
Capital Markets Advisory Committee and Global Preparers Forum

Date	June 2026
Project	Statement of Cash Flows and Related Matters
Topic	Potential ways to improve disclosure about non-cash transactions and other specified non-cash changes
Contacts	Dennis Deysel (ddeysel@ifrs.org) Nick Barlow (nbarlow@ifrs.org) Aida Vatrenejak (avatrenejak@ifrs.org)

This paper has been prepared for discussion at a public meeting of the Capital Markets Advisory Committee (CMAC) and the Global Preparers Forum (GPF). This paper does not represent the views of the International Accounting Standards Board (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[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] Update.

Contents

	Slides
1 Purpose of the meeting and how we plan to use your feedback	3
2 Meeting materials	4
3 Non-cash transactions arising from investing and financing activities	5–29
a. questions for CMAC and GPF members	22
4 Non-cash changes in specified assets and liabilities that arise from operating activities	30–38
a. questions for CMAC and GPF members	38
Appendix A and B includes information about illustrations we shared with you at previous meetings.	40–45

Purpose of this session

In the breakout sessions, we further discuss improving disclosures for the following two topics:

Topic	Time allocation in breakout session
1. Non-cash transactions arising from investing and financing activities	50 minutes
2. Non-cash changes in specified assets and liabilities that arise from operating activities	20 minutes

The goals of the meeting are to:

- **Align perspectives**—confirm feedback and ensure investors and companies understand each other's needs and concerns.
- **Identify the key features of possible proposals**—discuss improvements that consider those needs and concerns.
- **Review illustrations**—ask for your views on updated possible proposals and illustrations thereof.

How we plan to use your feedback

- Your insights will help the IASB decide on the requirements to be proposed for the two topics in an exposure draft.

Meeting materials

The meeting materials are divided into two topics:

1. Non-cash transactions arising from investing and financing activities (**slides 5–29**); and
2. Non-cash changes in specified assets and liabilities that arise from operating activities (**slides 30–38**).

Each section includes:

- Background information;
- Investor feedback;
- Company feedback;
- Key features of possible proposals;
- Updated illustrations based on key features; and
- Questions to members.

Non-cash transactions that
arise from investing and
financing activities



Background

March 2026

- We asked members of CMAC and GPF for views about possible ways of improving current requirements for a company to disclose information about its non-cash transactions from investing and financing activities (paragraphs 43–44 of IAS 7).

Individual interviews

- We also conducted interviews with 6 investors and 9 companies (including 5 GPF members) to test staff ideas about possible new disclosures.

How we used the feedback

- We refined possible proposals which we present at this joint meeting.

Investors' feedback

The problem

- Investors said they struggle to find all the relevant information about a company's material non-cash transactions that affect the company's capital structure and asset base because the information is often scattered or not immediately apparent.
- Some investors were unsure about which non-cash changes are in scope of the current disclosure requirements.

What investors need

1. As a **top priority** in this project, almost all investors asked for **complete and easy-to-find** information about a company's material non-cash transactions that affect the company's capital structure and asset base.
2. Some investors—but not all—have expressed interest in seeing information about **how the effects of non-cash transactions are classified**, and how that compares to similar transactions that are settled in cash.

How they use it

- Complete and easy-to-find information (point 1 above) gives investors more confidence when forecasting future cash flows.
- Information about classification effects (point 2 above) enables them to compare investing and financing activities of companies—particularly if companies use a different mix of cash and non-cash transactions.

Companies feedback

Costs/Concerns

- **Duplication costs:** Duplicating or creating new tables containing existing information (ie data about material non-cash transactions in the notes) adds audit and implementation costs.
- **Scoping concerns:** Companies were unclear about the scope—they were concerned that more granularity for the disclosures will require extra time and effort to identify new transactions or other non-cash changes, including those that might be immaterial.
- **Benefits unclear:** Companies support better signposting in financial statements, but question whether disclosing and quantifying the classification effects of non-cash transactions (point 2 on slide 7) is worth the cost, as this information is typically self-evident from the type of transaction (for example, the classification effects of new leases naturally result in non-cash additions to right-of-use assets and lease liabilities).

Availability of information

- Companies already track and disclose material non-cash transactions that affect their capital structure and asset base (both recurring transactions like asset advances and leases and non-recurring transactions dividends in kind). For management, creating new tables in financial statements would not provide value-added insights for running the business.

Key features of possible proposals

Considering the feedback (slides 7–8), we think possible proposals respond to that feedback if, **as a package**, they have the following **three features**:

- 1 Include a clear scope
(slides 10–13)
- 2 Specify the location and type of information
(slides 14–16)
- 3 Enable comparison between similar transactions
(slides 17–21)

Feature I: Include a clear scope

Current requirements	What could this feature do?	How does this feature respond to feedback?	Illustrations
<p>Disclosure is required for ‘non-cash transactions from investing and financing activities’.</p>	<ul style="list-style-type: none"> • Retain the current scope while improving stakeholders’ understanding of which transactions are in-scope. 	<ul style="list-style-type: none"> • It clarifies for both investors and companies the non-cash transactions that are subject to the disclosures—that is, the same scope of transactions for which disclosures are currently required. 	<p>Slides 11–13</p>

Illustration of Feature I—possible proposals

Requirements explain that identifying the population of transactions involves **two steps**:

Step 1—identify the items

Identify the assets, liabilities and equity items for which **cash flows would be classified as investing and financing activities**.

Slide 12 includes examples



Step 2—identify the transactions

Identify **non-cash additions or disposals** of the assets / the **non-cash issuance or redemption** of the borrowings and equity.

Slide 13 includes an example

Illustration of Feature I—Examples of Step 1

Examples of items include:

Assets

- Property, plant and equipment
- Investment property
- Intangible assets
- Financial assets that are not cash equivalents
- Investments in subsidiaries
- Associates and joint ventures

Liabilities

- Lease liabilities
- Borrowings that are not cash equivalents
- Interest payable if interest paid is classified as financing
- Dividends payable

Equity

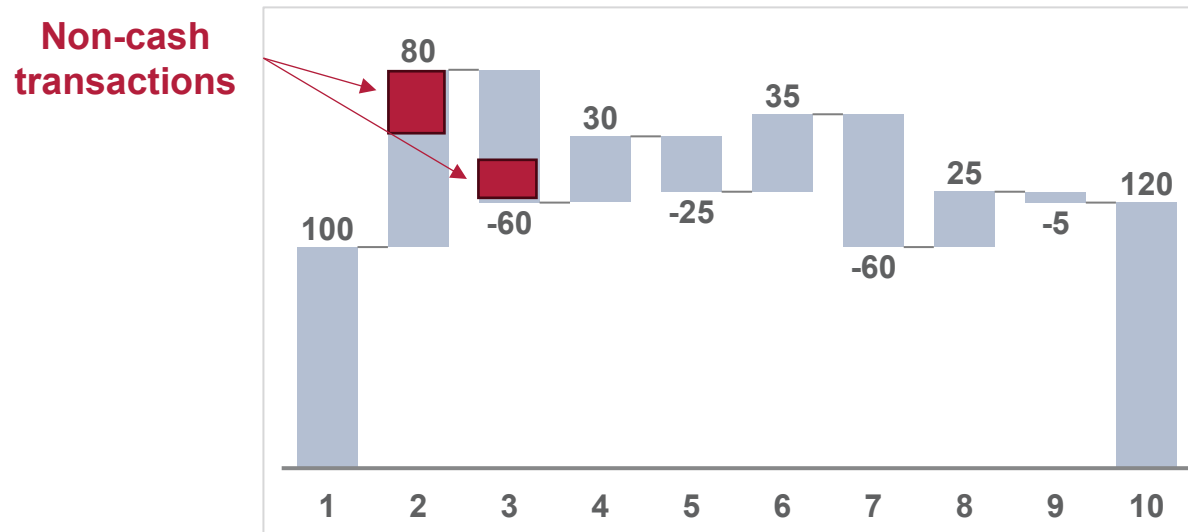
- Share capital
- Puttable instruments

Illustration of Feature I—Example of Step 2

Property, plant and equipment (PP&E)

- Non-cash transactions for property, plant and equipment are marked in **red**.
- These transactions do not include non-cash changes reported in other areas (eg revaluation (6.)).

Chart: PP&E Reconciliation for the Reporting Period



1. Opening Balance; 2. **Additions**; 3. **Disposals**; 4. Business Combinations;
5. Held for sale; 6. Revaluation; 7. Depreciation; 8. Net exchange difference;
9. Reclassifications; and 10. Closing Balance

Feature II: Specify the location and the type of information

Current requirements	What could this feature do?	How does this feature respond to feedback?	Illustrations
<p>Disclosure of ‘all relevant information’ is required to be located ‘elsewhere in the financial statements.’</p>	<ul style="list-style-type: none"> • Specify a single location of the disclosure. • Specifies the relevant items of information. 	<ul style="list-style-type: none"> • It benefits investors because it results in complete and easy-to-find information that support the statement of cash flows. • It benefits companies because information in the single location could act as a ‘sign-post’ to other detailed information already provided—some duplication of information occurs, but the level of duplication is limited. 	<p>Slides 15–16</p>

Illustration of Feature II—possible proposals

Require companies to disclose information in a single location that is either:

- A. a footnote on the **same page as the statement of cash flows**; or
- B. if too many such transactions need to be disclosed, a footnote on the same page as the statement of cash flows that includes **a cross-reference** to a single note.¹

Require companies to disclose in that single location:

1. a **description** of the type of non-cash transactions, **incl. the activities** in the statement of cash flows to which they relate; and
2. the **amount** of the transactions and, if relevant, a **cross-reference** to the notes that clearly includes more information about that amount.

¹ These proposals are **similar to current requirements under US GAAP**—therefore some companies already provide information about non-cash transactions in this way.

Illustration of Feature II—an example of how a company might comply

The example on the right-hand side assumes a company has only two types of non-cash transactions and, therefore, discloses information as a footnote on the **same page as the statement of cash flows**. The footnotes are linked to **relevant activities**.

The company discloses:

1. a **description and amount** of a dividend paid in kind with no cross-reference because no other note contains more information; and
2. a **description, amount and cross reference** to the note that includes the amount of non-cash additions to assets from new leases.¹

¹ We assume this company includes information about its right-of-use assets in the same note as its property, plant and equipment. This may vary between companies.

Extracts from consolidated statement of cash flows	20X2	20X1
Cash flows from operating activities	2,314	1,906
Cash flows from investing activities	(1,985)	(1,375)
Additions to property, plant and equipment (incl. right-of-use assets) ¹	(2,377)	(1,865)
Purchase of other investments ³	(490)	(462)
Cash flows from financing activities	(500)	(488)
Dividends paid ²	(530)	(609)
Lease payments ¹	(65)	(61)
Cash and cash equivalents at the end of the reporting period	1,531	1,691
Non-cash transactions from investing and financing activities:		
<ol style="list-style-type: none"> 1. The group acquired right-of-use assets of 35 under lease contracts. See note 11 <i>Property, plant and equipment (incl. right-of-use assets)</i> for more information. 2. Dividends paid in kind in government bonds amounts to 115 (20X1 nil). 		

Feature III: Enable comparison between similar transactions

Current requirements	What should this feature do?	How does this feature respond to feedback?	Illustrations
<p>Disclosure is required to include ‘all the relevant information about these investing and financing activities.’</p>	<ul style="list-style-type: none"> Quantifies the classification effects of similar investing and financing transactions. Be clear on the likely costs and benefits of this proposal (see slide 20). 	<ul style="list-style-type: none"> Makes it easier for investors to compare and assess a company's investing and financing activities. Many stakeholders only understood the purpose of this information through discussion. If it is included in an Exposure Draft, setting out the likely costs and benefits clearly will enable more effective feedback. 	<p>Slides 18–20</p>

Illustration of Feature III—possible proposals

Require a company to numerically relate the **cash and non-cash effects (or ‘flows’)** of investing and financing transactions involving **similar items**. For example:

- the net effect of assuming debt to acquire an asset is similar to that of borrowing cash to buy the asset; and
- the net effect of converting debt to equity is similar to that of issuing equity to settle the debt.

Comparison with possible proposals for Feature II

The possible proposals for Feature II (slide 14) relates the types of non-cash transactions to the activities in the statement of cash flows.

Feature III takes a step further by **quantifying** the classification effects of similar cash and non-cash transactions.

Illustration of Feature III—examples of how a company might comply

The right-hand side of the **next slide** (slide 20) includes an example of **Note A** which illustrates how a company might comply with Feature III's version of the possible proposals.

Notes on the example

- The example **also illustrates Feature II** to show the **complete package** of information in context of the information presented in the statement of cash flows.
- The example is an **updated version** of 'Alternative 1' which we presented to you in March 2026.
- **Appendix A** of this document includes:
 - the illustration we shared before and a summary of the feedback you gave us about it; and
 - how we updated that 'Alternative 1' to address your feedback.

Feature II elements (slide 14) are circled in red

Extracts from consolidated statement of cash flows	20X2	20X1
Cash flows from 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

- 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)

- 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)*.
- The group paid dividends in cash and also in government bonds.

Feature III: Likely costs and benefits

Likely benefits

- ✓ The information makes it easier for investors to draw comparisons because the classification effects are quantified (see **slides 23–25** for an additional example that illustrates this likely benefit).
- ✓ The statement of cash flows remains focused on only cash flows—it eliminates the need for companies to make subjective judgments about transactions involving cash flows made by a third party. (See **slides 26–29** for an additional example that illustrates this benefit).
- ✓ In a single location, the disclosures provide information not easily found on the face of the primary financial statements.
- ✓ Quantifying the classification effects reduces the risk of misunderstanding more complex transactions (like supplier finance arrangements).

Likely costs

- If information is used as provided, the disclosure **reduces** costs for investors because non-cash transactions are already classified in a way similar to cash transactions.
- Most companies have only a few material non-cash transactions that they already track which **reduces** potential costs.
- Adding new tables of information **increases** implementation and audit costs for companies to provide information in a way that they do not use internally.



Questions for members

Key features of possible proposals	Questions
Feature I: Include a clear scope	1. Do you have any questions about the scope of non-cash transactions for which disclosures are required (slides 11–13)?
Feature II: Specify the location and type of information	2. To what extent do you think the possible proposals for Feature II (slides 14–16) respond to the feedback on slides 7–8?
Feature III: Show how similar transactions are classified	3. What questions or comments do you have about the likely costs and benefits of this feature on slide 21? 4. Considering the feedback on slides 7–8, to what extent do the benefits on slide 21 sufficiently justify proposing this feature in an Exposure Draft, or would Feature II suffice?

Additional Example of
Feature III—making it easier
to draw comparisons

Assumptions

- Company A and Company B had an outlay of 100 for acquisitions of businesses.
- Company A paid for its acquisition by liquidating some of its financial investments and paying cash to the vendors.
- Company B paid for its acquisition by using its surplus cash and issuing its own shares to the vendors.
- In accordance with paragraph B64(f) of IFRS 3 *Business Combinations* both companies disclose in the notes to their financial statements information about the consideration paid.

Benefits
 Feature III helps investors see the total **investing outlay of 100** regardless of the type of consideration, thereby making it easier to compare the two companies.

Analysis

Company A—cash consideration only			
Note A—information about cash and non-cash flows from investing and financing activities	Cash flows	Non-cash flows	Total flows
	Investing activities	-	-
Investment in subsidiaries ¹	(100)	-	(100)
Disposal of investments ¹	100	-	100
1. See note X for details about business combinations in the period.			

Company B—mixed consideration			
Note A—information about cash and non-cash flows from investing and financing activities	Cash flows	Non-cash flows	Total flows
	Investing activities	(10)	(90)
Investment in subsidiaries ¹	(10)	(90)	(100)
Financing activities	-	90	-
Issuing share capital ¹	-	90	-
1. See note X for details about business combinations in the period.			

Additional Example of Feature III—cash flows made by a third party

Background information

What we found

- Our initial research identified that companies currently use different approaches to report cash flows in the statement of cash flows:
 - a) **only changes in bank accounts**—some companies only report cash that enters or leaves their own bank accounts.
 - b) **also cash flows made by third parties**—others ‘gross-up’ cash flows in the statement of cash flows if a third party receives or pays cash on their behalf (like in some supplier finance arrangements). We understand they do so to provide, in their view, a more accurate picture of the company’s cash flows.

The problem

- Without specific requirements, companies and their auditors use their own judgement to distinguish between non-cash transactions (where no cash flows occur, like the inception of a lease) and cash flows made by a third party (where cash flows occur via that third party).
- This leads to **differences between companies’** statement of cash flows—making it harder for investors to compare companies with each other.

Assumptions

- **t0**—a company (the buyer) enters a supplier finance arrangement.
 - It will disclose the necessary information in accordance with paragraphs 44F–44H of IAS 7.
- **t1**—the buyer receives goods from the supplier for a price of 50 and determines the resulting liability needs to be classified as part of trade and other payables in the balance sheet.
 - This is a non-cash transaction arising from operating activities (ie, **excluded** from the disclosures under discussion).
- **t2**—the buyer reclassifies the trade payable as a short-term borrowing in the balance sheet if the invoice is included in the arrangement, to reflect the amount paid on its behalf. **The buyer then applies judgement to determine whether the increase in borrowings represents a cash flow by a third party or a non-cash financing transaction.**
- **t3**—the buyer pays the bank. This is a cash outflow classified as part of financing activities. Assume t1–t3 occurs in the **same reporting period**.



The reclassification in the balance sheet at t2 represents how some, but not all, supplier finance arrangements are accounted for. Under other arrangements, the liability remains classified as trade and other payables for which cash flows are classified as part of operating activities.

Benefits
 Feature III helps investors see the total **operating outlay of 50** for the purchase of goods regardless of the reporting method a company used in its statement of cash flows.

Analysis

Option 1: The buyer does not report a cash flow at t2

Note A—information about cash and non-cash flows from investing and financing activities	Cash flows	Non-cash flows	Total flows
Operating activities, incl.	-	(50 _{t2})	(50)
Change in working capital ¹	-	(50 _{t2})	(50)
Financing activities, incl.	(50 _{t3})	50 _{t2}	-
Borrowings ¹	(50 _{t3})	50 _{t2}	-

1. The group has an active supplier finance arrangement. See note X for details.

Option 2: The buyer reports a cash flow at t2

Note A—information about cash and non-cash flows from investing and financing activities	Cash flows	Non-cash flows	Total flows
Operating activities, incl.	(50 _{t2})	-	(50)
Change in working capital ¹	(50 _{t2})	-	(50)
Financing activities, incl.	-	-	-
Borrowings ¹ (+50 _{t2} -50 _{t3})	-	-	-

1. The group has an active supplier finance arrangement. See note X for details.

Notes:

- Option 1 shows a non-cash issuance of borrowings (ie a non-cash financing transactions) that also settles a trade payable. The latter must be shown as an operating non-cash outflow. This is not about expanding the scope of the possible proposals—instead, it ensures the correct classification of all ‘flows’ of investing and financing transactions are shown.
- Paragraphs 44F–44H of IAS 7 requires companies to disclose the extent to which payment terms have been affected by supplier finance arrangements. These requirements apply to **all** arrangements and not only those that might be subject to these proposals.

Non-cash changes in
specified assets and
liabilities that arise from
operating activities



Background

Previous meetings

- **The joint CMAC and GPF meeting in June 2025**
 - At this meeting we used working capital as a case study to ask for your views about how to better link information between the balance sheet and the statement of cash flows.
- **The March 2026 meetings of both CMAC and GPF**
 - At these meetings we asked for your views about a possible way of disclosing information about non-cash changes in trade and other receivables, inventories and trade and other payables.

Individual interviews

- We also conducted individual interviews with with 6 investors and 9 companies (including 5 GPF members) to test staff ideas about possible new disclosures.

How we used the feedback

- We refined possible proposals which we present at this joint meeting.
- **Note:** Because we think only minor changes are needed to respond to your feedback, we spend less time in this session on this topic.

Investors' feedback

The problem

- Investors said they sometimes struggle:
 1. to link changes in the balance sheet to amounts in the statement of cash flows because IFRS Accounting Standards don't require companies to reconcile these figures; and
 2. to understand how companies define working capital—IFRS also does not define working capital.
- This makes it difficult to understand how assets and liabilities that make up working capital changes over time.

What investors need

- Disaggregated information on material non-cash changes to clearly connect the balance sheet and the cash flow statement.

How they use it

- This information gives investors more confidence when forecasting future cash flows.

Companies' feedback

How companies prepare an indirect statement of cash flows¹

- Accounting systems don't track cash flows transaction-by-transaction. Instead, companies start with the balance sheet, identify non-cash changes in balances and the remaining unallocated part of the change is reported in the statement of cash flows.
- Some non-cash changes in balances are easy to track because the information is available elsewhere in the financial statements (like the reconciliation of PP&E), while others (like exchange rate and translation differences) must be estimated.

Costs

- The cost of preparing a reconciliation of working capital items depends on the company—those with more sophisticated systems will find it easier and less costly to prepare.

Benefits

- While most companies don't necessarily use information about non-cash changes in working capital for internal management, some companies find that structured reconciliations help simplify preparing a consolidated statement of cash flows, especially for complex global groups.

¹ We focus on indirect statements of cash flows in this presentation. We will use the feedback from this meeting to **perform further work on direct statement of cash flows**.

Key features of possible proposals

Considering the feedback (slides 32–33), we think possible proposals respond to that feedback if they have the following **features**:

Current requirements	What should these features do?	How does this feature respond to feedback?	Illustrations
No specific requirements	<ul style="list-style-type: none"> • Make use of reconciliations at an appropriate level of disaggregation. • Require clear cross-references to other information. • Be flexible for companies to include entity-specific information. 	<ul style="list-style-type: none"> • Reconciliations link amounts in the balance sheet and the statement of cash flows and can be based on how companies prepare its statement of cash flows. • Cross-references avoids unnecessary duplication and makes information easy to find. • Flexibility provides information about how companies define its working capital. 	Slides 35–37

Illustration of key features—possible proposals

- Require a company to disclose **reconciliations between the opening and closing balances** for assets and liabilities for which cash flows are classified as operating activities.
- The reconciliations shall be **aggregated** at the level of the **line items in the balance sheet**.
- However, the company need **not duplicate** similar information already presented elsewhere in the financial statements in accordance with IFRS Accounting Standards, provided that the information is incorporated by cross-reference. For example, information disclosed about changes in:
 - contract assets and contract liabilities in accordance with paragraph 118 of IFRS 15;
 - post-employment benefits in accordance with paragraph 140 of IAS 19; and
 - provisions in accordance with paragraph 84 of IAS 37.
- Within the reconciliations, the company makes use of totals or subtotals to clearly indicate the **composition of its working capital** (if relevant).

Illustration of key features—examples of how a company might comply

The **next slide** (slide 37) includes an example of how a company complies with the possible proposals for the key features on slide 34.

Notes on the example

- We **base** the example on the publicly available financial statements of a **basic materials company** (multi-national):
 - The company presents in its indirect statement of cash flows a line item ‘changes in working capital’ of 1,035—this amount depicts the company’s view of working capital.
 - The columns in the reconciliations in Note 1.1 are line items the balance sheet. This may vary for other companies. Other notes (2–4) include more information about the composition of these line items.
 - Other notes (5, 6.1 and 6.2) already include reconciliations of some other liabilities.
 - The main non-cash change is from foreign exchange. Other companies might have other non-cash line items like changes from business combinations, the loss of control of subsidiaries and reclassifications.
- The example includes only **minor changes** from the illustration which we presented to you in March 2026. **Appendix B** of this document includes the illustration we shared before and how we adapted that illustration to address your feedback summarised on slides 30–31.

Illustration of Feature II—an example of how a company might comply

Note 1—Changes in operating assets and liabilities	Notes	20X2
Change in inventories	1.1	806
Change in trade receivables	1.1	113
Change in other receivables	1.1	104
Change in trade payables	1.1	63
Change in other liabilities		
Contract liabilities	6.1	(17)
Change in asset retirement provision	6.2	(34)
Change in working capital		1,035
Change in provisions	5	83

Note 1.1	Notes	Inventories	Trade receivables	Other receivables	Trade payables
Opening balance		4,614	1,562	1,734	(1,931)
Exchange differences		149	89	(3)	(80)
Change in allowance accounts	9	137	2	-	-
Change in statement of cash flows		(806)	(113)	(104)	(63)
Closing balance		4,094	1,540	1,627	(2,074)
	Notes	4	2	3	



20 minutes

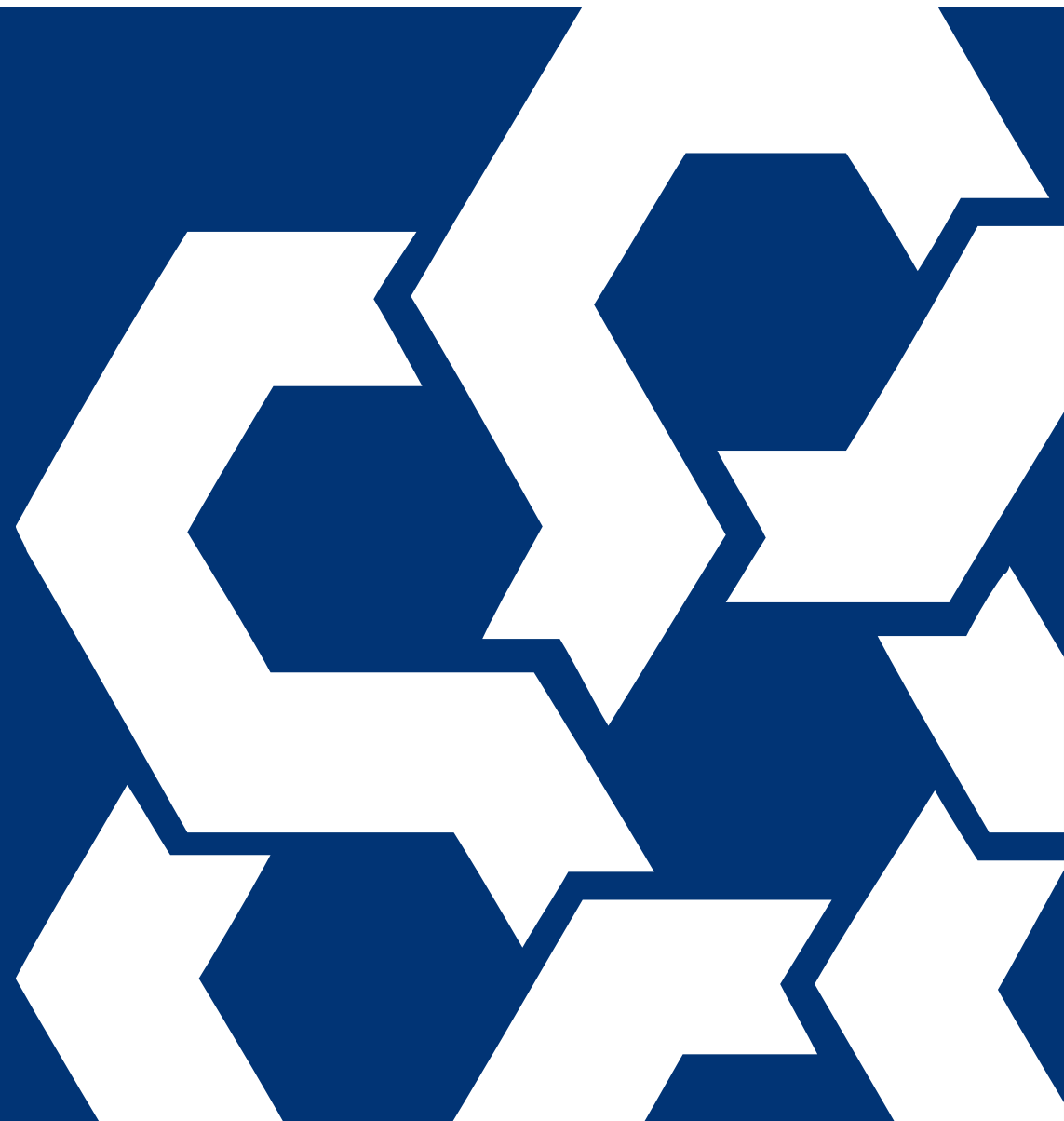
Questions for members

1. To what extent do the updated illustration (slide 37) respond to the feedback on slides 32–33?
2. What are any significant concerns you may have with us continuing to develop proposals based on the key features listed on slide 34 (and illustrated on slide 37)?

Thank you

A large, abstract geometric pattern on the right side of the slide, consisting of interconnected white and dark blue hexagonal shapes on a dark blue background.

Appendix A—Changes to 'Alternative 1'



'Alternative 1' from March 2026 and your feedback

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 equity in connection with the group's supplier finance arrangements. Note B includes more information about these arrangements.

The group also acquired CU900 of property, plant and equipment in exchange for equity. Note C includes more information about right-of-use assets.

The group expensed CU50 from its equity in connection with a share-based payment arrangement. Note D includes more information about this arrangement.

The effect of these transactions can be illustrated in the following table:

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

Purpose:
Some investors said, this is how they adjust their cash flow forecasts.

Purpose:
Other stakeholders did not understand the goal of this disclosure.

Terminology:
Labels of line items mixes cash and non-cash items and is confusing.

Redundancy:
Companies said this information is already available.

Impact:
How does non-cash investing and financing activities affect operating activities?.

Clarity:
Stakeholders asked what the "total" column represents.

How did we adapt ‘Alternative 1’ to respond to your feedback?

Changes to Alternative 1	How we think it helps
<ul style="list-style-type: none"> We changed the labels of the columns to ‘flows’ from investing and financing activities. 	<ul style="list-style-type: none"> The labels better reflect the nature of the information disclosed—the table provides in a single location a distinct piece of numerical information about the investing and financing aspects (or flows) of transactions that not easily found on the face of the primary financial statements.
<ul style="list-style-type: none"> We removed unnecessary line items from the table in the note. 	<ul style="list-style-type: none"> Removes confusion about the meaning of cash and non-cash amounts for line items that are not affected—particularly for non-cash line items if reporting operating cash flows using the indirect method.
<ul style="list-style-type: none"> We changed the labels of line items. 	<ul style="list-style-type: none"> Removes confusion about the nature of cash and of non-cash flows—the labels reflect all types of flows rather than only cash flows or only non-cash flows.

Appendix B—Changes to previous illustration of reconciliations of inventories, trade and other receivables and trade and other payables



Illustration from March 2026

B. Changes in trade and other receivables, inventories and trade and other payables

[POTENTIAL NEW NOTE]

Increase / (decrease)	Trade and other receivables	Inventories	Trade and other payables
Change reported in the statement of cash flows	1,500	-1,050	-1,740
Non-cash transactions (Note A)			-800
Obtaining control of subsidiaries	100	90	100
Impairment	-10	-140	-
Translation adjustments	15	-	-180
Other (unexplained differences)	-	10	-
Change reported in the statement of financial position	<u>1,605</u>	<u>-1,090</u>	<u>-2,620</u>

The group is party to a supplier finance arrangement that...

[\[Paragraph 44H of IAS 7\]](#)

How did we change the previous illustration to respond to your feedback?

Changes	How we think it helps
<ul style="list-style-type: none"> The columns of the reconciliations are based on the line items in the balance sheet and can vary by company. 	<ul style="list-style-type: none"> Using the line items of specified items in the balance sheet to set the level of aggregation enables linkage of the information to the balance sheet while balancing the costs of preparing more granular reconciliations.
<ul style="list-style-type: none"> The line items in the reconciliation follow the way in which a company prepares its statement of cash flows. 	<ul style="list-style-type: none"> This reduces the costs of preparing the information because companies already have processes to obtain the information in this format.
<ul style="list-style-type: none"> Requiring the company to use totals or subtotals to depict its composition of working capital. 	<ul style="list-style-type: none"> Enables communication of entity-specific information without defining ‘working capital’.
<ul style="list-style-type: none"> Requiring cross-references to reconciliations already required by other IFRS Accounting Standards. 	<ul style="list-style-type: none"> Avoids unnecessary duplication of information while making information easy to find.

Follow us online

 [ifrs.org](https://www.ifrs.org)

 [@IFRSFoundation](https://twitter.com/IFRSFoundation)

 [IFRS Foundation](https://www.youtube.com/IFRSFoundation)

 [International Accounting
Standards Board](https://www.linkedin.com/company/ifrs-foundation)