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Staff paper

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Emerging Economies Group meeting

Date	**December 2024**
Project	**Statement of Cash Flows and Related Matters**
Topic	**Initial Research**
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Purpose of this session

- Provide an update on preliminary research in the project on Statement of Cash Flows and Related Matters.
- Seek EEG members' views on perceived deficiencies in the statement of cash flows applying IAS 7 *Statement of Cash Flows* including their prevalence.
- The input from the EEG members will contribute to the IASB deciding on the topics it decides to further explore in the project.

Questions for EEG members

1. Do you have any questions or comments on the preliminary findings from our initial research? For example, is anything surprising given what you have heard in your jurisdiction?
2. Do you have any feedback from stakeholders in your jurisdiction or have you performed further research that might provide evidence on the nature or pervasiveness of the perceived deficiencies in IAS 7 related to the topics outlined in slide 8?

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Information for EEG members

Background of the project

- In its September 2024 meeting, the IASB moved the project on Statement of Cash Flows and Related Matters from the research pipeline to the research work plan.
- At present, the IASB is conducting initial research, including meetings with consultative groups and individual stakeholders, review of financial statements of companies and existing academic studies, to gather evidence on the nature and extent of perceived deficiencies in current reporting and the likely benefits of developing new financial reporting requirements.
- The project team plans to report the results of initial research into the issues raised by stakeholders to the IASB in Q1 2025 to help the IASB decide on the topics to further explore in the project.

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Background of the project - preliminary research activities

- The IASB sought feedback from the Capital Markets Advisory Committee and the Global Preparers Forum at the recent meetings in November 2024 and at the joint meeting in June 2024 before starting the project.
- We analysed the financial statements* of a sample of 40 listed companies with large market capitalisation that apply IFRS Accounting Standards to understand current practice in the statement of cash flows and related disclosures. Companies were selected from a range of jurisdictions and industries**.

Numbers of sample companies by industry

		No. of companies
Non-financial institutions		**25**
	Consumer-related	*6*
	Industrials	*7*
	Energy and Utilities	*4*
	IT and Communications	*5*
	Other non-financial	*3*
Financial institutions		**15**
Total		**40**

Numbers of sample companies by region

		No. of companies
Europe		19
Asia-Oceania		14
Americas		5
Africa and Middle East		2
Total		**40**

(Notes)
* In some analysis, we also analysed documents other than the financial statements, such as MD&A in the annual report.
** We selected companies in 11 sectors on the basis of sectors by GICS® and aggregated them to 6 categories.

Potential topics the IASB might explore in the project

Potential topics the IASB might explore in the project

- The following slides summarise preliminary stakeholder feedback on a project on statement of cash flows and related matters and initial findings from the analysis of a sample financial statements. Stakeholder feedback was received on Third Agenda Consultation, Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) meetings in November 2024 and the joint CMAC and GPF meeting in June 2024.

The Key topics include:

1. Requirements for classifying cash flows
2. Disaggregation of cash flow information
3. Definition of cash and cash equivalents
4. Effects of non-cash transactions
5. Reporting cash flows from operating activities
6. Information about commonly used cash flow measures
7. Statement of cash flows for financial institutions

1. Requirements for classifying cash flows

Feedback from Agenda Consultation

- Some stakeholders requested the IASB revisit the classification of cash flows specified in IAS 7, in the light of differences in the classification requirements of IFRS 18 *Presentation and Disclosure in Financial Statements*.
- Some stakeholders suggested classification requirements be revised to provide more detail on capital expenditure, in particular separating capital maintenance from capital growth expenditure.

Feedback from GPF Consultation

- Some said they classify some cash flows differently to IAS 7 for internal purposes. For example, many said they classify lease payments as operating cash flows and some said they classify tax outside of operating cash flows.
- Some said there is a lack of guidance for some transactions that might result in inconsistent application. For example, classifying cash flows from employee stock options or cash flows from deferred consideration on acquisitions.

Feedback from CMAC members

- Most said they adjust the classification of various items in the statement of cash flows in their analyses. For example, leases, research and development expenses, factoring receivables and supplier finance arrangements
- Some members said there is diversity in the classification of cash flows from discontinued operations in the statement of cash flows.

1. Requirements for classifying cash flows (contd..)

Related changes to IAS 7

- All companies are required to use the operating profit subtotal as defined in IFRS 18 as the starting point for the indirect method of reporting cash flows from operating activities.
- Accounting policy choices for the presentation of cash flows related to interest and dividends paid and received have been removed. *(See Appendix A)*
- In May 2023, the IASB introduced disclosure requirements for supplier finance arrangements that enables users to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

1. Requirements for classifying cash flows (contd..)

Classification of income taxes paid

Related requirements in IAS 7
35 Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.

Initial findings from a review of financial statements

	Non-financial Institutions	Financial institutions
Operating activities	21	13
Multiple activities	3*	0
Not clear**	1	2
Total	**25**	**15**

- Most sample companies classified income taxes paid into operating activities. Only a few companies classified income taxes paid in multiple activities.

(Notes)
* All companies classified income taxes paid in operating activities and investing activities.
** These companies did not present separate line item relating to income taxes paid.

1. Requirements for classifying cash flows – overall observations

- Both users and preparers said they analyse specific cash flow items differently to the requirements of IAS 7.
- However, users and preparers generally find the structure of operating, investing and financing categories useful.
- Some preparers said additional guidance on the classification of some transactions in the statement of cash flows would be useful.
- The diversity in the classification of interest and dividends will be eliminated on adoption of IFRS 18 effective from 1 January 2027, otherwise we observe limited diversity in classification.
- Some CMAC members said they see diversity in reporting on discontinued operations in the statement of cash flows.

2. Disaggregation of cash flow information

Feedback from Agenda Consultation

- Several stakeholders said some information presented in the statement of cash flows should be disaggregated. For example, net cash flows attributable to the operating, investing and financing activities of discontinued operations, or working capital changes.

Feedback from GPF members

- Most said they do not disaggregate capital expenditures between growth and maintenance and doing so would be difficult. They suggested more detailed disaggregation of cash flows for capital expenditures and additional narrative disclosures would enable users to make their own judgements about growth versus maintenance.
- A few said they provide cash flow information relating to business segments outside the financial statements due to the difficulties in classifying some cash flows as required by IAS 7 by segment.

Feedback from CMAC members

- Most said that:
  - cash flow information related to business segments would be useful for understanding individual segment performance;
  - disaggregating information on capital expenditure between growth and maintenance would be useful for understanding cash generated from operations and how cash resources are allocated in the business; and
  - more disaggregated information on changes in working capital will help users to better understand companies’ cash flow information.

2. Disaggregation of cash flow information (contd..)

Related changes to IAS 7 on issuing IFRS 18	• IFRS 18 provides enhanced guidance on aggregation and disaggregation including: ○ roles of primary financial statements and the notes which help determine the line items presented and the information disclosed; and ○ principles which focus on grouping items based on their shared characteristics • These principles are applied throughout the financial statements, including the Statement of Cash Flows.

2. Disaggregation of cash flow information (contd..)

Capital expenditures

Related requirements in IAS 7
50 Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged and may include:
[…]
(c) the aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity; […]

Initial findings from a review of financial statements

- 5 out of 25 sample non-financial institutions used the term ‘capital expenditure’* in the context of the statement of cash flows and provided disaggregated information on their capital expenditure, such as the amounts by the type of asset (such as PPE and intangible assets).
- None of the sample non-financial institutions disclosed the information of capital expenditure disaggregated by increasing operating capacity and maintaining operating capacity.

(Note)
* Including its equivalents (such as ‘CAPEX’)

2. Disaggregation of cash flow information (contd..)

Cash flow information by reporting segment or business

Related requirements in IAS 7

50 Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged and may include:

[…]

(d) the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment. […]

Initial findings from a review of financial statements

- 3 out of 40 sample companies provided information about the cash flows by reporting segment or its business. However, there was diversity in what information companies provided and the location of information.

	Company A	Company B	Company C
Information provided	Statement of cash flows by its business	Amount of free cash flow by reporting segment	Amount of free cash flow by reporting segment
Location of information	Inside the FS (segment notes)	Inside the FS (segment notes)	Outside the FS (MD&A)

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2. Disaggregation of cash flow information (contd..)

Other items

Initial findings from a review of financial statements

Working capital

- Most of the sample non-financial institutions either presented in the statement of cash flows or disclosed in the notes the changes in trade receivables (21 out of 25), inventories (20 out of 25) and trade payables (21 out of 25)*, which is usually considered as a working capital, as separate items in the cash flow from operating activities.
- One non-financial institution also disclosed the change in the carrying amount of trade receivables, inventories and trade payables, including both changes arising from cash flows and other changes.

Cash flows from discontinued operations

- Five sample companies had discontinued operations, 4 of these companies presented separate line items in the statement of cash flows for each of the net cash flows attributable to the operating, investing and financing activities, as permitted by paragraph 33(c) of IFRS 5.
- One company presented each of the net cash flows attributable to the operating, investing and financing activities of discontinued operations in a single line item in the statement of cash flows and disclosed the detailed information about them in the notes.

(Note)
* In some cases, these items were presented or disclosed together with other items (e.g. 'Change in trade receivable and contract assets')

2. Disaggregation of cash flow information – overall observations

- Users said more disaggregated cash flow information for specific items would be useful. For example: cash flow information by segment, more detailed working capital movements, or captial expenditures disaggregated between growth and maintenance.
- We observe from the sample of financial statements:
  - few companies provide disaggregated information by business segment;
  - no companies disaggregate capital expenditures between growth and maintenance;
  - most companies disaggregate working capital items at the same level of detail as items in the statement of financial position. However, only one company disaggregates cash and other changes in working capital items.
- Preparers said there are challenges in disaggregating some of the items identified by users. For example, distinguishing between growth and maintenance would be difficult.
- Preparers suggested disclosing more information about capital expenditure might enable users to make their own judgments.

3. Definition of cash and cash equivalents

Feedback from Agenda Consultation

- Some stakeholders suggested considering whether the Statement of Cash Flows should report flows of cash separately from those of cash equivalents
- Further they questioned whether:
  - cryptocurrencies could be considered as cash; and
  - the maturity period of an investment was the best basis to determine whether it is a cash equivalent.

Feedback from GPF members

- A few said considering the application of the requirements on classifying cash equivalents would be important. For example, application of maturity basis in determining cash equivalents.

Feedback from CMAC members

- Diversity in practice on what can be classified as cash and cash equivalents might lead to comparability issues between companies. For example, the same financial instrument might be considered as a cash equivalent by one company and as an investment by another company.

3. Definition of cash and cash equivalents (contd..)

Agenda decisions published	IFRS Interpretations Committee has published agenda decisions on the following topics which relate to the definition of cash and cash equivalents in IAS 7: • Demand deposits with restrictions on use arising from a contract with a third party • Holdings of cryptocurrencies • Classification of short-term loans and credit facilities (see Appendix B)

3. Definition of cash and cash equivalents (contd..)

Related requirements in IAS 7

6 […]

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Initial findings from a review of financial statements

	MMFs	CPs	Bank Overdraft
Included	8	6	9
Excluded	4	2	-
Not clear*	18	22	21
No disclosure**	10		

(Notes)

* Not clear because the disclosures were not specific enough to identify whether the items (e.g. MMFs) were included in the sample companies' statements of financial position.

** Components of cash equivalents by the type of investment were not disclosed.

- Diversity was observed on whether to include money market funds (MMFs), commercial papers (CPs), and bank overdraft in cash equivalents, although the extent was not clear from the analysis.
- 29 companies disclosed that the maturity of cash equivalents was at maximum 3 months or 90 days, whereas 2 companies used different thresholds.
  - 9 companies did not disclose the length of 'short-term'

3. Definition of cash and cash equivalents – overall observations

- Some users and preparers said more guidance on the application of the definition of cash and cash equivalents might result in more consistent application.
- We observe some diversity in the classification cash and cash equivalents. However, the composition of cash equivalents and the judgements made are not always clear.

4. Effects of non-cash transactions

Feedback from Agenda Consultation

- Stakeholders highlighted the difficulty in reconciling the statement of financial position with statement of cash flows due to the effects of non-cash movements.
- They suggested requiring non-cash movements be presented in the statement of cash flows or disclosed in the notes.
- Some suggested companies be required to present a statement of changes in net debt.

Feedback from GPF members

- Most said they identify non-cash changes to balance sheet items to prepare the statement of cash flows. However, they said the detail available varied by company and were subject to limitations depending on the systems used.

Feedback from CMAC members

- Many said information regarding the non-cash effects of some transactions is important for different purposes such as:
  - to adjust free cash flow for non-cash effects;
  - to understand changes in working capital; and
  - to compare non-cash effects of some transactions to economically similar cash transactions.
- Some said they prefer to see information on non-cash effects in the notes rather than including notional cash flows in the statement of cash flows.
- However, some said linking information on non-cash effects to the statement of cash flows would be useful.

4. Effects of non-cash transactions (contd..)

Related changes to IAS 7	• In May 2023, the IASB introduced disclosure requirements for supplier finance arrangements that enables users to assess the effects of those arrangements on the entity’s liabilities and cash flows and on the entity’s exposure to liquidity risk. • In January 2016, the IASB introduced disclosure requirements for changes in liabilities arising from financing activities that enables users to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

4. Effects of non-cash transactions (contd..)

Initial findings from a review of financial statements

Disclosure of non-cash transactions in a separate note

- 10 out of 40 sample companies disclosed non-cash transactions in a separate note with a heading that allows users to identify it as a non-cash transaction disclosure.
  - Other sample companies might provide non-cash transaction information together with other disclosures*.
- Even when non-cash transactions were disclosed in a separate note, the content of the note varied between companies.
  - None of the sample companies disclosed supply chain financing arrangements** or the factoring of trade receivables as a non-cash transaction in the notes we analysed.

Disclosure of non-cash changes in other notes or information

- Non-cash changes were also disclosed in the notes for the change in liabilities arising from financing activities. 24 sample non-financial institutions provided non-cash changes by some level of disaggregation (such as effect of changes in fair values).
- 7 sample non-financial institutions provided additional non-cash changes information in the disclosure of changes in net debt either within or outside the financial statements.

(Notes)

* In this analysis, we did not analyse other notes.

** The IASB issued *Supplier Finance Arrangements* in May 2023 that amended IAS 7 to require companies to disclose information about its supplier finance arrangements. The amendment will be effective on 1 January 2024.

4. Effects of non-cash transactions – overall observations

- Users identified varied non-cash effects of some transactions and varied uses for information about them. However, most said disclosure of more information would be useful.
- Users said that linking information about non-cash effects already disclosed in the financial statements to the statement of cash flows or including the information in a single note would improve the usefulness of the information.
- We observe varied practice in the disclosure of non-cash effects of some transactions. We also observe it is sometimes challenging to identify the disclosures because they might be disclosed with other information.
- Preparers said there are some limitations on the availability of some information about the non-cash effects of some transactions.

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5. Reporting cash flows from operating activities

Feedback from Agenda Consultation

- Some stakeholders requested the IASB consider the feasibility of requiring the direct method because, in their view, the indirect method fails to provide users with some decision-useful information such as:
  - cash collected from suppliers
  - cash flows arising from supplier finance arrangements
- Other stakeholders noted the potential complexity and associated costs to preparers in implementing the direct method.

Feedback from GPF members

- A few said they use both direct and indirect methods to report cash flows from operating activities.
- A few said the direct method is used internally to obtain further insights or to assess the accuracy of the cash flows reported using the indirect method.
- A few said it would be costly to implement the direct method
- One said they do not use the direct method for external reporting due to the information being imprecise.

Feedback from CMAC members

- Some said that both direct and indirect methods provide useful information in reporting cash flows from operating activities.
- Some others said that there are advantages and disadvantages to each reporting method.

5. Reporting cash flows from operating activities (contd..)

Related requirements in IAS 7

18 An entity shall report cash flows from operating activities using either:

(a) the direct method, […]; or

(b) the indirect method, […]

Initial findings from a review of financial statements

	Number of companies	Of which companies that provide information on cash flows from operating activities applying the other method
Direct method	3	2
Indirect method	37	0

- Most of the sample companies used the indirect method to report cash flows from operating activities and only a limited number of companies used the direct method.
- Of these companies that used the direct method, some companies disclosed the analysis of the cash flow from operating activities by using the indirect method in the notes.

5. Reporting cash flows from operating activities – overall observations

- Users and preparers said that both direct and indirect methods of reporting cash flows from operating activities can provide useful information.
- We observe few companies reporting operating activities in the statement of cash flows using the direct method.
- Some preparers said there are limitations to the information that they can produce using the direct method or that it might be costly to implement the direct method.

6. Information about commonly used cash flow measures

Feedback from Agenda Consultation

- Stakeholders requested standardised definitions of some cash flow measures, for example, free cash flows.
- Further they requested the IASB develop additional disclosure requirements that provide information on how companies manage cash inflows and outflows to meet payment obligations, plan for future payments etc.

Feedback from GPF members

- Many said they provide a non-GAAP cash flow measure labelled as free cash flows.
- However, some said having a standardised definition for free cash flows would not add any value because there is no consensus on how it should be calculated.
- Some suggested specifying a measure that varying definitions of free cash flows could be reconciled to would be useful and provides users with the information needed for their analyses.

Feedback from CMAC members

- Most said having additional information about free cash flows is important, and they use diverse definitions for free cash flows.
- Some said having a consistent definition of free cash flows would be challenging.
- Some others said it might not be necessary for the IASB to define the term free cash flows, if it required entities to disclose transparent information for understanding and calculating individual measures.
- Some members said it would be useful to require companies to reconcile free cash flows to a consistent starting point.

6.Information about commonly used cash flow measures (contd..)

Use of ‘free cash flow’ measures*

Note - * In this analysis, we analysed measures that are subtotals of most (or all) items in operating activities and items classified in other activities.

Initial findings from a review of financial statements

	Non-financial Institutions
Number of companies that used ‘free cash flow’ measures	18
Used one measure	*13*
Used more than one measures	*5*
Number of ‘free cash flow’ measures found	27
Disclosed outside the FS only	*23*
Disclosed inside the FS only	*0*
Disclosed both outside and inside the FS	*4*

(Note) None of the sample financial institutions provided free cash flow measures.

- More than half of sample non-financial institutions used ‘free cash flow’ measures. Some of these companies used multiple measures.
- There was diversity in how the ‘free cash flow’ measure is calculated (see slide 27 for detail).
- There was also diversity in:
  - the location of the information provided (either within or outside the financial statements);
  - the level of detail of the explanation provided about the ‘free cash flow’ measure, such as whether and how to disclose:
    - the calculation method of the ‘free cash flow’ measures (by providing a reconciliation table, narrative explanation or no explanation); and
    - the reason for using the measure.

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6.Information about commonly used cash flow measures (contd..)

Illustration of calculation methods of 'free cash flow' measure found in the analysis

* Includes interest received and paid
** Does not include interest received and paid

	Method 1	Method 2	Method 3	Method 4	Method 5	Method 6	Method 7
Operating activities	Total Operating CF*	Total Operating CF**	Total Operating CF*	Total Operating CF**	Total Operating CF*	Total Operating CF*	Total Operating CF** excluding income taxes paid
Investing activities	Total Investing CF						
		Purchase of PPEs	Purchase of PPEs and intangible assets	Purchase of PPEs and intangible assets	Purchase of PPEs and intangible assets	Purchase of PPEs and intangible assets	Purchase of PPEs and intangible assets
				Disposal of PPEs			Disposal of PPEs and intangible assets
						Acquisition of business	
						Purchase/sale of financial assets	
				Interest received			
Financing activities					Repayment of lease liabilities	Repayment of lease liabilities	Repayment of lease liabilities
				Interest paid			

(Note) For simplicity, the table does not include all items used in the actual calculation.

6.Information about commonly used cash flow measures – overall observations

- Both users and preparers use diverse definitions of the non- GAAP measure ‘free cash flows’ and said it would be challenging to have a standardised definition.
- However, both users and preparers said having a standardised subtotal that could act as a starting point to reconcile free cash flows would help provide transparent information about free cash flows and allow users to make their own calculations.
- We observe that ‘free cash flows’ or a similar measure is frequently reported. We also observe significant variation in how it is calculated.

7. Statement of cash flows for financial institutions

Feedback from Agenda Consultation

- Some stakeholders said the statement of cash flows does not reflect how financial institutions manage cash and liquidity in practice.
- They said the needs of stakeholders are already met by IFRS 7 *Financial Instruments: Disclosures* and the Basel Regulatory Framework.
- Stakeholders suggested either:
  - remove the requirement to present a statement of cash flows for financial institutions; or
  - develop a statement of cash flows specifically for financial institutions.

Feedback from GPF members

- A few said a different set of requirements will be needed for the statement of cash flows for financial institutions.

Feedback from CMAC members

- Some said the statement of cash flows prepared in accordance with IAS 7 has limited usefulness for financial institutions because:
  - it does not effectively distinguish between cash available to shareholders and cash that belongs to customers; and
  - regulatory disclosure requirements provide more useful information about cash and liquidity management.
- However, some said it can provide some useful cash flow information, such as regarding dividend payments.

7. Statement of cash flows for financial institutions – overall observations

- Stakeholders said the statement of cash flows applying the requirements of IAS 7 has limited usefulness to financial institutions.
- However, some users said it provides some useful information, such as cash flows relating to dividend payments, capital issued and repaid.

Appendices

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Appendix A – IFRS 18 consequential amendments to IAS 7 for the classification of interest and dividends in the Statement of Cash Flows

<table>
<tr><th rowspan="2">Cash flow item</th><th rowspan="2">Classification before amendments to IAS 7</th><th colspan="2">Classification after amendments to IAS 7</th></tr>
<tr><th>Companies with no specified main business activities</th><th>Companies with specified main business activities</th></tr>
<tr><td>Interest received</td><td>Operating or investing</td><td>Investing</td><td rowspan="3">A single category for each item—operating, investing or financing</td></tr>
<tr><td>Interest paid</td><td>Operating or financing</td><td>Financing</td></tr>
<tr><td>Dividends received</td><td>Operating or investing</td><td>Investing</td></tr>
<tr><td>Dividends paid</td><td>Operating or financing</td><td>Financing</td><td>Financing</td></tr>
</table>

Appendix B – Agenda decisions published by IFRS Interpretations Committee
Definition of cash and cash equivalents

Demand deposits with restrictions on use arising from a contract with a third party

- In April 2022, an agenda decision was published concluding that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7. Therefore, the Committee concluded that the entity includes the demand deposit as a component of 'cash and cash equivalents' in its statement of cash flows.

Holdings of cryptocurrencies

- In June 2019, an agenda decision was published on holdings of cryptocurrencies concluding that IAS 2 Inventories applies to cryptocurrencies when they are held for sale in the ordinary course of business. If IAS 2 is not applicable, an entity applies IAS 38 Intangible Assets to holdings of cryptocurrencies.

Classification of short-term loans and credit facilities

- In June 2018, the Committee received a request asking about short-term loans and credit facilities that have a short contractual notice period, and the balance does not often fluctuate from being negative to positive to include in its statement of cash flows as a component of cash and cash equivalents. The Committee concluded that the entity does not include the short-term arrangements as components of cash and cash equivalents. This is because these short-term arrangements are not repayable on demand.

Appendix C – Agenda decisions published by IFRS Interpretations Committee Effects of non-cash transactions

Supply chain financing arrangements—reverse factoring

- In December 2020, an agenda decision was published considering the impact of a reverse factoring arrangement on presentation in the balance sheet, the derecognition of a financial liability, presentation in the statement of cash flows and in the notes to the financial statements. The committee mainly noted:
    - the cash flows in a reverse factoring arrangement will typically be classified as either cash flows from operating activities or cash flows from financing activities; and
    - the classification of the liability in the statement of financial position may help in determining whether the associated cash flows are from operating or financing activities.

Disclosure of changes in liabilities arising from financing activities

- In December 2019, the Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to disclose information about changes in liabilities arising from financing activities that enables investors to evaluate those changes. Accordingly, the Committee concluded that the disclosure requirements in paragraphs 44B–44E of IAS 7, together with requirements in IAS 1, are adequate to require an entity to provide disclosures that meet the objective in paragraph 44A of IAS 7.

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