IFRIC *Update* September 2026

IFRIC *Update* is a summary of the decisions reached by the IFRS Interpretations Committee (Committee) in its public meetings. Past *Update*s can be found in the IFRIC *Update* archive.

The Committee met on 15–16 September 2026 and discussed

Committee's tentative agenda decisions

- Assets that Generate a Return Individually and Largely Independently of an Entity's Other Resources (IFRS 18 Presentation and Disclosure in Financial Statements)—Agenda Paper 2–2A
- Estimating Residual Value (IAS 16 *Property, Plant and Equipment*)—Agenda Paper 4
- Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9 *Financial Instruments*)—Agenda Paper 5

Agenda decisions for the IASB's consideration

- Reassessment of Control (IFRS 10 *Consolidated Financial Statements*)—Agenda Paper 3

Other matters

- Work in Progress—Agenda Paper 6

Addendum to IFRIC Update—Committee's agenda decisions

- Reassessment of Control (IFRS 10 *Consolidated Financial Statements*)—Agenda Paper 3

Related information

The work plan

Supporting consistent application

Committee's tentative agenda decisions

The Committee discussed the following matters and tentatively decided not to add standard-setting projects to the work plan. The Committee will reconsider these tentative decisions, including the reasons for not adding standard-setting projects, at a future meeting. The Committee invites comments on the tentative agenda decisions. Interested parties may submit comments on the Open for comment page. All comments will be on the public record and posted on our website unless a respondent requests confidentiality and we grant that request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. The Committee will consider all comments received in writing up to and including the closing date; comments received after that date will not be analysed in agenda papers considered by the Committee.

Assets that Generate a Return Individually and Largely Independently of an Entity's Other Resources (IFRS 18 *Presentation and Disclosure in Financial Statements*)—Agenda Paper 2–2A

Open for comment until 30 November 2026

The Committee received a request asking how an entity assesses whether an asset it holds generates a return individually and largely independently of the entity's other resources, as specified in paragraph 53(c) of IFRS 18.

Applicable requirements

To classify income and expenses in the statement of profit or loss, paragraph 49 of IFRS 18 requires an entity to assess whether it has a specified main business activity—that is, a main business activity of (a) investing in particular types of assets (see paragraph 53 of IFRS 18); or (b) providing financing to customers.

Paragraph 53(c) of IFRS 18 states that 'except as required by paragraphs 55–58 [of IFRS 18] for an entity that has a specified main business activity, an entity shall classify in the investing category [of the statement of profit or loss] income and expenses … from … (c) other assets if they generate a return individually and largely independently of the entity's other resources'.

Paragraph B46 of IFRS 18 states that assets that generate a return individually and largely independently of the entity's other resources in paragraph 53(c) typically include:

a. debt or equity investments; and
b. investment properties, and receivables for rent generated by those properties.

Paragraph B48 of IFRS 18 states that assets that an entity uses in combination to produce or supply goods or services do not generate a return individually and largely independently of the entity's other resources, and such assets typically include:

a. property, plant and equipment;
b. assets that arise from the production or supply of goods and services for which the income and expenses are classified in the operating category (for example, receivables for such goods and services); and
c. if the entity provides financing to customers as a main business activity, any loans to a customer.

Applying the requirements in paragraph 53(c) of IFRS 18

An entity applies judgement in assessing whether assets it holds are of the type specified in paragraph 53(c), and paragraphs B45–B49 of IFRS 18 include requirements that help an entity make that judgement.

An entity applying paragraphs B45–B49 does so in the context of the requirements in paragraph 53(c). In applying paragraph B48, an entity therefore considers whether it uses an asset in combination with its other resources to produce or supply goods or services for the purpose of assessing whether that asset generates a return individually and largely independently of its other resources.

The Committee observed that an asset can generate a return 'individually and largely independently' of an entity's other resources even when there is some interaction between the asset and the entity's other resources. For example, an investment property, which is typically an asset that generates a return individually and largely independently of an entity's other resources (paragraph B46(b) of IFRS 18), will often be maintained using some of the entity's other resources.

Applying the requirements in paragraph 53(c) to debt and equity investments

The request asked how an investment fund assesses whether financial assets (such as debt or equity investments) it holds are of the type specified in paragraph 53(c) of IFRS 18.

Applying paragraph B46(a), an entity holding financial assets, such as debt and equity investments, would typically conclude that those assets generate a return individually and largely independently of the entity's other resources.

Paragraph B48 contains examples of assets that typically do not generate a return individually and largely independently of an entity's other resources. Two of these examples are debt instruments: (1) receivables arising from the production or supply of goods and services for which the income and expenses are classified in the operating category; and (2) loans to a customer if the entity provides financing to customers as a main business activity.

The Committee observed that the examples of debt instruments in paragraph B48 are debt instruments arising from the production or supply of goods or services to a customer.

Therefore, in applying paragraph 53(c) of IFRS 18 and the related application guidance in paragraphs B45–B49 of IFRS 18:

a. an entity would typically conclude that the debt and equity investments it holds generate a return individually and largely independently of its other resources. For example, an investment fund that holds debt or equity investments would typically conclude that those investments generate such a return.
b. an entity that holds debt instruments arising from the production or supply of goods or services to a customer, however, would typically conclude that those instruments do not generate a return individually and largely independently of the entity's other resources.

Conclusion

The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for an entity to assess, in the context of paragraph 53(c), whether an asset it holds generates a return individually and largely independently of its other resources. Consequently, the Committee [decided] that a standard-setting project is not needed to address the request.

Estimating Residual Value (IAS 16 *Property, Plant and Equipment*)—Agenda Paper 4

Open for comment until 30 November 2026

The Committee received a request about how an entity estimates the residual value of an item of property, plant and equipment in accordance with IAS 16. Specifically, the request asked whether an entity's estimate of residual value reflects expected future developments other than the expected age and condition of the item at the end of its useful life (other expected future developments).

Fact pattern

In the fact pattern described in the request:

a. an entity manufactures cars and leases them to its customers. The lease term is usually three years, which is significantly shorter than the cars' economic lives. The entity sells the leased cars at the end of the lease term.

b. the entity classifies the lease contracts as operating leases and recognises the leased cars as property, plant and equipment. The entity measures the leased cars using the cost model in IAS 16 and depreciates them on a straight-line basis over the lease term.

The request asks whether the entity is required to reflect other expected future developments in its estimate of the leased cars' residual value.

Applying the requirements in IAS 16

Paragraph 6 of IAS 16 defines the residual value of an asset as 'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.'

The Committee observed that the definition of residual value requires an entity to estimate the amount it would *currently* obtain—that is, the amount the entity would obtain at the reporting date—from disposing of the asset if it were already of the age and in the condition expected at the end of its useful life. In doing so, an entity:

a. reflects other expected future developments to the extent such developments affect the amount the entity would currently obtain from disposing of the asset (that is, to the extent those developments affect current prices). For example, expected future technological changes that might make an asset obsolete could affect the amount an entity would currently obtain for the asset.

b. does not reflect other expected future developments to the extent they would affect the amount the entity will obtain for the asset only in the future (that is, to the extent they affect only future prices). For example, inflation between the reporting date and the end of an

asset's useful life might affect the amount an entity expects to obtain for the asset only in the future.

Conclusion

The Committee concluded that the principles and requirements in IAS 16 provide an adequate basis for an entity to determine whether it is required to reflect other expected future developments in estimating the residual value of an item of property, plant and equipment. Consequently, the Committee [decided] that a standard-setting project is not needed to address the request.

Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9 *Financial Instruments*)—Agenda Paper 5

Open for comment until 30 November 2026

The Committee received a request about how an entity accounts for a difference between the fair value of an investment in an equity instrument and the consideration received upon the sale of that instrument when the entity has elected to measure the investment at fair value through other comprehensive income in accordance with IFRS 9.

Fact pattern

An entity has elected to measure an investment in an equity instrument at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9. The entity subsequently sells that investment and the consideration the entity receives for the investment differs from the fair value of that investment at the disposal date.

The request asks whether the entity accounts for a difference between the fair value of the investment at the disposal date and the consideration the entity receives upon the disposal of that investment in profit or loss or in other comprehensive income.

Findings and conclusion

Evidence gathered by the Committee [to date] indicates little diversity that could have a material effect on those affected in the application of the requirements in IFRS 9 to the fact pattern. Feedback suggests that entities, for an investment in an equity instrument they have elected to measure at fair value through other comprehensive income, generally recognise a difference between the fair value of that investment at the disposal date and the consideration received upon the disposal of that investment in other comprehensive income.

Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee [decided] that a standard-setting project is not needed to address the request.

Agenda decisions for the IASB's consideration

Reassessment of Control (IFRS 10 *Consolidated Financial Statements*)—Agenda Paper 3

The Committee considered feedback on the tentative agenda decision published in the March 2026 IFRIC *Update* about whether, in accordance with paragraph 8 of IFRS 10, an entity reassesses whether it retains control of an investee when the investee's governing document is amended.

The Committee concluded its discussions on that agenda decision. In accordance with paragraph 8.7 of the IFRS Foundation's *Due Process Handbook*, the International Accounting Standards Board (IASB) will consider this agenda decision at a future meeting. If the IASB does not object to the agenda decision, it will be published in an addendum to this IFRIC *Update*.

Other matters

Work in Progress—Agenda Paper 6

The Committee received an update on the status of open matters not discussed at its September 2026 meeting.

Addendum to IFRIC *Update*—Committee's agenda decisions

Agenda decisions, in many cases, include explanatory material. Explanatory material may provide additional insights that might change an entity's understanding of the principles and requirements in IFRS Accounting Standards. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision. It is expected that an entity would be entitled to sufficient time to make that determination and implement any necessary accounting policy change (for example, an entity may need to obtain new information or adapt its systems to implement a change). Determining how much time is sufficient to make an accounting policy change is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless an entity would be expected to implement any change on a timely basis and, if material, consider whether disclosure related to the change is required by IFRS Accounting Standards.

The Committee discussed the following matters and decided not to add standard-setting projects to the work plan.

Reassessment of Control (IFRS 10 *Consolidated Financial Statements*)—Agenda Paper 3

Published in October 2026[1]

The Committee received a request asking whether, in accordance with paragraph 8 of IFRS 10, an entity reassesses whether it retains control of an investee when the investee's governing document is amended. The entity's conclusion as to whether it controls the investee may or may not change as a result of such a reassessment.

Fact pattern

An entity was involved in setting the purpose and design of an investee when the investee was established. At that time, the entity concluded—applying IFRS 10—that it controlled the investee. At a later date, the governing document of the investee was amended in a way that could result in a change in the investee's relevant activities, as well as in the rights of the entity and other parties relating to those relevant activities.

Question

The request asks whether—applying paragraph 8 of IFRS 10—the amendments to the investee's governing document require the entity to reassess whether it retains control of the investee.

Findings

Evidence gathered by the Committee indicated no diversity in determining whether, in the fact pattern described in the request, the entity reassesses whether it retains control of the investee. Feedback suggests that, in that fact pattern, the entity reassesses whether it retains control of the investee.

[1] In accordance with paragraph 8.7 of the *Due Process Handbook*, at its October 2026 meeting, the IASB discussed, and did not object to, this agenda decision.

Conclusion

Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided that a standard-setting project is not needed to address the request.