
Capital Markets Advisory Committee Meeting

Date **Friday 13 March 2026**
Contact **skumar@ifrs.org**

This document summarises discussions at the meeting of the Capital Markets Advisory Committee (CMAC), a group of nominated members with extensive practical experience in analysing financial information and who are established commentators on accounting matters in their own right or through the representative bodies with which they are involved. The CMAC supports the IFRS Foundation and the International Accounting Standards Board (IASB) in their objectives, and contributes towards the development, in the public interest, of high-quality, understandable, enforceable and globally accepted IFRS Accounting Standards.

CMAC members who attended the virtual meeting:

Region	Members
Asia-Oceania	David Soh Jay Seo Kei Tsuchiya Ge Xiaobo Xiaolu Wang
Europe	Christopher Bamberry Meghan Clark Oliver Gottlieb Jacques de Greling Kenneth Lee Matthias Meitner Thomas Rahman Diego Salvador Tony Silverman Larissa van Deventer Marcel Voogd
Americas	Enitan Adebajo Paulo Cezar Aragão Deborah Taylor

Statement of Cash Flows and Related Matters (Topic 1)

1. The purpose of this session was to ask CMAC members for their views on potential new disclosures intended to improve information about:
 - (a) non-cash transactions; and
 - (b) other non-cash changes in specified assets and liabilities.

Non-cash transactions

2. To facilitate the discussion, the staff illustrated two examples of potential new disclosures of information about the non-cash investing and financing transactions in paragraphs 43 and 44 of IAS 7 *Statement of Cash Flows*. These transactions do not have a direct effect on current cash flows, but they do affect an entity's capital and asset structure.
3. The first example (Alternative 1) included narrative information about non-cash transactions and showed their effect alongside 'equivalent' cash transactions following the structure of the statement of cash flows. The second example (Alternative 2) also included narrative information but disaggregated the effect of non-cash transactions within reconciliations of the opening to closing balances of the assets and liabilities affected by these transactions.
4. Most CMAC members preferred Alternative 2 over Alternative 1 if they had to choose only one option. Some CMAC members suggested that Alternative 1 would provide incremental benefits if it could be combined with Alternative 2.
5. Some CMAC members said Alternative 1 provided useful information because the single note would enable investors to identify the entity's non-cash transactions, to ask better questions of entities about these transactions, and to compare the extent of non-cash transactions used by the same entity over time or used by different entities. One member said that the information being in a single location is less important if the information is digitally consumed.
6. A few CMAC members commented on the table in Alternative 1, specifically:
 - (a) two members said that, when forecasting cash flows, they use information about non-cash transactions in the way illustrated in the table. One of these members said that, in their analysis, they make similar adjustments to the

statement of cash flows by including, for example, the non-cash effect of the inception of leases.

(b) a few members said the amounts in the table made it easier to understand the scale of non-cash transactions compared to equivalent cash transactions.

7. CMAC members had some concerns about Alternative 1, specifically:

(a) a few members did not immediately understand what the amounts in the table represented. Some of these members found the labels of the columns and the line items confusing.

(b) a few members questioned the usefulness of the amounts in the 'Total' column if those amounts were not seen in the context of the bigger reconciliation illustrated in Alternative 2. In their view, those amounts represent a new, and undefined, concept in financial reporting.

(c) another member questioned the relevance of Alternative 1. The table appeared to show that, in isolation, the statement of cash flows is limited in providing investors with enough information to forecast an entity's cash flows.

8. Almost all CMAC members said that Alternative 2 provided useful information because it included information about non-cash transactions with other changes in balances—enabling investors to understand all the different elements that make up changes in balances presented in the statement of financial position. A few members said that Alternative 2 provided information in a way that is familiar to investors.

Other non-cash changes in specified assets and liabilities

9. To facilitate the discussion, the staff illustrated a possible way of disclosing information about non-cash changes in trade and other receivables, inventories and trade and other payables. These assets and liabilities typically make up a large portion of what entities consider to be their working capital. The possible disclosure responded to feedback that investors have difficulty understanding all the elements of the total change in the balances of these assets and liabilities reported in the statement of financial position and the statement of cash flows.

10. Almost all members agreed that having information about non-cash changes in these assets and liabilities would improve the understandability of amounts presented in

the statement of financial position. A few CMAC members said that having this information in a single location would improve the accessibility of such information.

11. Considering the population of the assets and liabilities included in the possible disclosure:
 - (a) some CMAC members said that it would be necessary to include contract assets and contract liabilities (as defined in IFRS 15 Revenue from Contracts with Customers);
 - (b) a few members said that a different population might be necessary for entities in industries other than manufacturing and retail (for example, some industries might include significant prepayments as working capital);
 - (c) a few members commented that if other receivables and other payables represent material components of 'trade and other receivables' and 'trade and other payables', it might be necessary to disaggregate the information about those other items;
 - (d) one member suggested that each entity first determine what it considers to be working capital and then identify the appropriate assets and liabilities about which to disclose information; and
 - (e) one member said that disaggregation by operating segment would provide more useful information.

12. Considering the reconciling line items in the example:
 - (a) many CMAC members said that having a line item for 'other' would not, in itself, be problematic. Such a line item would raise concerns if the amount was bigger than any of the other line items or included significant offsetting amounts.
 - (b) one member said that it would be necessary to specify as a line item adjustments to these balances that arise from applying IAS 29 Financial Reporting in Hyperinflationary Economies.
 - (c) another member said that, in their jurisdiction, entities prepare their statement of cash flows using the direct method—more information about the line item 'cash flows for other working capital items' would be necessary to improve transparency and understandability.

Next steps

13. The staff will use this feedback when developing agenda papers for future IASB meetings.

Post-implementation Review of IFRS 9—Hedge Accounting

1. The purpose of this session was to seek CMAC members' views on the implementation and application of the hedge accounting requirements in IFRS 9 *Financial Instruments* and the related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The session was part of the IASB's post-implementation review of the IFRS 9 hedge accounting requirements.
2. The staff asked CMAC members:
 - (a) whether the additional disclosure requirements in IFRS 7 help users understand an entity's risk management strategy;
 - (b) whether CMAC members need any information related to hedge accounting for their analyses that entities are currently not required to disclose;
 - (c) whether any of the disclosures related to hedge accounting are not useful for members' analysis; and
 - (d) whether the benefits to users arising from entities applying the amended disclosure requirements in IFRS 7 are significantly lower than expected.

Summary of the feedback

Usefulness of hedge accounting disclosures required by IFRS 7

3. CMAC members said that the amended IFRS 7 disclosure requirements for hedge accounting improved users' understanding of an entity's hedge accounting activities. Members said that the previous disclosure requirements had focused more on disclosing information on the technical aspects of hedge accounting.
4. CMAC members said they use the disclosed information to understand:
 - (a) an entity's risk exposure and risk management strategy;
 - (b) the carrying amount of an entity's derivatives and the gains and losses on those derivatives from one reporting period to another;
 - (c) an entity's rebalancing of its hedging relationships; and
 - (d) the effectiveness of an entity's hedging relationships.

5. However, some CMAC members said that the information provided by entities varies in level of detail provided and that the information is sometimes too aggregated. For example, information about hedge ineffectiveness is often not separately presented or disclosed. One CMAC member said they find it difficult to understand how quantitative amounts disclosed relate to an entity's risk management strategy, particularly for foreign currency risk. The member also said that information provided in management commentary is often more useful for users.

Need for additional information on hedge accounting

6. Some CMAC members said having more information on rebalancing or terminating hedging relationships would be useful. One CMAC member said they need more information, particularly for entities in the insurance industry, on:
 - (a) why hedging relationships are not entirely effective, given that hedge ineffectiveness can cause volatility in the statement of profit or loss; and
 - (b) whether the ineffectiveness is temporary, structural or sensitive to assumptions.

Other comments

7. One CMAC member said that some entities supplement hedge accounting information with information on the combined gains and losses on derivatives and the related underlying transactions, allowing users to better understand entities' view of their hedging activities.
8. One CMAC member said that historical hedge accounting information is less useful for forecasting than forward-looking information on an entity's risk management strategy (for example, the duration of hedges, the entity's approach to renewing hedges and the extent to which exposures are hedged).

Next steps

9. The IASB will consider the feedback received from CMAC members when developing a Request for Information for public consultation later in 2026.

Statement of Cash Flows and Related Matters (Topic 2)

1. The purpose of this session was to ask CMAC members for their views on possible improvements to the requirements for:

- (a) classifying cash flows from derivatives and receipts of government grants;
and
- (b) disclosing information about changes in liabilities from financing activities.

Classification of cash flows from derivatives

2. To facilitate the discussion, the staff presented two potential approaches to improve the consistency of classifying cash flows from derivatives. The requirements could:
 - (a) specify that cash flows from derivatives used as an economic hedge are classified in the same category as the cash flows of the underlying items whose identified risks are being managed; or
 - (b) specify that cash flows from derivatives used as an economic hedge are classified in the operating category.
3. A few CMAC members expressed support for the first approach for the reasons given in the staff presentation. These members also provided comments on disaggregating cash flows related to derivatives, including that:
 - (a) enough detail would be necessary, but detail at the level of individual financial instruments might not be;
 - (b) examples—such as those setting out disaggregation by class or portfolio of derivatives—might be helpful to elicit feedback; and
 - (c) the IASB would need to consider the costs for preparers of providing the information.
4. One CMAC member expressed a preference for the second approach because it might make it easier to see the overall cash effect of hedging activities.

Classification of cash flows from receipts of government grants

5. To facilitate the discussion, the staff presented two potential approaches to improve the consistency of classifying receipts of government grants. The requirements could:
 - (a) specify that receipts of government grants are classified in the same category as the cash flows of the underlying asset, liability or expense to which the grant relates; or
 - (b) specify that cash flows from receipts of government grants are classified in the operating category.

6. All CMAC members that commented on this question expressed a preference for the first potential approach for the reasons given in the staff presentation. Many of these members said that if the IASB decides to specify one category for classifying receipts of government grants, they would prefer it to be the operating category, whereas some members said they would prefer it to be the financing category.
7. A few members said they view government grants as non-recurring items and, therefore, they would like to see those items disaggregated in the statement of cash flows. One member said it would be helpful to disaggregate cash flows from receipts of government grants that relate to discontinued operations.

Improving information about changes in liabilities from financing activities

8. To facilitate the discussion, the staff illustrated two examples of disclosing changes in liabilities from financing activities. IAS 7 requires disclosure of these changes, but feedback suggests investors find it difficult to link the disclosures with the amounts presented in the primary financial statements, particularly the statement of cash flows.
9. The first example (Alternative 1) reconciled the opening balance to the closing balance of an entity's liabilities from financing activities, disaggregated by the nature of the liabilities (for example, borrowings and lease liabilities), and included a reconciliation of the entity's cash and cash equivalents. The second example (Alternative 2) reconciled the cash flows from operating activities reported in the statement of cash flows to the net change in liabilities from financing activities, minus the change in cash and cash equivalents.
10. A few CMAC members preferred Alternative 1 because:
 - (a) the format is systematic and easier to understand compared to Alternative 2.
 - (b) the way the information is provided facilitates a better link with the statement of financial position and the statement of cash flows. This member noted that borrowings and lease liabilities are presented separately, as illustrated, reflecting their different economic characteristics.
 - (c) the inclusion of changes in cash and cash equivalents aligns with the measure of 'net debt' used by entities in the UK.

Next steps

11. The staff will use this feedback when developing agenda papers for future IASB meetings.

