
IFRS[®] Interpretations Committee meeting

Date **November 2025**
Project **Updates to Agenda Decisions for IFRS 18**
Topic **Suggested wording of final updates to agenda decisions**
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Objective

1. In this agenda paper we include the suggested wording of the final updates to each agenda decision. New text added to the agenda decision are underlined and deleted text is struck through.
2. We note that the markups in this document do not reflect the changes to the proposed updates but rather the final updates after we have taken changes into consideration. We explain in Agenda Paper 9A of this meeting the changes we have made to each agenda decision. The proposed updates are included in [IFRIC Update June 2025](#).

Structure

3. We structure this paper by agenda decision. Each agenda decision starts on a new page:

I—[Disclosure of Revenues and Expenses for Reportable Segments](#) (page 3);

II—[Demand Deposits with Restrictions on Use arising from a Contract with a Third Party](#) (page 6);

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- III—[Subsequent Expenditure on Biological Assets](#) (page 9);
- IV—[Disclosure of Changes in Liabilities Arising from Financing Activities](#) (page 11);
- V—[Physical settlement of contracts to buy or sell a non-financial item](#) (page 13);
- VI—[Presentation of income and expenses arising on financial instruments with a negative yield](#) (page 14);
- VII—[Presentation of payments on non-income taxes](#) (page 15);
- VIII—[Classification of tonnage taxes](#) (page 16); and
- IX—[Current or non-current asset classification—normal operating cycle](#) (page 17).

I—Disclosure of Revenues and Expenses for Reportable Segments

Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 *Operating Segments*)—July 2024 [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*—November 2025]

The Committee received a request about how an entity applies the requirements in paragraph 23 of IFRS 8 to disclose for each reportable segment specified amounts related to segment profit or loss.

The request asked:

...

- a. ...
- b. whether an entity is required to disclose the specified amounts in paragraph 23(f) of IFRS 8 for each reportable segment if the entity presents or discloses those specified amounts applying a requirement in IFRS Accounting Standards other than paragraph 97 of IAS 1 [now paragraph 42 of IFRS 18]; and

...

The Committee observed that there are two main aspects to the questions:

...

- a. ...
- b. the meaning of ‘material items of income and expense’ in the context of [now paragraph 42 of IFRS 18] as referenced in paragraph 23(f) of IFRS 8.

Disclosure of specified amounts

...

Material items of income and expense

Paragraph 23(f) of IFRS 8 sets out one of the required ‘specified amounts’, namely, ‘material items of income and expense disclosed in accordance with paragraph 42 of IFRS 18 ~~paragraph 97 of IAS 1~~’. Paragraph 42 of IFRS 18 states that ‘[a]pplying the principles in paragraph 41, an entity shall disaggregate items whenever the resulting information is material...’. ~~Paragraph 97 of IAS 1 states that ‘when items of income or expense are material, an entity shall disclose their nature and amount separately’.~~

Definition of ‘material’

Appendix A of IFRS 18 ~~Paragraph 7 of IAS 1~~ defines ‘material information’ and states ‘information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those financial statements, which provide financial information about a specific reporting entity’.

Paragraph B2 of IFRS 18 ~~Paragraph 7 of IAS 1~~ also states that ‘materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole’.

Aggregation and disaggregation of information

Paragraphs 41–43 of IFRS 18 ~~Paragraphs 30–31 of IAS 1~~ provide requirements about how an entity aggregates and disaggregates information in the financial statements, which include the notes. Paragraph 41(d)–(e) of IFRS 18 states that an entity shall ‘aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information’ and ‘ensure that aggregation and disaggregation in the financial statements do not obscure material information ...’. ~~Paragraph 30A of IAS 1 states that ‘an entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions’.~~

Applying paragraph 23(f) of IFRS 8—material items of income and expense

The Committee observed that when IFRS 18 ~~IAS 1~~ refers to materiality, it is in the context of ‘information’ being material. An entity applies judgement in considering whether disclosing, or not disclosing, information in the financial statements could reasonably be expected to influence decisions users of financial statements make on the basis of those financial statements.

The Committee observed that, in applying paragraph 23(f) of IFRS 8 by disclosing, for each reportable segment, material items of income and expense disclosed in accordance with paragraph 42 of IFRS 18 ~~paragraph 97 of IAS 1~~, an entity:

- a. applies the definition of ‘material information’ in Appendix A and paragraph B2 of IFRS 18 ~~paragraph 7 of IAS 1~~ and assesses whether information about an item of income and expense is material in the context of its financial statements taken as a whole;
- b. applies the requirements in paragraphs 41–43 of IFRS 18 ~~paragraphs 30–31 of IAS 1~~ in considering how to aggregate and disaggregate information in its financial statements;
- c. considers the nature or magnitude of information—in other words, qualitative or quantitative factors—or both, in assessing whether information about an item of income and expense is material; and
- d. considers circumstances including, but not limited to, those in paragraph B79 of IFRS 18 ~~paragraph 98 of IAS 1~~.

II—Demand Deposits with Restrictions on Use arising from a Contract with a Third Party

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 *Statement of Cash Flows*)—April 2022 [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*—November 2025]

The Committee received a request about whether an entity includes a demand deposit as a component of cash and cash equivalents in its statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. In the fact pattern described in the request, the entity:

- a. holds a demand deposit whose terms and conditions do not prevent the entity from accessing the amounts held in it (that is, were the entity to request any amount from the deposit, it would receive that amount on demand).
- b. has a contractual obligation with a third party to keep a specified amount of cash in that separate demand deposit and to use the cash only for specified purposes. If the entity were to use the amounts held in the demand deposit for purposes other than those agreed with the third party, the entity would be in breach of its contractual obligation.

Cash and cash equivalents in the statement of cash flows

...

IAS 7 and IFRS 18 ~~IAS 1 *Presentation of Financial Statements*~~ indicate that amounts included in cash and cash equivalents may be subject to restrictions, namely:

- a. paragraph 48 of IAS 7 requires an entity to disclose information about ‘significant cash and cash equivalent balances held by the entity that are not available for use by the group’; and

- b. ~~paragraph 99(d) of IFRS 18 paragraph 66(d) of IAS 1~~ requires an entity to classify as current an asset that is ‘cash or a cash equivalent (as defined in IAS 7),² unless the asset is restricted from being exchanged or used to settle a liability for at least 12 ~~twelve~~ months after the reporting period’.

...

Presentation in the statement of financial position

Paragraph 103(k) of IFRS 18 54(i) of IAS 1 requires an entity to include a line item in its statement of financial position that presents the amount of ‘cash and cash equivalents’.

Paragraphs 23–24 of IFRS 18 require an entity to present additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary or not present separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary. ~~Paragraph 55 of IAS 1 states ‘an entity shall present additional line items (including by disaggregating the line items listed in paragraph 54) ... in the statement of financial position when such presentation is relevant to an understanding of the entity’s financial position’.~~

Therefore, the Committee concluded that, in the fact pattern described in the request, the entity presents the demand deposit as cash and cash equivalents in its statement of financial position. When necessary to provide a useful structured summary of its assets in the statement of financial position, the entity would present the demand deposit in an additional line item separately from other cash and cash equivalents. ~~When relevant to an understanding of its financial position, the entity would disaggregate the ‘cash and cash equivalents’ line item and present the demand deposit separately in an additional line item.~~

An entity that presents assets as current or non-current would classify the demand deposit as current applying paragraph 99(d) of IFRS 18 paragraph 66(d) of IAS 1, unless the demand deposit is ‘restricted from being exchanged or used to settle a liability for at least 12 ~~twelve~~ months after the reporting period’.

Disclosures

Paragraph 45 of IAS 7 states that ‘an entity shall disclose the components of cash and cash equivalents...’. Applying this requirement, in the fact pattern described in the request, the entity discloses the demand deposit as a component of cash and cash equivalents. The entity also considers whether to disclose additional information:

- a. in the context of the requirements in IFRS 7 *Financial Instruments: Disclosures* about liquidity risk arising from financial instruments and how an entity manages that risk; and
- b. if the information it provides in applying the disclosure requirements in IAS 7 and IFRS 7 is insufficient to enable users of financial statements to understand the effect ~~impact~~ of the restrictions on the entity’s financial position (paragraph 20 of IFRS 18~~paragraph 31 of IAS 1~~).

III—Subsequent Expenditure on Biological Assets

Subsequent Expenditure on Biological Assets—September 2019 [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*—November 2025]

The Committee received a request about the accounting for costs related to the biological transformation (subsequent expenditure) of biological assets measured at fair value less costs to sell applying IAS 41. The request asked whether an entity capitalises subsequent expenditure (ie adds it to the carrying amount of the asset) or, instead, recognises subsequent expenditure as an expense when incurred.

...

Accordingly, the Committee concluded that, applying IAS 41, an entity either capitalises subsequent expenditure or recognises it as an expense when incurred. The Committee observed that capitalising subsequent expenditure or recognising it as an expense has no effect on the fair value measurement of biological assets nor does it have any effect on profit or loss; however, it affects the presentation of amounts in the statement of profit or loss. In assessing how to present such subsequent expenditure in the statement of profit or loss, an entity would apply the requirements in *IFRS 18 Presentation and Disclosure in Financial Statements* ~~paragraphs 81–105 of IAS 1 *Presentation of Financial Statements*~~. In particular, the Committee observed that ~~the entity would:~~

- a. the entity would—applying paragraphs 23–24 of IFRS 18—present additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary or not present separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary~~applying paragraph 85, ‘present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive~~

~~income when such presentation is relevant to an understanding of the entity's financial performance'; and~~

- b. if the expenses are classified in the operating category of the statement of profit or loss, the entity would—applying paragraph 78 of IFRS 18—classify and present expenses in line items in a way that provides the most useful structured summary of its expenses, using one or both of the nature of expenses or the function of the expenses within the entity~~applying paragraph 99, present in the statement(s) presenting profit or loss and other comprehensive income or in the notes an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.~~

Applying paragraph 13 of IAS 8 *Basis of Preparation of Financial Statements*~~IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*~~, an entity would apply its accounting policy for subsequent expenditure consistently to each group of biological assets. An entity would also disclose the selected accounting policy applying paragraphs 27A–27I of IAS 8~~paragraphs 117–124 of IAS 1~~ if that disclosure would assist users of financial statements in understanding how those transactions are reflected in reported financial performance.

IV—Disclosure of Changes in Liabilities Arising from Financing Activities

Disclosure of Changes in Liabilities Arising from Financing Activities (IAS 7 *Statement of Cash Flows*)—September 2019 [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*—November 2025]

The Committee received a request from users of financial statements (investors) about the disclosure requirements in IAS 7 that relate to changes in liabilities arising from financing activities. Specifically, investors asked whether the disclosure requirements in paragraphs 44B–44E of IAS 7 are adequate to require an entity to provide disclosures that meet the objective in paragraph 44A of IAS 7.

...

Reconciling between the opening and closing balances of liabilities arising from financing activities

...

The Committee observed that an entity applies judgement in determining the extent to which it disaggregates and explains the changes in liabilities arising from financing activities included in the reconciliation to meet the objective in paragraph 44A. In this respect, the Committee noted the following:

- a. in disaggregating liabilities arising from financing activities, and cash and non-cash changes in those liabilities, an entity applies paragraph 44B of IAS 7 and paragraphs 41–42 of IFRS 18 ~~paragraph 30A of IAS 1 *Presentation of Financial Statements*~~. Paragraph 41(e) states that an entity shall ‘ensure that aggregation and disaggregation in the financial statements do not obscure material information.’ ~~Paragraph 30A of IAS 1 states that an entity ‘shall not reduce the understandability of its financial statements...by aggregating material items that have different natures or functions’.~~ Accordingly, an entity discloses any individually material items

separately in the reconciliation. Such items include material classes of liability (or asset) arising from financing activities and material reconciling items (ie cash or non-cash changes).

- b. in explaining liabilities arising from financing activities, and cash and non-cash changes in those liabilities, an entity applies paragraph 44B of IAS 7 and paragraph 113(c) of IFRS 18 ~~paragraph 112(c) of IAS 1~~. Paragraph 113(c) of IFRS 18 ~~Paragraph 112(c) of IAS 1~~ requires an entity to disclose ‘other information that is not presented ~~elsewhere~~ in the primary financial statements, but is necessary for relevant ~~to~~ an understanding of any of them’. Accordingly, applying paragraphs 44A–44E, an entity determines the appropriate structure for its reconciliation including the appropriate level of disaggregation. Thereafter, the entity determines whether additional explanation is needed to meet the disclosure objective in paragraph 44A. An entity would explain each class of liability (or asset) arising from financing activities included in the reconciliation and each reconciling item in a way that (i) provides information about its sources of finance, (ii) enables investors to check their understanding of the entity’s cash flows, and (iii) enables investors to link items to the statement of financial position and the statement of cash flows, or related notes.

Accordingly, 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 IFRS 18 ~~IAS 1~~, are adequate to require an entity to provide disclosures that meet the objective in paragraph 44A of IAS 7. Consequently, the Committee decided not to add the matter to its standard-setting agenda.

V—Physical settlement of contracts to buy or sell a non-financial item

Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9 *Financial Instruments*)—March 2019 [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*—November 2025]

...

Consequently, the Committee concluded that IFRS 9 neither permits nor requires an entity to make the additional journal entry described in the request. However, the Committee observed that an entity is required to present gains and losses on the derivative, and disclose information about those amounts, applying applicable IFRS Standards, such as IFRS 18 *Presentation and Disclosure in Financial Statements* ~~IAS 1 *Presentation of Financial Statements*~~ and IFRS 7 *Financial Instruments: Disclosures*. In determining what line items to present in profit or loss, the requirements in IFRS 18 ~~IAS 1~~ (including those related to aggregation and disaggregation) are applicable. Paragraphs B70–B76 of IFRS 18 set out requirements for classification of gains and losses on derivatives and designated hedging instruments in categories in the statement of profit or loss. ~~IAS 1 does not specify requirements for the presentation of amounts related to the remeasurement of derivatives.~~ Paragraph ~~However paragraph~~ 20(a)(i) of IFRS 7 specifies disclosure requirements for net gains or net losses on financial assets or financial liabilities that are mandatorily measured at FVPL applying IFRS 9. For these purposes, in the fact patterns described in the request, there is no gain or loss on the derivative caused by settlement.

VI—Presentation of income and expenses arising on financial instruments with a negative yield

Income and expenses arising on financial instruments with a negative yield—presentation in the statement of comprehensive income (IFRS 9 *Financial Instruments* ~~IAS 39 *Financial Instruments: Recognition and Measurement*~~ and IFRS 18 *Presentation and Disclosure in Financial Statements* ~~IAS 1 *Presentation of Financial Statements*~~)—January 2015 [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18—November 2025]

The Interpretations Committee discussed the ramifications of the economic phenomenon of negative effective interest rates for the presentation of income and expenses in the statement of comprehensive income.

The Interpretations Committee noted that interest resulting from a negative effective interest rate on a financial asset does not meet the definition of interest revenue in IAS 18 *Revenue* [IAS 18 has been withdrawn. Paragraph 4.2 of the *Conceptual Framework for Financial Reporting* contains a definition of income], because it reflects a gross outflow, instead of a gross inflow, of economic benefits. Consequently, the expense arising on a financial asset because of a negative effective interest rate should not be presented as interest revenue, but in an appropriate expense classification. The Interpretations Committee noted that in accordance with paragraphs 24 and 113(c) of IFRS 18 *Presentation and Disclosure in Financial Statements* ~~paragraphs 85 and 112(e) of IAS 1 *Presentation of Financial Statements*~~, the entity presents ‘additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary’, and discloses in the notes ‘other information that is not presented in the primary financial statements, but is necessary for an understanding of any of them’ ~~is required to present additional information about such an amount if that is relevant to an understanding of the entity’s financial performance or to an understanding of this item.~~

VII—Presentation of payments on non-income taxes

Presentation of payments on non-income taxes (IFRS 18 *Presentation and Disclosure in Financial Statements* ~~IAS 1 *Presentation of Financial Statements*~~ and IAS 12 *Income Taxes*) (July 2012) [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*—November 2025]

...

The Committee observed that the line item of ‘income tax expense or income’ ~~‘tax expense’~~ that is required by paragraph 75(a)(iv) of IFRS 18 includes ~~paragraph 82(d) of IAS 1 *Presentation of Financial Statements* is intended to require an entity to present~~ taxes that meet the definition of income taxes under IAS 12. The Committee also noted that it is the basis of calculation determined by the relevant tax rules that determines whether a tax meets the definition of an income tax. Neither the manner of settlement of a tax liability nor the factors relating to recipients of the tax is a determinant of whether an item meets that definition. The Committee further noted that the production-based royalty payments should not be treated differently from other expenses that are outside the scope of IAS 12, all of which may reduce income tax payable. Accordingly, the Committee observed that it is inappropriate to consider the royalty payments to be prepayment of the income tax payables. Because the production-based royalties are not income taxes, the royalty payments should not be presented as an income tax expense in the statement of comprehensive income. The Committee considered that, in the light of its analysis of the existing requirements of IFRS 18 ~~IAS 1~~ and IAS 12, an interpretation was not necessary and consequently decided not to add this issue to its agenda.

VIII—Classification of tonnage taxes

Classification of tonnage taxes (IAS 12 *Income Taxes*) (May 2009) [Updated to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*—November 2025]

...

The IFRIC has previously noted that IAS 12 applies to income taxes, which are defined as taxes that are based on taxable profit, and that the term ‘taxable profit’ implies a notion of a net rather than a gross amount. Taxes either on tonnage transported or tonnage capacity are based on gross rather than net amounts. Taxes on a notional income derived from tonnage capacity are not based on the entity’s actual income and expenses. Consequently, the IFRIC noted that such taxes would not be considered income taxes in accordance with IAS 12 and would not be presented as part of tax expense in the statement of comprehensive income. However, the IFRIC also noted that, in accordance with paragraph 24 of IFRS 18, an entity subject to tonnage tax would present additional line items and subtotals in that statement if such presentations are necessary for the primary financial statement to provide a useful structured summary~~paragraph 85 of IAS 1 *Presentation of Financial Statements*, an entity subject to tonnage tax would present additional subtotals in that statement if that presentation is relevant to an understanding of its financial performance.~~ Given the requirements of IAS 12, the IFRIC decided not to add the issue to its agenda.

IX—Current or non-current asset classification—normal operating cycle¹

Normal operating cycle (IFRS 18 Presentation and Disclosure in Financial Statements~~IAS 1 Presentation of Financial Statements~~) (June 2005) [Updated to replace references to IAS 1 Presentation of Financial Statements with references to IFRS 18 Presentation and Disclosure in Financial Statements—November 2025]

The IFRIC considered an issue regarding the classification of current and non-current assets by reference to an entity's normal operating cycle. It was asked whether the guidance in IAS 1.57(a) [now paragraph 99(a) of IFRS 18] was applicable only if an entity had a predominant operating cycle. This is particularly relevant to the inventories of conglomerates which, on a narrow reading of the wording, might always have to refer to the 12-month ~~twelve-month~~ criterion in IAS 1.57(c) [now paragraph 99(c) of IFRS 18], rather than the operating cycle criterion.

...Furthermore, if inventories of different cycles were held, IFRS 18 requires an entity to consider the roles of the primary financial statements and the notes (paragraphs 15–24 and 106 of IFRS 18), the principles of aggregation and disaggregation in paragraphs 41–42 of IFRS 18 to determine whether and what additional information to present and disclose ~~and it was material to readers' understanding of an entity's financial position, then the general requirement in IAS 1.71 already required disclosure of further information.~~

¹ The agenda decision refers to paragraphs 57 and 71 of IAS 1 *Presentation of Financial Statements*. In September 2007 the IASB issued a revised IAS 1. According to the table of concordance that accompany the [revised IAS 1](#), paragraphs 57 and 71 are now paragraphs 66 and 57 of IAS 1.