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## IASB<sup>®</sup> meeting

Date	<b>May 2026</b>
Project	<b>Statement of Cash Flows and Related Matters</b>
Topic	<b>Changes in liabilities arising from financing activities</b>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

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## Objective of this paper

1. At its [October 2025](#) meeting, the International Accounting Standards Board (IASB) tentatively decided to develop potential requirements to improve the linkage between the disclosure of changes in liabilities arising from financing activities and the statement of cash flows.
2. The objective of this paper is to discuss the stakeholder feedback and ask the IASB whether it agrees with our recommendations following from the October 2025 decision.
3. In [May 2025](#), the IASB tentatively decided to consider improvements to the statement of cash flows generally before deciding how any changes should apply to financial institutions. This paper therefore looks at possible general requirements, which could be adapted for financial institutions later.

## Summary of staff recommendations

4. We recommend that the IASB:
  - (a) clarifies the disclosure objective in paragraph 44A of IAS 7 *Statement of Cash Flows* by referring to an investor's ability to link information disclosed about

- changes in liabilities arising from financing activities to the statement of financial position and the statement of cash flows;
- (b) requires an entity to satisfy the disclosure objective by:
    - (i) providing the information about changes in these liabilities using a reconciliation between the opening and closing balances in the statement of financial position; and
    - (ii) disaggregating the opening and closing balances in (i) by considering the line items of those liabilities in the statement of financial position and the items of those liabilities disclosed in the notes; and
  - (c) does not require an entity that discloses changes in liabilities arising from financing activities to disclose information about changes in additional assets and liabilities (for example, cash and cash equivalents).

## Structure of this paper

- 5. This paper is structured as follows:
  - (a) background (paragraphs 8–33); and
  - (b) staff analysis and questions for the IASB (paragraphs 34–61).
- 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 changes to paragraph 44A of IAS 7.

## Background

- 7. In this background section we provide information about:
  - (a) disclosure requirements about changes in liabilities arising from financing activities (paragraphs 8–15);

- (b) improving consistent application of financing liabilities disclosures (paragraphs 16–17);
- (c) guidance for developing and drafting disclosure requirements (paragraphs 18–19);
- (d) IASB tentative decisions (paragraphs 20–22); and
- (e) Work after the IASB’s tentative decision (paragraphs 23–33).

***Disclosure requirements about changes in liabilities arising from financing activities***

8. The IASB issued [Disclosure Initiative \(Amendments to IAS 7\)](#) (amendments) requiring entities to disclose information about cash and non-cash changes in liabilities arising from financing activities (financing liabilities).
9. Paragraph 44A of IAS 7 includes the disclosure objective: ‘[a]n entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.’ Paragraph 44B of IAS 7 lists the types of cash and non-cash changes an entity is required to disclose.
10. The amendments respond to requests from users of financial statements (investors) to improve disclosures about an entity’s debt or net debt. Paragraph BC10 of the Basis for Conclusions on IAS 7 explains that investors use a reconciliation of net debt at the beginning and end of the period in their analysis of the entity to check their understanding of the entity’s cash flows, improving their confidence in forecasting the entity’s future cash flows. A reconciliation also provides information about the entity’s sources of finance, how those sources have been used over time and the entity’s exposure to risks associated with that financing.

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### *Scope of the amendments*

11. Paragraph 44C of IAS 7 requires disclosures for liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.<sup>1</sup> The IASB used the definition of ‘financing activities’ in paragraph 6 of IAS 7 to scope the disclosures instead of defining debt or net debt. At the time, the IASB was of the view that finding a commonly agreed definition of debt would be difficult and that attempts to find a definition could delay the project.<sup>2</sup>

### *Format of the information*

12. Paragraph 44D of IAS 7 states that a reconciliation of the amounts in the opening and closing statement of financial position for financing liabilities is one way to provide the information, but it is not required. The IASB originally proposed requiring such a reconciliation.<sup>3</sup> However, financial institutions stated in their feedback that the proposals would provide little or no relevant information to users of their financial statements.

### ***Linking items in the reconciliation to amounts in the statement of financial position and statement of cash flows***

13. Paragraph 44D of IAS 7 states that if an entity discloses the abovementioned reconciliation, the entity shall provide sufficient information to enable investors to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

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<sup>1</sup> In addition, the disclosure requirement in paragraph 44A of IAS 7 *Statement of Cash Flows* also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

<sup>2</sup> See paragraph BC5 of the Basis for Conclusions on the [Exposure Draft: Disclosure Initiative \(Proposed Amendments to IAS 7\)](#). Later, in its [Primary Financial Statements](#) project, the International Accounting Standards Board (IASB) proposed in the 2019 [Exposure Draft General Presentation and Disclosures](#) to define ‘borrowings’ used in the definition of financing activities in IAS 7. After considering feedback, the IASB decided in [May 2021](#) not to add that definition to IAS 7. Instead, it chose a simpler, clearer approach that addressed the three purposes of the proposed definition separately. This led to the requirements in paragraphs 59–66 of IFRS 18 *Presentation and Disclosure in Financial Statements*.

<sup>3</sup> See paragraph BC6 of the Basis for Conclusion on the [Exposure Draft: Disclosure Initiative \(Proposed Amendments to IAS 7\)](#).

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*Entity-specific additional information*

14. Entities might provide information about their cash and debt management different to what IAS 7 requires. For example, entities might:<sup>4</sup>
- (a) disclose changes in net debt—that is, add changes in assets (like cash and cash equivalents and other liquid assets) to the required information; and
  - (b) include items they see as funding sources, even if IAS 7 does not require them (for example, pension liabilities), or separately show items they do not view as financing (for example, lease liabilities).
15. The IASB did not intend to prevent entities from providing information required by IAS 7 in a format that combines it with information about changes in other assets and liabilities. To ensure investors can identify the information required by IAS 7, paragraph 44E of that Standard states that if an entity provides the disclosure required by IAS 7 in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in financing liabilities separately from changes in those other assets and liabilities.

*Improving consistent application of financing liabilities disclosures*

16. To support consistent application of the amendments, IASB member, Nick Anderson, wrote an article, [Changes in financing liabilities—what does good disclosure look like?](#) (article). The IFRS Interpretations Committee (the Committee) later published an Agenda Decision [Disclosure of Changes in Liabilities Arising from Financing Activities](#) (agenda decision).<sup>5</sup>
17. Both documents mainly covered:
- (a) linking items in the disclosure to amounts in the statement of financial position and the statement of cash flows;

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<sup>4</sup> See paragraph BC20 of the Basis for Conclusions on IAS 7.

<sup>5</sup> At its [January 2026](#) meeting, the IASB agreed to update the Agenda Decision. The updates replace references to IAS 1 *Presentation of Financial Statements* with references to the new or amended requirements in IFRS 18.

- (b) how much detail to provide about:
  - (i) the types of financing liabilities; and
  - (ii) changes in those liabilities, including cash and non-cash changes; and
- (c) entity-specific additional information.

### ***Guidance for developing and drafting disclosure requirements***

18. The amendments were developed before the IASB issued its March 2023 [\*Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards\*](#).<sup>6</sup>
19. Paragraph 16 of the guidance says that to enable entities to make effective materiality judgements, the IASB, when drafting disclosure requirements, will typically:
  - (a) include an overall disclosure objective that provides context of the overall investor information needs to enable an entity to make materiality judgements and apply the requirements about specific disclosure objectives and items of information;
  - (b) require an entity to comply with specific disclosure objectives;
  - (c) support each specific disclosure objective with explanations of investor assessments that rely on information an entity would disclose in satisfying the specific disclosure objective; and
  - (d) link a specific disclosure objective with items of information that an entity is required to disclose to satisfy that specific disclosure objective.

### ***IASB tentative decisions***

20. Despite the abovementioned work to support consistent application, feedback in our initial research in this project was that investors still find it difficult to link items in

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<sup>6</sup> This guidance was developed upon finalisation of the project, [Disclosure Initiative—Targeted Standards-level Review of Disclosures](#).

the disclosure to amounts in the statement of financial position and the statement of cash flows.

21. Our initial research showed that this is the case because entities apply the requirement in IAS 7 paragraph 44D (see paragraph 13) in different ways when linking items in the disclosure to those statements. Reviewing a sample of financial statements, we found it difficult to link items in the disclosure to the amounts in the statement of cash flows, though not to the statement of financial position. Work from a national standard-setter supported this finding. (Paragraphs 59–71 of [Agenda Paper 20A](#) of the October 2025 meeting of the IASB includes more details about our initial research.)
22. Consequently, in [October 2025](#) 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 financing liabilities (tentative decision).

### ***Work after the IASB's tentative decision***

23. After October 2025, we:
  - (a) conducted individual interviews with 6 investors (from multiple jurisdictions) and 4 companies (mainly from Europe) to test staff ideas about possible improved disclosures for financing liabilities—we used the feedback to develop material for our consultative groups; and
  - (b) asked members of the [Capital Markets Advisory Committee \(CMAC\)](#), [Global Preparers Forum \(GPF\)](#) and [Accounting Standards Advisory Forum \(ASAF\)](#) during March 2026 for their views about our staff ideas.
24. To facilitate the discussions with consultative groups, we illustrated two examples of disclosures of changes in financing liabilities for an entity that is not a financial institution. We developed the examples with the aim of satisfying the tentative decision—that is, enabling investors to better link the items disclosed and the amounts of cash receipts and cash payments in the statement of cash flows.

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25. In the light of our initial research findings about existing disclosure practices, we included changes in cash and cash equivalents as reported in the statement of cash flows as one way for an entity to improve this link. We thought such a way of addressing the tentative decision might also provide a baseline for entity-specific information about debt or net debt. The examples showed two ways of including changes in cash and cash equivalents:
- (a) the first example (Alternative 1) reconciled the opening balance to the closing balance of an entity's financing liabilities, disaggregated by the nature of the liabilities (for example, borrowings and lease liabilities), and included a reconciliation of the opening and closing balances in the statement of financial position for cash and cash equivalents; and
  - (b) the second example (Alternative 2) reconciled the cash flows from operating activities reported in the statement of cash flows to the net change in financing liabilities, minus the change in cash and cash equivalents. We understand that entities make use of this (or a similar) format to reconcile cash flows from operating activities in accordance with IAS 7 with an entity-specific measure of free cash flow from operations and changes in net debt.
26. Appendix A includes the examples we shared with our consultative groups.

### *Feedback*

27. Feedback about our ideas was mixed, but the main themes were:
- (a) format of the information (paragraphs 28–29);
  - (b) linking items in the disclosure to amounts in the financial statements (paragraph 30);
  - (c) how much detail to provide (paragraphs 31–32); and
  - (d) including changes in cash and cash equivalents as a baseline for entity-specific information (paragraph 33).

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***Format of the information***

28. Many members (from all consultative groups) preferred Alternative 1 because a reconciliation between the opening and closing balances in the statement of financial position was seen as:
- (a) more systematic and easier to understand;
  - (b) better at showing not only the links to the statement cash flows but also the statement of financial position;
  - (c) more detailed and clear, especially when different items are shown separately; and
  - (d) a familiar format for both preparers and investors that entities already use—not only for changes in financing liabilities but also for other items in the financial statements.
29. A few GPF members preferred Alternative 2, saying they already provide the information in this way because it is closer to how management views its cash and debt positions—in their view, investors may therefore find that format more useful.

***Linking items in disclosures to amounts in the financial statements***

30. GPF and ASAF members said the examples need to include:
- (a) more cross-references to other notes; and
  - (b) consistent terminology to line items in the primary financial statements and items disclosed in the notes.

***How much detail to provide***

31. Although the focus of the examples was to link items disclosed to the statement of cash flows, a few CMAC members said the information in a reconciliation is useful if entities separate types of liabilities, for example separating lease liabilities from borrowings and separating current and non-current liabilities.
32. GPF and ASAF members also said our examples need to include:

- (a) more detail about non-cash changes, such as new leases, interest accruals and exchange differences; and
- (b) if an entity discloses net debt, clearer information about which items management included in their measure of net debt.

***Including changes in cash and cash equivalents as a baseline for entity-specific information***

33. Views were mixed on whether to include a reconciliation between the opening and closing balances in the statement of financial position for cash and cash equivalents:
- (a) some members (from all stakeholder groups) said it is not very useful unless it reflects management's own view of net debt;
  - (b) a few GPF and ASAF members supported including cash and cash equivalents because it aligns with how some entities present net debt—a few ASAF members said Alternative 1 gives a good comparative starting point that entities would be able to adapt to their own view of net debt;
  - (c) a few members (from all consultative groups) said that the changes illustrated in both the examples:
    - (i) may not add much new information;
    - (ii) can appear to be a mechanical calculation, especially when simply adding changes in cash and cash equivalents to changes in financing liabilities;
    - (iii) might require additional changes to align with management's view of net debt, for example excluding restricted cash and cash equivalents or adding other liquid assets; and
    - (iv) may duplicate information already found in the statement of cash flow or the notes; and

- (d) a few ASAF members were concerned that the net amount could be misleading if net debt is not clearly defined—some of these members said that a standard definition of net debt would improve usefulness and comparability.

## Staff analysis

### *Introduction*

34. We consider how requirements for the disclosure of information about changes in financing liabilities could be improved in line with the IASB’s tentative decision. In doing so, we also aim to keep the benefits of earlier work to support consistent application—and where possible include in any new or amended requirements.
35. We structure our analysis of how to improve IAS 7 in line with the tentative decision based on recurring themes from the background (paragraphs 8–33):
- (a) linking items in the disclosure to amounts in the statement of financial position and the statement of cash flows (paragraphs 36–40);
  - (b) how much detail to provide, including the format of the information (paragraphs 41–57); and
  - (c) entity-specific additional information (paragraphs 58–61).

### *Linking items in the disclosure to amounts in the statement of financial position and the statement of cash flows*

36. The article, agenda decision and tentative decision evidence the importance of how entities enable investors to link items in the disclosure about changes in financing liabilities to amounts in the statement of financial position and the statement of cash flows. Members of all our consultative groups said this link remains important when considering possible disclosure improvements.

37. Paragraph 44A of IAS 7 includes the disclosure objective (paragraph 9). However, this paragraph does not clearly state that investors should be able to link items disclosed to amounts in the statement of financial position and the statement of cash flows. Providing that link is a conditional requirement in paragraph 44D (paragraph 13).
38. Because investors' ability to link items disclosed with amounts in the two statements has continuously been highlighted as an important investor need, considering the guidance for developing disclosure requirements (paragraphs 18–19), we think stating this investor need as a specific disclosure objective of the overall objective would better explain how the requirements—including possible changes discussed in this paper—respond to investor information needs.
39. We think such an amendment would clarify the existing overall disclosure objective in paragraph 44A of IAS 7 and not add a new one. Paragraph BC10 of the Basis for Conclusions on IAS 7 already explains that the disclosures are meant to provide a reconciliation between the statement of financial position and the statement of cash flows (paragraph BC10(a)-(b)) while also providing information about the types of changes in an entity's sources of finance (paragraph BC10(c)–(d)). Table 1 in Appendix B includes an example of how the overall disclosure objective in paragraph 44A might be clarified using specific disclosure objectives based on the words in paragraph BC10 of the Basis for Conclusions on IAS 7.

#### *Staff recommendation*

40. We recommend the IASB clarifies the disclosure objective in paragraph 44A of IAS 7 by referring to an investor's ability to link information disclosed about changes in liabilities arising from financing activities to the statement of financial position and the statement of cash flows.

#### Question for the IASB

1. Does the IASB agree with the staff recommendations in paragraph 40?

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***How much detail to provide***

41. The IASB already tentatively decided to require entities to disaggregate changes from financing cash flows into cash receipts and cash payments shown in the statement of cash flows (paragraphs 20–22). We reviewed paragraphs 44B–44E of IAS 7 to consider the best ways to achieve that decision, and, if the IASB agrees with our recommendation in paragraph 40 this would provide specific requirements to support the disclosure objectives (paragraphs 18–19).

***Format of the disclosure***

42. In paragraphs 69–70 of [Agenda Paper 20A](#) of the IASB’s October 2025 meeting, we considered whether the IASB needs to require non-financial institutions to disclose changes in financing liabilities using a reconciliation between the opening and closing balances in the statement of financial position. At that time, our research did not support the need for such a requirement—even though not required, we found that all non-financial institutions in the sample of financial statements we reviewed used such a reconciliation.
43. However, the feedback we received through our work after October 2025 evidences that, for entities that are not financial institutions, many members from all types of stakeholders view a reconciliation between the opening and closing balances in the statement of financial position for financing liabilities as the most effective communication tool (see the reasons summarised in paragraph 28). Consequently, we reconsider whether the IASB needs to require entities to provide such a reconciliation.
44. We think a reconciliation between the opening and closing balances of financing liabilities is the most efficient format of the information for an entity to satisfy the disclosure objectives in paragraph 39. This is because this format accommodates the two dimensions that enable entities to satisfy the disclosure objectives:
- (a) *the types of changes in financing liabilities*—an entity can link cash changes to amounts in the statement of cash flows in line with the tentative decision and

add cross-references to non-cash changes that link to other notes that might include additional information about those changes; and

- (b) *the types of financing liabilities*—an entity can link the types of liabilities to the amounts in the statement of financial position and amounts in the supporting notes.

45. Concerns about the IASB previously requiring a reconciliation mainly came from financial institutions (paragraphs BC17–BC19 of the Basis for Conclusions on IAS 7). Because the IASB plans to consider the statement of cash flow for financial institutions separately (paragraph 3), we think the question of whether those entities need to be exempt from preparing a reconciliation should be considered when the IASB discusses how the tentative decisions from this meeting apply to financial institutions.

#### *An appropriate level of disaggregation*

46. Feedback from our consultative groups indicates that a reconciliation provides useful information if it is well-prepared and sufficiently detailed (see comments summarised in paragraphs 30–32). This feedback is not new. Both the article and the agenda decision (paragraphs 16–17) explain that the appropriate level of disaggregation and labelling of a reconciliation is important because:
- (a) it will enable investors to link items in the reconciliation to other areas of the financial statements; and
  - (b) if information is not sufficiently granular, an investor’s understanding of a company’s cash flows and sources of finance will be impaired.
47. We note that both the article and agenda decision referred to the general requirements of aggregation and materiality in IAS 1 *Presentation of Financial Statements* to enable entities to determine the appropriate level of disaggregation. IFRS 18 *Presentation and Disclosure in Financial Statements* replaces IAS 1 and includes new requirements about aggregation and disaggregation. Notably, IFRS 18:

- (a) establishes roles for the primary financial statements and the notes;
  - (b) requires entities to consider the characteristics of items (like its nature, function and measurement basis) to determine the appropriate level of disaggregation; and
  - (c) requires an entity to label and describe items presented in the primary financial statements (that is, totals, subtotals and line items) or items disclosed in the notes in a way that faithfully represents the characteristics of the item.
48. We next consider whether more specific disaggregation requirements than those included in IFRS 18 would better link a reconciliation mentioned in paragraph 44 to amounts in the statement of financial position and the statement of cash flows.

***Dimension 1—the types of changes in financing liabilities***

49. Regarding the dimension in paragraph 44(a) (the types of changes in liabilities), we do not recommend that the IASB adds additional specific disaggregation requirements, because:
- (a) paragraph 44B of IAS 7 already lists types of cash and non-cash changes that an entity is required to separately disclose.
  - (b) the tentative decision (paragraphs 20–22) specifies a level of disaggregation for changes from financing cash flows in paragraph 44B(a) of IAS 7—that is, separately show the major classes of gross cash receipts and gross cash payments presented in the statement of cash flows in accordance with paragraph 21 of IAS 7.
  - (c) 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 that arise from investing and financing activities—any such specifications would improve information about these types of non-cash changes in financing liabilities.
  - (d) for other non-cash changes in paragraph 44B(b)–(e) of IAS 7, we think the level of disaggregation already specified is sufficient. We base this conclusion

on our work documented in paragraphs 49–58 of [Agenda Paper 20A](#) of the IASB’s October 2025 meeting where we considered for other parts of this project the types of non-cash changes in assets and liabilities investors want information about.

50. Even though we think the list in paragraph 44B of IAS 7 already requires an adequate level of disaggregation, we think that as part of drafting any due process document, the IASB might want to consider the way in which paragraph 44B(b)–(e) of IAS 7 relate to terminology used in other IFRS Accounting Standards and whether drafting can improve the understandability of those requirements. For example, ‘other changes’ in paragraph 44B(e) of IAS 7 might include a cross-reference to changes in accounting policy, retrospective restatements or reclassifications (paragraphs 33–40 of IFRS 18).

***Dimension 2—the types of financing liabilities***

51. Regarding the dimension in paragraph 44(b) (the types of liabilities), we recommend that the IASB adds additional specific disaggregation requirements. We explain why in paragraphs 52–54 and suggest a way to do this in paragraphs 55–56.
52. IAS 7 does not specify a level of disaggregation for the types of financing liabilities. In accordance with the disclosure objectives in paragraph 39 and the general requirements in IFRS 18 as stated in paragraph 47, we think an entity might provide a link of the opening and closing balances in the reconciliation to amounts in the statement of financial position in different ways, for example by:
- (a) providing a reconciliation based on the characteristics of the liabilities which—depending on the materiality of the information about the liabilities—might be aggregated by the line items of those liabilities in the statement of financial position or by the items of those liabilities disclosed in the notes (see Diagram 1 in Appendix A—Alternative 1 includes an example of this way of providing the link);

- (b) quantitatively explaining how the opening and closing balances in a more aggregated reconciliation relate to line items in the statement of financial position (see Diagram 2 in Appendix A—Alternative 2 includes an example of this way of providing the link); or
  - (c) in accordance with paragraph 114 of IFRS 18, qualitatively disclose the line item(s) in statement of financial position in which the more aggregated opening and closing balances are included.
53. We acknowledge that in paragraph 47 of [Agenda Paper 20C](#) of the IASB’s March 2025 meeting, we reported that of our sample of 25 non-financial institutions, entities already provided the reconciliation by type of financing liabilities (such as borrowings, bonds and lease liabilities). We found that items shown in the reconciliation (other than derivatives) would usually be linked to the line item in the statement of financial position directly from the reconciliation table or using other information provided in the notes. Consequently, in paragraphs 66–71 of [Agenda Paper 20A](#) of the IASB’s October 2025 meeting, we focused on recommending changes to address an investor’s ability to link items in the disclosure to amounts in the statement of cash flows.
54. However, in paragraph 66 of Agenda Paper 20A we reported that our research provided evidence that investors struggle to link items disclosed to the amounts in the statement of cash flows because entities satisfy paragraph 44D of IAS 7 in different ways. Even though we were able to establish the link between the disclosures and the statement of financial position in our review of financial statements, we still identified different ways in which entities provided the link—that is, either directly from the reconciliation or through other notes. Consequently, because we think entities would be able to satisfy the disclosure objectives using a reconciliation in different ways (paragraph 52), we think there might be marginal benefit of improved comparability for the IASB to specify the level of disaggregation of the types of financing liabilities in the reconciliation.

55. Considering the feedback from our consultative groups summarised in paragraphs 30–31 when asked about a reconciliation shown as Alternative 1 (Table 1 in Appendix A), we think the approach in paragraph 52(a) would best satisfy the disclosure objectives because it provides sufficient granular information for investors to link the opening and closing balances of financing liabilities to the amounts in the statement of financial position while also enabling them to understand the entity’s different sources of finance and the risks arising from them.
56. We think requiring such a level of disaggregation for the types of financing liabilities would be feasible. In the [Exposure Draft: Disclosure Initiative \(Proposed Amendments to IAS 7\)](#) the IASB proposed to require a reconciliation for [emphasis added]: ‘*each item* for which cash flows have been, or would be, classified as financing activities in the statement of cash flows, excluding equity items’—that is, the reconciliation would have been separately provided for each type of item, for example, lease liabilities. At that time, the IASB undertook work to assess the costs and benefits of its proposals. Feedback on the proposals summarised in [Agenda Paper 11A](#) of the IASB’s June 2015 meeting did not include evidence that changed the IASB’s assessment. In our work after October 2025 presenting such a reconciliation as Alternative 1, we also did not identify new information that would change the IASB’s cost-benefit assessment—in fact, GPF members said entities might provide more information than what we illustrated.

*Staff recommendation*

57. We recommend that the IASB requires an entity to satisfy the specific disclosure objectives in paragraph 39 by:
- (a) providing information about changes in financing liabilities using a reconciliation between the opening and closing balances in the statement of financial position; and

- (b) disaggregating the opening and closing balances in (a) by considering the line items of those liabilities in the statement of financial position and the items of those liabilities disclosed in the notes.

**Question for the IASB**

2. Does the IASB agree with the staff recommendations in paragraph 57?

***Entity-specific additional information***

58. The examples of disclosures we shared with our consultative groups showed two possible ways an entity could apply the IASB's tentative decision, based on current disclosure practice (see Appendix A). As noted in paragraph 25, we included changes in cash and cash equivalents from the statement of cash flows because this could also provide a comparable baseline for entity-specific information about free cash flow from operations and debt or net debt. We also thought these formats would not be costly to prepare because the information is already available.
59. At its [May 2025](#) meeting, the IASB tentatively decided that in this project it will not define the measures free cash flows or net debt. At that meeting a few IASB members also noted that as we progress on the project we need to consider to what extent new requirements could also benefit preparers—that is, move requirements closer to the information management already uses internally for cash and debt management.
60. As we note in paragraphs 27–33, feedback about our ideas was mixed. Considering the feedback, we think adding more requirements to paragraphs 44A–44E of IAS 7 might not be the most efficient standard-setting solution to establish a comparable baseline for entity-specific information, because:
- (a) IAS 7 already permits entities to add entity-specific information to the required disclosures if the required information is complete and separately identifiable (paragraph 15).

- (b) even though there are some commonalities in how entities view net debt, entities already adjust liabilities from financing activities when communicating their view of net debt (see paragraph 14). Adding changes in other assets or liabilities to the required disclosures (like cash and cash equivalent) will most likely lead to more adjustments and not less. For example, entities might exclude restricted cash and cash equivalents or add other liquid assets (paragraph 33(c)(iii)).
- (c) adding changes in cash and cash equivalents to the reconciliation and then calculating a net total column is a simple mathematical calculation using the amounts presented on the statement of cash flows and disclosed in the notes (paragraph 33(c)(ii)).
- (d) our research to date has not identified that investors struggle to find the necessary information about changes in cash and cash equivalents and other liquid assets in the financial statements. Adding requirements might, therefore, not have additional benefits to investors (paragraph 33(c)(i)).
- (e) the IASB has made (and will continue to make) tentative decisions to extend the requirements for management-defined performance measures (MPMs) in IFRS 18 to also apply to measures relating to the statement of cash flows not specified in IFRS Accounting Standards. (The decisions to date are summarised in Appendix A of Agenda Paper 20 of this meeting.)

*Staff recommendation*

61. We recommend that the IASB does not require an entity that discloses changes in liabilities arising from financing activities to disclose information about changes in additional assets and liabilities (for example, cash and cash equivalents).

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Questions for the IASB

3. Does the IASB agree with the staff recommendation in paragraph 61?
4. Does IASB members want us to do anything more on entity-specific information related to an entity's cash and debt management?

## Appendix A—Examples of disclosures shared with consultative groups

A1. Paragraph 25 explains the two examples discussed with consultative groups. Diagram 1 includes Alternative 1 (paragraph 25(a)) and Diagram 2 includes Alternative 2 (paragraph 25(b)).

### Diagram 1—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	1,725	815	2,540	-190	2,350

### Diagram 2—Alternative 2

#### Reconciliation of liabilities arising from financing activities

	20X2	20X1
<b>Current liabilities</b>		
Borrowings	185	100
Lease liabilities	160	-
<b>Non-current liabilities</b>		
Borrowings	1,540	1,040
Lease liabilities	655	-
Liabilities from financing activities	2,540	1,140
Cash and cash equivalents	190	120
Liabilities from financing activities after cash and cash equivalents	2,350	1,020
	<b>20X2</b>	
Cash inflow from operating activities	1,650	
Cash outflow from investing activities	-520	
Cash flows before financing activities	1,130	
Proceeds from issue of share capital	250	
Dividends paid	-1,200	
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)	-910	
Change in liabilities from financing activities after cash and cash equivalents	-1,330	

## Appendix B—Examples of possible changes to paragraph 44A of IAS 7

- B1. We include in this appendix an example of possible changes to the overall disclosure objective in paragraph 44A of IAS 7 to include a link between the disclosure and the statements of cash flow and financial position as specific objectives.

*Table 1—example of possible disclosure objectives*

### **Disclosure objectives**

An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Any entity achieves this objective by providing information that enables users:

- (a) to understand the reasons for changes in liabilities arising from financing activities from the beginning of the reporting period to the end of that period; and
- (b) to link items disclosed to the amounts presented in the statement of financial position and the statement of cash flows.

**[Refer: Basis for Conclusions paragraph BC10]**