-cash transactions disclosure

Activities in the SCF and line items of similar cash transactions	Amounts in SCF	Additions of right-of-use assets from new leases	Grant of shares under share-based payment plan	Amounts in SCF plus effects of specific non-cash
Operating activities, include	1,650		(100)	1,550
Operating profit (after adjustments for non-cash)	3,840		(100)	3,740
Investing activities, include	(480)	(900)		(1,380)
Purchase of property, plant and equipment	(350)	(900)		(1,250)
Financing activities, include	(1,060)	900	100	(60)
Issue of share capital	250		100	350
Increase in long-term borrowings	250	900		1,150

Note X includes more information about the Group's leases and Note Y about the nature and extent of the Group's share-based payment arrangements.

Specified non-cash changes in specific items from operating activities

Information about non-cash changes in assets and liabilities that typically make up working capital is often **too aggregated** for investors to use effectively and are **not required to be linked** to other related information in the financial statements.

The IASB has tentatively decided to develop requirements to disclose information about **specific types of non-cash changes** in specified assets and liabilities.

The IASB discussed this matter at its September 2026 meeting. At the time of preparing the material, the tentative decisions are not yet known. Staff recommendations seek a balance of costs and benefits with **possible proposals** that would:

- **focus on explaining differences** between changes in assets and liabilities in the indirect reconciliation and the changes in those same assets in the statement of financial position;
- require **disclosure of specific changes** (for example, effects of business combinations); and
- be included in existing disclosures where possible to **avoid duplication**

Changes in liabilities from financing activities

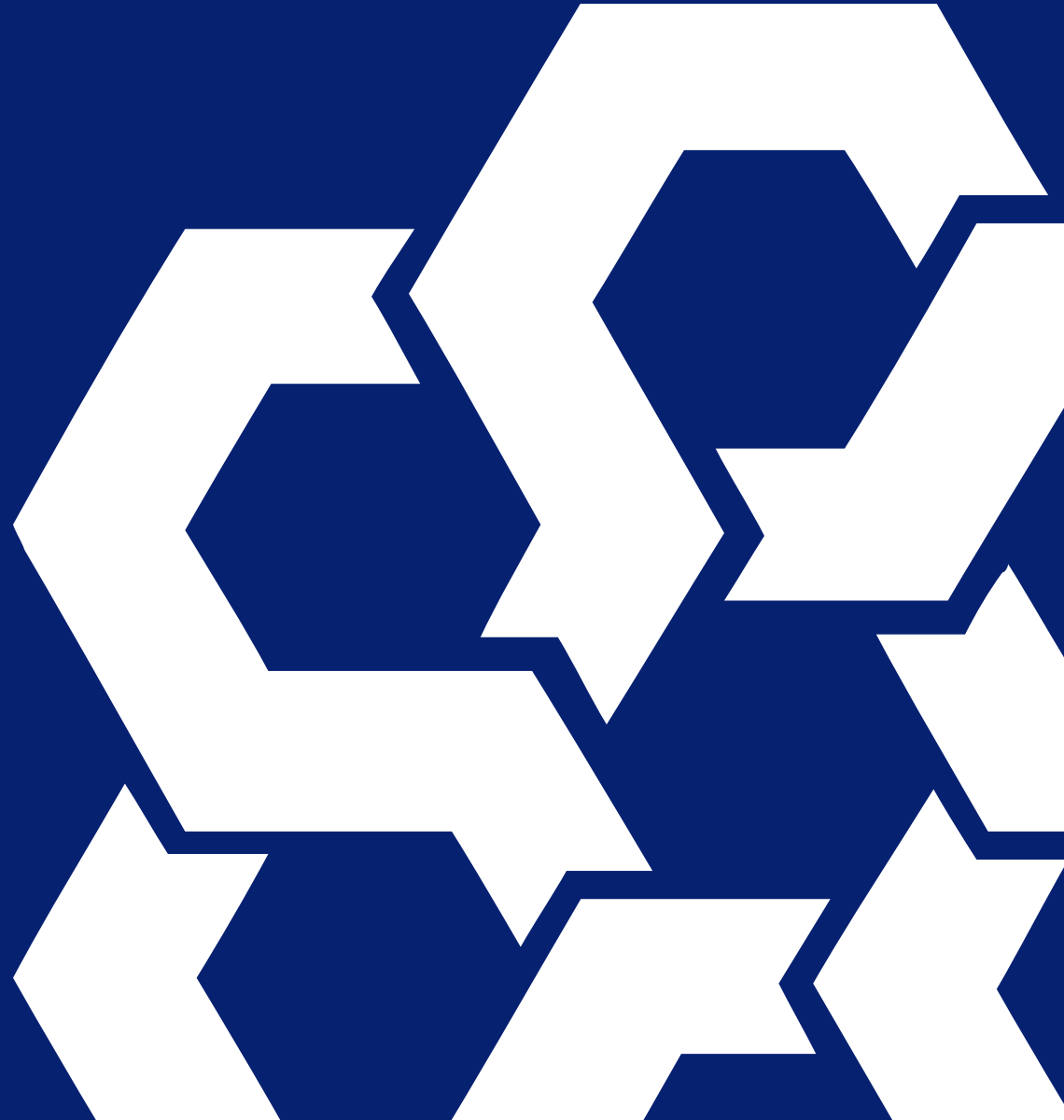
IAS 7 requires disclosure enabling users to evaluate **changes in liabilities from financing activities**.

To improve these disclosures, the IASB has **tentatively decided** to propose requiring entities:

- 1 to provide the information in a **reconciliation table**;
- 2 to disaggregate **the types of liabilities** based on the line items (items) of related liabilities in the statement of financial position (or in the notes); and
- 3 to disaggregate **gross cash receipts and gross cash payments** presented in the statement of cash flows.

Reconciliation of liabilities from financing activities	2 Lease liabilities	Current borrowings	Non-current borrowings	Total	1
Opening balance	210	670	1,560	2,440	
New leases	18	-	-	18	
Lease payments	(65)	-	-	(65)	3
Proceeds from borrowings	-	335	780	1,115	
Payments of borrowings	-	(418)	(753)	(1,171)	
Interest accrued	17	59	138	214	
Interest paid	(9)	(64)	(149)	(222)	
Foreign exchange	15	212	5	232	
Reclassifications	-	200	(200)	-	
Closing balance	186	694	1,381	2,561	

Extending MPMs to also
include cash flow measures



Management-defined performance measures

The IASB has tentatively decided to **extend the management-defined performance** measure requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* to also **include cash flow measures**, which is expected to:

- provide investors with consistent set of disclosure requirements in the financial statements providing transparency over adjusted cash flow measures
- align the requirements for adjusted measures of cash flows with requirements for adjusted measures of profit or loss

For entities that do not communicate adjusted measures in public communications additional disclosures would not be required

Updates to include cash flow measures

The IASB's tentative decisions include:

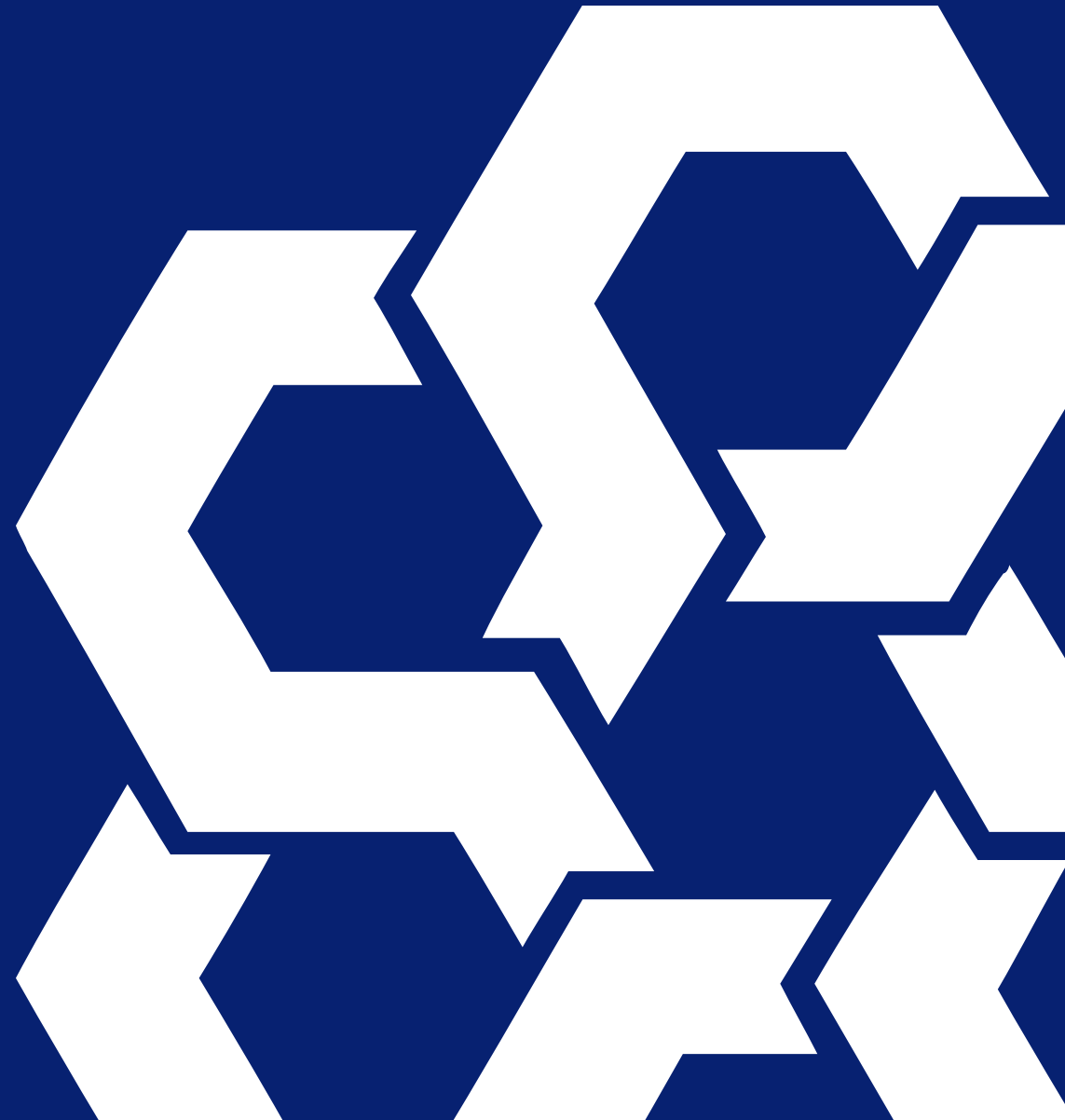
- updating the definition of MPMs to include **subtotals of cash inflows and outflows**
- adding **application guidance** clarifying that:
 - subtotals combining income and expenses and cash inflows and outflows are MPMs
 - the disclosure of the **income tax effect and the effect on non-controlling interests** for each item in the MPM reconciliation will **not apply to cash flow measures**
 - an entity is required to disclose the effects of **tax and non-controlling interest for an MPM** that is a subtotal of income and expenses or is **reconciled to a subtotal in the statement of profit or loss**

Other MPM requirements are unchanged

No changes to IFRS 18 disclosure objective and requirements to **disclose in a single note**:

- **Reconciliation** back to IFRS-defined subtotal
- Explanation of **why** the MPM is reported
- Explanation of **how** the MPM is calculated
- Explanation of any **changes** to the MPM

Consistent application



Classifying cash flows as operating, investing, and financing (1/2)

The IASB tentatively decided to propose requirements for classifying **cash flows from derivatives** and **receipts of government grants** clarifying:

Derivatives used to manage identified risks not designated in a hedging relationship are **classified in the same manner** as the cash flows of the **item(s) whose risks are managed**

Receipts from government grants related to assets are classified as **investing activities** and **grants related to income** are classified as **operating activities**

Classifying cash flows as operating, investing, and financing (2/2)

The IASB has tentatively decided to explore developing requirements:

- to classify **acquisition-related payments in a business combination** and
- to **explore amending the principle for classifying cash flows** in paragraph 11 of IAS 7 to help entities apply the principle more consistently

After the IASB has concluded its discussions on strengthening the disclosure requirements on **non-cash transactions** and **other non-cash changes**, the IASB will revisit whether requirements are necessary for:

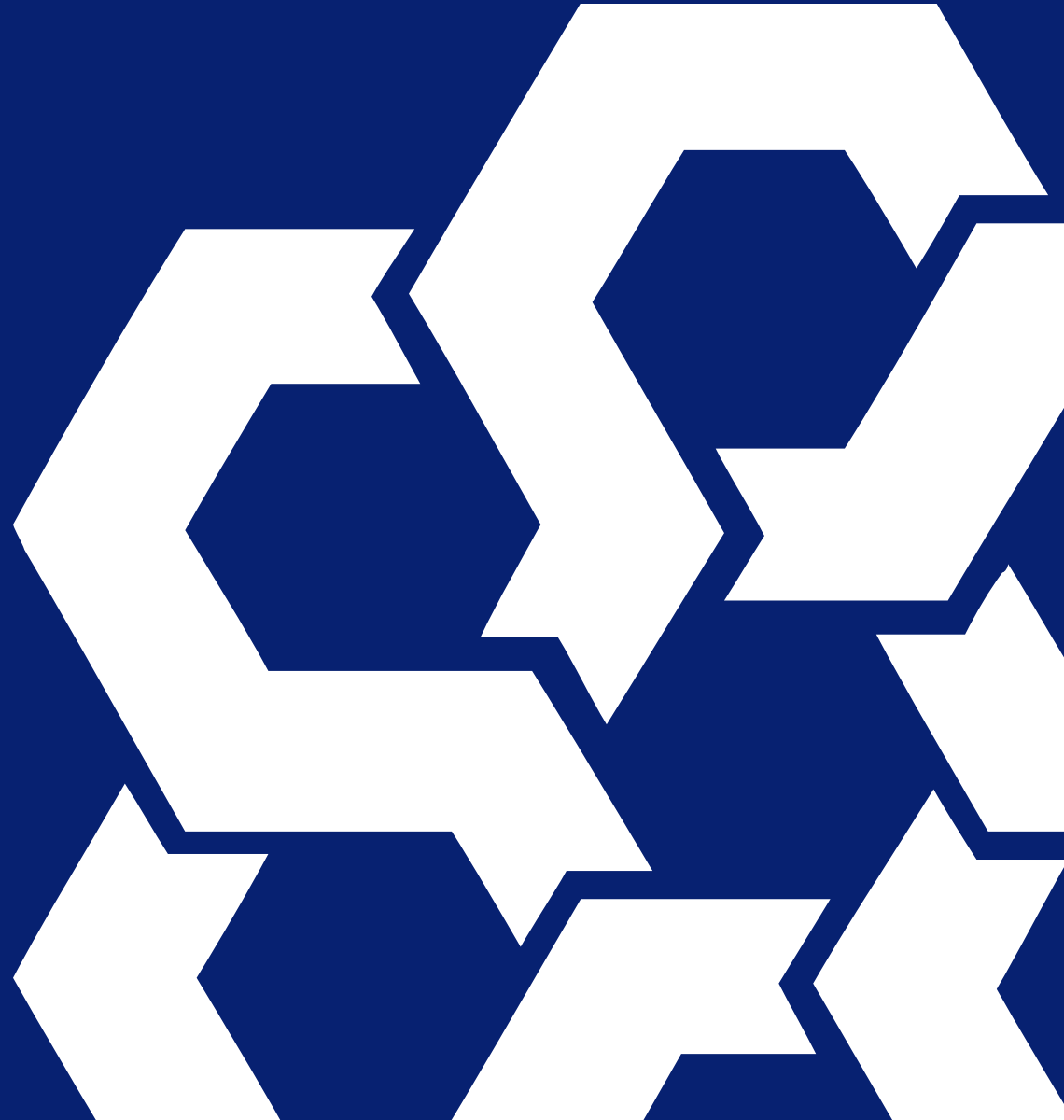
- classifying **deferred payments**; and
- classifying and presenting cash flows **involving a third-party finance provider**

Definition of ‘cash equivalents’

The IASB:

- tentatively decided to improve the consistent application of the **definition of ‘cash equivalents’**, including clarifying that a cash equivalent be **held for the purpose of meeting short term cash commitments** rather than for investment purposes
- is exploring alternatives to clarifying reference in IAS 7 to an investment with a **maturity of three months or less**

Financial Institutions



IASB approach to financial institutions

Based on the feedback in the initial research the IASB decided there was not sufficient demand to reconsider the form of the statement of cash flows for financial institutions

However, because there might be useful enhancements arising from the work on other areas of the project the IASB decided to approach the statement of cash flows for financial institutions by considering:

- improvements to the statement of cash flows generally before deciding how changes might apply to financial institutions (the IASB will consider a specific cost-benefit analysis to making any changes);
- any possible exemptions from the requirements; and
- presentation or supplementary disclosure requirements that might enhance the usefulness of information about cash flows

Feedback on initial approach from advisory and consultative groups

Consider how changes might apply to financial institutions



Consider possible exemptions from requirements



Consider presentation or supplementary disclosure requirements

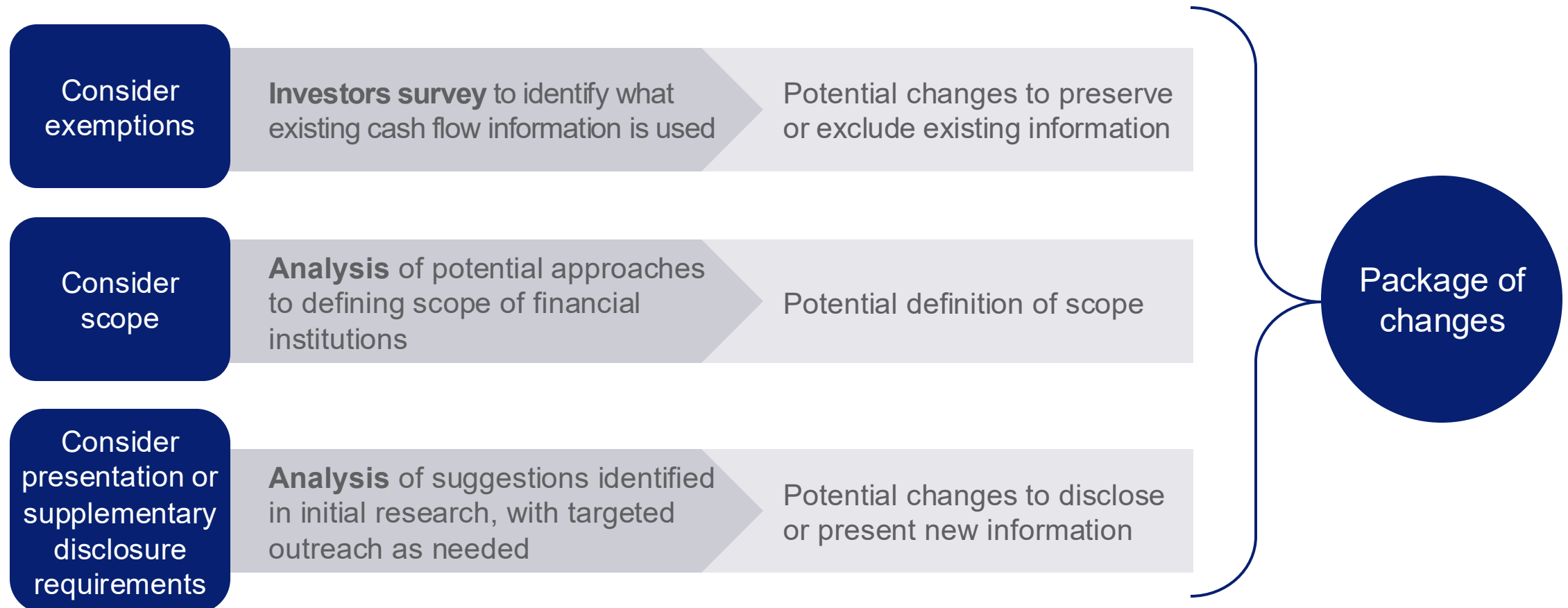
Changes for non-financial institutions are **unlikely to improve** the statement of cash flows **for financial institutions**

Statement of cash flows has limited use and **suggestions for exemptions**

Concerns about scope of any exemption and ensuring **useful information is retained**

Mixed views on supplementary disclosure requirements based on regulatory-type information and little appetite for a replacement statement

Next steps



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