

## 11. Noncash Investing and Financing Activities

A select set of important investing and financing activities occur without generating or consuming any cash. For example, a company may exchange common stock for land, or acquire a building in exchange for a note payable. While these transactions do not entail a direct inflow or outflow of cash, they do pertain to significant investing and/or financing events. When the FASB designed the statement of cash flows, they decided to require a separate section reporting these noncash items. Thus, the statement of cash flows is actually enhanced beyond its “title;” revealing the totality of investing and financing activities, whether or not cash is actually involved.

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