
IASB[®] meeting

Date **January 2026**
Project **Updates to Agenda Decisions for IFRS 18**
Topic **Finalisation of updates to agenda decisions**
Contacts **Dennis Deysel (ddeysel@ifrs.org)**

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Purpose of the meeting

1. At its meeting in November 2025, the IFRS Interpretations Committee (Committee) decided:
 - (a) to recommend to the International Accounting Standard Board (IASB) to withdraw two agenda decisions *Presentation of income and expenses arising on financial instruments with a negative yield* and *Supply Chain Financing Arrangements—Reverse Factoring*.
 - (b) to finalise the proposed updates to six agenda decisions.
2. The purpose of this meeting is to ask the IASB whether it:
 - (a) agrees with the Committee's recommendation to withdraw the two agenda decisions noted in paragraph 1(a); and
 - (b) does not object to the six updated agenda decisions.

Background

3. After publication in IFRIC[®] *Update*, agenda decisions are made available on our [website](#) and are included, by way of staff annotations, in the annotated versions of IFRS Accounting Standards.

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4. According to paragraph 8.5 of the IFRS Foundation's [Due Process Handbook](#) (Due Process Handbook), any explanatory material included in agenda decisions derives its authority from the relevant IFRS Accounting Standards.¹ Consequently, when new requirements are developed, the IASB typically take one of two approaches regarding agenda decisions:
- (a) an agenda decision is withdrawn in its entirety if the explanatory material within it refers to requirements that have been changed or removed from IFRS Accounting Standards; or
 - (b) the references included in the explanatory material are updated with those of the new or amended IFRS Accounting Standard if the requirements have been brought forward unchanged.
5. To the extent there is diversity (or expected diversity) in applying the changed or new requirements to the accounting matter addressed by the agenda decision that has been withdrawn (paragraph 4(a)), stakeholders can resubmit the question to the Committee following the process set out on our [website](#).
6. Ten agenda decisions were identified that refer to, but do not focus only on, requirements in IAS 1 *Presentation of Financial Statements* that were not brought forward unchanged to IFRS 18 *Presentation and Disclosure in Financial Statements* or other IFRS Accounting Standards. These include:
- (a) one agenda decision ([Current or non-current asset classification—normal operating cycle](#) (June 2005)) that refers to both requirements in IAS 1 that have been brought forward unchanged and requirements in IAS 1 that have not.
 - (b) nine agenda decisions including explanatory material that, in addition to referring to other Standards, refer to requirements in IAS 1 that have not been brought forward unchanged. The nine agenda decisions referred to here

¹ Paragraph 8.5 of the Due Process Handbook states: 'Explanatory material derives its authority from the Standards themselves. Accordingly, an entity is required to apply the applicable IFRS Standard(s), reflecting the explanatory material in an agenda decision (subject to it having sufficient time to implement that accounting—see paragraph 8.6).'

include the agenda decision *Supply Chain Financing Arrangements—Reverse Factoring*.

7. Applying the approach discussed in paragraph 4 would result in withdrawing these 10 agenda decisions. This is because the requirements in IAS 1 that these agenda decisions refer to were not brought forward unchanged.
8. However, the IASB was of the view that withdrawing the 10 agenda decisions would not support consistent application in the most effective way. The explanatory material that references unchanged requirements remain relevant, and therefore the agenda decisions would continue to be useful to support consistent application, even after IFRS 18 becomes effective.
9. The IASB asked the Committee:
 - (a) to consider replacing the references to IAS 1 with references to the new or amended requirements in IFRS 18 in nine out of the 10 agenda decisions that reference general requirements about presentation, materiality and aggregation. These nine agenda decisions are:
 - (i) [*Disclosure of Revenues and Expenses for Reportable Segments*](#);
 - (ii) [*Demand Deposits with Restrictions on Use arising from a Contract with a Third Party*](#);
 - (iii) [*Subsequent Expenditure on Biological Assets*](#);
 - (iv) [*Disclosure of Changes in Liabilities Arising from Financing Activities*](#);
 - (v) [*Physical settlement of contracts to buy or sell a non-financial item*](#);
 - (vi) [*Presentation of income and expenses arising on financial instruments with a negative yield*](#);
 - (vii) [*Presentation of payments on non-income taxes*](#);
 - (viii) [*Classification of tonnage taxes*](#); and
 - (ix) [*Current or non-current asset classification—normal operating cycle*](#).

- (b) to consider how an entity applies the requirements in IFRS 18 to the fact pattern addressed by the agenda decision [Supply Chain Financing Arrangements—Reverse Factoring](#).
10. The Committee discussed the IASB's request at its June 2025 meeting and published a package of [tentative agenda decisions](#) that included the proposed updates. The comment period ended on 6 October 2025.

Feedback on the tentative agenda decisions

11. The Committee received 17 comment letters by the comment letter deadline. All comment letters received, including any late comment letters, are available on our [website](#).² [Agenda paper 9](#), [Agenda paper 9A](#) and [Agenda paper 9B](#) for the Committee's November 2025 meeting summarised the comments and set out our analysis of those comments. ([Agenda Paper 9C](#) for that meeting included suggested wording of the final updates to each agenda decision.)
12. While a few respondents raised comments on the approach to the proposed updates³, respondents generally commented on specific aspects of the proposed updates.

The Committee's discussion and feedback

13. The Committee considered the feedback at its November 2025 meeting. In light of its discussions, the Committee decided:
- (a) to recommend to the IASB to withdraw two agenda decisions (paragraphs 14–26);
 - (b) to finalise the updates to six agenda decisions with some changes to the wording that was exposed for comment (paragraphs 27–30); and

² We received no late comment letters.

³ Paragraphs 19–27 of [Agenda Paper 9](#) for the Committee's November 2025 meeting summarise and analyse these comments.

- (c) to propose additional updates to two agenda decisions (paragraphs 30–34).

Two agenda decisions to withdraw

14. After considering feedback, the Committee decided to not finalise the proposed updates but instead to recommend to the IASB to withdraw the following agenda decisions:

- (a) [*Supply Chain Financing Arrangements—Reverse Factoring*](#); and
- (b) [*Presentation of income and expenses arising on financial instruments with a negative yield*](#).

Supply Chain Financing Arrangements—Reverse Factoring

15. The agenda decision [*Supply Chain Financing Arrangements—Reverse Factoring*](#) (reverse factoring agenda decision) responds to the questions:
- (a) how an entity presents liabilities to pay for goods or services received when the related invoices are part of a reverse factoring arrangement; and
 - (b) what information about reverse factoring arrangements an entity is required to disclose in its financial statements.
16. To address these questions, the agenda decision includes explanatory material about the requirements in IFRS Accounting Standards that apply to:
- (a) presentation in the statement of financial position;
 - (b) derecognition of a financial liability;
 - (c) presentation in the statement of cash flows; and
 - (d) notes to the financial statements.
17. The proposed updates would primarily change the section of the agenda decision about presentation of liabilities that are part of a reverse factoring arrangement in the statement of financial position. The proposed updates to this section aimed to walk

readers through the relevant requirements in IFRS 18 that an entity considers when making its judgement of how to present these liabilities.

18. Nine respondents commented on the proposed updates. Five of these respondents agreed (or did not disagree) with the updates while making suggestions to improve the wording. Four respondents raised concerns with the updates. [Agenda Paper 9B](#) for the Committee's November meeting summarises and analyses those comments.
19. The Committee considered whether it could respond to the concerns raised by making some changes to the proposed updates (see possible updated agenda decision included in Appendix B of [Agenda paper 9B](#)). However, it noted:
 - (a) the 2023 Amendments *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7) include disclosure requirements that apply to supplier finance arrangements (reverse factoring arrangements) and respond to concerns the submitter identified in relation to disclosure of information about reverse factoring arrangements.
 - (b) in respect of classification and presentation, the original agenda decision includes helpful explanatory material. The Committee noted that:
 - (i) the possible updated agenda decision would also include helpful explanatory material that entities would be required to consider when determining the appropriate classification and presentation. However, the possible updates—particularly to the section on 'Presentation in the statement of financial position' would refer more generally to requirements in IFRS 18 without specifically explaining the application of those requirements to reverse factoring arrangements.
 - (ii) additional and more specific analysis (and explanatory material) might be needed to help stakeholders better understand and apply—in the context of reverse factoring arrangements—the requirements in IFRS 18. Particularly, how requirements about the roles of the primary financial statements, principles of aggregation and disaggregation and characteristics of items work together when an entity makes its

judgement to determine which line items to present in its statement of financial position and statement of cash flows. Adding such additional explanatory material would require significant additional resources from the Committee to develop such material and from our stakeholders to comment on the Committee's work. Also, such additional material risks adding content that goes beyond what the Committee originally considered (for example, by including additional explanatory material about how the general requirements in IFRS 18 interact with the requirements of IAS 7).

- (iii) the Committee did not have evidence to date of whether entities will have differing interpretations of the application of the requirements in IFRS 18 to reverse factoring arrangements.

- 20. Consequently, on balance the Committee decided to recommend that the IASB withdraw this agenda decision—which would comply with the IASB's typical approach (see paragraph 4).
- 21. The Committee observed that if stakeholders identify diversity in applying the requirements in IFRS 18 in the context of reverse factoring arrangements, they can submit a question to the Committee.

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

- 22. The proposed updates to the agenda decision [*Presentation of income and expenses arising on financial instruments with a negative yield*](#) included replacing the reference to paragraph 85 of IAS 1 with a reference to the requirements of when an entity presents additional line items and subtotals in its primary financial statements in paragraph 24 of IFRS 18—these requirements have not been brought forward unchanged because paragraph 24 refers to the role of the primary statements to provide useful structured summaries.

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23. Six respondents commented on the proposed updates to this agenda decision. Five of these respondents agree (or do not disagree) with the updates. One respondent suggested analysing and adding to the updates to this agenda decision an explanation of how the principles of aggregation and disaggregation in paragraph 41 of IFRS 18 and the offsetting requirements in paragraphs 44 and B27 of IFRS 18 affect the entities presentation of the expense arising on a financial asset because of a negative effective interest. The respondent said not doing so might result in a conclusion that is inconsistent with the requirements of IFRS 18.
24. The Committee agreed that additional and more specific analysis (and explanatory material) might be needed to help stakeholders better understand and apply—in the context of presenting income and expenses arising on financial instruments with a negative yield—the requirements in IFRS 18. Similar to considerations for the reverse factoring agenda decision, such additional analysis could require significant time and resources, both for the Committee and stakeholders, and would go beyond what the IASB asked the Committee to consider for this agenda decision. The Committee also observed that, given economic conditions, it did not expect the matter to currently have widespread effect.
25. Consequently, the Committee decided to recommend to the IASB to withdraw this agenda decision.
26. The Committee observed that similar to the reverse factoring agenda decision, if stakeholders identify diversity in applying the requirements in IFRS 18 in the context of this matter, they can submit a question to the Committee.

Six agenda decisions for which to finalise the updates

27. After considering the feedback, the Committee decided to finalise the proposed updates for the following six agenda decisions:
- (a) [*Disclosure of Revenues and Expenses for Reportable Segments*](#);

- (b) *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party*;
- (c) *Subsequent Expenditure on Biological Assets*;
- (d) *Disclosure of Changes in Liabilities Arising from Financing Activities*;
- (e) *Physical settlement of contracts to buy or sell a non-financial item*; and
- (f) *Current or non-current asset classification—normal operating cycle*.

28. In response to general concerns raised by a few respondents about the proposed updates possibly changing the outcome of applying the agenda decision for some entities, the Committee acknowledged that the requirements in IFRS 18 referred to in the updates to the agenda decisions differ from the requirements in IAS 1 that they replace. Updating the references to IAS 1 to the appropriate new references in IFRS 18 does not imply that IFRS 18 will not affect how an entity presents or discloses information in its financial statements in respect of the matters considered in these agenda decisions. The requirements in IAS 1 that are subject to the updates are generally related to the principles of materiality, aggregation and disaggregation (specifically presenting separate line items or subtotals if doing so enhances users' understanding). Applying such requirements to an entity's specific facts and circumstances requires that entity to apply its judgement when determining the appropriate accounting. Therefore, *the need to consider* those principles and apply judgement—and not necessarily the *outcome* of that consideration—will remain the same when entities apply the equivalent (but different) requirements in IFRS 18.
29. In response to some other concerns, the Committee decided to:
- (a) add some information to the title of the six agenda decisions to indicate that the agenda decisions were updated after its original publication date; and
 - (b) make minor wording changes to the proposed updates to some of the agenda decisions.

30. We include the wording of the six agenda decisions with the final updates as approved by the Committee in Appendix A of this paper.

Two agenda decisions for which to propose additional updates

31. As we note in paragraph 9(a), the Committee had proposed updates to two agenda decisions:
- (a) [*Presentation of payments on non-income taxes*](#); and
 - (b) [*Classification of tonnage taxes*](#).
32. At the request of the IASB, the Committee, at its November 2025 meeting (see [Agenda Paper 8](#) of that meeting), also discussed whether an entity applying IFRS 18 is permitted to present taxes or other charges that are not income taxes within the scope of IAS 12 *Income Taxes*:
- (a) in the ‘income tax expense or income’ line item of the statement of profit or loss; or
 - (b) in the income taxes category of the statement of profit or loss.
33. The Committee tentatively decided not to add a standard-setting project to the work plan but instead publish a [tentative agenda decision](#) that explains how an entity applying IFRS 18 determines whether to present non-income taxes in the ‘income tax expense or income’ line item of the statement of profit or loss. In its discussions, the Committee observed that the two agenda decisions referred to in paragraph 31 also discuss the presentation of specific taxes considered by those agenda decisions and that it would be better to align the wording of those agenda decisions with the wording of the tentative agenda decision
34. Consequently, the Committee decided to propose additional updates to the two agenda decisions referred to in paragraph 31. The proposed updates to these agenda decisions are open for comment until 6 February 2026.

Questions for the IASB

Questions for the IASB

1. Does the IASB agree to withdraw the two agenda decisions *Presentation of income and expenses arising on financial instruments with a negative yield* and *Supply Chain Financing Arrangements—Reverse Factoring*?
2. Do IASB members object to the six updated agenda decisions listed in paragraph 27?

Next steps

35. If the IASB does not object to the six updated agenda decisions, we will follow our normal process to communicate and process the changes:
- (a) *IFRIC Update*—the updated text of the agenda decisions will be included in the Addendum to the IFRIC[®] *Update* for the Committee’s November 2025 meeting;
 - (b) *Compilations of Agenda Decisions*—the updated text of the agenda decisions will be included in the *Compilations of Agenda Decisions* planned for 2026;
 - (c) *Website*—the updated text of the agenda decisions will be included on our website while the original agenda decisions would continue to be accessible via the relevant IFRIC *Update*, the applicable *Compilation of Agenda Decisions* for agenda decisions issued after January 2019 and historic versions of the annotated *Bound Volumes* (also available electronically via the IFRS Accounting Standards Navigator); and
 - (d) *Annotated Bound Volumes*—the updated text of the agenda decisions will be included as annotations in the relevant *Annotated Bound Volumes* (Required and Issued Standards).

Appendix A—the updates to the six agenda decisions

A1. The updates to the six agenda decisions are listed individually. New text added to the agenda decisions are underlined and deleted text is struck through.

Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 *Operating Segments*)

Published in July 2024

Updated in January 2026 to replace references to IAS 1 Presentation of Financial Statements with references to IFRS 18 Presentation and Disclosure in Financial Statements

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 *Presentation of Financial Statements* [now paragraph 42 of IFRS 18]; and

...

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

...

- b. the meaning of ‘material items of income and expense’ in the context of paragraph 97 of IAS 1 [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.

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)

Published in April 2022

Updated in January 2026 to replace references to IAS 1 Presentation of Financial Statements with references to IFRS 18 Presentation and Disclosure in Financial Statements

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), 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~~).

Subsequent Expenditure on Biological Assets (IAS 41 *Agriculture*)

Published in September 2019

Updated in January 2026 to replace references to IAS 1 Presentation of Financial Statements with references to IFRS 18 Presentation and Disclosure in Financial Statements

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 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.

Disclosure of Changes in Liabilities Arising from Financing Activities (IAS 7 *Statement of Cash Flows*)

Published in September 2019

*Updated in January 2026 to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements**

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(e) of IAS 1. Paragraph 113(c) of IFRS 18 Paragraph 112(e) 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.

Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9 *Financial Instruments*)

Published in March 2019

*Updated in January 2026 to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements**

...

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 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.~~ 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.

Normal operating cycle (IAS 1 *Presentation of Financial Statements*)

Published in June 2005

Updated in January 2026 to replace references to IAS 1 *Presentation of Financial Statements* with references to IFRS 18 *Presentation and Disclosure in Financial Statements*

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), and 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.~~