Staff paper

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Topic	**Issues related to categories and subtotals**
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Objective of this paper

1. This paper sets out staff analysis and recommendations relating to categories and subtotals in the statement of profit or loss. It discusses the classification of:

   (a) income and expenses arising on the derecognition of assets or liabilities (for example, the disposal of a consolidated subsidiary); and

   (b) income and expenses arising from transactions or other events that result in a change in the category in which an entity classifies income and expenses from assets or liabilities, without affecting the recognition of the assets or liabilities (for example, transfers in and out of investment property).

2. Appendix B summarises other outstanding issues for which the staff concludes no further action is required, including:

   (a) the prohibition on the presentation of the subtotal 'profit before financing and income tax' when an entity that provides financing to customers as a main business activity classifies in the operating category all income and expenses from liabilities that arise from transactions that involve only the raising of finance;

(b) the presentation of subtotals that are equal;

(c) the requirements for interim financial statements relating to an entity's ability to continue as a going concern; and

(d) the disclosure of significant judgements made in applying presentation and disclosure requirements.

Summary of staff recommendations

3. We recommend that the IASB clarify that:

(a) income and expenses on the derecognition of an asset or liability are classified in the same category as the income and expenses generated by that asset or liability immediately before derecognition;

(b) when a transaction or other event changes the category in the statement of profit or loss in which income and expenses from an asset or liability are classified without affecting the recognition of the asset or liability, the income or expenses from that transaction or event are classified in the category in which income and expenses from the asset or liability were classified immediately before the transaction or other event;

(c) if (a) or (b) arise from a transaction or other event that involves a group of assets or liabilities that generated income and expenses that were classified in different categories immediately before the transaction or other event:

(i) if any of the assets in the group is an asset that generated income and expenses that were classified in the operating category, the gain or loss on the transaction or other event is classified in the operating category; and

(ii) if all the assets in the group generated income and expenses that were classified in the investing category, the gain or loss on the transaction or other event is classified in the investing category.

4. We also recommend that the IASB confirm that an entity shall not present the subtotal ‘profit or loss before financing and income tax’ when an entity that provides financing to customers as a main business activity classifies in the operating category all income and expenses from liabilities that arise from transactions that involve only the raising of finance.

Structure of the paper

5. This paper is structured as follows:

   (a) income and expenses from transactions or other events that result in derecognition or a change in classification of the income and expenses (paragraphs 6–23);

   (b) other issues for which the staff concludes no further action is required (paragraphs 24–25);

   (c) Appendix A—Examples of transactions or other events which may result in a change in category; and

   (d) Appendix B—Other issues for which the staff concludes no further action is required.

Income and expenses from transactions or other events that result in derecognition or a change in classification of the income and expenses

6. This section of the paper is structured as follows:

   (a) background (paragraphs 7–9);

      (i) transactions or other events which may result in a change in classification of income and expenses (paragraphs 7–8);

      (ii) summary of feedback from comment letters and targeted outreach (paragraph 9);

(b) staff analysis, staff recommendation and question for the IASB (paragraphs 10–23):

  (i) transactions or other events that result in a change in classification of the income and expenses (paragraphs 12–15);

  (ii) transactions or other events involving groups of assets and liabilities that generated income and expenses that are classified in different categories (paragraphs 16–21);

  (iii) staff conclusion and recommendation (paragraphs 22–23);

Background

Transactions or other events which may result in a change in classification of income and expenses

7. A number of transactions or other events may result in income and expenses from an asset or liability being classified in a different category in the statement of profit or loss before and after the transaction. Such transactions or other events include, but are not necessarily limited to:

   (a) obtaining control, when an associate or joint venture becomes a subsidiary;

   (b) loss of control while retaining significant influence when a subsidiary becomes an associate or joint venture;

   (c) obtaining significant influence, when an investment in a financial asset becomes an investment in an associate or joint venture;

   (d) transfers into or out of investment property;

   (e) sale-and-leaseback transactions; and

   (f) supply chain financing arrangements.

8. Appendix A provides an overview of how income and expenses would be classified applying the IASB's tentative decisions in the redeliberations to date before and after

each of the transactions or other events listed in paragraph 7. It also contains examples of those transactions or other events in paragraph 7 when there would be a change in category in which the income and expenses are classified.

Summary of feedback from comment letters and targeted outreach

9. A few stakeholders commented on how to classify income and expenses from transactions or other events that result in a change in category in which the income and expenses from the asset or liability are classified. These stakeholders said that judgement is involved when classifying gains and losses from step-up acquisitions and that application guidance would be welcomed to achieve consistent application and comparability.

Staff analysis, staff recommendation and question for the IASB

10. Step-up acquisitions are not the only transactions or other events that may result in a change in category in which income and expenses from an asset or liability are classified. Therefore, to achieve consistent application and comparability, we considered whether the IASB should introduce general principle(s) that could be applied to all transactions or other events that result in such a change.

11. This section is structured as follows:

    (a) transactions or other events that result in a change in classification of income and expenses (paragraphs 12–15);

    (b) transactions or other events involving groups of assets and liabilities that generated income and expenses that are classified in different categories (paragraphs 16–21); and

    (c) staff conclusion and recommendation (paragraphs 22–23).

Transactions or other events that result in a change in classification of income and expenses

12. We observe that each of the transactions or other events listed in paragraph 7 and Appendix A that result in a change in category for classifying income and expenses display a common pattern:

    (a) the derecognition of an asset or liability from the statement of financial position, which may result in the recognition of a gain or loss, followed by the subsequent recognition of another asset or liability; or

    (b) the transfer of an asset from one type to another, without the asset being derecognised (for example, transfers into or out of investment property).

13. The derecognition of an asset or liability in the statement of financial position may result in a gain or loss. The intention in the Exposure Draft was to treat that gain or loss as any other income or expense arising from the asset or liability. These gains or losses would be classified in the same category as those other income and expenses from the asset or liability. Therefore, we recommend that the IASB clarify that intention by specifying that gains or losses on derecognition of an asset or liability are classified in the same category as the income and expenses generated by that asset or liability immediately before derecognition.

14. Some transactions or other events that result in a change in classification of income and expenses do not result in the derecognition of an asset or liability—for example, transfers into or out of investment property. To be consistent with the principle in paragraph 13, we also recommend that, when a transaction or other event changes the category in the statement of profit or loss in which income and expenses from an asset or liability are classified, gains or losses from that transaction or other event are classified in the category in which income and expenses were classified immediately before the transaction.

15. We expect that the recommendations in paragraphs 13–14 will apply both to a single asset or liability and to a group of assets that generated income and expenses that are

classified in the same category. For example, an entity that does not invest as a main business activity may decide to turn a portfolio of three owner-occupied properties into three investment properties in a single event. The gains or losses on this event are classified in the operating category (the category where the income and expenses from the owner-occupied property are classified prior to the transaction).

Transactions or other events involving groups of assets and liabilities that generated income and expenses that are classified in different categories

16. In some cases, a single transaction or other event may result in the derecognition of a group of assets and liabilities that generated income and expenses that were classified in different categories. An example of such a transaction is the disposal of a subsidiary in consolidated financial statements under IFRS 10 *Consolidated Financial Statements*.[1] Because the transaction or other event involves assets and liabilities that generated income and expenses in more than one category it is not possible to use the principle in paragraph 13 to classify the single gain or loss in *the* category related to the assets or liabilities. The staff therefore considered how to classify the gain or loss on the transaction in a single category.

17. The staff identified two approaches:

    (a) classify the gain or loss on the single transaction or other event in the operating category because it is the default category; or

    (b) classify the gain or loss based on the assets in the group,[2] with the result that:

        (i) if any of the assets in the group is an asset that generated income and expenses that were classified in the operating category, the gain or loss on the transaction is classified in the operating category.

[1] The gain or loss on disposal includes the reclassification into profit or loss of the accumulated foreign exchange difference recognised in other comprehensive income.

[2] These transactions will always involve assets and therefore the gain or loss should not be classified in the financing category.

(ii) if all the assets in the group generated income and expenses that were classified in the investing category, the gain or loss on the transaction be classified in the investing category.

18. The outcome of the two approaches differs only for transactions that involve both (i) assets that only generated income and expenses that were classified in the investing category and (ii) liabilities. An example would be the disposal of a subsidiary holding investments that were not a main business activity of the reporting entity and some borrowings. The gain or loss on the transaction would be classified in the operating category applying the approach described in paragraph 17(a) and in the investing category applying the approach described in paragraph 17(b).

19. We expect that transactions that involve only assets that generate income and expenses classified in the investing category and liabilities are likely to be infrequent, and thus the simpler approach described in paragraph 17(a) may be preferable. However, this approach would result in the counterintuitive outcome where the gain or loss on a transaction involving only assets that generate income and expenses classified in the investing category would be classified:

(a) in the investing category if no liabilities were derecognised as part of the transaction, but

(b) in the operating category if a liability were derecognised as part of the transaction.

20. Therefore, on balance, the staff think it is worth applying the principles with classification of the gain or loss based on the assets, described in paragraph 17(b).

21. The same requirements would apply to the gain or loss on a single transaction or other event that changes the classification of income and expenses for a group of assets and liabilities without affecting the recognition of the assets and liabilities, mirroring the approach set out in paragraph 14.

Staff conclusion and recommendation

22. We think the IASB should clarify the principles for classifying income and expenses from a transaction or other event that results in the derecognition of an asset, liability or change in classification of the income and expenses from an asset or liability. We also think the IASB should clarify how the principles apply when a single transaction or other event gives rise to such situations for a group of assets and liabilities.

23. Therefore, we recommend the IASB clarify that:

(a) income and expenses on the derecognition of an asset or liability are classified in the same category as the income and expenses generated by that asset or liability immediately before derecognition;

(b) when a transaction or other event changes the category in the statement of profit or loss in which income and expenses from an asset or liability are classified without affecting the recognition of the asset or liability, the income or expenses from that transaction or other event are classified in the category in which income and expenses were classified immediately before the transaction or other event;

(c) if (a) or (b) arise from a transaction or other event that involves a group of assets and liabilities that generated income and expenses that were classified in different categories immediately before the transaction or other event:

(i) if any of the assets in the group is an asset that generated income and expenses that were classified in the operating category, the gain or loss on the transaction is classified in the operating category; and

(ii) if all the assets in the group generated income and expenses that were classified in the investing category, the gain or loss on the transaction or other event is classified in the investing category.

Question for the IASB
1. Does the IASB agree with the staff recommendation in paragraph 23?

Other issues for which the staff conclude no further action is required

24. Appendix B of this paper discusses a proposal in the Exposure Draft that we recommend the IASB confirm with drafting changes to reflect the IASB's tentative decisions in the redeliberations to date. The outcome of the revised proposal is that an entity shall not present the subtotal 'profit or loss before financing and income tax' when an entity that provides financing to customers as a main business activity classifies in the operating category all income and expenses from liabilities that arise from transactions that involve only the raising of finance.

25. Appendix B of this paper also contains issues arising from feedback for which we conclude no further action is required because the issue:

    (a) can be resolved by clarifying the wording in drafting IFRS X; or

    (b) is beyond the scope of this project.

Question for the IASB
2. Does the IASB agree with the staff recommendation that the IASB confirm that an entity shall not present the subtotal 'profit or loss before financing and income tax' when an entity that provides financing to customers as a main business activity classifies in the operating category all income and expenses from liabilities that arise from transactions that involve only the raising of finance?   3. Does the IASB have any comments on the staff conclusions on the other topics in Appendix B of this paper?

Appendix A—Examples of transactions or other events which may result in a change in category

A1. In the redeliberations to date, the IASB has tentatively decided that an entity would classify:

(c) income and expenses from investments in subsidiaries, associates and joint ventures accounted for using the equity method in the investing category;

(d) income and expenses from investments in subsidiaries, associates and joint ventures *not* accounted for using the equity method in the investing category unless they are investments as a main business activity, in which case they are classified in the operating category;

(e) income and expenses from other assets that generate a return individually and largely independently of other resources held by the entity, such as financial assets and investment property, in the investing category unless they are investments as a main business activity, in which case they are classified in the operating category (see Agenda Paper 21B of the December 2021 IASB meeting, Agenda Paper 21C of the September 2022 IASB meeting and Agenda Paper 21A of the May 2023 IASB meeting for decisions (a), (b) and (c)); and

(f) all income and expenses from liabilities that arise from transactions that involve only the raising of financing and specified income and expenses from other liabilities (such as interest expense on long-term payables for goods and services received) in the financing category (see Agenda Paper 21A of the July 2022 IASB meeting).

A2. The following examples illustrate how income and expenses would be classified before and after a transaction or other event that may result in a change in category for classifying income and expenses. Items highlighted in grey denote transactions which result in a change in category for classifying income and expenses.

Transaction or other event	Not specified main business activity		Investing as a specified main business activity (not an investment entity)		Investing as a specified main business activity (investment entity)	
	Old classification	New classification	Old classification	New classification	Old classification	New classification
Step acquisition: associate or joint venture becomes a subsidiary [separate financial statements]	Investing	Investing	Investing if use equity method Operating if use fair value or cost	Investing if use equity method Operating if use fair value or cost	Operating	Operating
Step acquisition: associate or joint venture becomes a subsidiary [consolidated financial statements]	Investing	In accordance with the classification for individual assets and liabilities	Investing if use equity method Operating if use fair value through profit or loss (FVTPL)	In accordance with the classification for individual assets and liabilities	Operating	Operating

Transaction or other event	Not specified main business activity		Investing as a specified main business activity (not an investment entity)		Investing as a specified main business activity (investment entity)	
	Old classification	**New classification**	**Old classification**	**New classification**	**Old classification**	**New classification**
Loss of control: Subsidiary becomes an associate or joint venture [separate financial statements]	Investing	Investing	Investing if use the equity method	Investing if use the equity method	Operating	Operating
			Operating if use fair value or cost	Operating if use fair value or cost		
Loss of control: Subsidiary becomes an associate or joint venture [consolidated financial statements]	In accordance with the classification for individual assets and liabilities	Investing	In accordance with the classification for individual assets and liabilities	Investing if use equity method	Operating	Operating
				Operating if use FVTPL		

Transaction or other event	Not specified main business activity		Investing as a specified main business activity (not an investment entity)	
	Old classification	New classification	Old classification	New classification
Financial asset becomes an associate or joint venture accounted for using equity method	Investing	Investing	Operating	Investing
Associate or joint venture accounted for using equity method becomes a financial asset	Investing	Investing	Investing	Operating
Property, plant or equipment (PP&E) or inventory becomes investment property	Operating	Investing	Operating	Operating
Investment property becomes PP&E or inventory	Investing	Operating	Operating	Operating
Sale-and-leaseback transaction (seller-lessee perspective, fact pattern as per Example 5)	Investing	Operating	Operating	Operating
Supply-chain financing arrangements (general corporate that does not provide financing to customers as a main business activity)	Operating	Financing	-	-

A3. We tested the recommendations in paragraph 23 using Examples 1–6.

Example 1—Step acquisition in consolidated financial statements

A4. On 21 January 20X2, Company P acquired 30% of the voting ordinary shares of Company S of CU80,000. Company P accounts for its investment in Company S under the equity method. Company P does not have specified main business activities. At 31 December 20X2, P recognised its share of the net asset changes of S using the equity method as follows:

(a) share of profit or loss of CU7,000; and

(b) share of foreign exchange differences in other comprehensive income of CU1,000.

A5. The carrying amount of the investment in S on 31 December 20X2 was therefore CU88,000 (CU80,000 + CU7,000 + CU1,000).

A6. On 1 January 20X3, P acquires the remaining 70% of S for a cash payment of CU250,000. As of 1 January 20X3, the fair value of the 30% interest already owned by P is CU90,000, and the fair value of Company S's identifiable net assets is CU290,000.

A7. On 1 January 20X3, Company P would recognise a gain on disposal of the 30% equity interest in Company S of CU3,000 (CU90,000 + CU1,000 – CU88,000) in profit or loss, classified in the investing category.

A8. From this point forward, gains or losses from the identifiable net assets of Company S will be classified in accordance with the classification of income and expenses from the individual assets and liabilities recognised in the consolidated financial statements.

Example 2—Partial disposal resulting in loss of control

A9. Company P owns 60% of the shares in Company S. Company S contains assets that generated income and expenses that were classified in the operating and investing categories. On 1 November 20X2, P disposes of a 20% interest in S for cash of

CU400 and loses control of it. Company P will account for the remaining investment using the equity method. Company P and Company S do not have specified main business activities.

A10. At that date, the fair value of the remaining 40% investment is determined to be CU800, and the carrying amount of the net assets of Company S is CU1,750. The amount of non-controlling interest in the consolidated financial statements of Company P on 1 November 20X2 is CU700.

A11. The gain on disposal of CU150 would be classified in the operating category. From this point forward, income and expenses from the investment in Company S accounted for using the equity method will be classified in the investing category.

Example 3—Transfer from inventory into investment property

A12. Company T has a property classified as inventory. The property is carried at its cost of CU600.

A13. Sometime after acquisition, management decides to hold the property indefinitely and leases out the property to another party under an operating lease.

A14. When the lease is entered into, the net realisable value of the property is CU500, which is lower than its cost of CU600. Company T writes down the property to its net realisable value of CU500 and reflects the loss of CU100 in the **operating category** with other inventory write-downs. Consequently, the property is accounted for in accordance with IAS 40 *Investment Property* at CU500 and gains and losses will be reflected in:

(a) the investing category if Company T does not invest in investment property as a main business activity; and

(b) the operating category if Company T invests in investment property as a main business activity.

Example 4—Transfer from property, plant and equipment into investment property

A15. Company T has a property classified as property, plant and equipment. The property is carried at its carrying amount of CU120,000, consisting of cost of CU200,000 and accumulated depreciation of CU70,000 and accumulated impairment losses of CU10,000.

A16. Sometime after acquisition, management decides to lease the property to another party under an operating lease. Company T measures investment property using the fair value model.

A17. When the lease is entered into, the fair value of the property is CU150,000, which is higher than its carrying amount of CU120,000. Company T uses the elimination approach when revaluing property, plant and equipment under IAS 16.

A18. Company P therefore recognises the reversal of the impairment loss of CU10,000 in the **operating category** of the statement of profit or loss. The remaining difference between the fair value of CU150,000 and the carrying amount of CU120,000 is recognised as a revaluation surplus in other comprehensive income.

A19. Consequently, the property will be accounted for as an investment property under the fair value model in accordance with IAS 40 *Investment Property* and gains and losses will be reflected in:

(a) the investing category if Company T does not invest in investment property as a main business activity; and

(b) the operating category if Company T invests in investment property as a main business activity.

Example 5—Sale-and-leaseback transaction when transfer is a sale

A20. Company O does not invest in investment property as a main business activity, however, it owns an office building which is leased out to a third party. It ends the lease with the tenant and sells the office building to Company J for cash of CU2,000,000. Immediately before the transaction, the property is carried at a cost of

CU1,000,000. At the same time, Company O enters into a contract with Company J for the right to use the building for 15 years with annual payments of CU160,000 at the end of each year. Company O intends to use the building as an administrative / office building. The transfer of the office building qualifies as a sale under IFRS 15 *Revenue from Contracts with Customers*.

A21. The fair value of the office building on the date of sale is CU1,800,000. Because the consideration for the sale of the office building is not at fair value, Company O and Company J make adjustments to recognise the transaction at fair value. The amount of the excess sale price of CU200,000 (CU2,000,000 – CU1,800,000) is recognised as additional financing provided by Company J to Company O. The incremental borrowing rate of the lessee is 3.0% per annum. The net present value of the annual payments is CU1,910,070, of which CU200,000 relates to the additional financing and CU1,710,070 relates to the lease.

A22. Company O recognises the transaction as follows:

(a) the right-of-use asset retained through the leaseback of the office building as a portion of its previous carrying amount, which is CU950,039 (CU1,710,070 / CU1,800,000 x CU1,000,000).

(b) the total gain on the building relates to CU800,000 (CU1,800,000 – CU1,000,000), of which:

(i) CU760,031 (CU1,710,070 / CU1,800,000 x CU800,000) relates to the right to use the office building retained by O; and

(ii) CU39,969 ((CU1,800,000 – CU1,710,070) / CU1,800,000 x CU800,000) relates to the rights transferred to J.

(c) Company O recognises only the portion of the gain on sale that relates to the rights transferred to Company J, which is CU39,969. This is recognised in the **investing category** as it represents a gain on sale of the rights to investment property.

Example 6—Supply chain financing arrangements

A23. Company D, a general corporate without any specified main business activities, has payables for goods and services. Company D includes the payables within its supplier finance arrangement with Bank L. Considering the terms and conditions of the arrangement and applying the derecognition requirements in IFRS 9 *Financial Instruments*, Company D derecognises the payables and recognises a new liability to Bank L.

A24. At the point of derecognition, the difference between the carrying amount of the payables of CU350,000 and the fair value of the new liability assumed of CU333,333 amounts to a gain of CU16,667 which Company D classifies in the **operating category**. The effective interest on the new liability to Bank L amounts to interest expense of CU16,667 which Company D classifies in the **financing category**.

Appendix B—Other issues for which the staff conclude no further action is required

B1. The following table outlines the feedback for which we conclude no further action is required:

	Issue	Why no further action is required
Prohibition on presentation of profit or loss before financing and income tax subtotal when an entity that provides financing to customers as a main business activity classifies all income and expenses from liabilities that arise from transactions that involve only the raising of finance in the operating category	Paragraph 64 of the Exposure Draft proposed that an entity shall not present the subtotal profit or loss before financing and income tax if, applying paragraph 51 of the Exposure Draft, it classifies all income and expenses from financing activities and all income and expenses from cash and cash equivalents in the operating category. This applies even when such an entity presents income or expense on other liabilities in the financing category applying paragraph 49(c) of the Exposure Draft. The IASB received very little feedback on the proposed prohibition in paragraph 64 of the Exposure Draft. The few stakeholders that did comment expressed agreement with the prohibition, as they said this would aid comparability, is consistent with how entities present the statement of profit or loss today and is consistent with how users currently consume information.	At its July 2022 meeting (see Agenda Paper 21B), the IASB tentatively decided to confirm the proposed accounting policy choice for an entity that provides financing to customers as a main business activity to classify in the operating category all income and expenses from liabilities that arise from transactions that involve only the raising of finance or the portion related to the provision of financing to customers. We think that the proposal in the Exposure Draft is still applicable, subject to drafting to reflect the IASB's redeliberations to date. Therefore, we recommend that the IASB confirm that an entity shall not present the profit or loss before financing and income tax subtotal when an entity that provides financing to customers as a main business activity classifies all income and expenses from liabilities that arise from transactions that involve only the raising of finance in the operating category. We will also clarify in drafting that an entity that cannot present this subtotal shall present an additional subtotal after operating profit and before the financing category if doing so is necessary to provide a useful structured summary of the entity's income and expenses. For example, the subtotal operating profit and income and expenses from investments accounted for using the equity method.

	Issue	Why no further action is required
Presentation of subtotals that are equal	The Exposure Draft proposed that an entity presents the following new subtotals in the statement of profit or loss (paragraph 60 of the Exposure Draft and redeliberations): • operating profit or loss; and • profit or loss before financing and income tax. Most respondents agreed with the proposals to introduce defined subtotals in the statement of profit or loss. However, there remains a question on whether subtotals are required to be presented if they are equal, which may create clutter in the statement of profit or loss and make the financial statements less understandable.	In considering whether subtotals are required to be presented if they are equal, we have considered: • that the description of the role of primary financial statements in paragraph 20 of the Exposure Draft requires a balance between giving a useful structured summary and providing details that allow comparisons to be made between entities. • digital reporting—feedback has highlighted the importance for digital reporting of subtotals being presented consistently across entities and over time. A user of paper-based financial statements may understand that a required subtotal is not reported because it is equal to another required subtotal. However, it may be helpful to users consuming the information digitally if entities report or tag all required subtotals, even when they are equal. • presentation and labelling—for example, entities would present two subtotals that are equal as a single amount with a double label, as illustrated by Illustrative Example II-2 in the Exposure Draft. IFRS Accounting Standards allow such an approach when basic and diluted earnings per share are equal (see paragraph 67 of IAS 33 *Earnings per Share*). Therefore, we think that there is no need for the IASB to reconsider presentation requirements for subtotals that are equal. We plan to explain in the Basis for Conclusions the IASB's reasons for illustrating subtotals that are equal in Illustrative Example II-2.

	Issue	Why no further action is required
Requirements relating to an entity's ability to continue as a going concern for interim financial statements	Paragraphs 25–26 of IAS 1 set out requirements relating to the entity's ability to continue as a going concern. The IASB proposed to move these paragraphs to paragraph 6K of IAS 8.	A few stakeholders raised concerns that the proposal to move the paragraphs on going concern to IAS 8 would have unintended consequences because, unlike in IAS 1, there is no explicit statement that those paragraphs, when in IAS 8, would apply to condensed interim financial statements. We think it should be clarified in drafting that these paragraphs, when in IAS 8, would apply to condensed interim financial statements.
Disclosure of significant judgements made in applying presentation and disclosure requirements	In the Exposure Draft, the IASB proposed moving the requirement in paragraph 122 of IAS 1 to IAS 8. Paragraph 122 of IAS 1 requires entities to disclose judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. A few respondents to the Exposure Draft said that this requirement is read by some as only relating to judgements made in applying recognition and measurement requirements and suggested that the IASB clarify that the requirement includes significant judgements made in applying presentation and disclosure requirements (see Agenda Paper 21A of the March 2022 IASB meeting).	As paragraph 122 of IAS 1 will be moved to IAS 8, amending this paragraph may have unintended consequences. Therefore, we do not think the IASB should provide any further clarification on this requirement as part of this project.