
Accounting Standards Advisory Forum

Date	March 2026
Project	Statement of Cash Flows and Related Matters
Topic	Non-cash transactions and other non-cash changes
Contacts	Dennis Deysel (ddeysel@ifrs.org) Nick Barlow (nbarlow@ifrs.org) Aida Vatrenjak (avatrenjak@ifrs.org)

This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum (ASAF). 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*.

Copyright © 2026 IFRS Foundation. All rights reserved.

Contents

	Slides
Purpose of the session	3
Project update	4
Meeting materials—overview	5
A. Information about non-cash transactions	6–12
Questions to ASAF members	11–12
B. Information about non-cash changes in specified assets and liabilities	13–18
Questions to ASAF members	17–18
C. Information about changes in liabilities from financing activities	19–24
Questions to ASAF members	24

Purpose of the session

- The IASB technical staff will provide ASAF members with a brief project update.
- The IASB technical staff will seek ASAF members' views on staff ideas for potential new disclosure requirements.
- Input received will be used by the staff to further develop these ideas for discussion with the IASB at a future meeting.

Project update

- At its January 2026 meeting the IASB decided to add the project to its standard-setting work plan, under which any consultative document it might later publish would be an exposure draft
- The decision was taken based on the IASB's key decisions for each topic:
 - to develop requirements strengthening the link between the SCF and other cash flow information—**disaggregation** (this will be strongly connected to non-cash);
 - to develop requirements to specify content and location about **non-cash transactions**, to specify types of non-cash changes that comprise working capital, and to improve reconciliation of changes in financing liabilities requiring disclosure of cash receipts, payments and related line items from the SCF;
 - to extend the MPM requirements in IFRS 18 to provide the transparency of information communicated about **cash flow measures**;
 - to explore requirements to improve **consistent application of requirements to classify cash flows** specific to acquisitions, derivatives, government grants and the general principle; and
 - to explore requirements to improve **consistent application of the definition of 'cash equivalents'**
- The IASB will also consider how changes might apply to **financial institutions**; any possible exemptions from the requirements; and any possible presentation or supplementary disclosure requirements that might enhance the usefulness of information about cash flows

Meeting materials—overview

The meeting materials are divided into 3 sections, each addressing a specific reporting problem

Financial reporting problem	Scope of Balance Sheet items	Structure of discussion in each section
A. Information about non-cash transactions	All items that are affected by such transactions	<ul style="list-style-type: none"> i. background information; ii. staff rationale when developing the illustrative disclosures; iii. illustrative disclosure; and iv. questions to ASAF members about illustrative disclosures
B. Information about non-cash changes in specified assets and liabilities	Limited to only some specified items (those related to operating assets and liabilities)	
C. Information about changes in liabilities from financing activities	Liabilities that arise from financing activities	

A. Information about non-cash transactions

i. Background information

- At its October 2025 meeting, the IASB tentatively decided to develop potential requirements that would specify the content and location of information an entity discloses about non-cash transactions. IAS 7 *Statement of Cash Flows* requires companies to disclose all the relevant information about non-cash transactions but isn't specific about where and how the information is disclosed.
- Non-cash transactions are investing and financing transactions that do not require the use of cash or cash equivalents and that are excluded from the statement of cash flows. Even though these transactions do not have a direct impact on current cash flows, they do affect the capital and asset structure of an entity. Examples of non-cash transactions are:
 - (a) purchasing an asset by borrowing directly from the seller or by entering into a lease;
 - (b) purchasing an asset by issuing shares to the seller; and
 - (c) the conversion of debt to equity.
- Non-cash transactions are different from other non-cash changes in assets or liabilities, like changes in value (e.g. impairment) or exchange differences. We consider other non-cash changes for some specified assets and liabilities in the next section of the document.

ii. Staff rationale when developing the illustrative disclosure

- We developed two alternatives of illustrative disclosures (slides 9–10) with the aim of enabling investors to understand:
 - a) a company’s non-cash transactions that arise from its investing and financing activities; and
 - b) how these transactions affect the company’s balance sheet and income statement.
- We do this by:
 - i. disclosing information about non-cash transactions in a single location—Note A.
 - ii. including narrative descriptions of these transactions that include cross-references to additional information provided elsewhere in the financial statements.
 - iii. showing the effect of non-cash transactions either: (i) in the context of cash transactions (slide 9); or (ii) in the context of the notes about the applicable items (slide 10).
 - iv. under both alternatives, presenting figures that sum the effect of cash and non-cash transactions to reveal how amounts in the statement of cash flows would appear if the non-cash transactions were treated as cash transactions.
 - v. assuming a note (or notes) containing the information on slide 15 also exist.

iii. Illustrative disclosures—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
<i>Net cash from operating activities</i>	<i>1,650</i>	<i>-850</i>	<i>800</i>
Cash flows from investing activities			
Purchase of property, plant and equipment (Note C)	-350	-900	-1,250
<i>Net cash used in investing activities</i>	<i>-520</i>	<i>-900</i>	<i>-1,420</i>
Cash flows from financing activities			
Proceeds from issue of share capital	250	50	300
Proceeds from borrowings	250	1,700	1,950
<i>Net cash used in financing activities</i>	<i>-1,060</i>	<i>1,750</i>	<i>690</i>

iii. Illustrative disclosures—Alternative 2¹

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

¹For simplicity we do not also illustrate Note Z regarding the share-based payment expense recognised for the period or notes supporting changes in equity and borrowings. Although our idea would equally apply to those notes.

iv. Questions to ASAF members about illustrative disclosures (1/2)

Topic	Questions
Population of non-cash transactions	A1. Considering the description on slide 7, is the scope of non-cash transactions that would be included in the disclosure clear? If not, what is unclear?
Location of information	A2. Which of the alternatives for disclosures of information about non-cash transactions (slides 9–10) offers better context for such information—keeping in mind the way you think this information would be accessed and used?

iv. Questions to ASAF members about illustrative disclosures (2/2)

Topic	Questions
Use of narrative descriptions and a table	<p>A3. In addition to narrative information, does it result in useful information to show in a table (illustrated on slide 9) the effect of non-cash transactions alongside (in the context of) cash transactions?</p> <p>A4. Would it provide better context to the information if the table included all line items and subtotals in the statement of cash flows, even if there were no related non-cash transactions in some of those line items?</p>

B. Information about non-cash changes in specified assets and liabilities

i. Background information

- At its October 2025 meeting, the IASB tentatively decided to develop potential requirements that would require an entity to disclose information about specified types of non-cash changes for assets and liabilities that typically make up the components of working capital.
- The specified non-cash changes are those in addition to changes that result from non-cash transactions covered in the first section of this document.
- IFRS Accounting Standards include requirements related to these types of other non-cash changes that, specifically or generally, apply to assets and liabilities that make up the components of working capital.
- However:
 - (a) the level of aggregation of the information provided to satisfy these requirements might not always enable investors to identify the effect of these changes on the assets and liabilities that make up components of working capital; and
 - (b) IFRS Accounting Standards do not specifically require an entity to provide a link to related information disclosed elsewhere in the financial statements.

ii. Staff rationale when developing the illustrative disclosures

- We developed the illustrative disclosures in this section (slide 15) with the aim of enabling investors to understand the effect of some, but possibly not all, non-cash changes other than non-cash transactions in the assets and liabilities that make up the following line items in a companies balance sheet:
 - trade and other receivables;
 - inventories; and
 - trade and other payables.¹
- We do this by:
 - a) disclosing a reconciliation from changes reported in the statement of cash flows to the change in the carrying amounts in the balance sheet;
 - b) listing specific non-cash changes;
 - c) allowing for an unexplained difference that we call ‘other’; and
 - d) assuming a note (or notes) containing the information on slide 9 (alternative 1) also exist.

¹ Paragraph 103 of IFRS18 lists these as line items presented in the balance sheet.

iii. Illustrative disclosures (Figure 1 of 1)

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]

iv. Questions to ASAF members about illustrative disclosures (1/2)

Topic	Questions
Usefulness of the table	<p>B1. Does the reconciliation on slide 16 improve transparency and accessibility about the non-cash changes in trade and other receivables, inventories and trade and other payables?</p> <p>B2. To what extent would it reduce the accessibility if the reconciliation is not located in a single note supporting the statement of cash flows but located in different notes, e.g. the notes that support the line items in the balance sheet of trade and other receivables, inventories and trade and other payables?</p>

iv. Questions to ASAF members about illustrative disclosures (2/2)

Topic	Questions
Completeness of information	<p>B3. Do you think the population of assets and liabilities (columns in the table on slide 16) sufficiently represents the company's operating assets or liabilities?</p> <p>B4. Do you think the population of non-cash changes (rows in the table on slide 16) included in the table sufficiently represents such changes?</p>

C. Information about changes in liabilities from financing activities

Background information

- IAS 7 *Statement of Cash Flows* requires companies to disclose information about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. One way for companies to provide this information is in a reconciliation table.
- We find that companies do the following:
 - disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.
 - disclose the reconciliation by type of liability. For example, we illustrate the reconciliation of borrowings and lease liabilities separately.
 - on a voluntary basis, include in the reconciliation changes in cash and cash equivalents (and other liquid assets).
- At its [October 2025](#) meeting, the IASB tentatively decided to develop potential requirements that would require an entity to disclose cash receipts, cash payments and related line items in the statement of cash flows as part of the reconciliation of changes in liabilities arising from financing activities. **Note:** at its [May 2025](#) meeting, the IASB tentatively decided it will not define ‘net debt’ or develop alternatives to a statement of cash flows.

Staff rationale when developing the illustrative disclosure

- We developed two alternatives of illustrative disclosures (slides 6–7) with the aim of enabling investors to better understand the link between the disclosure of information about changes in liabilities from financing activities and cash receipts and cash payments in the statement of cash flows.
- We do this by:
 - a) showing information about cash and non-cash changes in these liabilities either:
 - i. in a reconciliation of the opening to closing balances (slide 6); or
 - ii. in a reconciliation from cash flows from operating activities to the change in these liabilities (slide 7); and
 - b) incorporating information about changes in cash and cash equivalents as reported in the statement of cash flows to improve the linkage between the disclosure and the statement of cash flows.

Illustrative disclosures—Alternative 1

Reconciliation of liabilities arising from financing activities

	Borrowings	Lease liabilities	Total liabilities	Cash and cash eqv.	Net liabilities
Opening balance	1,140		1,140	-120	1,020
Cash flows from operating activities				-1,650	-1,650
Cash flows from investing activities				520	520
Cash flows from financing activities, which consist of:	250	-90	160	790	950
Proceeds from borrowings	250		250	-250	0
Payment of lease liabilities		-90	-90	90	0
Proceeds from issue of share capital				-250	-250
Dividends paid				1,200	1,200
Adjustment for cost of net liabilities	35	5	40	270	310
Assumed as part of business combinations (Note X)	290		290		290
Non-cash transactions (Note Y)	10	900	910		910
Closing balance	<u>1,725</u>	<u>815</u>	<u>2,540</u>	<u>-190</u>	<u>2,350</u>

Illustrative disclosures—Alternative 2

Reconciliation of liabilities arising from financing activities

	20X2	20X1
Current liabilities		
Borrowings	185	100
Lease liabilities	160	-
Non-current liabilities		
Borrowings	1,540	1,040
Lease liabilities	655	-
Liabilities from financing activities	<u>2,540</u>	<u>1,140</u>
Cash and cash equivalents	190	120
Liabilities from financing activities after cash and cash equivalents	<u>2,350</u>	<u>1,020</u>

	20X2
Cash inflow from operating activities	1,650
Cash outflow from investing activities	-520
Cash flows before financing activities	<u>1,130</u>
Proceeds from issue of share capital	250
Dividends paid	<u>-1,200</u>
Cash flows before non-cash changes in liabilities from financing activities	180
Adjustment for cost of liabilities after cash and cash equivalents	-310
Liabilities assumed as part of business combinations (Note X)	-290
Effect of non-cash transactions on liabilities (Note Y)	<u>-910</u>
Change in liabilities from financing activities after cash and cash equivalents	<u>-1,330</u>

Questions to ASAF members about illustrative disclosures

Topic	Questions
Linking information in the reconciliation to the balance sheet and the statement of cash flows	<p>C1. Do either of the possible disclosures of information about cash and non-cash changes in liabilities from financing activities (slides 22–23) provide a better link between the disclosures and the company’s balance sheet and statement of cash flows? If not, what can be improved?</p> <p>C2. Do you think more needs to be done to link information in the reconciliation between the balance sheet and the statement of cash flow?</p> <p>C3. Considering how this information might be accessed and used, do either of the possible disclosures make it easy to find the information? If not, what can be improved?</p>

Thank you!

 ifrs.org

 @IFRSFoundation

 IFRS Foundation

 International Accounting
Standards Board