IFRS® Interpretations Committee meeting

Date	**September 2026**
Project	**Assets that generate a return individually and largely independently of an entity's other resources (IFRS 18)**
Topic	**Updated suggested wording of the tentative agenda decision**
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Purpose of the paper

1. This addendum to Agenda Paper 2 sets out updated suggested wording of the tentative agenda decision to reflect the discussions at the Committee's meeting on 15 September 2026.

2. For ease of reading, this paper includes only a clean version of the updated suggested tentative agenda decision.

[Updated] Suggested wording of the tentative agenda decision

Assets that generate a return individually and largely independently of an entity's other resources (IFRS 18 *Presentation and Disclosure in Financial Statements*)

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 *Presentation and Disclosure in Financial Statements*.

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 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 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

In accordance with paragraph B45 of IFRS 18, an entity is required to identify the assets it holds that generate a return individually and largely independently of the entity's other resources as specified in paragraph 53(c) of IFRS 18. Paragraphs B46–B49 include requirements that help an entity identify those assets.

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 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—that might have a main business activity of investing in assets—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 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) if an entity holds debt instruments arising from the production or supply of goods or services to a customer, the entity 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.