
IASB[®] meeting

Date	April 2026
Project	Scope of the Requirement to Disclose Expenses by Nature (IFRS 18)
Topic	Finalisation of agenda decision
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Purpose of the meeting

1. At its March 2026 meeting, the IFRS Interpretations Committee (Committee) decided not to add a standard-setting project to the work plan in response to a request about the scope of the requirements in paragraph 83 of IFRS 18 *Presentation and Disclosure in Financial Statements*. The Committee instead decided to finalise an agenda decision that explained its reasons for not adding a standard-setting project.
2. The purpose of this meeting is to ask the International Accounting Standards Board (IASB) members whether they object to the agenda decision, as required by paragraph 8.7 of the IFRS Foundation [Due Process Handbook](#).

Background

3. Paragraph 83 of IFRS 18 requires an entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss to also disclose in a single note:
 - (a) the total for each of depreciation, amortisation, employee benefits, impairment of non-financial assets (and reversals) and write-downs of inventories (and reversals); and

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- (b) for each total listed in paragraph (a):
- (i) the amount related to each line item in the operating category; and
 - (ii) a list of any line items outside the operating category that also include amounts relating to the total.
4. In November 2025, the Committee discussed a request about the scope of the requirements in paragraph 83 of IFRS 18. [Agenda Paper 6](#) for the Committee's November 2025 meeting reproduced the request and provided the staff's initial consideration of the matter.
5. The request asked whether the requirements in paragraph 83 of IFRS 18 apply:
- (a) only when an entity presents operating expenses listed in paragraph 75(a)(ii) of IFRS 18 by function in the operating category of the statement of profit or loss; or
 - (b) when an entity presents any expense by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18. The submitter said these expenses might include amounts that have been recognised as part of the carrying amount of an asset—for example, insurance service expense recognised in the statement of profit or loss might include the amortisation of insurance acquisition costs that were previously capitalised as part of insurance contract assets.
6. The Committee observed that paragraph 83 contains no exceptions or exclusions. Therefore, it applies when an entity has presented any expense classified by function in the operating category of the statement of profit or loss, including expenses in paragraph 75(b)–(c) that are classified by function.
7. The Committee also observed that, as paragraph B84 of IFRS 18 states, the amounts disclosed in accordance with paragraph 83 of IFRS 18 need not be the amounts recognised as an expense in the period. The amounts disclosed could include amounts that have been recognised as part of the carrying amount of an asset.

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8. Based on its analysis, the Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for an entity to determine the scope of the requirements in paragraph 83 of IFRS 18. Accordingly, the Committee tentatively decided not to add a standard-setting project to the work plan and, instead, published a [tentative agenda decision](#).

Feedback on the tentative agenda decision

9. The Committee received 17 comment letters on its tentative agenda decision by the comment letter deadline. All comment letters received, including any late comment letters, are available on our [website](#).¹ [Agenda Paper 7](#) for the Committee's March 2026 meeting (March 2026 agenda paper) summarised respondents' comments and set out our analysis of those comments.
10. In summary:
- (a) thirteen respondents agreed with the Committee's decision not to add a standard-setting project to the work plan for the reasons set out in the tentative agenda decision. Some of these respondents nonetheless raised concerns about specific aspects of the tentative agenda decision or suggested wording clarifications to the tentative agenda decision.
 - (b) three did not agree or disagree with the Committee's decision but raised concerns about aspects of the tentative agenda decision.
 - (c) one disagreed with the Committee's decision not to add a standard-setting project to the work plan and recommended standard-setting to address its concerns about paragraph 83(b) of IFRS 18.
11. Two of the main concerns raised related to the application of paragraph 83 of IFRS 18 to capitalised costs and whether the tentative agenda decision implied that all line items listed in paragraph 75 comprise expenses classified by function.

¹ At the date of posting this agenda paper, there were no late comment letters.

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12. For reasons explained in the March 2026 agenda paper (see paragraphs 14–27 of that paper), we:
- (a) continued to agree with the Committee’s conclusion in the tentative agenda decision that the principles and requirements in IFRS 18 provide an adequate basis to determine the required accounting for the question asked;
 - (b) suggested adding to the agenda decision a reference to Note 1 of paragraph IE7 of the Illustrative Examples on IFRS 18;
 - (c) suggested a change to the wording of the agenda decision to avoid implying that all line items listed in paragraph 75 of IFRS 18 comprise expenses classified by function; and
 - (d) recommended no action in response to other comments.

The Committee’s discussion and feedback

13. The Committee considered the feedback at its March 2026 meeting. All Committee members agreed with our analysis of feedback on the tentative agenda decision.
14. All 14 Committee members voted to finalise the agenda decision with the changes noted in paragraph 12(b)–(c) of this paper. The [appendix](#) to this paper includes the wording of the agenda decision approved by the Committee.
15. In considering respondents’ comments, particularly regarding the application of paragraph 83 of IFRS 18 to capitalised costs (which was beyond the scope of the original submission to the Committee):
- (a) one Committee member suggested that the IASB consider clarifying how to apply the requirements in paragraph 83 by, for example, developing educational materials or additional illustrative examples; and
 - (b) a few Committee members suggested monitoring practice that develops regarding this disclosure requirement and addressing application questions, if any, when they arise.

Questions

Do you object to the Committee's:

- a. decision not to add a standard-setting project to the work plan?
- b. conclusion that the agenda decision does not add or change requirements in IFRS Accounting Standards?

Appendix—The agenda decision

A1. The agenda decision below was approved by the Committee at its March 2026 meeting.

Scope of the Requirement to Disclose Expenses by Nature (IFRS 18 *Presentation and Disclosure in Financial Statements*)

The Committee received a request about the scope of the requirements in paragraph 83 of IFRS 18.

Paragraph 75 of IFRS 18 requires an entity to present line items in the statement of profit or loss, including for:

- (a) operating expenses (paragraph 75(a)(ii)); and
- (b) amounts required by IFRS 9 *Financial Instruments* and IFRS 17 *Insurance Contracts* (paragraph 75(b)–(c)).

Question

The request asked whether the requirements in paragraph 83 of IFRS 18 apply:

- (a) only when an entity presents operating expenses listed in paragraph 75(a)(ii) of IFRS 18 by function in the operating category of the statement of profit or loss; or
- (b) when an entity presents any expense by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18. The request said these expenses might include amounts that have been recognised as part of the carrying amount of an asset—for example, insurance service expense recognised in the statement of profit or loss might include the amortisation of insurance acquisition costs that were previously capitalised as part of insurance contract assets.

Applying the applicable requirements

The Committee observed that paragraph 83 of IFRS 18 contains no exceptions or exclusions. That means, for example, that the reason for classifying an expense by function—that is, classifying an expense by function applying an entity’s judgement or

because of a requirement in an IFRS Accounting Standard—is irrelevant in determining whether an entity is required to apply paragraph 83.

Therefore, the Committee concluded that paragraph 83 of IFRS 18 applies when an entity presents any line item comprising expenses classified by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18 that are classified by function.

The Committee observed that, as paragraph B84 of IFRS 18 states, the amounts disclosed in accordance with paragraph 83 of IFRS 18 need not be the amounts recognised as an expense in the period. The amounts disclosed could include amounts that have been recognised as part of the carrying amount of an asset. If an entity applying paragraph 83(b) of IFRS 18 discloses amounts that are not the amounts recognised as an expense in the period, the entity is required to provide a qualitative explanation of that fact, identifying the assets involved. Note 1 of paragraph IE7 of the Illustrative Examples on IFRS 18 illustrates a way to apply paragraph 83 of IFRS 18 and the related application guidance.

Conclusion

The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for an entity to determine the scope of the requirements in paragraph 83 of IFRS 18. Consequently, the Committee decided not to add a standard-setting project to the work plan.