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## IASB<sup>®</sup> meeting

Date	<b>September 2025</b>
Project	<b>Statement of Cash Flows and Related Matters</b>
Topic	<b>Approach to disaggregation</b>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). 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<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

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## Objective

1. At its May 2025 meeting, the IASB decided to assess potential ways to improve the disaggregation of cash flow information in financial statements. At that meeting, the IASB also discussed first considering the approach to each of the areas identified during the initial research phase before exploring specific solutions.
2. The objective of this paper is to set out that approach. Specifically, to assess how each of the concerns related to the requirements for disaggregating cash flow information in financial statements identified by investors in our initial research might be resolved.
3. Depending on the tentative decisions the IASB makes at this meeting and the feedback from the IASB on this paper, we plan to discuss in future papers:
  - (a) developing potential requirements to strengthen the link between the statement of cash flows and information presented or disclosed in other parts of the financial statements; and
  - (b) developing potential requirements to improve the consistency of the presentation of cash flows from discontinued operations.
4. In addition, we plan to discuss the following topics in future papers:

- (a) whether to retain encouragement in paragraphs 19 and 50 of IAS 7 *Statement of Cash Flows* for a particular presentation method or disclosures related to disaggregation of capital expenditures and cash flow information by reportable segment; and
- (b) any feedback specific to disaggregation of cash flow information from the June 2025 Request for Information *Post-implementation Review of IFRS 16 Leases*.

## Summary of staff recommendations

5. We recommend the IASB develop potential requirements:
- (a) to strengthen the link between:
    - (i) the statement of cash flows; and
    - (ii) information presented or disclosed in other parts of the financial statements in accordance with IFRS Accounting Standards other than IAS 7; and
  - (b) to improve the consistency of the presentation of cash flows from discontinued operations.

## Structure of this paper

6. This paper is structured as follows:
- (a) background (paragraphs 7–16);
    - (i) summary of initial research findings (paragraph 7);
    - (ii) summary of the May 2025 IASB meeting (paragraphs 8–13); and
    - (iii) relevant requirements in IFRS 18 (paragraphs 14–16);
  - (b) staff analysis (paragraphs 17–63);

- (c) question for the IASB; and
- (d) Appendix A—Additional research.

## Background

### ***Summary of initial research findings***

7. In March 2025, we presented to the IASB a summary of the findings from our initial research work. In [Agenda Paper 20D](#) of that meeting we reported that investors told us that specific disaggregated information they seek in the financial statements is not always disclosed and that obtaining that information would be useful. In [Agenda Paper 20A](#) of that meeting we reported more detail on the specific areas investors said more information would be useful. Those items included:
- (a) composition of working capital;
  - (b) disaggregation of information about dividends received and paid;
  - (c) cash flows from discontinued operations;
  - (d) capital expenditures;
  - (e) cash flow information by reportable segment; and
  - (f) offsetting and aggregation.

### ***Summary of the May 2025 IASB meeting***

8. In May 2025, based on the initial research findings discussed at the March 2025 IASB meeting, the IASB tentatively decided that it will assess potential ways to improve the disaggregation of cash flow information in financial statements as part of the project. This section summarises the discussion at that meeting.

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### *Overall approach*

9. Some IASB members said that the requirements in IFRS 18 *Presentation and Disclosure in Financial Statements*, including the disaggregation principles and the requirement to link the note disclosures with the primary financial statements, will apply to the statement of cash flows and related disclosures. Some of these IASB members suggested considering how IFRS 18 might improve disaggregation of cash flow information before exploring any standard-setting. These IASB members said that if appropriately applied, these requirements might resolve some investor concerns observed before adoption of IFRS 18 and that they might be a good starting point for considering possible additional requirements.

### *Linkage of information*

10. A few IASB members said it is important for investors to be able to link cash flow information with other information in the financial statements. One IASB member said it is important to understand the link between cash flow information and the statement of financial position.

### *Capital expenditures*

11. One IASB member said that more disaggregation in some areas, for example, capital expenditures, might contribute to improved transparency about cash flow measures.
12. The IASB tentatively decided not to define ‘growth and maintenance capital expenditures’. However, the IASB did not discuss whether to consider the possible benefits of other disaggregated information of capital expenditures as suggested by some stakeholders (see paragraph 56).

### *Other matters*

13. The IASB tentatively decided not to include in the project plan, the development of new requirements for cash flow information by segment or specific requirements for

offsetting cash flows. A few IASB members commented on paragraphs 19 and 50 of IAS 7 that encourage specific presentation and disclosure. They suggested that the IASB consider the possibility of removing or revising those paragraphs because there is evidence that those paragraphs are not effective in promoting the related disclosures.

### ***Relevant requirements in IFRS 18***

14. IFRS 18 includes principles of aggregation and disaggregation that apply to the primary financial statements and the notes, including the statement of cash flows. Specifically, paragraph 41 of IFRS 18 requires an entity to:
  - (a) classify and aggregate cash flows into items based on shared characteristics;
  - (b) disaggregate items based on characteristics that are not shared;
  - (c) aggregate or disaggregate items to present line items in the statement of cash flows that fulfil the role of the primary financial statements in providing a useful structured summary;
  - (d) aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information; and
  - (e) ensure that aggregation and disaggregation in the financial statements do not obscure material information.
15. IFRS 18 has further guidance on applying these principles for the statement of profit or loss (see paragraphs B78 and B79 of IFRS 18) and the statement of financial position (see paragraphs B110 and B111), providing examples of characteristics that might form the basis for disaggregation and line items that might have sufficiently dissimilar characteristics to require disaggregation if material. However, IFRS 18 does not have similar application guidance on disaggregation specific to the statement of cash flows.

16. In addition, paragraph 114 of IFRS 18 requires an entity to present notes in a systematic manner as far as practicable, and to cross-reference each item in the primary financial statements to any related information in the notes.

## Staff analysis

17. Our analysis considers individually each of the areas investors said they sought specific disaggregation and the IASB decided to explore, including:
- (a) components of changes in working capital in the statement of cash flows (paragraphs 18–34);
  - (b) dividends received and paid (paragraphs 35–45);
  - (c) discontinued operations (paragraphs 46–53); and
  - (d) capital expenditures (paragraphs 54–63).

### ***Components of changes in working capital in the statement of cash flows***

18. When an entity presents cash flows from operating activities using the indirect method it presents in its statement of cash flows line items representing the change during the period in inventories and operating receivables and payables. Even though IFRS Accounting Standards do not define ‘working capital’, many entities label some of these items as ‘changes in working capital’ and include varying items of assets and liabilities related to its operating activities.
19. Information about the item(s) in the statement of cash flows that make up ‘changes in working capital’ can be disaggregated either:
- (a) by the individual corresponding line items, or groups of items, in the statement of financial position—that is, which items make up the components of ‘changes in working capital’ (for example, changes in working capital might

be made up of changes in trade receivables, changes in trade payables, and changes in inventories); or

- (b) by the types of changes in the carrying amounts of the items comprising working capital—that is, what contributed to the changes in these balances (for example, accounts receivable might have changed because of uncollected sales in the period, settlement of prior period receivables, the effects of a business combination, and impairments).

20. In this paper, we only discuss information about the components of ‘changes in working capital’ presented in the statement of cash flows (the disaggregation discussed in paragraph 19(a)). Many of the types of changes in the carrying amounts comprising working capital (the disaggregation discussed in paragraph 19(b)) relate to information about non-cash changes in assets and liabilities. We plan to discuss this aspect of information about working capital together with other aspects of information about non-cash transactions in a future paper.

### *Investor feedback*

21. In our initial outreach, investors said they need information to understand the link between items presented in the statement of cash flows for changes in assets and liabilities and the related assets and liabilities presented in the statement of financial position. Information needed to understand that link would include information about the components of ‘changes in working capital’ when such an item is presented or disclosed. Preparers didn’t identify any practical concerns that might prevent entities from separating changes in working capital into changes in each individual asset and liability.
22. A few investors said they also want to be able to understand what assets and liabilities an entity considers as working capital even when an entity does not present or disclose such an item.

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23. In June 2025, at the joint meeting with the Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) we asked members for their views on how investors could get transparent information about the components of changes in working capital. Most CMAC and GPF members said they preferred entities provide entity-specific information about the assets and liabilities they consider to be working capital rather than having requirements for entities to present or disclose specific items. However, to avoid the possible loss of some useful information about changes in relevant assets and liabilities, some CMAC members said that an entity-specific approach might need to include some minimum specified items—for example, inventories, trade receivables and trade payables.
24. CMAC members reiterated that the main problem with the information about the components of changes in working capital is that investors are not always able to link them to the assets and liabilities in the statement of financial position.
25. Members also discussed how investors could get better information about changes in the carrying amounts of line items in the statement of financial position that include typical working capital items. We plan to explore this topic in a future paper when we will provide detailed feedback (see paragraph 20).

### *Financial statement analysis*

26. In our initial analysis of financial statements, most entities either presented in the statement of cash flows or disclosed in the notes as separate items the changes in trade receivables, inventories and trade payables, which are typically considered as working capital (typical working capital items),<sup>1</sup> whereas only a few entities either presented or disclosed only the change in working capital on an aggregated basis. This appeared inconsistent with the investor feedback on the components of changes in working capital provided by entities

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<sup>1</sup> Some entities presented or disclosed the changes in typical working capital items together with other items (for example, 'Change in trade receivables and contract assets').



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27. However, because of the inconsistency between what we observed in our financial statement analysis and the investor feedback, we performed additional analysis of the sample of financial statements. Our additional analysis focused on the link between the components of changes in working capital presented in the statement of cash flows or disclosed in the notes and the line items in the statement of financial position (see paragraphs A1–A4 of Appendix A).
28. In our original analysis we identified a few cases of ‘changes in working capital’ presented in the statement of cash flows with no further disclosure. As a result of the additional analysis, we observed more cases where it is unclear how some items included in the statement of cash flows for changes in assets and liabilities (or aggregated as changes in working capital) are aggregated. We think the lack of clarity on how items are aggregated in the statement of cash flows makes it difficult to understand the link to related line items in the statement of financial position. For example, we identified in the additional analysis:
- (a) entities that aggregated items in the statement of cash flows differently from similar items in the statement of financial position without sufficient detail to understand the differences between the items. For example, one entity presents ‘changes in accounts receivable and other current assets’ in the statement of cash flows, whereas it presents trade receivables in the statement of financial position, without disclosure of information on the items aggregated as ‘other assets’. This makes it difficult to identify the line items in the statement of financial position that correspond to ‘other assets’.
  - (b) entities that label line items in the statement of cash flows differently from items representing the same (or similar) concept in the statement of financial position. For example, one entity presents ‘changes in operating receivables’ in the statement of cash flows, whereas it presents trade receivables in the statement of financial position. It is unclear from the labels whether ‘operating receivables’ and ‘trade receivables’ are synonyms or represent different assets.

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*Staff analysis and conclusion*

29. We think feedback from investors suggests that disaggregation of typical working capital items is useful to the extent it improves an understanding of the link between the items presented in the statement of cash flows and the related items in the statement of financial position. Evidence from our financial statement analysis suggests the link between the items in these statements is not always clear. We observed this when there is a lack of disclosure of which items are aggregated to form the related items, or there is inconsistency in the labels used in these statements for similar concepts.
30. A contributing factor to the differences in labelling might be the use of different labels for minimum line items in IAS 1 (specified line items in IFRS 18) and similar items included in the description of the indirect method in IAS 7. For example, paragraph 54 of IAS 1 (or paragraph 103 of IFRS 18) includes the line items ‘trade and other receivables’ and ‘trade and other payables’, whereas paragraph 20 of IAS 7 states that the net cash flow from operating activities is determined by adjusting for the effects of changes in ‘operating receivables and payables’, among others.
31. We have considered whether the application of IFRS 18 might resolve some of the concerns around disaggregation identified by investors, as suggested by some IASB members (see paragraph 9). However, while we think the principles might improve aggregation more generally in the statement of cash flows, including the use of labelling such as ‘other’ (see paragraphs B24–B26 of IFRS 18), we do not think those requirements specifically address the disaggregation of information necessary to understand the links between items aggregated in the statement of cash flows and the statement of financial position identified in our financial statement analysis (see paragraph 29).
32. We also think there is likely to be relationships to other aspects of the project. For example, disaggregation of the types of changes in working capital, such as those arising from business combinations, might also help investors to understand links

between the changes in assets and liabilities in the statement of cash flows and the related amounts in the statement of financial position. We plan to discuss this in a future paper (see paragraph 20).

33. Therefore, we recommend the IASB 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 in accordance with IFRS Accounting Standards other than IAS 7. We think this will include exploring possible solutions related to the transparency of the items aggregated in the statement of cash flows and consistency in labels used for similar concepts, including by considering the consistency of the language used to describe items in IAS 7 with other IFRS Accounting Standards.
34. If an entity presents or discloses changes in working capital, providing information to understand the link between the statements of cash flows and financial position will also enable investors to understand what items in the statement of financial position the entity views as working capital. If an entity does not present or disclose changes in working capital, we think providing information to understand the link between the statement of cash flows and financial position will allow investors to form their own views on working capital (see paragraph 22).

### ***Dividends received and paid***

35. Paragraph 31 of IAS 7 requires an entity to disclose cash flows from each of interest and dividends received and paid separately. IFRS 12 *Disclosure of Interests in Other Entities* requires an entity to disclose:
  - (a) for each joint venture or associate that is material to the reporting entity, dividends received from the joint venture or associate (see paragraph B12(a) of IFRS 12); and
  - (b) for each subsidiary that has non-controlling interests that are material to the reporting entity, dividends paid to non-controlling interests (see paragraph B10(a) of IFRS 12).

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*Investor feedback*

36. In our initial outreach, investors said disaggregated information about dividends received and paid is useful to understanding the financial performance of an entity and for performing various forecasts and valuations. However, some investors said they do not always get information about:
- (a) dividends received disaggregated between those from associates and joint ventures and those from other investments; and
  - (b) dividends paid disaggregated between those paid to owners of the parent and those paid to non-controlling interests of subsidiaries (NCI).

*Financial statement analysis*

37. In our initial analysis of financial statements, we observed:
- (a) regarding the dividends received, less than half of the sample entities either presented in the statement of cash flows or disclosed in the referenced notes dividends received from associates and joint ventures and other investments (at that time, we only researched notes that had a clear cross-reference to the statement of cash flows); and
  - (b) regarding the dividends paid, most sample entities either presented in the statement of cash flows or disclosed in the referenced notes dividends paid to owners of the parent and dividends paid to NCI separately.
38. As a result of the initial analysis above, we observed that information on dividends received from associates and joint ventures might be insufficient, consistent with comments from investors. However, most entities provided information on dividends paid. Because of the inconsistency between what we observed in our initial financial statement analysis for dividends paid and investor feedback, we performed additional analysis, including expanding the number of entities in our sample. In our additional analysis, we analysed the notes more extensively, outside those notes clearly linked to

the statement of cash flows, to better understand the information provided by the financial statements as a whole (see paragraphs A5–A8 of Appendix A).

39. As a result of the additional analysis, we continue to observe that most entities provide information on dividends paid to NCI by either separate presentation in the statement of cash flows or by notes with a cross-reference to the statement of cash flows.
40. Most entities also provide information on dividends received from associates and joint ventures. However, we observe that about half of the entities disclose the information in the notes without a cross-reference to the statement of cash flows. Most of these entities disclose the information as a part of the note on interests in other entities in accordance with IFRS 12.

#### *Staff analysis and conclusion*

41. The feedback from investors and the evidence from our financial statements analysis suggests that information about dividends received could be improved so that investors can easily find such disaggregated information either presented in the statement of cash flows or disclosed in the notes. Although we observed presentation or disclosure of dividends paid, similar improvements might resolve investor concerns that this isn't always the case.
42. There are no specified line items for the statement of cash flows in IAS 7 or IAS 1. There are requirements in IAS 1 for minimum line items in the statement of financial position and the statement(s) of financial performance. These requirements include specific line items for investments in associates and joint ventures and the share of profit or loss in associates and joint ventures. When IFRS 18 becomes effective, these line items will no longer be 'minimum' requirements but will instead be 'specified line items'. An entity will apply judgement to decide whether these items are presented in the relevant primary financial statement because they contribute to a

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useful structured summary of the entity's assets, liabilities, income, expenses and cash flows, or whether they are disclosed in the notes as material information.

43. We do not think including a specified line item in the statement of cash flows for dividends from associates and joint ventures or for dividends to NCI would have an effect on preparers' reporting. The requirement in IFRS 18 to present in the primary financial statements those items that contribute to a useful structured summary applies to an entity's cash flows. Including dividends from associates and joint ventures or dividends to NCI as specified line items would require an entity to present them in the statement of cash flows or disclose them in the notes. Our initial research identified that applying other IFRS Accounting Standards this is already the case for most entities. In addition, dividends from associates and joint ventures and dividends to NCI were the only potential specified line items for the statement of cash flow identified in our initial research, hence, we do not think the IASB should explore specified line items more generally.
44. Therefore, we think making it easier to locate the notes that provide disaggregated information on dividends received in the statement of cash flows, such as by cross-reference, might improve information about dividends received from associates and joint ventures. We think such an improvement would contribute to strengthening the link between the statement of cash flows and information presented or disclosed in other parts of the financial statements recommended on components of changes in working capital (see paragraph 33).
45. Although our financial statement analysis suggests entities present information on dividends paid to NCI in the statement of cash flows or reference related disclosures in the notes, if there are cases that it is not referenced, we expect the approach discussed in paragraph 44 would provide the link to that information .

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***Discontinued operations***

46. Paragraph 33(c) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* requires an entity to either present in the statement of cash flows or disclose in the notes the net cash flows attributable to the operating, investing and financing activities of discontinued operations.

***Investor feedback***

47. In our initial research, investors raised a concern that diversity in the presentation and disclosure of cash flows from discontinued operations makes it difficult to understand the effect of discontinued operations on an entity's cash flows. A few investors said it would be useful if an entity disaggregated the net cash flows from operating, investing and financing activities of discontinued operations in the statement of cash flows as opposed to only disclosing the net cash flows for each activity.

***Financial statement analysis and research of guidance from accounting firms***

48. In our initial analysis of financial statements, four entities presented separate line items in the statement of cash flows for each of the net cash flows attributable to the operating, investing and financing activities, whereas no entity provided the information by disclosure. However, because not all entities in our sample had discontinued operations, the number of entities analysed was limited.
49. Given the limited number of entities in the sample in our initial analysis, entities with discontinued operations were added to the sample to better observe practice (see paragraphs A9–A12 of Appendix A). As a result, we observed diversity in what each line item in the statement of cash flows represents—that is, whether each line item in the statement of cash flows represents total cash flows from both continuing and discontinued operations, or only represents cash flows from continuing operations followed by line item(s) for the net cash flows from discontinued operations. In

addition, we also observed diversity in whether the net cash flows from discontinued operations are presented (in a few cases as a separate category) or disclosed.

50. To further supplement this analysis, we researched guidance from the four large accounting firms. Most of these accounting firms specifically say in their guidance that there are various ways for an entity to comply with the requirement in paragraph 33(c) of IFRS 5. They suggest several approaches as acceptable, including whether to present or disclose the net cash flows from discontinued operations. We did not find any guidance on whether each line item in the statement of cash flows should represent cash flows from both continuing and discontinued operations (see paragraphs A13–A14 of Appendix A).

#### *Staff analysis and conclusion*

51. Our research provides evidence that there is diversity in the presentation of cash flows from discontinued operations, which might make it difficult for investors to understand the effect of discontinued operations on an entity's cash flows. We do not think the disaggregation principles in IFRS 18 will solve such diversity in presentation. The application of the disaggregation requirements in IFRS 18 will continue to be entity-specific, resulting in diverse applications, and IFRS 18 does not include specific guidance on the disaggregation of cash flows from continuing and discontinued operations.
52. Therefore, we recommend the IASB develop potential requirements to improve the consistency of presentation of cash flows from discontinued operations. Potential improvements might relate to:
- (a) aggregation or disaggregation of cash flows from continuing and discontinued operations in the statement of cash flows;
  - (b) presentation or disclosure of the amounts of cash flows from discontinued operations within each of the operating, investing, and financing categories; or
  - (c) presentation in a separate category of the statement of cash flows.



53. In exploring improvements to consistent presentation of cash flows from discontinued operations we will need to consider the interaction with the role of the primary financial statements set out in IFRS 18 to provide a useful structured summary and the role of the notes to provide material information necessary to understand the line items presented.

### ***Capital expenditures***

54. IAS 7 does not have any specific requirement to disaggregate capital expenditures in the statement of cash flows, although paragraph 50(c) of IAS 7 encourages disaggregation of cash flows between those that represent increases in operating capacity and those that are required to maintain operating capacity.

### ***Investor feedback***

55. Investors said that disaggregating information on capital expenditure between growth and maintenance would be useful. However, they also said that it would be difficult to develop commonly agreed definitions of ‘capital expenditure for growth’ and ‘capital expenditure for maintenance’.
56. A few investors also said disaggregation of expenditures other than disaggregation between growth and maintenance, might be helpful in making judgements about what expenditures contribute to growth or maintenance, including:
- (a) capital expenditures that relate to fixed assets and those that relate to intangible assets;
  - (b) capital expenditures related to specific projects or asset classes;
  - (c) expenditures for immediate and long-term research and development (R&D); and
  - (d) the amount spent on improving capacity of a business (new expansions).

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*Financial statement analysis*

57. In our financial statement analysis of non-financial institutions, none of the entities in the sample disclosed information on capital expenditures disaggregated by increasing operating capacity and maintaining operating capacity, although some provided other disaggregated information such as capital expenditures by type of asset (for example, property, plant and equipment and intangible assets).

*Staff analysis and conclusion*

58. In May 2025, the IASB tentatively decided to not define ‘growth and maintenance capital expenditures’ (see paragraphs 12 and 55).
59. Regarding the disaggregation of expenditures other than disaggregation between growth and maintenance mentioned by a few investors (see paragraph 56), we think the disaggregation requirements introduced by IFRS 18 are likely to improve the disaggregation of items of property, plant and equipment and R&D expenses.
60. We understand that investors also seek information about R&D activities more generally. Information about R&D activities more generally is beyond the scope of this project. The IASB’s research project on intangible assets might better address some of the information that investors seek. As part of that project the IASB plans to explore improvements to disclosure requirements about recognised and unrecognised intangible assets and associated expenditures.
61. Paragraphs B110 and B78 of IFRS 18 include application guidance for the disaggregation principles specific to the statements of financial performance and position. The application guidance includes examples of characteristics that could form the basis of aggregation and disaggregation. Applying the guidance, related disclosures might be improved by:
- (a) consideration of examples of characteristics such as nature, function (role) in the entity’s business activities, and type, to capital expenditures; and

- (b) consideration of examples of characteristics such as nature, function (role) in the entity's business activities, and persistence, to expenses for R&D.
62. For example, IFRS Accounting Standards require information about changes in assets or specific expenses related to capital expenditures:
- (a) information about changes in property, plant and equipment and intangible assets including additions (paragraph 73(e) of IAS 16 and paragraph 118(e) of IAS 38); and
  - (b) information about the amount of R&D expenditure recognised as an expense during the period (paragraph 126 of IAS 38).
63. Therefore, we do not recommend the IASB develop specific disaggregation requirements for capital expenditures or R&D expenses in this project (see paragraph 4(a) for our plan on future papers related to the encouragement in IAS 7).

## Question for the IASB

### Question for the IASB

1. Does the IASB agree with the staff recommendation to develop potential requirements:
  - a. to strengthen the link between:
    - i. the statement of cash flows; and
    - ii. information presented or disclosed in other parts of the financial statements in accordance with IFRS Accounting Standards other than IAS 7; and
  - b. to improve the consistency of the presentation of cash flows from discontinued operations?

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## Appendix A—Additional research

### *Components of changes in working capital*

- A1. For the sample of 25 non-financial institutions selected for the initial analysis of financial statements (see [Agenda Paper 20C of the March 2025 IASB meeting](#)), we analysed the consistency of the labels used between the line items in the statement of financial position (SFP) and:
- (a) the components of changes in working capital presented in the statement of cash flows (SCF) or disclosed in the notes, where the term ‘working capital’ or an equivalent term is used in the SCF; or
  - (b) all changes in assets and liabilities presented in the SCF or disclosed as a note, where the term ‘working capital’ or an equivalent term is not used.
- A2. Table 1 summarises the results of the analysis. The analysis shows that the labels used for line items in the SCF by 8 of 25 entities are insufficient to understand the link between the line items in the SFP and the line items in the SCF for ‘typical working capital items’<sup>2</sup>, either because similar items presented in the SCF and SFP were aggregated differently or because of a lack of information on the composition of the (line) item ‘change in working capital’.

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<sup>2</sup> The items that include trade receivables, inventories and trade payables.

**Table 1—Working capital items in the SFP and the SCF**

		Number of entities
Labels of <u>all</u> components of change in working capital <sup>3</sup> , or <u>all</u> changes in assets and liabilities <sup>4</sup> in the SCF are consistent with the line items in the SFP		10
Not <u>all</u> the labels of such changes in the SCF are consistent with the line items in the SFP	Labels of <u>all</u> the changes in typical working capital items are consistent with the line items in the SFP	7
	Not <u>all</u> the labels of changes in typical working capital items are consistent with the line items in the SFP	5
Changes in working capital or the equivalent is presented in the SCF or disclosed as a note without information on components		3
Total		25

- A3. Of the 7 entities whose labels of all changes in typical working capital items are consistent with the line items in the SFP but not for all changes, 3 entities use the term ‘working capital’ or an equivalent term. The inconsistent labels of components of the changes in SCF found in the 3 entities include:<sup>5</sup>
- (a) changes in other receivables and payables;
  - (b) changes in prepayments and accrued income; and
  - (c) changes in other assets and liabilities.
- A4. For the 5 entities that have inconsistent labels between the changes in the SCF and line items in SFP for certain typical working capital items, each component of changes in working capital in the SCF generally appears to aggregate more items (include changes in more assets and liabilities) than the line items in the SFP. Examples of inconsistent labels between the SCF and the SFP include:

<sup>3</sup> In cases where the term ‘working capital’ or an equivalent term is used as a line item or subsection in the SCF.

<sup>4</sup> In cases where the term ‘working capital’ or an equivalent term is not used as a line item or subsection in the SCF.

<sup>5</sup> For the labels of components listed as examples, we could not clearly identify the relevant line items in the SFP.

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- (a) changes in accounts receivable and other current assets in the SCF, while trade receivables in the SFP;
  - (b) changes in trade payables and other liabilities in the SCF, while trade payables, other current financial liabilities, other current liabilities, other non-current financial liabilities, and other non-current liabilities in the SFP;
  - (c) changes in operating receivables in the SCF, while trade receivables in the SFP; and
  - (d) changes in trade payables and other liabilities in the SCF, while trade and other payables in the SFP.

***Dividends received and paid***

- A5. For the sample of 25 non-financial institutions selected for the initial analysis of financial statements and the 15 additional entities, we analysed their most recent annual financial statements to see whether and how information on the dividends received from associates and joint ventures and dividends paid to non-controlling interests (NCI) is provided. Tables 2 and 3 summarise the results of the analysis.

**Table 2—Presentation and disclosure of dividends received from associates and joint ventures**

		Number of entities
Information is provided	Separately presented in the SCF	14
	Disclosed in the notes with a cross-reference to the SCF	0
	Disclosed in the notes without a cross-reference	15
No information is provided although information in financial statements suggests there should be dividends received from associates and joint ventures		5
N/A—no material dividends received from associates and joint ventures appear to exist <sup>6</sup>		6
Total		40

**Table 3—Presentation and disclosure of dividends paid to NCI**

		Number of entities
Information is provided	Separately presented in the SCF	23
	Disclosed in the notes with a cross-reference to the SCF	3
	Disclosed in the notes without a cross-reference	0
No information is provided although information in financial statements suggests there should be dividends paid to NCI		3
Unclear		2
N/A—no material dividends to NCI appear to exist <sup>7</sup>		9
Total		40

- A6. Of the 15 entities that disclose dividends received from associates and joint ventures in notes without a cross-reference to the SCF, most entities disclose the information in the note on interests in other entities such as joint ventures and associates in

<sup>6</sup> We assessed as N/A when the entity does not present dividend received in the SCF and we did not identify any contrary information, because not presenting the line item might suggest that the dividend received is not material to the entity.

<sup>7</sup> We assessed as N/A in cases such as dividend to NCI is not presented in the statement of changes in equity or only dividends paid to owners of the parent is presented in the SCF, with no contrary information identified.

accordance with IFRS 12. The absence of a cross-reference to the SCF might be because they consider the amount of dividends to relate to the statement of profit or loss rather than the SCF. We note paragraph B12(a) of IFRS 12 requires disclosure of dividends received from the joint venture or associate regardless of whether they received dividends in cash or not.

A7. In our initial analysis of the financial statements, we selected 25 non-financial institutions from a list of listed entities that apply IFRS Accounting Standards and have large market capitalization (see [Agenda Paper 20C of the March 2025 IASB meeting](#)).<sup>8</sup> Our additional sample selection process was as follows:

- (a) we prepared a list of listed entities that apply IFRS Accounting Standards and had equity method investments and NCI in the statement of financial position in the most recent fiscal year, with relatively large but smaller market capitalization than the initial sample by using S&P Capital IQ<sup>9</sup>—we set a specific threshold for the market capitalization; and
- (b) we selected 15 non-financial institutions<sup>10</sup> from the list considering a range of jurisdictions and industries.

A8. Tables 4 and 5 illustrate the number of entities in our sample by industry and region.

**Table 4—Number of entities by industry**

<sup>8</sup> Footnote 18 to paragraph A2(a) of [Agenda Paper 20C of the March 2025 IASB meeting](#) states one of the criteria as 'Market Capitalisation [2024/08/30] (£M)>5,000', however it was a typo of 'Market Capitalisation [2024/08/30] (£M)>10,000',

<sup>9</sup> S&P Capital IQ Pro. Company Type In Public Company And Primary Accounting Standard Includes International And Market Capitalisation [2025/06/30] (£M)>5,000 And Market Capitalisation [2025/06/30] (£M)<=10,000 And Equity Method Investments [Latest Fiscal Year] (£000) Is Not NA And Equity Method Investments [Latest Fiscal Year] (£000) <> 0 And Noncontrolling Interests [Latest Fiscal Year] (£000) Is Not NA And Noncontrolling Interests [Latest Fiscal Year] (£000) <> 0. Retrieved 23 July 2025, from S&P Capital IQ database.

<sup>10</sup> Entities whose sector (based on the sectors according to the Global Industry Classification Standard (GICS®)) is other than Financials.



	Number of entities
Consumer-related	10
Industrials	14
Energy and Utilities	5
IT and Communications	7
Other non-financial institutions	4
<b>Total</b>	<b>40</b>

**Table 5—Number of entities by region**

	Number of entities
Europe	17
Asia-Oceania	17
Americas	5
Africa and Middle East	1
<b>Total</b>	<b>40</b>

### ***Discontinued operations***

#### ***Additional analysis of financial statements***

- A9. In our initial analysis, only 4 entities presented information about cash flows from discontinued operations (see [Agenda Paper 20C of the March 2025 IASB meeting](#)). Therefore, we expanded our sample by selecting an additional 11 entities and, together with the existing 4 entities, analysed their most recent annual financial statements to see how these entities present cash flows from discontinued operations in the SCF. Our sample selection process for those additional entities was as follows:
- (a) we prepared a list of listed entities that apply IFRS Accounting Standards and had discontinued operations in the most recent fiscal year, with large market

capitalization by using S&P Capital IQ<sup>11</sup>—we set a specific threshold for the market capitalization; and

- (b) we selected 11 non-financial institutions<sup>12</sup> from the list considering a range of jurisdictions and industries.

A10. Tables 6 and 7 illustrate the number of entities in our sample by industry and region.

**Table 6—Number of entities by industry**

	Number of entities
Consumer-related	4
Industrials	5
Energy and Utilities	2
IT and Communications	3
Other non-financial institutions	1
<b>Total</b>	<b>15</b>

**Table 7—Number of entities by region**

	Number of entities
Europe	9
Asia-Oceania	3
Americas	2
Africa and Middle East	1
<b>Total</b>	<b>15</b>

<sup>11</sup> S&P Capital IQ Pro. Company Type In Public Company And Primary Accounting Standard Includes International And Market Capitalisation [2025/06/30] (£M)>5,000 And Discontinued Operations [Latest Fiscal Year] (£000) Is Not NA And Discontinued Operations [Latest Fiscal Year] (£000) <> 0. Retrieved 23 July 2025, from S&P Capital IQ database.

<sup>12</sup> Entities whose sector (based on the sectors according to the Global Industry Classification Standard (GICS®)) is other than Financials.

A11. The result of the analysis suggests diversity in (see Table 8):

- (a) what each line item in the SCF represents—that is, whether each line item in the SCF represents total CF (6 entities), or only represents continuing CF followed by the net discontinued CF (9 entities); and
- (b) whether discontinued CF is presented (10 entities) or disclosed (5 entities).

**Table 8—Presentation and disclosure of cash flows from discontinued operations**

		Number of entities
Each line item in the SCF represents total CF	Disclose net discontinued CF in notes	5
	Present net discontinued CF as additional columns to the subtotal of operating, investing and financing categories	1
Each line item in the SCF represents continuing CF	Present single line item for net discontinued CF after subtotals of continuing CF within each of operating, investing and financing category, which results in subtotal of each category representing total CF	7
	Subtotal of operating, investing and financing category each represents continuing CF, and present net discontinued CF as a separate category	2
Total		15

A12. In addition, we note 2 entities present subtotals for each of the operating, investing and financing categories representing continuing CF, and present net discontinued CF as a separate category. They disaggregate the amount of net discontinued CF by operating, investing, and financing activities in a note. Paragraph 10 of IAS 7 requires an entity to report cash flows classified by operating, investing and financing activities. This requirement does not include a separate category for discontinued CF.

*Research of guidance from large accounting firms*

A13. We also researched guidance from the four large accounting firms. Most large accounting firms in their guidance specifically say that there are various ways for an

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entity to comply with the requirement in paragraph 33(c) of IFRS 5. All four firms suggest that at least two of the below approaches are acceptable:

- (a) presenting each line item in the SCF representing total CF, with disclosure of net discontinued CF by operating, investing, and financing cash flows in the notes;
- (b) presenting in the SCF the net discontinued CF in operating, investing, and financing categories as additional line items in each relevant category (one firm specifically illustrates the approach where each line item in the SCF represents total CF with additional columns, whereas other firms are unclear on whether each line item represents total CF or continuing CF); or
- (a) disaggregating the discontinued CF for each line item in the SCF by including an additional column (this is the approach not taken by any of the sample entities above).

A14. None of the firms illustrate presenting net discontinued CF as a separate category. Two firms further say that all cash flows including those from discontinued operations should be classified under operating, investing or financing category.