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Staff paper

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Accounting Standards Advisory Forum meeting

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Project **Statement of Cash Flows and Related Matters**

Topic **Non-cash disclosures and related classification matters**

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Purpose of this session

Our purpose with our current work is to understand whether the IASB's proposed disclosures for non-cash transactions would provide investors with sufficient transparency about specific transactions, without the need for additional requirements addressing classification.

In this session, we want:

a) to provide you with an update of the work we've done about possible disclosures for non-cash information since last we discussed this topic with ASAF members in March 2026;

b) to provide an oral update on feedback from the November 2026 meetings of the CMAC and GPF* about the classification matters that arise from disclosure of non-cash information; and

c) to ask for your comments on that feedback and views on any additional classification matters arising from non-cash disclosures.

How we plan to use your feedback

Your feedback will help the IASB assess whether the proposed disclosures adequately address investors' information needs. Discussion of possible further standard-setting (if any) will focus on any needs that the proposed disclosures would leave unresolved.

CMAC: Capital Markets Advisory Committee GPF: Global Preparers Forum

Background

Non-cash disclosures: work since March 2026

March 2026 ASAF	Discussed staff ideas for new disclosures on non-cash transactions, non-cash changes in specified assets and liabilities, and changes in liabilities from financing activities.
May 2026 IASB	Decided on improvements to disclosures about changes in liabilities arising from financing activities.
June 2026 CMAC and GPF*	Discussed ways to improve disclosures on non-cash transactions and non-cash changes in specified assets and liabilities.
July 2026 IASB	Decided on proposed disclosures about non-cash transactions from investing and financing activities.
September 2026 IASB	Decided on proposed disclosures for specific non-cash changes in specified assets and liabilities.

CMAC: Capital Markets Advisory Committee GPF: Global Preparers Forum

IASB tentative decisions about disclosure of non-cash information

Summary of decisions on the three disclosure topics

Disclosure topic	Tentative decisions
Non-cash transactions from investing and financing activities (see Appendix A, **slide 10** for an illustration)	• Clarify the scope with examples. • Add an objective covering net-asset changes and future cash-flow generation. • Disclose a table in one note for the transactions, amounts, related activities (operating, investing and financing) and cross-references. • Show effects on assets, liabilities and equity alongside similar cash transactions, including combined effects.
Specified non-cash changes in assets and liabilities	• Propose tabular disclosures of translation adjustments, obtaining or losing control of businesses and reclassifications in assets and liabilities from operating activities.
Changes in liabilities arising from financing activities	• Improve links between disclosures and the statements of financial position and cash flows by requiring a tabular reconciliation from opening to closing balances. • Propose disclosure of the cash receipts, cash payments and related line items in the statement of cash flows as part of the reconciliation.

Matters arising from disclosures of non-cash information

	Payments on behalf of an entity	Deferred payments	Liabilities assumed in a business combination
Reporting matter (see **Appendix B** for more information)	Diversity in reporting and classifying such payments and related cash flows (e.g. supplier finance and factoring arrangements).	Disclosure of non-cash transactions for payments for long-term assets purchased on credit	Scoping the non-cash components of a business combination
Source of feedback	Accounting firms, regulators, standard-setters and IFRS Interpretations Committee	Standard-setters	IASB discussion in July 2026.
Link with non-cash disclosures	Whether third-party payments constitute cash flows or represent a non-cash transaction.	Interaction between disclosing non-cash acquisition of asset and classifying payment in the statement.	The flows to disclose in the new proposed disclosures.

Planned work

Non-cash disclosures: work after September 2026

5–6 November 2026 CMAC	Seek investor views on whether proposed non-cash transaction disclosures provide sufficient transparency for the three matters listed on **slide 6**.
13 November 2026 GPF	Seek preparer views on practical challenges with the proposed disclosures, considering outcomes in the same three matters.
30 November–1 December 2026 ASAF (**this meeting**)	Provide an oral update on CMAC and GPF feedback. Ask for comments on that feedback and views on any additional classification matters arising from non-cash disclosures.
Q1 2027 IASB	Ask the IASB to make tentative decisions on these classification matters.

Questions for ASAF members

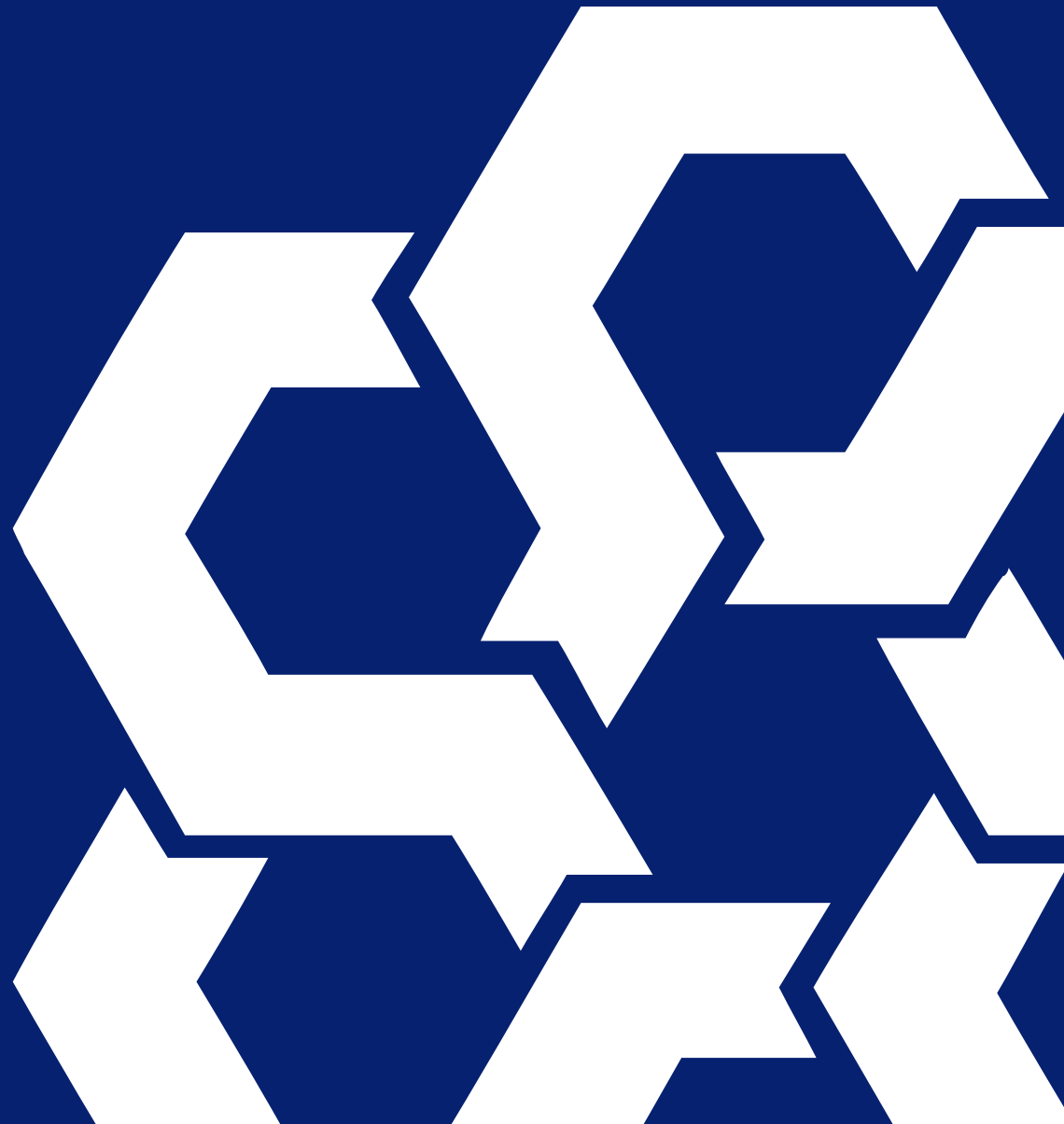
QUESTION 1

(a) Do you have questions or comments about our oral update on feedback from the November 2026 meetings of the CMAC and GPF about the classification matters that arise from disclosure of non-cash information?

(b) If the IASB proposed no further requirements beyond those on **slide 5**, are there any specific points you think the IASB needs to consider in relation to the three reporting matters listed on **slide 6**?

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Appendix A—Illustration of the IASB's proposed disclosures for non-cash transactions



Example of possible non-cash transactions disclosure

Activities and line items of similar cash transactions in statement of cash flows (SCF)	A—Amounts in SCF	B—Additions of right-of-use assets from new leases	B—Grant of shares under share-based payment plan	C—A + B
Operating activities, include	**1,650**		**(100)**	**1,550**
Operating profit (after adjustments for non-cash)	3,840		(100)	3,740
Investing activities, include	**(480)**	**(900)**		**(1,380)**
Purchase of property, plant and equipment	(350)	(900)		(1,250)
Financing activities, include	**(1,060)**	**900**	**100**	**(60)**
Issue of share capital	250		100	350
Increase in long-term borrowings	250	900		1,150
Note L includes more information about the Group's leases and Note S about the nature and extent of the Group's share-based payment arrangements.				

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Appendix B—Additional information about classification matters arising from non-cash disclosures



Background

Due to the link of the first two topics on **slide 6** to the IASB's broader work to improve disclosures for non-cash transactions from investing and financing activities, the IASB planned to consider these topics after it reached decisions about proposed new disclosures.

In July 2026 the IASB reached tentative decisions on the disclosures for non-cash transactions (see **slide 5**). During that discussion, the IASB also identified the third question on **slide 6** about the disclosable non-cash components for business combinations.

We therefore now consider the three related matters as the next steps in this part of the project:

		CMAC material	GPF material	Slide
1	Payments on behalf of an entity	AP4B	AP4B	13
2	Payment arrangements with a supplier	AP4C	AP4C	14
3	Liabilities assumed in a business combination	AP4D	AP4D	15

Payments on behalf of an entity—problem statement

We have identified broadly **two accounting practices** for reporting payments made on behalf of an entity by a third party (for example, a bank executing a transaction directly with a seller at the company's direction). These practices will also affect how flows of non-cash transactions are disclosed.

Practice 1—cash flow reporting

An entity considers the payments and receipts as cash flows of the entity and presents them in the statement of cash flows as if the payments had flowed through the entity's cash and cash equivalents accounts.

Practice 2—non-cash transaction

An entity considers the payments and receipts not as cash flows and excludes them from the statement of cash flows, disclosing them as non-cash transactions.

Why it matters

Entities might report the same transactions differently. Our initial research identified that without transparent information about these differences, investors struggled comparing entities with each other.

Payment arrangements with a supplier—problem statement

When payment and asset acquisition occur at different times, should the proposed non-cash transaction table show gross non-cash flows even if both sides are investing activities?

Illustrations B and C from CMAC/GPF material: normal credit payment terms (CU): machinery 2,000, cash paid 1,800, closing payable 200

Illustrated approach	Non-cash flows at acquisition	Information outcome
B1: acquire fully on credit, then settle 1,800	Show acquisition outflow 2,000 and payable inflow 2,000	Links to the 2,000 asset addition and 200 closing payable. May add clutter.
C1: pay 1,800 for machinery and obtain credit of 200	Show acquisition outflow 200 and payable inflow 200	Cash plus non-cash acquisition totals 2,000. Links to the 200 payable.
B2 / C2: no additional non-cash disclosure	Show only the cash payment of 1,800	Simpler, but no direct link to the full asset addition or payable movement.

Why it matters

Do gross disclosures provide useful transparency or unnecessary detail? Could the payable be an operating item, and would the answer differ for a short-term prepayment?

Liabilities assumed in a business combination—problem statement

Which non-cash flows to report: disclose only non-cash consideration, or also some or all liabilities assumed? The choice changes the reported acquisition outflow.

Illustration from CMAC/GPF material (CU): net cash paid 220 and non-cash consideration 300 for a business combination

Possible scope of the non-cash table	Non-cash acquisition outflow (CU)	Cash + non-cash acquisition outflow (CU)
1 Non-cash consideration only	300	520
2 Also include borrowings (200) assumed	500	720
3 Also include all liabilities (330) assumed	630	850

Why it matters

At the July 2026 meeting of the IASB, the staff recommended excluding assumed liabilities because separate disclosures already exist. The alternatives above test whether showing them adds useful transparency about the acquisition and future cash flows.

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