IFRS Accounting

Staff paper

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IASB® meeting

Date	**July 2026**
Project	**Statement of Cash Flows and Related Matters**
Topic	**Non-cash transactions**
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Objective of this paper and next steps

1. At its October 2025 meeting, the International Accounting Standards Board (IASB) tentatively decided to develop potential requirements specifying the content and location of information an entity discloses about non-cash transactions from investing and financing activities that are within the scope of paragraphs 43–44 of IAS 7 *Statement of Cash Flows* (**hereafter 'non-cash transactions'**).

2. In this paper we discuss stakeholder feedback and ask whether the IASB agrees with our recommendations following its October 2025 decision.

3. Based on the IASB's feedback at this meeting, we plan to discuss at a future meeting whether possible disclosures of non-cash transactions would address stakeholder concerns about:

   (a) cash flow classification for deferred-payment asset purchases (for example, buying property, plant and equipment on vendor credit); and

   (b) reporting payments made on the entity's behalf (for example in supplier finance arrangements).

Summary of staff recommendations

4. We recommend that the IASB:

   (a) propose application guidance to clarify the non-cash transactions that are in the scope of paragraphs 43–44 of IAS 7. Specifically, the guidance would:

      (i) explain that to identify non-cash transactions, an entity identifies non-cash additions, disposals, issuances or redemptions of assets, liabilities and equity items for which cash flows would be classified as investing and financing activities; and

      (ii) include examples of what is included and excluded from the disclosures. For example, a non-cash component of the consideration transferred in a transaction is included and liabilities assumed in a business combination are excluded.

   (b) propose a disclosure objective that requires an entity to disclose information about non-cash transactions that would enable investors to understand how these transactions contribute towards the total change in the balances of the related assets, liabilities and equity reported in the statement of financial position;

   (c) propose requiring an entity to disclose information about non-cash transactions in a single note;

   (d) propose adding specificity to the requirements in paragraphs 43–44 of IAS 7 by requiring an entity to provide the following information, aggregated by type of transaction:

      (i) a list of the transactions and applicable cross-references that identify the location of any related information in other notes;

      (ii) the transaction amount, that is, the consideration attributed to the transaction in accordance with IFRS Accounting Standards, along with the related activities in the statement of cash flows from which the transaction arises; and

(iii) the effect on assets, liabilities and equity that arise from the non-cash transaction alongside the amounts of similar cash transactions, then adding them to show their combined effect on an entity's activities in the statement of cash flows;

(e) propose requiring an entity to provide the information in (d) in a structured format, like a table; and

(f) propose requiring an entity to explain the nature of the information available in the notes for which cross references are disclosed under (d)(i) if the transaction amount is not separately identifiable.

Structure of this paper

5. This paper is structured as follows:

(a) background (paragraphs 7–50); and

(b) staff analysis and questions for the IASB (paragraphs 51–106).

6. The two appendices to this paper include:

(a) Appendix A—Examples of disclosures shared with consultative groups; and

(b) Appendix B—Examples of possible proposals.

Background

7. In this background section we provide information about:

(a) disclosure requirements and supporting material (paragraphs 8–14);

(b) consistent application of the requirements (paragraphs 15–16);

(c) guidance for developing and drafting disclosure requirements (paragraph 17);

(d) IASB's tentative decision (paragraphs 18–19); and

(e) work after the IASB's tentative decision (paragraphs 20–50).

Disclosure requirements and supporting material

IFRS Accounting Standards

8. Paragraphs 43–44 of IAS 7 state (underlined text indicates defined terms):

> **Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.**
>
> Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows as these items do not involve cash flows in the current period. Examples of non-cash transactions are:
>
> (a) the acquisition of assets either by assuming directly related liabilities or by means of a lease;
>
> (b) the acquisition of an entity by means of an equity issue; and
>
> (c) the conversion of debt to equity.

9. Example A in the Illustrative Examples that accompany IAS 7 include illustrative disclosures of such non-cash transactions:

B. Property, plant and equipment

During the period, the Group acquired property, plant and equipment and right-of-use assets relating to property, plant and equipment with an aggregate cost of 1,250, of which 900 related to right-of-use assets. Cash payments of 350 were made to purchase property, plant and equipment.

10. Relevant to our analysis, paragraph 40(d) of IAS 7 requires an entity to disclose, in aggregate, for both obtaining and losing control of subsidiaries or other businesses during the period, the amount of assets and liabilities (other than cash or cash equivalents) in those subsidiaries or businesses.

US GAAP

11. The superseded *Statement of Financial Accounting Standard (SFAS) 95 – Statement of Cash Flows* (SFAS 95) in generally accepted accounting principles in the United States (US GAAP) might be considered the basis for the original IAS 7. SFAS 95 (now ASC paragraphs 230-10-50-3 to 230-10-50-6) include requirements similar to IAS 7 for an entity to disclose information about 'noncash investing and financing activities' but already include some specific requirements about the location and content of the disclosures. For this reason, we considered US GAAP in developing this paper.

12. We note that US GAAP requires an entity to disclose 'all investing and financing activities of an entity during a period that affect recognised assets or liabilities but that do not result in cash receipts or cash payments in the period.' Additionally:

    (a) '[t]hose disclosures may be either narrative or summarized in a schedule, and they shall clearly relate the cash and noncash aspects of transactions involving similar items';

    (b) '[s]ome transactions are part cash and part noncash; only the cash portion shall be reported in the statement of cash flows'; and

    (c) '[i]f there are only a few such noncash transactions, it may be convenient to include them on the same page as the statement of cash flows. Otherwise, the transactions may be reported elsewhere in the financial statements, clearly referenced to the statement of cash flows'.

13. US GAAP does not have requirements equivalent to paragraph 40(d) of IAS 7 (paragraph 10 of this paper). Also, unlike IAS 7, the illustrative examples in US GAAP include liabilities assumed in a business combination as a non-cash investing and financing transaction. Based on the information supporting the illustrative example, the liabilities assumed consist of accounts payable and accrued expenses and a long-term note payable.

14. Paragraphs 70–74 of the Basis for Conclusions on the superseded SFAS 95 explain that, when the requirements were developed, standard-setters debated where to present information about non-cash investing and financing transactions. These transactions, such as entering into a lease or converting debt to equity, do not affect current cash flows. However, they are economically similar to cash-based transactions and affect an entity's future cash flows. The information was ultimately placed in the notes rather than the statement of cash flows. That decision kept the statement focused on actual cash flows while still providing users of financial statements (investors) with information to assess future cash earnings and liquidity.[1]

Consistent application of the requirements

15. Paragraphs 43–44 of IAS 7 have not been amended since IAS 7 was revised in 1992. To date, the IFRS Interpretations Committee has received no application questions about the disclosure requirements in paragraphs 43–44 of IAS 7.

16. Our research and a March 2026 presentation by the South African Institute of Chartered Accountants (SAICA) at Accounting Standards Advisory Forum (ASAF) identifies an application question of determining whether a transaction is non-cash

[1] The International Accounting Standards Committee issued IAS 7 *Cash Flow Statements* in December 1992. It replaced IAS 7 *Statement of Changes in Financial Position* (issued in October 1977). Investing and financing non-cash transactions were included in the body of the statement of changes in financial position (see paragraphs 9–11 of IAS 7 *Statement of Changes in Financial Position*).

when a third party (like a paying agent or group treasury) pays on an entity's behalf. We note in paragraph 3 that at a future meeting we will discuss whether possible disclosures for non-cash transactions would address this concern.

Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards

17. The requirements in paragraphs 43–44 of IAS 7 were developed before the IASB issued its March 2023 *Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards*. Using this guidance, we note that the IASB develops disclosure requirements based on clear overall and specific disclosure objectives because such objectives enable entities to make effective materiality judgements. By defining investor needs and linking them to required disclosures, these objectives help entities determine what information is material.

IASB tentative decision

18. Our analysis in paragraphs 30–45 of Agenda Paper 20A *Approach to non-cash transactions and other changes in balances* for the IASB's October 2025 meeting concluded that investors struggle to find information about non-cash transactions because, while the scope of paragraphs 43–44 of IAS 7 is sufficient, the disclosure requirements lack specificity on what and where to disclose. Consequently, the IASB tentatively decided to develop requirements specifying the content and location of these disclosures (tentative decision).

19. Relevant to our analysis in this paper, we note that paragraphs 25–27 of that agenda paper include examples of non-cash transactions that investors want information about and entities disclose and paragraph 41 of that agenda paper includes the activities these transactions could arise from.

Work after the IASB's tentative decision

20. Following October 2025, we took the following steps:

(a) we gathered stakeholder feedback by interviewing six investors (from multiple jurisdictions) and four companies (primarily European) and consulted the Capital Markets Advisory Committee (CMAC), Global Preparers Forum (GPF) and ASAF in March 2026.

(b) we considered the feedback by interviewing five GPF members after the March meetings to understand their concerns and using all feedback to develop material for the joint meeting of CMAC and GPF in June 2026 (the joint meeting).

(c) considering the feedback at the joint meeting:

(i) we reviewed IFRS Accounting Standards and supporting material to consider literature that could help address questions about identifying non-cash transactions;

(ii) we analysed our sample of financial statements to see what detail entities currently disclose in stand-alone notes to help address questions about the specific information that could be required; and

(iii) we collaborated with our Taxonomy team to enable us to develop recommendations of disclosures that are structured and located for easy digital access by investors.

21. To facilitate discussions with consultative groups, we illustrated examples of disclosures about non-cash transactions. The examples used in our initial meetings were largely the same. The examples used in the joint meeting were updated from previous meetings. Appendix A includes information about the examples we shared at the different meetings.

22. We summarise in paragraphs 24–44 the feedback from our meetings. We structure our summary by the key themes we identified in the feedback:

(a) the scope of non-cash transactions (paragraphs 24–31);

(b) the location of the information (paragraphs 32–35); and

(c) the specific information that would be required in a stand-alone note (paragraphs 36–44).

23. We summarise our findings from our additional work after the joint meeting in paragraphs 45–50.

The scope of non-cash transactions

24. Most stakeholders across all groups confirmed that, in most cases, the scope of paragraphs 43–44 of IAS 7 is clear, resulting in information about transactions that investors want information about.

25. Some GPF members were concerned that the proposals would impose challenges for entities to prove the completeness of new disclosures to auditors and regulators. This feedback highlighted two key needs:

(a) *identifying non-cash transactions*—proposals need to clearly explain which non-cash changes in items qualify as non-cash transactions (paragraphs 26–27).

(b) *clear disclosure objectives*—proposals need to guide entities in making effective materiality judgments (paragraphs 28–31).

Identifying non-cash transactions

26. A few stakeholders had questions about what qualifies as a non-cash transaction, specifically asking whether the following are included:

(a) other non-cash changes in items, for example, foreign exchange differences and capitalised directly attributable costs. (We think these questions likely arose because we presented our ideas for non-cash transaction disclosures together with our ideas for disclosures of other non-cash changes in working capital items.)

(b) transactions that include both cash and non-cash consideration, for example acquiring a business using cash and shares, or assuming liabilities in a business combination paid for only in cash.

(c) payments by third-parties, for example, transactions processed by a centralised group treasury or paid on an entity's behalf.

27. At the joint meeting, our ideas of possible application guidance illustrated a two-step approach for identifying relevant transactions (see paragraph A2(a) in Appendix A). Members generally agreed that such application guidance adds clarity to the scope of the requirements in paragraphs 43–44 of IAS 7. Some members suggested that examples of non-cash changes and items that are included and excluded would also be helpful.

Clear disclosure objectives

28. CMAC members explained that transparency about non-cash transactions is important because it enables them to understand how these transactions contribute to the total change in the balances of the related assets, liabilities and equity reported in the statement of financial position. Investors use this information:

(a) to enable them to make connections between numbers reported in the financial statements when calculating, for example, enterprise value and free cash flow; and

(b) to enable them to compare an entity’s investing and financing activities that might involve cash or non-cash transactions that are economically similar.

29. In individual interviews with preparers of financial statements (preparers), they were typically aware of non-cash transactions (like leases and dividends paid in kind) that occurred during the period and could identify where they disclosed the relevant information about these transactions in their financial statements.

30. GPF and ASAF members were concerned that if entities were required to track all transactions to prove that they have identified all transactions for which information is

material, it could significantly increase processing and audit costs. They explained this would be the case if entities were required to prepare, for example, a complete opening-to-closing balance reconciliation of related items or a tabular summary of all transactions. CMAC members explained that disclosure of all transactions is unnecessary if entities disclose those that make the largest contribution to total changes in items reported in the statement of financial position are disclosed.

31. At the joint meeting, our examples aimed to clarify that only transactions for which the information is material would be disclosed. GPF members suggested possible proposals need to make clear how entities make effective materiality judgements to reduce costs.

The location of the information

32. CMAC members explained that the purpose of possible new disclosures would be to improve transparency of information about non-cash transactions. Some GPF members strongly disagreed with adding new disclosure requirements. They said ‘knowledgeable investors’ can already find information about non-cash transactions in disclosures required by IFRS Accounting Standards, such as IFRS 16 *Leases*. GPF members, supported by some ASAF members, saw little benefit in duplicating information that is already available.

33. Some GPF and ASAF members understood that some improvements could be made to enable investors to identify the relevant information and reduce the costs of analysing and interpreting information. Stakeholders, however, had different views about the best way to achieve this. Our illustrative examples (see Appendix A) included variations of two basic approaches: a stand-alone note with varying levels of detail, versus disaggregating information in existing opening-to-closing balance reconciliations.

34. During initial discussions, stakeholders had split views about the location of the information. Some GPF and ASAF members questioned the need for a single stand-alone note given investors access information digitally. Some members from all

groups preferred integrating information about non-cash transactions into existing opening-to-closing balance reconciliations to provide context and avoid duplication. Some CMAC and ASAF members preferred a hybrid, complementary approach combining both approaches.

35. At the joint meeting, the discussion progressed to finding a possible solution that balances the benefits and costs—that is, if a stand-alone note is required, what specific information would appropriately balance benefits and costs. We summarise this feedback in the next section.

The specific information that would be required in a stand-alone note

36. We received mixed feedback about the specific information that could be required in a stand-alone note that balances benefits and costs. We summarise the feedback in order of the level of agreement between stakeholders, starting with the strongest:

(a) listing of transactions and applicable cross-references (paragraphs 37–38);

(b) disclosing transaction amounts and related activities (paragraphs 39–40); and

(c) disclosing the effects on the assets, liabilities and equity items that arise from non-cash transactions alongside the amounts of similar cash transactions (paragraphs 41–44).

Listing of transactions and applicable cross-references

37. A few CMAC members and some GPF members said that listing transactions and applicable cross-references strike the right balance—improving transparency for investors while keeping preparation costs low. They said that disclosing transaction amounts and related activities is redundant if high-quality opening-to-closing balance reconciliations already exist (for example, for property, plant, and equipment).

38. Conversely, some other CMAC members said that these basic details do not go far enough. In their view, investors would still have to search through different—possibly inconsistently prepared—notes to find the relevant information about these transactions.

Disclosing transaction amounts and related activities

39. A few CMAC and GPF members said that: (i) listing transactions and applicable cross-references; and (ii) disclosing transaction amounts and the related activities as per the statement of cash flows, strike the right balance between benefits and costs.

40. Again, some CMAC members said such information does not go far enough for the same reasons as explained in paragraph 38—these members think disclosing the effects on the assets, liabilities and equity items that arise from non-cash transactions alongside the amounts of similar cash transactions is also needed.

Disclosing the effects on the assets, liabilities and equity items that arise from non-cash transactions alongside the amounts of similar cash transactions

41. Initially, members from all groups were unsure about the purpose of disclosure that shows in a stand-alone note the effects on the assets, liabilities and equity items that arise from non-cash transactions alongside the amounts of similar cash transactions. However, some CMAC members supported disclosing such a numerical comparison because the disclosure reflects how they forecast an entity's future cash flows.

42. At the joint meeting some CMAC members (more than in the discussions in March 2026) supported introducing this numerical comparison. They said that having this information in a structured format, like in a table, would reduce their costs of analysing and interpreting the information because proper structure significantly improves understandability compared with unstructured formats. However, the few CMAC members who favoured only listing transactions and cross-references (paragraph 37) did not view this type of disclosure as necessary, but rather as a 'nice-to-have'.

43. In initial discussions, GPF and ASAF members were concerned that aggregating amounts of a distinct population of non-cash transactions with the operating, investing and financing subtotals reported in the statement of cash flows could be misleading, because combining these amounts does not provide a complete depiction of all transactions arising from these activities. At the joint meeting, GPF members

remained concerned the disclosure might be mistaken for a complete summary of all non-cash transactions across all activities, reviving concerns about the burden of tracking all transactions. One member also noted that IFRS Accounting Standards rarely mandate specific formats, like a table.

44. A few ASAF members questioned whether the net effect of disclosing non-cash transactions in this way would always equal zero (as shown in the 'non-cash transactions' column in Diagram 1 in paragraph A1 of Appendix A), particularly when other costs—like initial direct costs—are capitalised to the right-of-use asset. A few ASAF members also asked why some non-cash transactions in the illustrations (like share-based payment arrangements and supplier finance arrangements) include amounts under operating activities.

Review of IFRS Accounting Standards and supporting material

45. To address GPF members' concerns about guidance on how an entity identifies non-cash transactions and makes effective materiality judgements (paragraph 31), we reviewed IFRS Accounting Standards and supporting material for additional literature that might be relevant to responding to these comments.

General requirements

46. In accordance with paragraph 15 of IFRS 18 *Presentation and Disclosure in Financial Statements*, entities are only required to disclose material information. This is supported by application guidance in IFRS 18 and IFRS Practice Statement 2 *Making Materiality Judgements* (IFRS PS 2).

Requirements that address a similar problem

47. To develop guidance that enable entities identify non-cash transactions without tracking every minor transaction, we note that IAS 24 *Related Party Disclosures* includes as a useful model:

(a) paragraph 9 of IAS 24 defines a related party transaction as 'a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged'— accompanied by a definition of a 'related party' and guidance on applying that definition; and

(b) paragraph 26 of IAS 24 distinguishes 'individually significant' from 'collectively significant' transactions to avoid the need for government-related entities to track minor counterparties and transactions. However, the IASB has moved away from the undefined and potentially confusing term 'significant', notably replacing 'significant' with the well-defined term 'material' in 2021 for accounting policy disclosures.[2]

Review of sample of financial statements

48. To consider feedback about the specific information that could be required in a stand-alone note, we went back to look at our sample of financial statements. In paragraph 22 of Agenda Paper 20A for the IASB's October 2025 meeting, we reported that six of a sample of 25 non-financial entities disclose non-cash transactions in a separate note using a heading that allowed us to identify the note as including information about non-cash transactions. Table 1 summarises the items of information disclosed:

Table 1—Items of information disclosed in a single note about non-cash transactions

Items of information	Number of entities
List of transactions	6
Applicable cross-references	2
Transaction amounts	4
Tabular format that relates narrative and numerical pieces of information	3

[2] Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Specifying location and structure of information for digital reporting

49. To respond to questions from stakeholders about the effect of any new proposals in a digital age, we discussed with our Taxonomy team the possible benefits of specifying a single location and structure of information.

50. Discussions with our Taxonomy team highlighted that specifying a single location (for example, a stand-alone note) and using a structured format (for example, a table) significantly improves digital machine readability:

    (a) a single location enables machine readers to easily identify information about non-cash transactions and map implicit connections between related items (for example, linking a phrase like 'additions to right-of-use asset' to 'new lease liabilities' used in different reconciliation tables).

    (b) a structured format improves readability for both narrative and numerical information by clearly showing how these different types of information relate to each other.

Staff analysis

Introduction

51. In line with the IASB's tentative decision (paragraph 18), we analyse potential improvements to disclosures for non-cash transactions. We organise our analysis around three key feedback themes:

    (a) the scope of non-cash transactions (paragraphs 53–68);

    (b) the location of the information (paragraphs 69–75); and

    (c) the specific information that would be required (paragraphs 76–106).

52. The feedback highlights a clear tension between investor needs and preparer costs. For each theme, we discuss how we think our recommendations strike an appropriate cost-benefit balance.

The scope of non-cash transactions

53. We separately analyse stakeholder questions that we identified in feedback (paragraph 25):

    (a) identifying non-cash transactions (paragraphs 54–63); and

    (b) clear disclosure objectives (paragraphs 64–66).

Identifying non-cash transactions

54. We think our research provides evidence that investor needs are appropriately addressed by the current scope of the requirements in paragraphs 43–44 of IAS 7. Feedback supports our conclusion in October 2025 (paragraph 18) that the scope appears sufficient to cover the types of transactions for which investors want information.

55. To respond to initial concerns from GPF members and enable entities to prove the completeness of disclosures to auditors and regulators (paragraph 25), we presented possible application guidance at the joint meeting that establishes clear boundaries for identifying non-cash transactions. The guidance specifies:

    (a) the relevant items in the statement of financial position—assets, liabilities, and equity items for which cash flows would be classified as investing or financing in the statement of cash flows; and

    (b) the types of non-cash changes to those items—additions, disposals, issuances or redemptions.

56. While feedback at the joint meeting confirmed this guidance adds clarity, it also highlighted three additional areas the guidance should clarify:

    (a) non-cash changes in items that are not transactions (paragraphs 57–59);

    (b) consideration that has cash and non-cash components (paragraphs 60–62); and

    (c) receipts and payments made on behalf of the entity (paragraph 63).

Non-cash changes in items that are not transactions

57. Stakeholders asked for clarity about which non-cash changes in items are non-cash transactions (paragraph 26(a)). We recommend including examples in possible application guidance because we think it is the most effective and least complex approach to address stakeholder questions. Paragraph B2 in Appendix B includes possible examples of items that are included and excluded from the disclosures.

58. Measurement adjustments—such as foreign exchange differences and capitalised directly attributable costs—are not 'transactions' and fall outside the scope of possible disclosures. While this application guidance aimed to make this boundary clear (paragraph 55), stakeholders suggested also including explicit examples of items and non-cash changes included and excluded from non-cash transactions to prevent confusion and limit implementation costs.

59. To address stakeholder questions about which non-cash changes in items are non-cash transactions, we considered two potential solutions:

    (a) including examples as suggested by stakeholders—the examples we include could directly address the specific questions from stakeholders and leverage our research reported in October 2025 on the specific non-cash transactions investors want information about (such as leases, share-based payments, and debt-to-equity conversions) (paragraph 19).

    (b) defining a 'transaction'—we considered defining a 'transaction' specifically for these disclosures (IAS 7 currently does not include such a definition). Using the IAS 24 as a model, we could define it based on the involvement of a third party (or counterparty) (paragraph 47(a)) Paragraph B3 in Appendix B include an example of a possible definition. We dismissed this solution because it could add unnecessary complexity to proposals while examples could effectively respond to feedback.

Consideration that has cash and non-cash components

60. Stakeholders asked whether a single transaction that includes both cash and non-cash consideration is a non-cash transaction subject to disclosure (paragraph 26(b)). To improve clarity, we recommend the examples specify that non-cash transactions:

(a) include the non-cash component of the consideration transferred in a transaction; and

(b) exclude liabilities assumed in a business combination.

61. For paragraph 60(a), we think that the non-cash component of such consideration needs to be disclosed. For example, if an entity acquires a subsidiary by transferring both cash and its own shares, the share issuance is a non-cash component that needs to be disclosed. This position is supported by paragraph 43 of IAS 7, which requires that transactions not requiring the use of cash or cash equivalents be excluded from the statement of cash flows. Considering these non-cash components do not impact cash flows, we think they need to be disclosed because this is the information an investor would need to understand how these transactions contribute to the movement in the related assets, liabilities or equity (paragraph 28). Our conclusion also aligns with similar requirements under US GAAP (paragraph 12(b)).

62. For paragraph 60(b), we think an explicit exclusion would simplify possible requirements and remove possible confusion that might arise because of the inconsistencies between IAS 7 and US GAAP illustrative examples (paragraph 13). We think this is consistent with our conclusion in paragraph 61 because the scope is dependent on the type of consideration transferred (cash or non-cash) to acquire the business. While we think some might consider assuming liabilities to be included in the scope of paragraphs 43–44 of IAS 7, paragraph 40 of IAS 7 already contains separate, dedicated disclosure requirements for assets and liabilities acquired in a business combination. Furthermore, feedback did not identify evidence that investors struggle to find this information when analysing the holistic effects of business combinations. Our research reported in October 2025 showed that preparers do not

currently classify assumed liabilities as non-cash transactions and, therefore, our conclusion would not change current practice (paragraph 19).

Receipts and payments made on behalf of the entity

63. Our working assumption for this paper is that only actual cash flows—that is, inflows and outflows of cash and cash equivalents (paragraph 6 of IAS 7)—are reported in the statement of cash flows. Therefore, receipts and payments made on behalf of the entity are non-cash transactions. We note in paragraph 3 that, at a future meeting, we will analyse whether proposals for disclosures about non-cash transactions could also address stakeholder concerns about reporting receipts and payments made on behalf of the entity. In that paper, we plan to revisit this working assumption.

Clear disclosure objectives

64. GPF members suggested any proposals need to be clear about how entities make effective materiality judgements (paragraph 31). In accordance with our *Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards*, this is best achieved by developing a clear disclosure objective (paragraph 17) which is supported by the well-defined concept of 'material information' in IFRS 18 and IFRS PS 2 (paragraph 46 of this paper).

65. Based on investor feedback, we think we could develop this objective around their primary information needs—understanding how non-cash transactions contribute to the total change in balances in the statement of financial position (paragraph 28). An example of this possible disclosure objective is included in paragraph B4 in Appendix B.

66. We considered using a qualitative threshold—such as limiting disclosures to 'significant' transactions, similar to the approach in IAS 24. While this might enable entities to exclude minor transactions, we dismissed this option. The IASB has moved away from using 'significant' because the term is undefined and leads to inconsistent application (paragraph 47(b)).

Staff conclusion

67. Based on our analysis, we think combining the proposed application guidance (discussed in paragraphs 54–63) with a clear disclosure objective (discussed in paragraphs 64–66) would effectively balance benefits and costs when identifying non-cash transactions for which information is material. This approach maintains the current scope of disclosures for investors, while enabling preparers to efficiently identify non-cash transactions and make effective materiality judgments.

Staff recommendation

68. We recommend that the IASB:

   (a) propose application guidance to clarify the non-cash transactions that are in the scope of paragraphs 43–44 of IAS 7. Specifically, the guidance would:

      (i) explain that to identify non-cash transactions, an entity identifies non-cash additions, disposals, issuances or redemptions of assets, liabilities and equity items for which cash flows would be classified as investing and financing activities; and

      (ii) include examples of what is included and excluded from the disclosures. For example, a non-cash component of the consideration transferred in a transaction is included and liabilities assumed in a business combination are excluded.

   (b) propose a disclosure objective that requires an entity to disclose information about non-cash transactions that would enable investors to understand how these transactions contribute towards the total change in the balances of the related assets, liabilities and equity reported in the statement of financial position.

Questions for the IASB
1. Does the IASB agree with proposing the application guidance described in paragraph 68(a)? a. If you agree with including examples as mentioned in paragraph 68(a)(ii), are there specific examples that you think are important to include and that we have not already identified in this paper? 2. Does the IASB agree with proposing the disclosure objective included in paragraph 68(b)? a. Does the IASB think another approach (in addition to, or instead of, using a disclosure objective) is necessary to address preparers' concern of having clear guidance about how to make effective materiality judgements?

The location of the information

69. We think feedback summarised in paragraphs 32–35 identifies three possible approaches in which transparency about non-cash transactions could be improved:

    (a) specifying a single location for disclosures;

    (b) disaggregating information about non-cash transactions in other opening-to-closing balance reconciliations; and

    (c) a combination of (a) and (b).

Specifying a single location

70. We recommend that the IASB propose requiring entities to disclose information about non-cash transactions in a single location. Such a requirement would improve benefits while limiting costs.

71. The cumulative feedback from CMAC members provides strong evidence of benefits from specifying a single location for disclosures (paragraphs 32–35). Having information in a single location improves accessibility by bringing together information that would otherwise be scattered, thereby making the information more transparent. Discussions with our Taxonomy team explains that this is also true when

investors access information digitally (paragraph 50). We also note that US GAAP specifies the location of disclosures for non-cash transactions (paragraph 12(c)).

72. We think feedback also provides evidence that preparers would not incur significant additional costs to gather the necessary information in one place. Entities would be bringing together information that is already available.

73. Disclosures could be placed either on the same page as the statement of cash flows or in a referenced stand-alone note, similar to US GAAP. The best location depends on the information to be disclosed. Given the expected details, our working assumption is to use a stand-alone note.

Disaggregating information about non-cash transactions in other opening-to-closing balance reconciliations

74. We considered the benefits and costs of requiring an entity to disaggregate information about non-cash transactions in existing opening-to-closing balance reconciliations or doing so in addition to providing a stand-alone note. However, we decided against recommending this requirement because we do not think the benefits would outweigh the costs:

(a) including information (only) in other notes would not sufficiently improve accessibility of the information because the information would remain scattered.

(b) although some GPF members initially preferred adding information to existing notes because it would avoid duplication, they were also concerned that identifying all non-cash transactions would be costly (paragraph 30). We think requiring information about non-cash transactions in a complete reconciliation of all changes would trigger those cost concerns.

(c) duplication of some information in a separate location is justifiable in this situation because the information in that location satisfies a distinct investor information need (paragraph 28).

(d) most non-cash transactions that investors ask about (such as new leases, equity issued under share-based payment arrangements, and debt-equity conversions) are already disclosed separately in other notes, making further disaggregation redundant. The only exceptions we have identified are non-cash additions and disposals of property, plant and equipment and intangible assets. However, the possible disclosure objective would ensure the largest contributors to these balances are reported. This is sufficient because investors said they do not need full, opening-to-closing reconciliations for all investing and financing items.

(e) paragraph 41(b) of IFRS 18 requires an entity to disaggregate items based on characteristics that are not shared. Cash and non-cash transactions have different characteristics. Applying these requirements, subject to the notes providing material information in the context of that note, an entity might conclude that disaggregating non-cash transactions would be required. However, because settlement in cash is not a specific characteristic identified in IFRS 18, there might be diversity in this practice resulting from different facts and circumstances or different judgements applied by each entity.

Staff recommendation

75. We recommend that the IASB propose requiring an entity to disclose information about non-cash transactions in a single note.

Question for the IASB
3. Does the IASB agree with our recommendation in paragraph 75 to propose requiring an entity to disclose information about non-cash transactions in a single note?

The specific information that would be required in a stand-alone note

76. If the IASB agrees with our recommendation to require entities to disclose information about non-cash transactions in a single note, this section discusses the specific information that entities would be required to disclose in that note.

77. We acknowledge that some of the items of information we discuss in this section might already be implicitly required by paragraphs 43–44 of IAS 7. But considering the reasons for the IASB's tentative decision to add specificity to the current requirements (paragraph 18), we consider all items of information as if they are possible new requirements as opposed to clarifying existing requirements.

78. From the feedback summarised in paragraphs 36–44, we think there are three approaches to the specific information that could be required in a single stand-alone note—each with its own assessment of benefits and costs:

    (a) listing of transactions and applicable cross-references (paragraphs 79–81);

    (b) disclosing the information in (a) with transaction amounts and related activities (paragraphs 82–99); and

    (c) disclosing the information in (b) with showing non-cash transactions alongside similar cash transactions (paragraphs 100–105).

Listing of transactions and applicable cross-references

79. Listing of transactions identifies the type of non-cash transactions that occurred during the reporting period. An applicable cross-reference identifies the location of any related information in other notes. We think that this specific information would improve investors' ability to identify the non-cash transactions for which information is material.

80. We think this specific information would result in the least amount of additional preparer costs—this stand-alone note would bring together minimal information already disclosed elsewhere and act only like a sign-post, identifying the non-cash

transactions and pointing readers to related information about them. Requiring listing of transactions appears consistent with current practice for entities that provide the information in a single note (paragraph 48). Applicable cross-references appear less common—possibly due to the applicable transaction amounts sometimes not being separately identifiable in the referenced notes (see paragraphs 96–98 below).

81. Therefore, we recommend the IASB propose requiring an entity to list the transactions and applicable cross-references that identify the location of any related information in other notes.

Also disclosing transaction amounts and related activities

82. We think only listing transactions and applicable cross-references does not sufficiently improve benefits for investors on its own. We agree with some CMAC members that said investors would still have to search through different—possibly inconsistently prepared—notes to find the relevant information about how these transactions contribute to the total change in the assets, liabilities and equity of the entity (paragraph 28). Therefore, this specific information would not satisfy the disclosure objective that we recommend in paragraph 68(b).

83. We think that requiring disclosure of transaction amounts and the related activities would improve benefits because these items of information would better satisfy the disclosure objective (paragraph 68(b)) by enabling investors to use the information as described in paragraph 28, that is:

(a) transaction amounts would enable investors to make connections between numbers reported in the financial statements; and

(b) related activities would enable investors to compare an entity's investing and financing activities that might involve cash or non-cash transactions that are economically similar.

84. The transaction amount is the consideration attributed to the transaction in accordance with other IFRS Accounting Standards. For example:

(a) the transaction amount of additions to right-of-use assets is the amount of the initial measurement of the lease liability (paragraph 24(a) of IFRS 16); and

(b) the transaction amount of a dividend paid in kind is the fair value of the assets (paragraph 11 of IFRIC 17 *Distributions of Non-cash Assets to Owners*).

85. The related activities mean disclosing the activities in IAS 7 from which non-cash transactions arise. We noted in paragraph 41 of Agenda Paper 20A for the IASB's October 2025 meeting that non-cash transactions might arise from one or more activity as defined in IAS 7. For example, non-cash transactions might arise from:

(a) investing and financing activities (for example, entering new leases);

(b) investing activities only (for example, exchanging long-term assets);

(c) financing activities only (for example, exchanging debt for equity);

(d) investing activities that also relate to operating activities (for example exchanging an intangible asset (crypto-currencies) for inventory);[3] or

(e) financing activities that also relate to operating activities (for example, issuing shares under a share-based payment arrangement).[2]

86. We think this additional information would not result in a significant increase in preparer costs because:

(a) evidence suggests that transaction amounts are already available if information about these transactions is material. We note that entities that currently provide information in a single note often include the transaction amount (paragraph 48).

(b) we do not expect identifying the related activities as per the statement of cash flows from which non-cash transactions arise to result in significant incremental costs because entities typically have only a few non-cash transactions and would have processes in place to classify similar transactions.

[3] Some non-cash transactions can **also** relate to operating activities. This does not imply expanding which non-cash transactions are in the scope of possible disclosures. Non-cash transactions that arise only from operating activities remain excluded from the scope.

87. Therefore, we recommend that the IASB propose requiring an entity to also disclose transaction amounts and related activities. Paragraph B5 in Appendix B includes an example of possible disclosures based on this recommendation.

88. If the IASB agrees with this recommendation, we think possible proposals need to also consider:

    (a) the level of aggregation;

    (b) showing the effect on assets, liabilities and equity that arise from the non-cash transaction;

    (c) the interaction with cross-references; and

    (d) the format of the information.

Level of aggregation

89. We think including numerical information in the possible stand-alone note raises the questions about the appropriate level of aggregation of amounts. We recommend that the IASB requires an entity to disaggregate the information by type of transaction.

90. Non-cash transactions include different types of transactions, ranging from distributions to shareholders (such as dividends in kind) to lease agreements. To enable investors to understand how these transactions contribute to the changes in items in the statement of financial position and enable them to make connections between numbers in the financial statements (paragraph 28), we think the information needs to be disaggregated by transaction type, because different transactions (for example, debt-equity conversions versus share-based payments) affect different items in the statement of financial position and the statement of cash flows. This level of disaggregation is consistent with IFRS 18, which requires items with different characteristics—such as the 'type of transaction' (Paragraph B110 of IFRS 18)—to be disaggregated.

Showing the effect on assets, liabilities and equity that arise from the non-cash transaction

91. We think including information about the transaction amount and the related activities raises the question of whether the information in the stand-alone note needs to show how different assets, liabilities or equity are affected by the non-cash transaction. This is because different items might relate to different activities (paragraph 85). For example:

    (a) for new leases, the non-cash increase in the lease liability is similar to an inflow related to financing activities equal to the transaction amount (like cash proceeds from new borrowings) and the addition to the right-of-use asset is similar to an outflow related to investing activities equal to the transaction amount (like cash asset acquisitions).

    (b) for share-based payments, the non-cash equity issuance is similar to an inflow related to financing activities (like cash proceeds from issuing equity) and the non-cash expense is similar to an outflow related to operating activities (like cash payments to employees).

92. Showing how different assets, liabilities or equity are affected by the non-cash transaction means that an entity uses the transaction amount to show the effects of the debit and credit entries to the statement of financial position that arise from a non-cash transaction. This results in the net effect of the amounts shown for each type of transaction to equal zero (see the question raised in paragraph 44). For example, in a lease, the initial lease liability measurement (paragraph 24(a) of IFRS 16) and the resulting addition to the right-of-use asset are the entries for the non-cash transaction. The other entries related to the initial cost of the right-of-use asset—such as prepayments (which are cash changes) or dismantling costs (which are not transactions)—are not shown as part of non-cash transactions.

93. The benefits of showing how different assets, liabilities or equity are affected by the non-cash transaction is that it becomes more comparable to information in the statement of cash flow. However, based on the questions we received in feedback

(paragraph 44), we think showing non-cash transactions in a stand-alone note to appear like cash flows might confuse or mislead readers.

94. For example, disclosures showing how a non-cash transaction affect assets, liabilities, or equity could include showing some operating-related items (such as the non-cash expense of a share-based payment). However, a non-cash transaction affecting only operating activities fall outside the scope of paragraphs 43–44 IAS 7. This subtle distinction might not be immediately obvious and could confuse readers. To avoid this potential for confusion altogether, disclosures could exclude showing the effect of a non-cash transaction on items. Paragraph B5 in Appendix B includes an example of possible disclosures that include a list of transactions, applicable cross-references, the transaction amounts and the related activities without showing the effect on items that arise from the transactions.

95. On balance, we think the benefit of comparability to cash transactions outweighs the risk of potential confusion, especially since some investors already combine similar cash and non-cash transactions when forecasting cash flows. However, we think any remaining confusion could be addressed if entities disclose its specific non-cash transactions—disaggregated by type—alongside similar cash flows already classified by activity. This depiction provides a more complete and comparable view of both cash and non-cash transactions. We discuss showing non-cash transactions alongside similar cash transactions in paragraphs 100–105.

The interaction with cross-references

96. Requiring entities to disclose transaction amounts might create practical challenges in also requiring entities to disclose applicable cross-references because the transaction amounts might not be separately identifiable in the referenced notes (paragraph 81). We recommend that the IASB propose requiring an entity to explain the nature of the information available in the referenced note if the transaction amount is not separately identifiable.

97. The transaction amounts might not be separately identifiable because of different levels of aggregation or because the referenced note discloses only changes in the carrying amount of a derecognised item and not the transaction amount. The latter could be the case for the non-cash disposals of property, plant and equipment and intangible assets we identified in paragraph 74(d). As we noted in paragraph 74(e), entities might disclose different levels of information in the notes on, for example, property, plant and equipment and intangible assets, because of different facts and circumstances or application of judgement. In paragraph 74 we explained why we decided not to recommend that an entity disaggregates information about non-cash transactions in other opening-to-closing balance reconciliations.

98. We think proposing to disclose the transaction amount is still appropriate because it supports the statement of cash flows by mirroring how cash transactions (such as sale proceeds) are reported. Therefore, to avoid readers looking for the transaction amount in a referenced note that does not explicitly include it, we think an entity would need to explain the nature of the information available in that note.

Format of the information

99. Including narrative and numerical information in a stand-alone note might be harder to understand and process if an unstructured format is used. We recommend that the IASB propose requiring an entity to provide the information in a structured format, like a table. Such a structured representation was strongly supported by CMAC members for its superior readability over unstructured information (paragraph 42), and our Taxonomy team confirms it enhances digital accessibility and comparability for machine readers (paragraph 50). Additionally, because many companies already use tables for these disclosures (paragraph 48), this requirement is not expected to impose significant preparer costs.

Also showing non-cash transactions alongside similar cash transactions

100. Feedback indicates that benefits could be further improved if disclosure requirements include showing the effects on the assets, liabilities and equity that arise from non-cash transactions alongside the amounts of similar cash transactions.

101. Showing non-cash transactions alongside similar cash transactions in stand-alone note means:

(a) showing the effect on items that arise from non-cash transactions (as we discussed in paragraphs 91–95).

(b) showing these effects of non-cash transactions alongside the amounts of similar cash transactions as they are reported in the statement of cash flows—'similar' being if they result in the similar net effect on the same type of assets and liabilities. This is based on paragraph 70 of the Basis for Conclusions on SFAS 95 (paragraph 14), which notes, [emphasis added] '…that acquiring an asset by assuming debt has **a similar net effect** on assets and liabilities as borrowing cash to buy it.'

(c) then adding them together to show their combined effect on an entity's activities in the statement of cash flows.

102. While a few CMAC members were of the view this numerical comparison is a 'nice-to-have,' some CMAC members said that such a numerical comparison provides structured information that reduces their costs of analysing and interpreting information because it significantly improves understandability (paragraph 42). We also expect costs to prepare the package of information, including this numerical comparison, to remain relatively low because entities typically have few non-cash transactions for which to perform a side-by-side analysis

103. We also think proposing this numerical comparison will allow the IASB to gather feedback from broader stakeholder groups, specifically less-resourced investors (who may find the standardisation highly beneficial) and smaller preparers (who might face higher relative preparation costs).

104. Therefore, on balance, we recommend that the IASB proposes requiring an entity to show this numerical comparison.

105. Feedback identified that using labels that imply 'totals' or 'subtotals' in any illustration of this numerical comparison might misleadingly imply a complete summary of all cash and non-cash activities (see the comments in paragraph 43). We will address this comment in drafting any illustrative examples that might accompany the Exposure Draft. Paragraph B6 in Appendix B includes an example of possible disclosures based on this recommendation.

Staff conclusion and recommendations

106. We think the package of possible disclosure requirements discussed in paragraphs 76–105 effectively balances benefits and costs. Consequently, we recommend that the IASB:

(a) propose adding specificity to the requirements in paragraphs 43–44 of IAS 7 by requiring entities to provide the following information, aggregated by type of transaction:

(i) a list of the transactions and applicable cross-references that identify the location of any related information in other notes;

(ii) the transaction amount, that is, the consideration attributed to the transaction in accordance with IFRS Accounting Standards along with the related activities in the statement of cash flows from which the transaction arises; and

(iii) the effect on assets, liabilities and equity that arise from the non-cash transaction alongside the amounts of similar cash transactions, then adding them to show their combined effect on an entity's activities in the statement of cash flows; and

(b) propose requiring entities to provide the information in (a) a structured format, like a table; and

(c) propose requiring an entity to explain the nature of the information available in the notes for which cross references are disclosed under (a)(i) if the transaction amount is not separately identifiable.

Question for the IASB
4. Does the IASB agree with proposing the package of disclosures for non-cash transactions included in paragraph 106?

Appendix A—Examples of disclosures shared with consultative groups

A1. Paragraph 21 of the paper explains that to facilitate outreach meetings between October 2025 and the joint meeting in June 2026 we illustrated two examples of potential new disclosures of information about the non-cash transactions within the scope of paragraphs 43–44 of IAS 7 *Statement of Cash Flows*. The examples included:

(a) *narrative information in a single location*—both examples included a single note (Note A) that included narrative information about the company's non-cash transactions for which information would be material.

(b) *transaction amounts*—we developed two different examples:

(i) Alternative 1 (Diagram 1 below) used the transaction amounts to show the effect on assets, liabilities and equity that arise from the non-cash transactions alongside the amounts of similar cash transactions, then adding them to show their combined effect on an entity's activities in the statement of cash flows. Our initial research showed that some users of financial statements (investors) already perform this calculation in their analysis.

(ii) Alternative 2 (Diagram 2 below) showed transaction amounts of non-cash transactions within required opening-to-closing balance reconciliations for the affected items. This explains how these non-cash transactions contribute to the overall change in those balances. Our initial research showed that investors want to understand the link between the statement of financial position and statement of cash flows.

Diagram 1—Alternative 1

A. Non-cash transactions [POTENTIAL NEW NOTE]

Apart from changes in assets and liabilities due to business combinations, the group had the following non-cash transactions that arise from its investing and financing activities:

The group reclassified CU800 of trade payables to borrowings due to the group's supplier finance arrangements. Note X includes more information about these arrangements.

The group also acquired CU900 of property by means of leases. Note Y includes more information about right-of-use assets.

The group expensed CU50 from its equity-settled share-based payment arrangement. Note Z includes more information the group's share-based payment arrangements.

The effect of these transactions can be illustrated as follows:

Line items presented in the statement of cash flows	Cash transactions	Non-cash transactions	Total
Cash flows from operating activities			
Adjustments for non-cash items	150	-50	100
Decrease in trade and other payables (Note B)	-1,740	-800	-2,540
Net cash from operating activities	1,650	-850	800
Cash flows from investing activities			
Purchase of property, plant and equipment (Note C)	-350	-900	-1,250
Net cash used in investing activities	-520	-900	-1,420
Cash flows from financing activities			
Proceeds from issue of share capital	250	50	300
Proceeds from borrowings	250	1,700	1,950
Net cash used in financing activities	-1,060	1,750	690

Diagram 2—Alternative 2

A. Non-cash transactions [POTENTIAL NEW NOTE]

Apart from changes in assets and liabilities due to business combinations, the group had the following non-cash transactions that arise from its investing and financing activities:

The group reclassified CU800 of trade payables to borrowings due to the group's supplier finance arrangements. Note B includes more information about these arrangements.

The group also acquired CU900 of property by means of leases. Note C includes more information about right-of-use assets.

The group expensed CU50 from its equity-settled share-based payment arrangement. Note Z includes more information the group's share-based payment arrangements.

B. Changes in…trade and other payables
[EXTRACT FROM POTENTIAL NEW NOTE - see slide 15]

Increase / (decrease)	
Change reported in the statement of cash flows	-1,740
Change from non-cash transactions (Note A)	-800
Change after non-cash transactions	-2,540
Obtaining control of subsidiaries	100
Impairment	-
Translation adjustments	-180
Change reported in balance sheet	-2,620

The group is party to a supplier finance arrangement that…

[Paragraph 44H of IAS 7]

C. Property, plant and equipment

[Paragraph 73(e) of IAS 16 and paragraph 53(a) of IFRS 16]

	Owned plant	Right-of-use property	Total
Opening balance	350		350
Additions	350	900	1,250
Cash transactions	350		350
Non-cash transactions		900	900
Obtaining control of subsidiaries	650		650
Disposals	-20		-20
Depreciation	-98	-252	-350
Closing balance	1,232	648	1,880

A2. At the joint meeting of CMAC and GPF in June 2026 (the joint meeting), we updated our ideas for the feedback received in earlier discussions. To facilitate the discussion at the joint meeting, we developed a package of possible proposals with three key features:

(a) **Feature I: Establishing a clear scope**—possible application guidance that explains that identifying the population of non-cash transactions for which information would be material involves two steps:

(i) step 1—identify the assets, liabilities and equity items for which cash flows would be classified as investing and financing activities; and

(ii) step 2—identify the non-cash transactions being the non-cash additions or disposals of the assets and the non-cash issuance or redemption of the borrowings and equity;

(b) **Feature II: Specifying a single location and the required content for disclosures**—an entity would be required to disclose:

(i) the information in a stand-alone note; and

(ii) list the transactions (including the activities in the statement of cash flows to which they relate), the transaction amount and, if relevant, a cross-reference to the notes that includes related information about the transaction.

(c) **Feature III: Introducing a table that shows non-cash transactions alongside similar cash transactions**—the table again used the transaction amounts to show the effect on assets, liabilities and equity that arise from the non-cash transactions alongside the amounts of similar cash transactions as reported in the statement of cash flows, then adding them to show their combined effect on an entity's activities. This table was an updated version of Alternative 1 (paragraph A1(b)(i)) in which we changed the labels of columns and line items to clarify what these represent. Diagram 3 below shows the combined example (Feature II and Feature III) that we shared with stakeholders.

Diagram 3—Illustration of Feature II and Feature III

IFRS Accounting

Feature II elements (slide 14) are circled in red

Extracts from consolidated statement of cash flows	**20X2**	**20X1**
Cash flows form operating activities	2,314	1,906
Cash flows from investing activities	(1,985)	(1,375)
Additions to property, plant, equipment (incl. right-of-use assets)[1]	(2,537)	(1,865)
Purchase of other investments[1]	(490)	(462)
Cash flows from financing activities	(500)	(488)
Dividends paid[1]	(530)	(609)
Lease payments[1]	(65)	(61)
Cash and cash equivalents at the end of the reporting period	1,531	1,691

1. Information about cash and non-cash flows from investing and financing activities are included in note A.

For this company that includes ROU assets in its note on PP&E, this amount agrees to the 'additions' disclosed in the reconciliation of PP&E.

Note A—Information about cash and non-cash flows from investing and financing activities	**Cash flows**	**Non-cash flows**	**Total flows**
Investing activities, incl.	(1,985)	80	(1,905)
Additions to property, plant, equipment[1]	(2,537)	(35)	(2,572)
Additions to investments	(490)	-	(490)
Disposals of investments[2]	-	115	115
Financing activities, incl.	(500)	(80)	(580)
Dividends on ordinary shares[2]	(530)	(115)	(645)
Additions to leases[1]	-	35	35
Redemption of leases	(65)	-	(65)

1. The group acquires property, plant and equipment (incl. right-of-use assets) using cash and lease contracts. See also Note 11 *Property, plant and equipment (incl., right-of-use assets)*.
2. The group paid dividends in cash and also in government bonds.

Appendix B—Examples of possible proposals

B1. We include in this appendix examples of possible proposals based on our analysis and recommendations in the paper.

B2. In paragraph 68(a) we recommend that the IASB provide application guidance to clarify the scope of the disclosures. Table 1 includes an example of such possible application guidance.

Table 1—example of a possible application guidance to clarify the scope of the disclosures

> To identify disclosable non-cash transactions, an entity identifies non-cash additions, disposals issuances or redemptions of assets, liabilities and equity items for which cash flows would be classified as investing and financing activities. Examples of such assets, liabilities and equity items include:
>
> (a) property, plant and equipment and right-of-use assets;
>
> (b) investment property;
>
> (c) intangible assets, including crypto currencies;
>
> (d) financial assets that are not cash equivalents;
>
> (e) investments in subsidiaries, associates and joint ventures;
>
> (f) lease liabilities;
>
> (g) borrowings that are not cash equivalents;
>
> (h) interest payable if interest paid is classified as financing;
>
> (i) dividends payable;
>
> (j) share capital; and
>
> (k) puttable instruments.
>
> Examples of non-cash transactions involving these assets, liabilities and equity items include:
>
> (a) the acquisition of assets by assuming directly related liabilities, for example, purchasing a building by incurring a mortgage to the seller;
>
> (b) obtaining a right-of-use asset in exchange for a lease liability;
>
> (c) the acquisition of an investment in subsidiary, associate or joint venture by means of an equity issue;

(d)	exchanging non-cash assets or liabilities for other non-cash assets or liabilities, for example in some crypto-currency transactions;	
(e)	the conversion of debt to equity;	
(f)	issuing equity instruments in a share-based payment arrangement; and	
(g)	a non-cash component of the consideration transferred in a transaction.	

Examples of non-cash transactions, however, exclude:

(a) accruals of income and expenses from assets and liabilities, for example, interest accrued on borrowings;

(b) remeasurement adjustments to items, for example, impairment losses, fair value gains and exchange differences;

(c) the allocation and capitalisation of directly attributable costs;

(d) a change in accounting policy, retrospective restatement or reclassification in accordance with paragraph 33 of IFRS 18;[1] and

(e) liabilities assumed in a business combination paid for in cash.

[1]Note: Reclassification of liabilities sometimes occur when entities account for liabilities that are part of supplier finance arrangements. Such reclassifications might represent a non-cash transaction. As we note in paragraph 3 of the paper, we plan to discuss at a future meeting whether proposals for disclosures about non-cash transactions could also address how to report receipts and payments are made on behalf of the entity (for example, in a supplier finance arrangement).

B3. Paragraph 59(b) explains that we considered, but decided against, developing a definition of a 'transaction' to enable entities to identify non-cash transactions. Table 2 includes an example of a possible definition based on the definition of a related party transaction in paragraph 9 of IAS 24 *Related Party Disclosures*.

Table 2—Example of a possible definition of a 'transaction'

For the purposes of disclosing information about non-cash transactions, a transaction is defined as, 'a transfer of resources or claims between the entity and a third party.'

B4. Table 3 includes possible disclosure objectives based on our recommendations in paragraphs 68(b).

Table 3—Example of possible disclosure objectives

Disclosure objective

An entity shall provide information about non-cash transactions that enables users of financial statements to understand how these transactions contribute towards the total change in the balances of the related assets, liabilities and equity reported in the statement of financial position.

Investors use this information:

(a) to enable them to make proper connections between numbers reported in the financial statements when forecasting cash flows; and

(b) to compare the entity's investing and financing activities that might involve cash or non-cash transactions that are economically similar.

B5. Paragraph 106(a) includes our recommendations for possible non-cash transaction disclosure requirements. Table 4 includes an example of a possible illustrative example based on our recommendations in paragraph 106(a)(i)–(ii).

Table 4—Example of a possible illustrative example based on our recommendations in paragraph 106 up to paragraph 106(a)(ii)

Fact pattern

We assume the same facts as Example A in the Illustrative Examples that accompany IAS 7 with the following changes:

(a) in addition to acquiring the right-of-use assets by entering into new leases (transaction amount CU900), the Group also issued shares in terms of a share-based payment arrangement (transaction amount CU100);

(b) we assume the Group provides disclosures that comply with IFRS 16 *Leases* in Note L and with IFRS 2 *Share-based Payment* in Note S.

Illustrative example

Note B as currently illustrated would be replaced by the following updated illustration.

B. Non-cash transactions from investing and financing activities

During the period, the Group had the following specific non-cash transactions that arise from investing and financing activities:

Non-cash transactions	Cross references	Transaction amount	Related activities
Additions to right-of-use assets by entering into new leases	Note L	900	Investing and financing.
Issue of shares under a share-based payment	Note S	100	Financing and operating.

B6. Paragraph 106(a)(iii) includes our recommendation for including in proposals disclosure of the effect on assets, liabilities and equity that arise from the non-cash transaction alongside the amounts of similar cash transactions, then adding them to show their combined effect on an entity's activities in the statement of cash flows. Table 5 includes an example of a possible illustrative example based on our recommendations in paragraph 106(a)(i)–(iii).

B7. *Table 5— Example of a possible illustrative example based on our recommendations in paragraph 106 up to paragraph 106(a)(iii)*

Fact pattern

We assume the same facts the example in paragraph B5. Additionally, we assume The Group included changes in payables for employee benefits in the line item 'Decreases in trade payables'.

Illustrative example

Note B as currently illustrated would be replaced by the following updated illustration.

B. Non-cash transactions from investing and financing activities

During the period, the Group had the following specific non-cash transactions that arise from investing and financing activities. The following table represents the transaction amounts of these specific transactions, classified by the activities in the statement of cash flows alongside similar cash transactions.

Activities in the statement of cash flows (SCF) and line items of similar cash transactions	Amounts in SCF	Additions to right-of-use assets by entering into new leases	Issue of shares under a share-based payment	Amounts in SCF plus effects of specific non-cash transactions
Operating activities, incl.	**1,650**		**(100)**	**1,550**
Decrease in trade payables	(1,740)		(100)	(1,840)
Investing activities, incl.	**(480)**	**(900)**		**(1,380)**
Purchase of property, plant and equipment	(350)	(900)		(1,250)
Financing activities, incl.	**(1,060)**	**900**	**100**	**(60)**
Issue of share capital	250		100	250
Increase in long-term borrowings	250	900		1,150

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