
Accounting Standards Advisory Forum meeting

Date	December 2025
Project	Statement of Cash Flows and Related Matters
Topic	Approach to non-cash transactions and other changes in balances
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Purpose of this session

In this session we want:

- to provide you with an update on the topic of improving the transparency of information about cash flow measures; and
- to ask for your views on our approach to the topic of improving the reporting of information about non-cash transactions and some other non-cash changes in balances.¹

1. 'Non-cash transactions' are those transactions described in paragraphs 43–44 of IAS 7 *Statement of Cash Flows* whereas 'other non-cash changes' are all other changes in balances that do not result from the use of cash and cash equivalents.

Contents

	Approx. time	Slides
1. Project update:	15 min.	4–8
a) oral update—written feedback on inconsistent application of classification requirements		
b) improving the transparency of information about cash flow measures		
Questions for ASAF members		<u>9</u>
2. Approach to non-cash transactions and other changes in balances	45 min.	10–16
Questions for ASAF members		<u>17</u>

Project Update

Project update

Since the paper posting for the October 2025 ASAF discussion:

- we received from ASAF members written responses to our request for feedback about some of the items stakeholders had identified as areas of inconsistent application of the classification requirements in IAS 7 *Statement of Cash Flows*.
- the International Accounting Standards Board (IASB) tentatively decided at its September 2025 meeting, to develop potential requirements to strengthen the link between the statement of cash flows and information presented or disclosed in other parts of the financial statements.
- the IASB tentatively decided at its October 2025 meeting, to develop potential requirements to improve reporting of information about non-cash transactions and other non-cash changes in assets and liabilities.

Background—improving the transparency of information communicated about cash flow measures not specified in IFRS Accounting Standards

- In [July 2025](#), the IASB tentatively decided to extend the requirements for management-defined performance measures (MPMs) in IFRS 18 *Presentation and Disclosure in Financial Statements* to also apply to cash flow measures.
- In this meeting, the IASB discussed adapting from IFRS 18 some requirements of the scope, definition and disclosure requirements for MPMs, so that they would also apply to measures relating to the statement of cash flows not specified in IFRS Accounting Standards (cash flow measures).
- The IASB plans to discuss at its December 2025 meeting, an analysis of how the remaining requirements relating to the definition and disclosure requirements for MPMs might apply to cash flow measures. To support this discussion, we are planning to obtain views of our investor and preparer consultative groups, Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) in November 2025.
- In this session, we will provide ASAF members, an update on the tentative decisions that the IASB has made to date, as well as the remaining requirements that will be discussed at the December IASB meeting. The agenda paper for the December IASB meeting is likely to be finalised by the time of the ASAF meeting in December, reflecting feedback received from CMAC and GPF members.

Extending the definition of MPMs

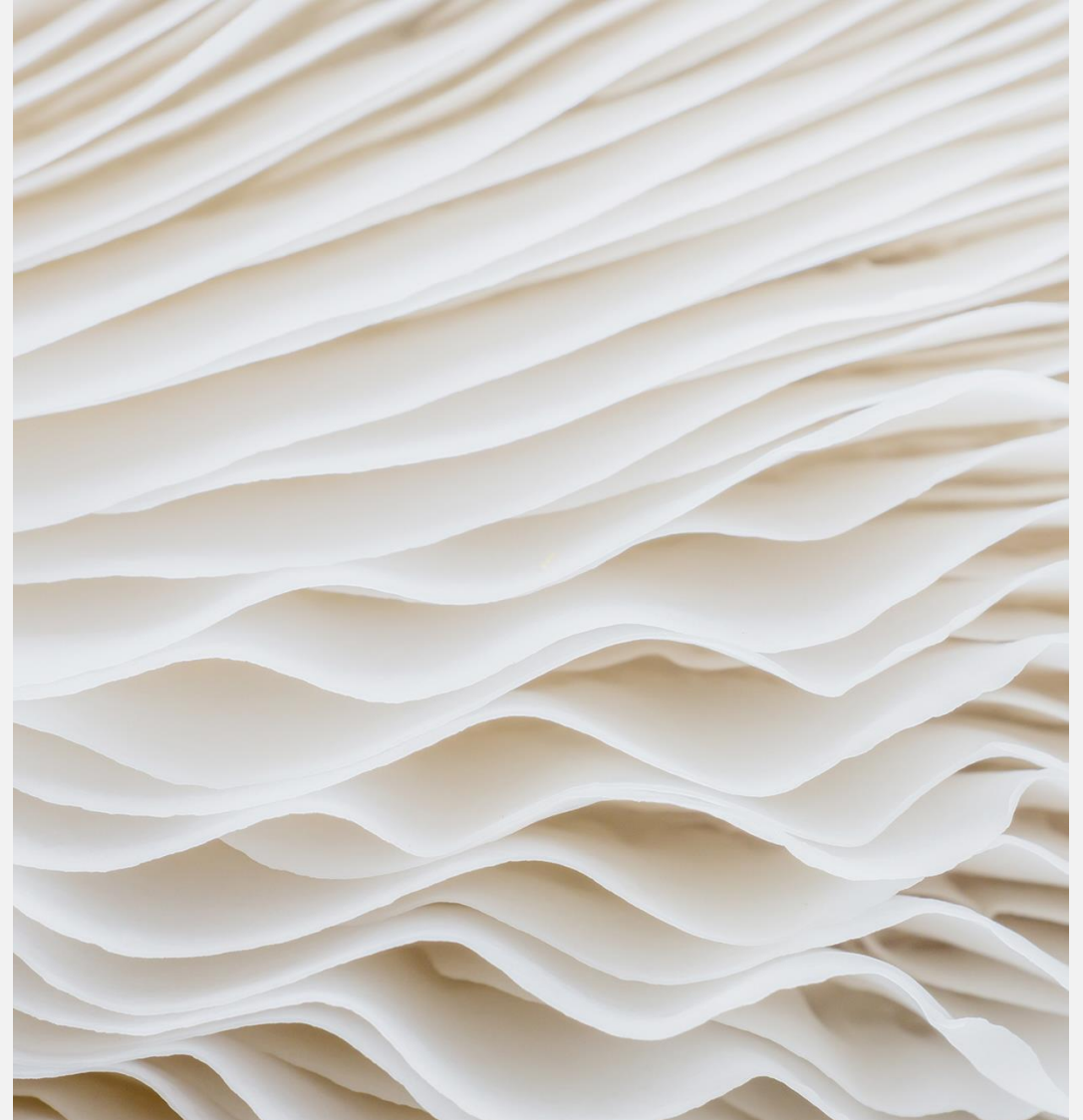
Summary of the IASB's tentative decisions	Status of the remaining requirements
• The IASB tentatively decided to propose: ➤ applying to cash flow measures, unchanged, the parts of the IFRS 18 definition of an MPM that describe an MPM as a measure that: ○ an entity uses in <u>public communications</u> outside financial statements; and ○ an entity uses to communicate to users of financial statements <u>management's view of an aspect of the financial performance</u> of the entity as a whole; and ➤ extending the <u>rebuttable presumption</u> for MPMs in IFRS 18 so it also applies to cash flow measures.	• We are developing an equivalent to 'a subtotal of income and expenses' to include cash flow measures. • Our working definition is 'a subtotal of income and expenses or cash inflows and out flows or both', which we think will: ➤ ensure relevant MPMs are captured within the requirements, including when specific measures are constructed using a mix of income and expenses and cash flow items; and ➤ facilitate the application of MPM disclosure requirements for cash flow measures.

Extending disclosure requirements of MPMs

Summary of the IASB's tentative decisions	Status of the remaining requirements
- The IASB tentatively decided: ➤ to propose extending the <u>disclosure objective for MPMs and specific disclosure requirements</u> for MPMs in IFRS 18 to also apply to cash flow measures. (<i>subject to drafting changes</i>); and ➤ not to propose extending the requirement for an entity to disclose the <u>income tax effect and the effect on non-controlling interests</u> for each item disclosed in the MPM reconciliation.	- Applying a similar basis to IFRS 18, we are considering <u>relevant cash flow subtotals which are commonly used and are well understood</u> or apparent from presentation in the financial statements which <u>could be excluded from MPM requirements</u>. Some of these subtotals could serve as anchor points for reconciling cash flow measures. - For cash flow measures, some reconciling items in the MPM reconciliation might relate to multiple line items in the statement of cash flows. Therefore, we think that <u>requiring the disclosure of reconciling amounts related to each line item in the statement of cash flows, in the reconciliation of cash flow MPMs</u>, might provide useful information to investors.

Questions for ASAF members

1. Do you have any comments or questions about the approach discussed for extending the IFRS 18 MPM requirements to also apply to cash flow measures?
2. Is there anything we have missed or that you think would be important for us to consider when extending IFRS 18 MPM requirements to also apply to cash flow measures?



Approach to non-cash transactions and other changes in balances

Background

At its October 2025 meeting, the IASB tentatively decided **what** needs to be done to improve:

- a) investors' ability to find information in financial statements about non-cash transactions; and
- b) information reported about other non-cash changes in assets and liabilities that make up working capital. (We include more detail about these tentative decisions on slide 13.)

At the October meeting, the IASB also discussed examples that illustrated **potentially how** the IASB might go about improving accessibility of the information. The IASB was not asked to make any decisions about the examples. The IASB discussed the examples because:

- a) the illustrative disclosures added context to the tentative decisions about what needs to be done; and
- b) the type of information included in the examples demonstrated that there might be feasible ways forward.

What's next for us?

With the direction we received from the IASB, we will start developing potential requirements with input from our stakeholders. For this purpose:

- a) we are asking you at this meeting:
 - i. for your views about our approach to developing these potential requirements.
 - ii. to connect us with companies and investors (or such groups) in your jurisdictions that would be willing to help us develop these potential requirements. We plan to do this work up to Q1 of 2026.
- b) we will ask members of the CMAC and the GPF for their input on potential requirements at the earliest time possible.
- c) we will use the input received from stakeholders to ask the IASB to decide about the potential requirements to include in any future due process documents.

IASB tentative decisions

The IASB tentatively decided what needs to be done to improve the reporting of information about non-cash transactions and other non-cash changes in assets and liabilities that make up working capital—it decided to develop potential requirements:

- a) that specify the content and location of information to be disclosed by an entity about non-cash transactions that are within the scope of paragraphs 43–44 of IAS 7 *Statement of Cash Flows*;
- b) for an entity to disclose information about specified types of non-cash changes other than non-cash transactions in (a) for assets and liabilities that make up working capital; and
- c) for an entity to disclose cash receipts, cash payments and the related line items in the statement of cash flows as part of the reconciliation of changes in liabilities that arise from financing activities.

We discuss matters we plan to consider for each decision on the next slides.

For the matters we plan to consider we also consider that the IASB tentatively decided in May 2025 that in this project it will not:

- define the measures ‘free cash flows’ or ‘net debt’;
- expand the definition of ‘cash and cash equivalents’;
- develop new requirements for cash flow information by segment; or
- develop alternatives to a statement of cash flows.

The content and location of information disclosed about non-cash transactions

Considering input from IASB members at its October 2025 meeting, in developing requirements to specify the content and location of information disclosed about non-cash transactions, we plan to identify whether potential requirements:

- would result in information that is more useful if companies show non-cash transactions along side similar cash transactions or if companies show connections in information in the primary financial statements (that is, identifying the appropriate and feasible disclosure objective(s)).
- might result in information that is structured in such a way as to provide a useful communication tool to companies that enable them to provide entity-specific information through the disclosure.
- could feasibly incorporate (or connect to) information already disclosed (that is, identifying the appropriate items of information). For example, is it useful and feasible to incorporate information about non-cash transactions and information about changes in liabilities from financing activities into a single (or combined) schedule.
- result in transparent information about relevant non-cash transactions—one IASB member asked us to consider transactions that are entered into in contemplation of each other (linked) and that include both cash and non-cash elements. He noted that companies might potentially report the separate elements and questioned if such information would be useful. (For example, a company transacts in a digital currency and immediately exchanges that currency for cash).
- facilitate digital reporting—requiring entities to provide the information in a specific format might aid in tagging items of information.

Disclose information about other non-cash changes in assets and liabilities that make up working capital

Considering input from IASB members at its October 2025 meeting, when developing requirements for entities to disclose information about other non-cash changes in working capital we plan to identify whether potential requirements:

- need to specify a particular format (that is, identifying the appropriate disclosure objective(s)). This includes assessing whether such a format results in useful information and is feasible to prepare. For example, a reconciliation of amounts reported in the statement of cash flows to the amounts of the change in these assets and liabilities in the statement of financial position.
- could include lists of specified assets and liabilities and the other non-cash changes (that is, identifying the appropriate items of information). This includes assessing the feasibility for companies to provide the information and whether the lists enable companies to compliment resulting information with entity-specific information about changes in working capital. (Through our initial research, we have identified potential items as a starting point. We included them in paragraphs 8 and 11 of [Agenda Paper 20A](#) of the IASB's October 2025 meeting.)
- could feasibly incorporate (or connect to) information already disclosed—for example is it useful and feasible to incorporate into a single schedule information about other non-cash changes and:
 - information about trade payables that are part of a supplier finance arrangement; or
 - information about segment assets and liabilities that make up working capital if reported in accordance with paragraph 23 of IFRS 8 *Operating Segments*.

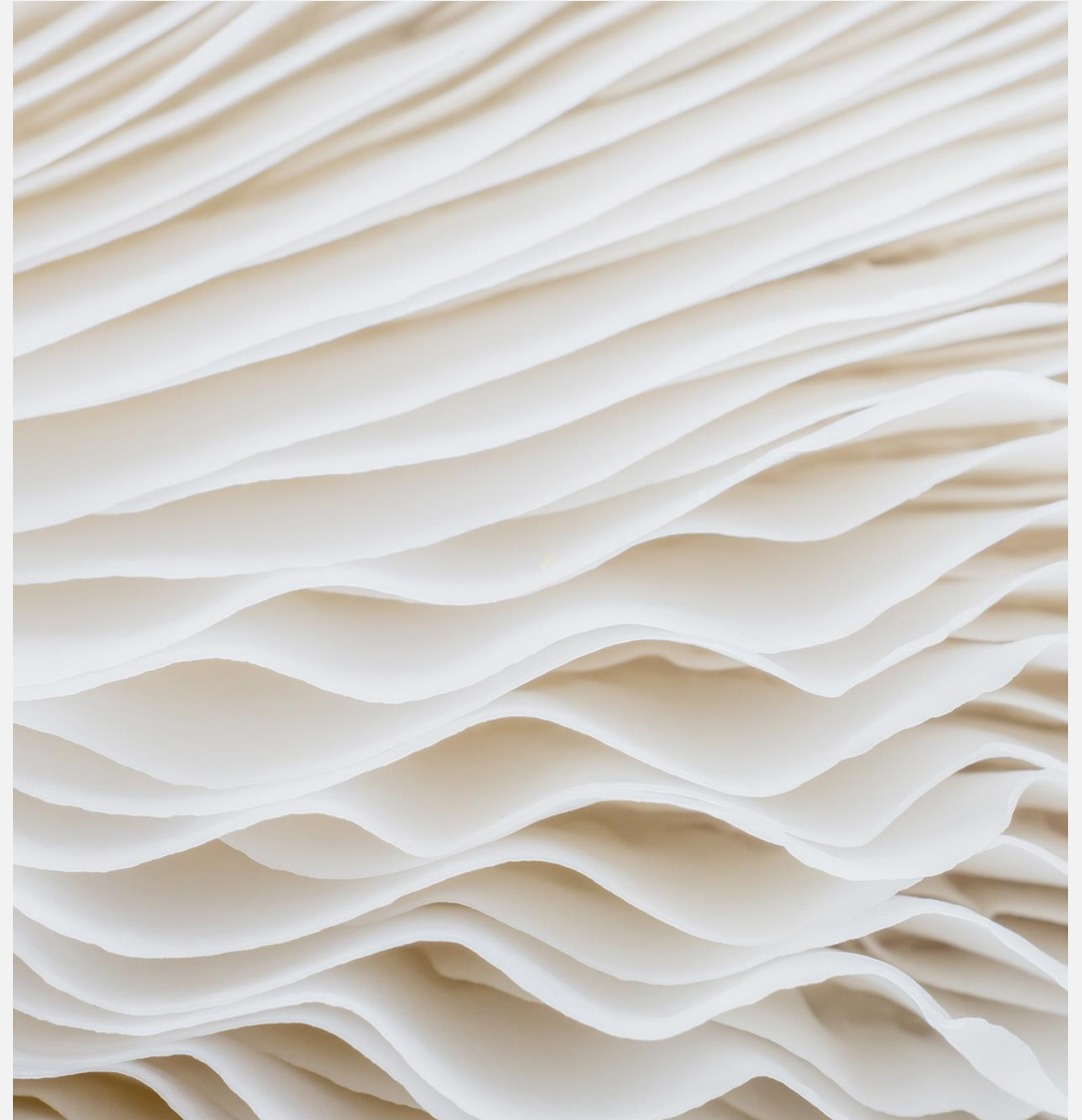
Disclosure information about changes in liabilities arising from financing activities

Considering input from IASB members at its October 2025 meeting, in developing requirements to improve the reporting of information about changes in liabilities arising from financing activities, we plan to identify whether potential requirements:

- could specify the changes from financing cash flows that better connect the disclosures to the amounts reported in the statement of cash flows. This includes an assessment of the feasibility of providing such information.
- could require non-financial companies to disclose the information about changes in liabilities arising from financing activities in a reconciliation table. (All companies in our sample of financial statements reviewed used a reconciliation table.)
- could specifically require companies to provide the reconciliation by line item of liabilities as reported in the statement of financial position. (All companies in our sample of financial statements reviewed provided information in their reconciliation that linked the opening and closing balances to amounts reported in the statement of financial position.)

Questions for ASAF members

1. Do you have any questions or comments about the matters we list on slides 14–16? Do you expect any matter(s) to be more difficult to resolve than others, and why?
2. Are there matters we did not identify on slides 14–16 that you think would be important for us to also consider when developing potential requirements?
3. Can you identify companies and investors (or such groups) in your jurisdictions that would be willing and able to discuss these matters with us between now and Q1 of 2026?



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