
IASB[®] meeting

Date	April 2025
Project	Consistent application activities
Topic	Updates to agenda decisions for IFRS 18
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Purpose of this meeting

1. Agenda decisions issued by the IFRS Interpretations Committee (Committee) sometimes include explanatory material. This material explains how to apply the relevant principles and requirements in IFRS Accounting Standards to the question asked in the submission. Agenda decisions that include explanatory material typically focus only on the specific requirements that apply to the submitted fact pattern. If those requirements are replaced or amended, agenda decisions that refer to it become irrelevant and are withdrawn.
2. In May 2024, the International Accounting Standards Board (IASB) issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements*. Unlike most other IFRS Accounting Standards, IAS 1 and IFRS 18 include general requirements for preparing financial statements that apply to all transactions, events and circumstances.
3. Consequently, some agenda decisions issued by the Committee include explanatory material about, but do not exclusively focus on, requirements in IAS 1 that have been replaced by new or amended requirements in IFRS 18—that is, the requirements in

IAS 1 were not brought forward unchanged¹ to IFRS 18 or other IFRS Accounting Standards². These agenda decisions (or parts thereof) will still be relevant after IFRS 18 becomes effective for annual reporting period beginning on or after 1 January 2027.

4. We want to ask the IASB whether it agrees with our recommendations of how to update the references to IAS 1 for these agenda decisions.

Summary of staff recommendations

5. We recommend that the IASB:
 - (a) ask the IFRS Interpretations Committee (Committee) to consider how an entity applies the requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* to the fact pattern addressed by the agenda decision [Supply Chain Financing Arrangements—Reverse Factoring](#); and
 - (b) ask the Committee to consider replacing only the references to IAS 1 *Presentation of Financial Statements* with references to the new or amended requirements in IFRS 18 for the following nine agenda decisions:
 - (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](#);

¹ In this agenda paper, we refer to requirements in IAS 1 *Presentation of Financial Statements* being brought forward unchanged if there are either no differences or only editorial differences in the wording in IAS 1 and the wording in IFRS 18 *Presentation and Disclosure in Financial Statements* (or other amended IFRS Accounting Standards).

² For example, some requirements in IAS 1 were brought forward unchanged to IAS 8 *Basis of Preparation of Financial Statements*.

- (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](#).

Structure of the paper

6. In this agenda paper we include:
 - (a) background (paragraphs 7–11);
 - (b) updating agenda decisions (paragraphs 12–18);
 - (c) staff recommendations (paragraph 24); and
 - (d) questions for the IASB (page 14).

Background

7. After publication within the relevant IFRIC[®] *Update*, agenda decisions are made available on our website and are included, by way of staff annotations, in the annotated versions of the IFRS Accounting Standards.
8. 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.³ Consequently, when new requirements become effective, we typically take one of two approaches to update agenda decisions:

³ 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).'

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- (a) we withdraw an agenda decision in its entirety if the explanatory material refers to requirements that are no longer effective; or
- (b) we update the references included in the explanatory material with those of the new or amended IFRS Accounting Standard if the requirements have been brought forward unchanged.
9. We identified 31 agenda decisions that reference IAS 1 to which we will apply the abovementioned two approaches:
- (a) two agenda decisions ([Presentation requirements](#) and [Presentation of Liabilities or Assets Related to Uncertain Tax Treatments](#)⁴) focus on questions about the requirements in IAS 1 for which the IASB developed new requirements in IFRS 18. These agenda decisions will, therefore, be withdrawn once IFRS 18 becomes effective (the approach in paragraph 8(a) above).
- (b) three agenda decisions ([Disclosure requirements relating to assessment of going concern](#); [Going concern disclosure](#) and [Comparative information for prospectuses](#)) focus on questions about the requirements in IAS 1 that have been brought forward unchanged to IFRS 18 or other IFRS Accounting Standards. When IFRS 18 becomes effective, we will update the references included in the explanatory material of these agenda decisions with new references (the approach in paragraph 8(b) above).
- (c) twenty-six agenda decisions that include explanatory material that, in addition to referring to other Standards, reference requirements in IAS 1 that have been brought forward unchanged to IFRS 18 or other IFRS Accounting Standards. When IFRS 18 becomes effective, we will update the references included in the explanatory material of these agenda decisions with references to IFRS 18 or other IFRS Accounting Standards (the approach in paragraph 8(b) above).

⁴ An annotation including this agenda decision is still included in the IFRS Accounting Standards issued 1 January 2025.

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10. We identified 10 agenda decisions for which the approaches described in paragraph 8 of this paper would not work:
- (a) one agenda decision ([Current or non-current asset classification—normal operating cycle](#)) addresses questions about the requirements in IAS 1 but includes references to some requirements that have been brought forward unchanged and to some requirements that have not.
 - (b) nine agenda decisions that include explanatory material that, in addition to referring to other Standards, reference requirements in IAS 1 that have not been brought forward unchanged.
11. The nine agenda decisions referred to in paragraph 10(b) are:
- (a) [Disclosure of Revenues and Expenses for Reportable Segments](#) (July 2024)
 - (b) [Demand Deposits with Restrictions on Use arising from a Contract with a Third Party](#) (April 2022);
 - (c) [Supply Chain Financing Arrangements—Reverse Factoring](#) (December 2020);
 - (d) [Subsequent Expenditure on Biological Assets](#) (September 2019);
 - (e) [Disclosure of Changes in Liabilities Arising from Financing Activities](#) (September 2019);
 - (f) [Physical settlement of contracts to buy or sell a non-financial item](#) (March 2019);
 - (g) [Presentation of income and expenses arising on financial instruments with a negative yield](#) (January 2015);
 - (h) [Presentation of payments on non-income taxes](#) (July 2012); and
 - (i) [Classification of tonnage taxes](#) (May 2009).

Updating agenda decisions

12. As paragraph 5.13 of the Due Process Handbook notes, the IASB and the Committee work together in supporting the consistent application of IFRS Accounting Standards. They do so by, among other things, publishing agenda decisions to address application questions.
13. For the 10 agenda decisions identified in paragraphs 10–11, we think withdrawing the agenda decisions in their entirety would not support consistent application. The explanatory material that references IFRS Accounting Standards other than IAS 1 remains relevant, and therefore the agenda decision would continue to be useful to support consistent application, even after IFRS 18 becomes effective.
14. However, in accordance with paragraph 8.4 of the Due Process Handbook, explanatory material in an agenda decision explains how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern described in the agenda decision. Therefore, we as staff cannot:
 - (a) update the references to the requirements in IAS 1 in these 10 agenda decisions with references to IFRS 18 or other IFRS Accounting Standards because the Committee did not discuss how the new or amended requirements apply to the submitted fact pattern.
 - (b) delete only the reference to the requirements in IAS 1 in these 10 agenda decisions. The references in IAS 1 are an embedded part of the agenda decision that was published and removing only that part could have unintended consequences with respect to the remaining parts of the agenda decision.
15. In the past, and in accordance with the [IFRS Foundation's Constitution](#)⁵ and our due process, the IASB has, in some situations, asked the Committee to consider how an entity might walk through the requirements in IFRS Accounting Standards in determining the required accounting treatment of transactions, events or

⁵ Paragraph 43(a) of the [IFRS Foundation's Constitution](#) notes, the IFRS Interpretations Committee shall 'interpret the application of IFRS Accounting Standards...and undertake other tasks at the request of the IASB'.

circumstances brought to the IASB's attention. For example, in [July 2018](#) the IASB asked the Committee to consider how an entity might apply IFRS Accounting Standards in determining its accounting for holdings of cryptocurrencies and Initial Coin Offerings. This request resulted in the Committee publishing the agenda decision [Holdings of cryptocurrencies](#).

16. We recommend that the IASB ask the Committee to consider replacing only the references to IAS 1 with references to the new or amended requirements in IFRS 18 in nine out of the 10 agenda decisions identified in paragraphs 10–11. These nine agenda decisions reference general requirements about presentation, materiality and aggregation. (We exclude, and discuss separately in paragraphs 19–23 of this paper, our recommendation for updating the agenda decision [Supply Chain Financing Arrangements—Reverse Factoring](#).) We think the Committee should not revisit other aspects of the nine agenda decisions (eg explanation of how to apply the requirements in other IFRS Accounting Standards to the fact pattern discussed in the agenda decision). This approach would allow the Committee to publish for comment the updates to the agenda decisions as part of its normal consultation process for agenda decisions and allow stakeholders an opportunity to comment on the updates.
17. The extent to which explanatory material in these nine agenda decisions refers to and explains the requirements in IAS 1 that have not been brought forward unchanged vary. We, therefore, think that the extent to which agenda decisions would need to be updated would also vary accordingly.
18. We summarise the extent of references to IAS 1 by agenda decision in the table below and indicate the type of update we think might be needed. The requirements in IAS 1 in this table are only those in the agenda decision that have not been brought forward unchanged. We do not include in the table references to requirements in IAS 1 that

have either been brought forward unchanged or updated through consequential amendments⁶.

Agenda decision	Extent of references to IAS 1	Type of update
Disclosure of Revenues and Expenses for Reportable Segments	The agenda decision reminds readers to apply the materiality and aggregation requirements of IAS 1 in considering how to aggregate information in its financial statements.	Replace the reference to paragraphs 30–31 of IAS 1 with a reference to the new principles of aggregation and disaggregation in IFRS 18.
Demand Deposits with Restrictions on Use arising from a Contract with a Third Party	The agenda decision reminds readers to apply the requirements in IAS 1 to present a separate line items in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.	Replace the references to paragraphs 54–55 of IAS 1 with references to the role of the primary financial statements (incl. a useful structured summary) in IFRS 18 to determine which line items to present in its statement of financial position.

⁶ For example, consequential amendments from IFRS 18 will result in a change to the reference to paragraph 97 of IAS 1 included in paragraph 23(f) of IFRS 8 *Operating Segments*. The agenda decision [Disclosure of Revenues and Expenses for Reportable Segments](#) will be updated to reflect this consequential amendment to IFRS 8. This change is, however, not included in the table.

Agenda decision	Extent of references to IAS 1	Type of update
<u>Subsequent Expenditure on Biological Assets</u>	<p>The agenda decision reminds readers to apply the requirements in IAS 1 for presenting the subsequent expenditure in the statement of profit or loss by: (a) adding a separate line item to the statement of financial performance when such presentation is relevant to an understanding of the entity’s financial performance; and (b) presenting expenses either by nature or function.</p>	<p>Replace the references to paragraphs 81–105 of IAS 1 with references to: (a) the role of the primary financial statements (incl. a useful structured summary); and (b) the requirements to classify and present expenses in the operating category using one or both of the nature or function of the expenses.</p>
<u>Disclosure of Changes in Liabilities Arising from Financing Activities</u>	<p>The agenda decision reminds readers to apply the materiality and aggregation requirements in IAS 1 to determine which changes in liabilities to disclose separately in accordance with paragraph 44B of IAS 7.</p>	<p>Replace the references to paragraphs 30A and 112 of IAS 1 with references to the principles of aggregation and disaggregation in IFRS 18.</p>

Agenda decision	Extent of references to IAS 1	Type of update
<p><u>Physical settlement of contracts to buy or sell a non-financial item</u></p>	<p>The agenda decision includes a negative statement about requirements in IAS 1 that has been replaced by new requirements in IFRS 18.</p>	<p>Delete the reference to the aggregation requirements in IAS 1 and the negative statement that IAS 1 does not include specific requirements for the presentation of amounts related to the remeasurement of derivatives.</p>
<p><u>Presentation of income and expenses arising on financial instruments with a negative yield</u></p>	<p>The agenda decision reminds readers about the requirement for adding a separate line item to the statement of financial performance when such presentation is relevant to an understanding of the entity's financial performance.</p>	<p>Replace the references to paragraphs 85 and 112 in IAS 1 with references to the role of the primary financial statements (incl. a useful structured summary) in IFRS 18.</p>

Agenda decision	Extent of references to IAS 1	Type of update
<p><u>Presentation of payments on non-income taxes</u></p>	<p>The agenda decision refers to paragraph 82(d) of IAS 1 that requires an entity to present ‘tax expense’ in the statement of financial performance.</p>	<p>Replace the IAS 1 reference with a reference to the requirements of presenting ‘income tax expense or income’.</p>
<p><u>Classification of tonnage taxes</u></p>	<p>The agenda decision reminds readers to consider the requirement for adding a separate line item (or subtotal) to the statement of financial performance when such presentation is relevant to an understanding of the entity’s financial performance.</p>	<p>Replace the reference to paragraph 85 in IAS 1 with a reference to the role of the primary financial statements (incl. a useful structured summary) in IFRS 18.</p>

Agenda decision	Extent of references to IAS 1	Type of update
<u>Normal operating cycle</u>	The agenda decision reminds readers to consider the materiality and aggregation requirements in IAS 1 to disclose additional information if that information is material.	Replace the reference to paragraph 71 of IAS 1 ⁷ with a reference to the principles of aggregation and disaggregation in IFRS 18 (including materiality).

Supply Chain Financing Arrangements—Reverse Factoring

19. The agenda decision Supply Chain Financing Arrangements—Reverse Factoring addresses 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.
20. 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.

⁷ The agenda decision refers to paragraphs 57 and 71 of IAS 1. 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.

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21. For the same reasons as in paragraphs 13–14, we think:
- (a) withdrawing this agenda decisions in its entirety would not support consistent application. Substantial parts (derecognition of a financial liability, presentation in the statement of cash flows, and notes to the financial statements) include explanatory material about requirements that would continue to apply even after IFRS 18 becomes effective.
 - (b) we as staff cannot update only the references to the requirements in IAS 1 that were not brought forward unchanged with references to IFRS 18 or other IFRS Accounting Standards because the Committee did not discuss how the new or amended requirements apply to the submitted fact pattern.
 - (c) we as staff cannot delete only the part of the agenda decision that deals with presentation in the statement of financial position because this is an embedded part of the agenda decision that was published and removing only that part could have unintended consequences with respect to the remaining part of the agenda decision. For example, in the section about presentation in the statement of cash flows the Committee observed that an entity’s assessment of the nature of the liabilities—a matter discussed under presentation in the statement of financial position—might help in determining whether the related cash flows arise from operating or financing activities.
22. We also think that for this particular agenda decision that the Committee will not be able to simply replace the references to IAS 1 with references to the new or amended requirements in IFRS 18. This is because the new requirements in IFRS 18 might apply not only to the part about presentation in the statement of financial position, but also to the other parts of the agenda decision. For example, paragraph 3 of IFRS 18 states that the requirements about the roles of the primary financial statements and the notes and the requirements about aggregation and disaggregation also apply to the statement of cash flows prepared in accordance with IAS 7 *Statement of Cash Flows*.
23. Considering this, we recommend that the IASB ask the Committee to consider how an entity applies the requirements in IFRS 18 *Presentation and Disclosure in Financial*

Statements to the fact pattern addressed by the agenda decision Supply Chain Financing Arrangements—Reverse Factoring. This approach would allow the Committee to publish for comment an updated agenda decision as part of its normal consultation process for agenda decisions and allow stakeholders an opportunity to comment on the updates.

Staff recommendation

24. Paragraph 5 summarises our recommendations.

Questions for the IASB

Questions for the IASB

1. Does the IASB agree with the staff recommendations in paragraph 5? In particular, does the IASB agree with:
 - (a) asking the IFRS Interpretations Committee (Committee) to consider how an entity applies the requirements in IFRS 18 *Presentation and Disclosure in Financial Statements to the fact pattern addressed by the agenda decision Supply Chain Financing Arrangements—Reverse Factoring*; and
 - (b) asking the Committee to consider replacing only the references to IAS 1 *Presentation of Financial Statements* with references to the new or amended requirements in IFRS 18 for the nine agenda decisions listed in paragraph 5(b).