

**[Draft] Illustrative Exposure Draft**

1. The [draft] Illustrative Exposure Draft (IED) uses a three-column tabular format. The following table explains the information presented in each column:

<b>Column 1 (Primary Source(s))</b>	<b>Column 2 (IED, <i>Presentation of Financial Statements</i>)</b>	<b>Column 3 (Additional Information)</b>
<p>This column provides the sources of the IED paragraph in the following ways:</p> <ul style="list-style-type: none"> <li>(i) When there is a single primary source, it is shown alone (for example, “IFRS 18.X”);</li> <li>(ii) When the primary source is accompanied by comparable guidance, the comparable guidance is followed by the note “(consistent)”; and</li> <li>(iii) When the paragraph is based on multiple primary sources, all relevant sources are listed.</li> </ul>	<p>This column presents the IED paragraph</p>	<p>This column provides additional information, including:</p> <ul style="list-style-type: none"> <li>(i) The basis for modifications (other than modifications for public sector terminology) to the source paragraph; and</li> <li>(ii) References to relevant Consultation Paper (CP) paragraphs</li> </ul>

2. The development of the IED has occurred in phases, and the IPSASB reviewed the last version of the IED in September 2024. This December 2025 version of the IED builds on the September 2024 version, and uses track changes to reflect different things. The following table explains the meaning of the track changes shown in this [draft] IED:

<b>Section</b>	<b>Paragraphs</b>	<b>Track changes reflect...</b>
<b>Objective</b>	1, AG1	-
<b>Scope</b>	2-7	<ul style="list-style-type: none"> <li>• Editorial revisions</li> </ul>
<b>Definitions</b>	8-13	<ul style="list-style-type: none"> <li>• Broader updates to the IED (Agenda Item 6.2.9)</li> <li>• The IPSASB’s views formed since September 2024 (Agenda Item 6.2.10)</li> </ul>
<b>Objective of Financial Statements</b>	14-17, AG2-AG5	-

Section	Paragraphs	Track changes reflect...
<b>Responsibility for Financial Statements</b>	18-19	-
<b>Components of Financial Statements</b>	20-35, AG6-AG13	<ul style="list-style-type: none"> <li>The IPSASB's views formed since September 2024 (Agenda Item 6.2.12)</li> <li>Editorial revisions</li> </ul>
<b>General Requirements for Financial Statements</b>	36-66, AG14-AG23	<ul style="list-style-type: none"> <li>Broader updates to the IED (Agenda Item 6.2.9)</li> </ul>
<b>Aggregation and Disaggregation</b>	67-72, AG24-AG36	<ul style="list-style-type: none"> <li>Editorial revisions</li> </ul>
<b>Statement of Financial Performance</b>	73-115, AG37-AG94 (noted in blue)	<ul style="list-style-type: none"> <li>Modifications to the source paragraphs (Agenda Item 6.2.11)</li> </ul>
<b>Statement of Financial Position</b>	116-128, AG95-AG117	<ul style="list-style-type: none"> <li>Broader updates to the IED (Agenda Item 6.2.9)</li> </ul>
<b>Statement of Changes in Net Assets/Equity</b>	129-139 (noted in green)	<ul style="list-style-type: none"> <li>Modifications to the source paragraphs (Agenda Item 6.2.12)</li> </ul>
<b>Cash Flow Statement</b>	140	-

Primary Source(s)	Illustrative Exposure Draft XX, <i>Presentation of Financial Statements</i>	Additional Information
<b>Core Standard</b>		
	<b>Objective</b>	
IFRS 18.1 IPSASB Conceptual Framework 2.1 and 8.4	1. This [draft] Standard sets out requirements for the presentation of information in general purpose financial statements to help ensure they provide relevant information to users for accountability and decision-making purposes that faithfully represents an entity's assets, liabilities, net assets/equity, revenue, and expenses (see paragraph AG1).	
	<b>Scope</b>	CP paragraphs 12-15
IFRS 18.2 IPSAS 1.2	2. <b>An entity shall apply this Standard when presenting and information in general purpose financial statements prepared under the accrual basis of accounting in accordance with IPSAS <u>Standards</u>. The presentation of information in the general purpose financial statements includes the information displayed in the primary financial statements and the information disclosed in the notes.</b>	<ul style="list-style-type: none"> <li>The reference to accrual basis of accounting is required because IPSAS Standards include a cash-based standard.</li> </ul>
IPSAS 1.3 IPSASB Conceptual Framework 1.4, and 2.4–2.9	3. The scope applies to general purpose financial statements (hereafter referred to as 'financial statements'), which are those intended to meet the financial information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs. In the public sector financial statements are developed primarily to respond to the information needs of service recipients and resource providers and their representatives for accountability and decision-making purposes.	<ul style="list-style-type: none"> <li>Modifications were made to align with the description of general purpose financial statements and their intended users in the IPSASB Conceptual Framework.</li> <li>The last sentence has been relocated to a separate paragraph below as it addresses a distinct scope matter.</li> </ul>
IPSAS 1.3	4. Financial statements within scope include those that are presented separately or within another public document, such as an annual report. This Standard does not apply to condensed or interim financial information.	
IFRS 18.3 IPSAS 1.59 (consistent)	5. This Standard sets out general and specific requirements for the display of information on the face of the statement(s) of financial performance, the statement of financial position and the statement of changes in net assets/equity. This Standard also sets out requirements for the disclosure of information in the notes. IPSAS 2, <i>Cash Flow Statements</i>	<ul style="list-style-type: none"> <li>Reference to IPSAS 24 was added to reference the requirements for presenting budget information in the financial statements.</li> </ul>

	sets out requirements for the presentation of cash flow information, and IPSAS 24, <i>Presentation of Budget Information in Financial Statements</i> sets out requirements for the presentation of budget information when an entity makes publicly available its approved budget. However, the general requirements for financial statements in paragraphs 14–69 <b>IFRS 18.9-43</b> and <b>145–146 IFRS 18.113-144</b> apply to cash flow information and budget information when presented in the financial statements in accordance with paragraph 20.	
IFRS 18.4 IPSAS 1.1 (consistent)	6. Other IPSAS <u>Standards</u> set out the recognition, measurement, <del>and presentation – display, and disclosure</del> requirements for specific transactions and other events.	
IFRS 18.8	7. Many entities provide management discussion and analysis, which is separate from the financial statements (see paragraph 20 <b>IFRS 18.10</b> ), that describes and explains the main features of the entity's financial performance, financial position, as well as the principal uncertainties it faces. Management discussion and analysis is outside the scope of IPSAS <u>Standards</u> . <u>Recommended Practice Guideline ('RPG') RPG—2, Financial Statement Discussion and Analysis</u> , provides non-mandatory guidance on presenting management commentary and analysis accompanying financial statements that have been prepared applying IPSAS <u>Standards</u> .	<ul style="list-style-type: none"> <li>• Modifications were based on RPG 2.</li> </ul>
	<b>Definitions</b>	CP paragraphs 2.22-2.32
IPSAS 1.7	8. The following terms are used in this Standard with the meanings specified:	
IPSAS 1.7	<b>Accrual basis</b> means a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses.	
IFRS 18 Appendix A	<b>Aggregation</b> is the adding together of assets, liabilities, net assets/equity, revenue, expenses, or cash flows that share characteristics and are included in the same classification.	
IPSASB Conceptual Framework 5.6  IPSAS 1.7 (consistent)	An <b>asset</b> is a resource presently controlled by the entity as a result of past events.	

IFRS 18 Appendix A	<b><u>Classification</u></b> is the sorting of assets, liabilities, net assets/equity, revenue, expenses and cash flows based on shared characteristics.	
IFRS 18 Appendix A	<b><u>Disaggregation</u></b> is the separation of an item into component parts that have characteristics that are not shared.	
IPSASB Conceptual Framework 8.43	<b><u>Disclosed information</u></b> is information reported in the notes to the financial statements.  <b><u>Displayed information</u></b> is information reported in the primary financial statements, which summarize an entity's financial position, financial performance, changes in net assets/equity, and cash flows and, where applicable, provides a comparison with budget information.	
IPSAS 1.7	An <b><u>economic entity</u></b> is a controlling entity and its controlled entities.	
IPSASB Conceptual Framework 5.30  IPSAS 1.7 (consistent)	<b><u>Expenses</u></b> <del>is-are</del> decreases in the net assets/equity of the entity, other than decreases arising from ownership distributions.	
IFRS 18 Appendix A  IPSASB Conceptual Framework 1.4 and 1.6	<b><u>General purpose financial reports</u></b> are financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs. General purpose financial reports encompass financial statements including their notes, and the presentation of information that enhances, complements, and supplements the financial statements.	
IFRS 18 Appendix A  IPSASB Conceptual Framework 4.6	<b><u>General purpose financial statements</u></b> are a particular form of general purpose financial reports that provide information about a reporting entity's assets, liabilities, net asset/equity, revenue, expenses, and cash flows.	<ul style="list-style-type: none"> <li>A reference to 'cash flows' was added as this is a key part of the information provided by general purpose financial statements, as described by the IPSASB Conceptual Framework.</li> </ul>
IPSAS 1.7	<del><b><u>Impracticable</u></b></del> Applying a requirement is <b><u>impracticable</u></b> when the entity cannot apply it after making every reasonable effort to do so.	
IPSASB Conceptual Framework 5.14	A <b><u>liability</u></b> is a present obligation of the entity to transfer resources as a result past events.	

IPSAS 1.7 (consistent)		
IPSAS 1.7 CF 3.32 IFRS 18, Appendix A (consistent)	<p><del>Material Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Information is <b>material</b> if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users<sup>1</sup> make on the basis of the entity's general purpose financial statements prepared for that reporting period.</del></p>	<ul style="list-style-type: none"> <li>Refer to paragraphs 2.33– 2.34 in Chapter 2 of the CP for the IPSASB's views and considerations on materiality guidance.</li> </ul>
IPSAS 1.7	<p><b>Net assets/equity</b> is the residual interest in the assets of the entity after deducting all its liabilities.</p> <p>The components of net assets/equity are contributed capital, accumulated surpluses or deficits, reserves, and non-controlling interests. Types of reserves include:</p> <ul style="list-style-type: none"> <li>(a) Changes in revaluation surplus (see <u>IPSAS 31, <i>Intangible Assets</i></u> and IPSAS 45, <i>Property, Plant, and Equipment</i> and <u>IPSAS 31, <i>Intangible Assets</i></u>);</li> <li>(b) Remeasurements of defined benefit plans (see IPSAS 39, <i>Employee Benefits</i>);</li> <li>(c) Gains and losses arising from translating the financial statements of a foreign operation (See IPSAS 4, <i>The Effects of Changes in Foreign Exchange Rates</i>);</li> <li>(d) Gains and losses from investments in equity instruments designated at fair value through net assets/equity in accordance with paragraph 106 of IPSAS 41, <i>Financial Instruments</i>;</li> <li>(e) Gains and losses on financial assets measured at fair value through net assets/equity in accordance with paragraph 41 of IPSAS 41;</li> <li>(f) The effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through net</li> </ul>	

<sup>1</sup> Throughout the IED, the terms and 'primary users' and 'users' refer to those service recipients and their representatives and resource providers and their representatives who must rely on general purpose financial reports for much of the financial information they need. This is consistent with the IPSASB's Conceptual Framework and IPSAS Standards, and the IPSASB's recent decision on Phase 1 of its Making Material Judgments project and the IASB's decision in developing IFRS 18, that the terms 'primary users' and 'users' are intended to be interpreted the same way within the respective accounting standards.

	<p>assets/equity in accordance with paragraph 106 of IPSAS 41 (see paragraph 113-155 of IPSAS 41);</p> <p>(g) For particular liabilities designated as at fair value through surplus or deficit, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 108 of IPSAS 41);</p> <p>(h) Changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see paragraphs 113-155 of IPSAS 41); and</p> <p>(i) Changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see paragraph 113-155 of IPSAS 41).</p>	
IFRS 18 Appendix A	<b>Notes</b> disclose information reported in the financial statements provided in addition to that displayed in the primary financial statements.	
IFRS 18 Appendix A	<b>Operating <del>profit</del> surplus or <del>loss</del> deficit:</b> is the total of all <del>income</del> revenue and expenses classified in the operating category.	
IFRS 18 Appendix A	<b><del>Other comprehensive income revenue and expense: are items of income revenue and expenses (including reclassification adjustments) that are recognized outside the profit surplus or loss deficit for the period as required or permitted by other IFRS Accounting Standards IPSAS.</del></b>	• —
IPSASB Conceptual Framework 5.33  IPSAS 1.7 (consistent)	<b>Ownership contributions</b> are inflows of resources to an entity, contributed by external parties in their capacity as owners, which establish or increase an interest in the net asset/equity position of the entity.	• Reference to 'net financial position' was changed to 'net assets/equity'. Refer to CP paragraph 2.29 for the rationale.
IPSASB Conceptual Framework 5.34  IPSAS 1.7 (consistent)	<b>Ownership distributions</b> are outflows of resources from the entity, distributed to external parties in their capacity as owners, which return or reduce an interest in the net asset/equity position of the entity.	

IFRS 18 Appendix A	<p>The <b>primary financial statements</b> comprise:</p> <ul style="list-style-type: none"> <li>(a) The statement of financial position;</li> <li>(b) The statement of financial performance;</li> <li>(c) The statement of changes in net assets/equity;</li> <li>(d) The cash flow statement; and</li> <li>(e) When an entity makes publicly available its approved budget: <ul style="list-style-type: none"> <li>(i) The comparison of budget and actual amounts presented either as a separate financial statement or as a budget column in the financial statements; and</li> <li>(ii) The reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements, when presented in accordance with IPSAS 24, <del>Presentation of Budget Information in Financial Statements</del>, on the face of the statement of comparison of budget and actual amounts.</li> </ul> </li> </ul>	
IFRS 18 Appendix A	<p><b>Reclassification adjustments:</b> are <del>revenue and expense</del> amounts reclassified to <del>profit-surplus</del> or <del>loss-deficit</del> in the current reporting period that were <del>included in other comprehensive income recognized directly in net assets/equity</del> in the current or <del>previous-prior</del> periods.</p>	
CF 5.6A	<p>A <b>resource</b> is a right to either service potential or the capability to generate economic benefits, or a right to both.</p>	
IPSASB Conceptual Framework 5.29  IPSAS 1.7 (consistent)	<p><b>Revenue</b> is increases in net assets/equity, other than increases arising from ownership contributions.</p>	
IPSASB Conceptual Framework 5.32  IFRS 18 Appendix A (consistent)	<p><del>Profit or loss: The total income less expenses included in the statement of profit or loss.</del></p> <p><del>The Surplus or deficit for the period</del> is the difference between revenue and expenses reported on the statement of financial performance.</p>	
IFRS 18 Appendix A	<p><del>Profit Surplus or loss deficit before financing and income taxes: is the total of operating profit surplus or loss deficit and all income revenue and expenses classified in the investing category.</del></p>	•—



	<del>Total comprehensive income revenue and expense: is the change in net assets/equity during the period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.</del>	•
IFRS 18 Appendix A	<p>A <b>useful structured summary</b> is a structured summary provided in a primary financial statement of a reporting entity's recognized assets, liabilities, net assets/equity, revenue, expenses, and cash flows that is useful for:</p> <ul style="list-style-type: none"> <li>(a) Obtaining an understandable overview of the entity's recognized assets, liabilities, net assets/equity, revenue, expenses, and cash flows;</li> <li>(b) Making comparisons between entities, and between reporting periods for the same entity; and</li> <li>(c) Identifying items or areas about which users of financial statements may wish to seek additional information in the notes.</li> </ul>	
IPSAS 1.7	Terms defined in other IPSAS <u>Standards</u> are used in this Standard with the same meaning as in those Standards and are reproduced in the <i>Glossary of Defined Terms</i> published separately.	
New paragraph	<p>9. The accounting for transactions, events, or conditions that make up an entity's assets, liabilities, revenue, and expenses, as defined in paragraph 8, requires the consideration of the following sources in the following order, in accordance with IPSAS 3, <i>Accounting Policies, Changes in Estimates and Errors</i>:</p> <ul style="list-style-type: none"> <li>(a) IPSAS <u>Standards</u> that specifically apply to the transaction, event, or condition;</li> <li>(b) IPSAS <u>Standards</u> that deal with similar and related issues; and</li> <li>(c) The definitions, recognition, and measurement criteria for assets, liabilities, revenue, and expense, described in <u>this Standard and</u> the <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• Refer to paragraphs 2.25–2.27 in Chapter 2 of the CP for the rationale for adding this paragraph.</li> </ul>
	<b>Economic Entity</b>	
IPSAS 1.8–1.9	<p>10. The term economic entity is used in this Standard to define, for financial reporting purposes, a group of entities comprising the controlling entity and any controlled entities. Other terms sometimes used to refer to an economic entity include administrative entity, financial entity, consolidated entity, and group.</p>	

IPSAS 1.10	11. An economic entity may include entities with both social policy and commercial objectives. For example, a government housing department may be an economic entity that includes entities that provide housing for a nominal charge, as well as entities that provide accommodation on a commercial basis.	
	<b>Future Economic Benefits or Service Potential</b>	
IPSAS 1.11 IPSASB Conceptual Framework 5.8–5.10	12. The definition of an asset refers to the present control of a resource arising from past events. Resources are described as embodying a right to either service potential or the capability to generate future economic benefits, or a right to both. Control of the resources provides the entity with the ability to use the resource (or direct other parties on its use) to derive the benefit of the service potential or economic benefits embodied in the resource to achieve its objectives. Assets that are used to deliver goods and services in accordance with an entity's objectives, but which do not directly generate net cash inflows, are often described as embodying service potential. Assets that are used to generate net cash inflows are often described as embodying future economic benefits.	<ul style="list-style-type: none"> <li>• Modifications were made to align with the new definitions of 'resource' and revised definitions of financial statement elements.</li> </ul>
	<b>Net Assets/Equity</b>	
IPSAS 1.14	13. Net assets/equity is the term used in this Standard to refer to the residual measure in the statement of financial position (assets less liabilities). Net assets/equity may be positive or negative. Other terms may be used in place of net assets/equity, provided that their meaning is clear.	
	<b>Objective of Financial Statements</b>	CP paragraphs 2.4-2.8
IFRS 18.9 and IPSASB Conceptual Framework 2.17 IPSAS 1.15	14. The objective of financial statements is to provide financial information about a reporting entity's assets, liabilities, net assets/equity, revenue, expenses, and cash flows that is useful to users of financial statements for decision-making and to demonstrate the entity's accountability for the resources entrusted to it (see paragraphs AG2-AG5).	
IPSAS 1.23	15. The financial statements provide users with information about an entity's resources and obligations at the end of the reporting period and the flow of resources between reporting periods. This information is useful for users making assessments of an entity's ability to continue to provide goods and services at a given level, and the level of resources that may need to be provided to the entity in the future so that it can continue to meet its service delivery obligations.	

IPSAS 1.16	<p>16. Financial statements can also have a predictive or prospective role, providing information useful in predicting the level of resources required for continued operations, the resources that continued operations may generate, and the associated risks and uncertainties. Financial reporting may also provide users with information:</p> <p>(a) Indicating whether resources were obtained and used in accordance with the legally adopted budget; and</p> <p>(b) Indicating whether resources were obtained and used in accordance with legal and contractual requirements, including financial limits established by appropriate legislative authorities.</p>	
IPSAS 1.18	<p>17. Although the information contained in financial statements will provide useful information about an entity's financial position, financial performance, and cash flows, it is unlikely to provide all the information users need for accountability and decision-making purposes. This is likely to be particularly so in respect of entities whose primary objective may not be to make a profit, as managers are likely to be accountable for the achievement of service delivery as well as financial objectives. Supplementary information, including non-financial information, may be reported alongside the financial statements in order to provide a more comprehensive picture of the entity's activities during the period.</p>	<ul style="list-style-type: none"> <li>• Modifications were made to align with the revised objective of financial statements in paragraph 14.</li> </ul>
<b>Responsibility for Financial Statements</b>		CP paragraphs 2.9-2.10
IPSAS 1.19	<p>18. The responsibility for the preparation and presentation of financial statements varies within and across jurisdictions. In addition, a jurisdiction may draw a distinction between who is responsible for preparing the financial statements and who is responsible for approving or presenting the financial statements. Examples of people or positions who may be responsible for the preparation of the financial statements of individual entities (such as government departments or their equivalent) include the individual who heads the entity (the permanent head or chief executive) and the head of the central finance agency (or the senior finance official, such as the controller or accountant-general).</p>	.
IPSAS 1.20	<p>19. The responsibility for the preparation of the consolidated financial statements of the government as a whole usually rests jointly with the head of the central finance agency (or the senior finance official, such as the controller or accountant-general) and the finance minister (or equivalent).</p>	.

	Components of Financial Statements	CP paragraphs 2.11-2.21
	<b>A Complete Set of Financial Statements</b>	CP paragraphs 2.11-2.13
IFRS 18.10 IPSAS 1.21 (consistent)	<p>20. A complete set of financial statements comprises:</p> <ul style="list-style-type: none"> <li>(a) A statement <del>{or statements}</del> of financial <del>—performance for the reporting period—(see paragraph 22);</del></li> <li>(b) A statement of financial position as at the end of the reporting period;</li> <li>(c) A statement of changes in net assets/equity <del>—for the reporting period;</del></li> <li>(d) A <del>statement of</del> cash flows statement for the reporting period in accordance with IPSAS 2, <del>Cash Flow Statements;</del></li> <li><del>(e) When an entity makes publicly available its approved budget, a comparison of budget and actual amounts presented either as a separate additional financial statement or as additional budget columns in the financial statements presented in accordance with IPSAS Standards as specified by IPSAS 24, Presentation of Budget Information in Financial Statements;</del></li> <li><del>(e)</del></li> <li>(f) Notes for the reporting period;</li> <li>(g) Comparative information in respect of the <del>—preceding period as specified in paragraphs 58–59 [IFRS 18.31–32]; and</del></li> <li>(h) A statement of financial position as at the beginning of the preceding period if required by paragraph 63 [IFRS 18.37].</li> </ul>	
IFRS 18.11 IPSAS 1.22	<p><del>21.</del>—The statements listed in paragraphs 20(a)–20(e) <u>[IFRS 18.10(a)–10(d)]</u>—(and their comparative information) are referred to as the <i>primary financial statements</i>. An entity may use titles for the statements other than those used in this Standard, as long as they faithfully represent the items presented in them. For example, the statement of financial position may be referred to as a balance sheet or statement of assets and liabilities, and the statement of financial performance may be referred to as a statement of revenues and expenses, an operating statement, or a surplus or deficit statement. The notes may include items referred to as schedules in some jurisdictions.</p> <p><del>22–21.</del></p>	

IFRS 18.12	<p><del>23. 22. An entity shall present its statement(s) of financial performance as either:</del></p> <p><del>— (a) A single statement of profit or loss surplus or deficit and other comprehensive income revenue and expense, with profit or loss surplus or deficit and other comprehensive income revenue and expense presented in two sections— if this option is chosen, an entity shall present the profit or loss surplus or deficit section first followed directly by the other comprehensive income revenue and expense section; or</del></p> <p><del>(b) A statement of profit or loss surplus or deficit and a separate statement presenting comprehensive income revenue and expense that shall begin with profit or loss the surplus or deficit for the period— if this option is chosen, the statement of profit or loss surplus or deficit shall immediately precede the statement presenting comprehensive income revenue and expense.</del></p>	
IFRS 18.13	<p><del>24. 23. In this Standard:</del></p> <p><del>(a) The profit or loss surplus or deficit section described in paragraph 22(a) and the statement of profit or loss surplus or deficit described in paragraph 12(b) are referred to as information displayed in the statement of profit or loss surplus or deficit; and</del></p> <p><del>(b) The other comprehensive income revenue and expense section described in paragraph 12(a) and the statement presenting comprehensive income revenue and expense described in paragraph 12(b) are referred to as information displayed in the statement present of comprehensive income revenue and expense.</del></p>	
IFRS 18.14	<p><del>25.22.</del> An entity shall present each of the primary financial statements listed in paragraphs 20(a)–20(e) with equal prominence in a complete set of financial statements.</p>	
	<b>The Roles of the Financial Statements and Notes</b>	CP paragraphs 2.14-2.19
IFRS 18.15	<p><del>26.23.</del> To achieve the objective of financial statements (see paragraph 14 <b>IFRS 18.9</b>), an entity displays information in the primary financial statements and discloses information in the notes. An entity need only display or disclose material information (see paragraphs 27 <b>IFRS 18.19</b> and AG15–AG17 <b>IFRS 18.B1-B5</b>).</p>	
IFRS 18.16	<p><del>27.24.</del> The role of the primary financial statements is to provide structured summaries of a reporting entity's recognized assets, liabilities, net assets/equity,</p>	

	<p>revenue, expenses, and cash flows, that are useful to users of financial statements for:</p> <ul style="list-style-type: none"> <li>(a) Obtaining an understandable overview of the entity's recognized assets, liabilities, net assets/equity, revenue, expenses, and cash flows;</li> <li>(b) Making comparisons between entities, and between reporting periods for the same entity; and</li> <li>(c) Identifying items or areas about which users of financial statements may wish to seek additional information in the notes.</li> </ul>	
IFRS 18.17	<p><b>28-25.</b> The role of the notes is to provide material information necessary:</p> <ul style="list-style-type: none"> <li>(a) To enable users of financial statements to understand the line items displayed in the primary financial statements (see paragraph AG8 [IFRS 18.B6]); and</li> <li>(b) To supplement the primary financial statements with additional information to achieve the objective of financial statements (see paragraph AG9 [IFRS 18.B7]).</li> </ul>	
IFRS 18.18	<p><b>29-26.</b> An entity shall use the roles of the primary financial statements and the notes, described in paragraphs 24–25 [IFRS 18.16-17], to determine whether to include information in the primary financial statements or in the notes. The different roles of the primary financial statements and the notes mean that the extent of the information required in the notes differs from that in the primary financial statements. The differences mean that:</p> <ul style="list-style-type: none"> <li>(a) To provide the structured summaries described in paragraph 24 [IFRS 18.16], information provided in the primary financial statements is more aggregated than information provided in the notes; and</li> <li>(b) To provide the information described in paragraph 25 [IFRS 18.17], more detailed information about the entity's assets, liabilities, net assets/equity, revenue, expenses, and cash flows, including the disaggregation of information displayed in the primary financial statements, is provided in the notes.</li> </ul>	
	<p><b>Information Displayed in the Primary Financial Statements or Disclosed on the Notes</b></p>	
IFRS 18.19 IPSAS 1.47	<p><b>30-27.</b> Some IPSAS <u>Standards</u> specify information that is required to be displayed in the primary financial statements or disclosed in the notes. An entity need not provide a specific display or disclosure required by an IPSAS <u>Standard</u> if the information resulting from that</p>	

	display or disclosure is not material. This is the case even if an IPSAS <b>Standard</b> contains a list of specific requirements or describes them as minimum requirements.	
IFRS 18.20 IPSAS 1.29(c) (consistent)	<b>34.28.</b> An entity shall consider whether to provide additional disclosures when compliance with the specific requirements in IPSAS <b>Standards</b> is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position, financial performance, and cash flows.	
	<b>Information Displayed in the Primary Financial Statements</b>	
IFRS 18.21	<b>32.29.</b> Paragraph 24 <b>[IFRS 18.16]</b> establishes that the role of the primary financial statements is to provide structured summaries that are useful for the purposes specified in that paragraph (referred to hereafter as a 'useful structured summary'). An entity shall use the role of the primary financial statements to determine what material information to display in those statements, as set out in paragraphs 30–32 <b>[IFRS 18.22-24]</b> .	
IFRS 18.22	<p><b>33.30.</b> To provide a useful structured summary in a primary financial statement, an entity shall comply with specific requirements that determine the structure of the statement. The specific requirements are:</p> <p>(a) For the statement of financial performance—the requirements in paragraphs 76, 99, 104 and 109 <b>[IFRS 18. 47,69,76,78]</b>;</p> <p><del>(b)</del> For the statement presenting comprehensive revenue and expense—the requirements in paragraphs 114–116;</p> <p><del>(c)</del><b>(b)</b> For the statement of financial position—the requirements in paragraphs 117 and 124 <b>[IFRS 18. 96 and 104]</b>;</p> <p><del>(d)</del><b>(c)</b> For the statement of changes in net assets/equity—the requirements in paragraph 129 <b>[IFRS 18.107]</b>; and</p> <p><del>(e)</del><b>(d)</b> For the cash flow statement—the requirements in paragraph 18 of IPSAS 2 <b>[paragraph 10 of IAS 7]</b>.</p>	
IFRS 18.23 IPSAS 1.47 (consistent)	<b>34.31.</b> Some IPSAS <b>Standards</b> require specific line items to be displayed separately in the primary financial statements (for example paragraphs 102 and 122 <b>[IFRS 18. 75 and 103]</b> of this Standard). An entity need not display separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary. This is the case	

	even if an IPSAS <b>Standard</b> contains a list of specific required line items or describes the line items as minimum requirements (see paragraph AG10 <b>IFRS 18.B8</b> )).	
IFRS 18.24	<p><b>35.32.</b> An entity shall display additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary. When an entity displays additional line items or subtotals, those line items or subtotals shall (see paragraph AG11 <b>IFRS 18.B9</b>):</p> <ul style="list-style-type: none"> <li>(a) Comprise amounts recognized and measured in accordance with IPSAS <b>Standards</b>;</li> <li>(b) Be compatible with the statement structure created by the requirements listed in paragraph 30 <b>IFRS 18.22</b>;</li> <li>(c) Be consistent from period to period, in accordance with paragraph 57 <b>IFRS 18.30</b>, and</li> <li>(d) Be displayed no more prominently than the totals and subtotals required by IPSAS <b>Standards</b>.</li> </ul>	
	<b>Identification of the Financial Statements</b>	CP paragraphs 2.20-2.21
IFRS 18.25 IPSAS 1.61 (consistent)	<b>36.33.</b> An entity shall clearly identify the financial statements and distinguish them from other information in the same published document (see paragraph AG12 <b>IFRS 18.B10</b> )).	
IFRS 18.26 IPSAS 1.62 (consistent)	<b>37.34.</b> IPSAS <b>Standards</b> apply only to financial statements, and not necessarily to other information provided in an annual report, a regulatory filing or another document. Therefore, it is important that users of financial statements can distinguish information that is prepared in accordance with IPSAS <b>Standards</b> from other information that may be useful to users but is not the subject of those requirements.	
IFRS 18.27 IPSAS 1.63 (consistent)	<p><b>38.35.</b> An entity shall clearly identify each primary financial statement and the notes. In addition, an entity shall disclose prominently, and repeat when necessary for the information provided to be understandable:</p> <ul style="list-style-type: none"> <li>(a) The name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period;</li> <li>(b) Whether the financial statements are of an individual entity or an economic entity (i.e., a group of entities, <b>as described in paragraph 10</b>);</li> <li>(c) The date of the end of the reporting period or the period covered by the financial statements;</li> </ul>	



	<p>(d) The presentation currency, as defined in IPSAS 4, <del>The Effects of Changes in Foreign Exchange Rates</del>; and</p> <p>(e) The level of rounding used for the amounts in the financial statements (see paragraph AG13 [IFRS 18.B11]).</p>	
	<b>General Requirements for Financial Statements</b>	
	<b>Fair Presentation and Compliance with IPSAS <u>Standards</u></b>	CP paragraphs 2.41-2.44
IPSAS 1.27 IAS 8.6A (consistent)	<del>39-36.</del> <b>Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in IPSAS <u>Standards</u>. The application of IPSAS <u>Standards</u>, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.</b>	<ul style="list-style-type: none"> <li>In developing IFRS 18, the IASB moved the IAS 1 <i>Presentation of Financial Statements</i> section on Fair Presentation and Compliance with IFRS to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. For the current stage of this project, these paragraphs are included in this IED.</li> </ul>
IPSAS 1.28 IAS 8.6B (consistent)	<del>40-37.</del> An entity whose financial statements comply with IPSAS <u>Standards</u> shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IPSAS <u>Standards</u> unless they comply with all the requirements of IPSAS <u>Standards</u> .	
IPSAS 1.29 IAS 8.6C (consistent)	<p><del>44-38.</del> In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IPSAS <u>Standards</u>. A fair presentation also requires an entity:</p> <p>(a) To select and apply accounting policies in accordance with IPSAS 3, <del>Accounting Policies, Changes in Accounting Estimates and Errors</del>. IPSAS 3 sets out a hierarchy of authoritative guidance that management considers in the absence of an IPSAS <u>Standard</u> that specifically applies to an item.</p> <p>(b) To present information, including accounting policies, in a manner that provides relevant, faithfully represented, comparable, and understandable information.</p> <p>(c) To provide additional disclosures when compliance with the specific requirements in IPSAS <u>Standards</u> is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.</p>	

IPSAS 1.30 IAS 8.6D (consistent)	<b>42.39.</b> An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.	
IPSAS 1.31 IAS 8.6E (consistent)	<b>43.40.</b> In the extremely rare circumstances in which management concludes that compliance with a requirement in an IPSAS <u>Standard</u> would be so misleading that it would conflict with the objective of financial statements set out in this Standard, the entity shall depart from that requirement in the manner set out in paragraph 41 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.	
IPSAS 1.32 IAS 8.6F (consistent)	<p><b>44.41.</b> When an entity departs from a requirement of an IPSAS <u>Standard</u> in accordance with paragraph 40, it shall disclose:</p> <ul style="list-style-type: none"> <li>(a) That management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;</li> <li>(b) That it has complied with applicable IPSAS <u>Standards</u>, except that it has departed from a particular requirement to achieve a fair presentation;</li> <li>(c) The title of the IPSAS <u>Standard</u> from which the entity has departed, the nature of the departure, including the treatment that the IPSAS <u>Standard</u> would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in this Standard, and the treatment adopted; and</li> <li>(d) For each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.</li> </ul>	
IPSAS 1.33 IAS 8.6G (consistent)	<b>45.42.</b> When an entity has departed from a requirement of an IPSAS <u>Standard</u> in a prior period, and that departure affects the amounts recognized in the financial statements for the current period, it shall make the disclosures set out in paragraphs 41(c)–41(d).	
IPSAS 1.34 IAS 8.6H (consistent)	<b>46.43.</b> Paragraph 42 applies, for example, when an entity departed in a prior period from a requirement in an IPSAS <u>Standard</u> for the measurement of assets or liabilities and that departure affects the measurement of changes in	

	assets and liabilities recognized in the current period's financial statements.	
IPSAS 1.35 IAS 8.6I (consistent)	<p><b>47.44.</b> In the extremely rare circumstances in which management concludes that compliance with a requirement in an IPSAS <u>Standard</u> would be so misleading that it would conflict with the objective of financial statements set out in this Standard, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:</p> <p>(a) The title of the IPSAS <u>Standard</u> in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in this Standard; and</p> <p>(b) For each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.</p>	
IPSAS 1.36 IAS 8.6J (consistent)	<p><b>48.45.</b> For the purpose of paragraphs 40–44, an item of information would conflict with the objective of financial statements when it does not represent faithfully the transactions, other events and conditions that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence decisions made by users of financial statements. When assessing whether complying with a specific requirement in an IPSAS <u>Standard</u> would be so misleading that it would conflict with the objective of financial statements set out in this Standard, management considers:</p> <p>(a) Why the objective of financial statements is not achieved in the particular circumstances; and</p> <p>(b) How the entity's circumstances differ from those of other entities that comply with the requirement. If other entities in similar circumstances comply with the requirement, there is a rebuttable presumption that the entity's compliance with the requirement would not be so misleading that it would conflict with the objective of financial statements set out in this Standard.</p>	
IPSAS 1.37	<p><b>49.46.</b> Departures from the requirements of an IPSAS <u>Standard</u> in order to comply with statutory/legislative financial reporting requirements in a particular jurisdiction do not constitute departures that conflict with the objective of financial statements set out in this Standard as outlined in paragraph</p>	

	40. If such departures are material, an entity cannot claim to be complying with IPSAS <u>Standards</u> .	
	<b>Going Concern</b>	CP paragraphs 2.41-2.44
IPSAS 1.38 IAS 8.6K (consistent)	<del>50-47</del> <b>When preparing financial statements, an assessment of an entity's ability to continue as a going concern shall be made. This assessment shall be made by those responsible for the preparation of financial statements. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. When those responsible for the preparation of the financial statements are aware, in making their assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.</b>	<ul style="list-style-type: none"> <li>In developing IFRS 18, the IASB moved the IAS 1 on Going Concern to IAS 8. For the current stage of this project, these paragraphs are included in this IED.</li> </ul>
IPSAS 1.39 IAS 8.6L (consistent)	<del>51-48</del> Financial statements are normally prepared on the assumption that the entity is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future. In assessing whether the going concern assumption is appropriate, those responsible for the preparation of financial statements take into account all available information about the future, which is at least, but is not limited to, twelve months from the approval of the financial statements.	
IPSAS 1.40	<p><del>52-49</del> The degree of consideration depends on the facts in each case, and assessments of the going concern assumption are often not predicated on the solvency test usually applied to business enterprises. There may be circumstances where the usual going concern tests of liquidity and solvency appear unfavorable, but other factors suggest that the entity is nonetheless a going concern. For example:</p> <p><u>(a) In assessing whether a government is a going concern, the power to levy rates or taxes may enable some entities to be considered as a going concern, even though they may operate for extended periods with negative net assets/equity;</u></p> <p><u>(a)(b) Political or policy shifts may result in restructurings, reorganizations, program changes, and other changes, can lead to material uncertainties but do not necessarily cast significant doubt on whether the entity is able to continue as a going concern assumption; and</u></p>	<ul style="list-style-type: none"> <li>Additional public sector guidance based on the IPSASB's views summarized in CP paragraph 2.42.</li> </ul>

	<del>(b)</del> (c) For an individual entity, an assessment of its statement of financial position at the end of the reporting <del>date</del> period may suggest that the going concern assumption is not appropriate. However, there may be multi-year funding agreements or other arrangements in place that will ensure the continued operation of the entity.	
IPSAS 1.41	<del>53-50.</del> The determination of whether the going concern assumption is appropriate is primarily relevant for individual entities rather than for a government as a whole. For individual entities, in assessing whether the going concern basis is appropriate, those responsible for the preparation of financial statements may need to consider a wide range of factors relating to:  (a) Current and expected performance; (b) Potential and announced restructurings of organizational units; (c) Estimates of revenue or the likelihood of continued government funding; and (d) Potential sources of replacement financing before it is appropriate to conclude that the going concern assumption is appropriate.	
	<b>Accrual Basis of Accounting</b>	CP paragraphs 2.41-2.44
IAS 8.6M	<del>54-51.</del> <b>An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.</b>	<ul style="list-style-type: none"> <li>In developing IFRS 18, the IASB moved the IAS 1 on Accrual Basis of Accounting to IAS 8. For the current stage of this project, these paragraphs are included in this IED.</li> </ul>
IAS 8.6N IPSAS 1.27 (consistent)	<del>55-52.</del> When the accrual basis of accounting is used, an entity recognizes items of assets, liabilities, revenue, and expenses (elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in accordance with IPSAS <u>Standards</u> .	<ul style="list-style-type: none"> <li>Reference to Conceptual Framework was replaced with reference to IPSAS Standards because definition and recognition criteria of financial statement elements are included in the IPSAS Standards.</li> </ul>
	<b>Frequency of Reporting</b>	CP paragraphs 2.41-2.44
IFRS 18.28	<del>56-53.</del> <b>An entity shall provide a complete set of financial statements at least annually. When an entity changes</b>	

IPSAS 1.66 (consistent)	<p><b>the end of its reporting period and provides financial statements for a period longer or shorter than one year, the entity shall disclose, in addition to the period covered by the financial statements:</b></p> <p><b>(a) The reason for using a longer or shorter period; and</b></p> <p><b>(b) The fact that amounts included in the financial statements are not entirely comparable.</b></p>	
IPSAS 1.67	<p><del>57-54.</del> In exceptional circumstances, an entity may be required to, or decide to, change the end of its reporting period, for example in order to align the reporting cycle more closely with the budgeting cycle. When this is the case, it is important that (a) users be aware that the amounts shown for the current period and comparative amounts are not comparable, and (b) the reason for changing the end of its reporting period and the resulting reporting period is disclosed. A further example is where, in making the transition from cash to accrual accounting, an entity changes the end of its reporting period for entities within the economic entity to enable the preparation of consolidated financial statements.</p>	
IFRS 18.29 IPSAS 1.68 (consistent)	<p><del>58-55.</del> Normally, an entity consistently prepares financial statements for a one-year period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This Standard does not preclude this practice, because the resulting financial statements are unlikely to be materially different from those that would be presented for one year.</p>	
	<b>Timeliness</b>	CP paragraphs 2.41-2.44
IPSAS 1.69	<p><del>59-56.</del> The usefulness of financial statements is impaired if they are not made available to users within a reasonable period after the end of the reporting period. An entity should be in a position to issue its financial statements within six months of the end of the reporting period. Ongoing factors such as the complexity of an entity's operations are not sufficient reason for failing to report on a timely basis. More specific deadlines are dealt with by legislation and regulations in many jurisdictions.</p>	
	<b>Consistency of Presentation</b>	CP paragraphs 2.41-2.44
IFRS 18.30 IPSAS 1.42 (consistent)	<p><del>60-57.</del> <b>An entity shall retain the display of line items on the face of the primary financial statements, disclosure of items in the notes, and classification of items in the financial statements from one reporting period to the next unless:</b></p> <p><b>(a) It is apparent, following a significant change in the nature of the entity's operations or a review of its</b></p>	

	<p>financial statements, that another <del>presentation display, disclosure</del> or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in IPSAS 3 (see paragraph AG18 [IFRS 18.B12]); or</p> <p>(b) An IPSAS <u>Standard</u> requires a change in <del>presentation display, disclosure</del> or classification.</p>	
	<b>Comparative Information</b>	CP paragraphs 2.35-2.40
IFRS 18.31 IPSAS 1.53 (consistent)	<del>61.58.</del> Except when an IPSAS <u>Standard</u> permits or requires otherwise, an entity shall provide comparative information (that is, information for the preceding reporting period) for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is necessary for an understanding of the current period's financial statements (see paragraph AG20 [IFRS 18.B13]).	
IFRS 18.32 IPSAS 1.53A (consistent)	<del>62.59.</del> An entity shall present a current reporting period and preceding period in each of its primary financial statements and in the notes. Paragraphs AG21-AG22 [IFRS 18.B14-B15] set out requirements relating to additional comparative information.	
	<b>Changes in Accounting Policy, Retrospective Restatement or Reclassification</b>	
IFRS 18.33 IPSAS 1.55 (consistent)	<del>63.60.</del> If an entity changes the <del>presentation display, disclosure</del> or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period): <ul style="list-style-type: none"> <li>(a) The nature of the reclassification;</li> <li>(b) The amount of each item or class of items that is reclassified; and</li> <li>(c) The reason for the reclassification.</li> </ul>	
IFRS 18.34 IPSAS 1.56 (consistent)	<del>64.61.</del> When it is impracticable to reclassify comparative amounts, an entity shall disclose: <ul style="list-style-type: none"> <li>(a) The reason for not reclassifying the amounts; and</li> <li>(b) The nature of the adjustments that would have been made if the amounts had been reclassified.</li> </ul>	
IFRS 18.36 IPSAS 1.58	<del>65.62.</del> IPSAS 3 sets out the adjustments to comparative information required when an entity changes an accounting policy or corrects an error.	



IFRS 18.37	<p><del>66-63.</del> An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the comparative information required in paragraphs 58-59 <b>IFRS 18.31-32</b> if:</p> <ul style="list-style-type: none"> <li>(a) It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and</li> <li>(b) The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.</li> </ul>	
IFRS 18.38	<p><del>67-64.</del> In the circumstances described in paragraph 63 <b>IFRS 18.37</b> an entity shall present three statements of financial position—a statement of financial position as at:</p> <ul style="list-style-type: none"> <li>(a) The end of the current reporting period;</li> <li>(b) The end of the preceding period; and</li> <li>(c) The beginning of the preceding period.</li> </ul>	
IFRS 18.39	<p><del>68-65.</del> When an entity is required to present a third statement of financial position applying paragraph 63 <b>IFRS 18.37</b>, it shall disclose the information required by paragraphs 60–62 <b>IFRS 18.33-36</b> and IPSAS 3. However, it need not provide the related notes to the statement of financial position as at the beginning of the preceding period.</p>	
IFRS 18.40	<p><del>69-66.</del> The date of that opening statement of financial position shall be as at the beginning of the preceding period regardless of whether an entity's financial statements provide comparative information for earlier periods (see paragraphs AG21–AG22 <b>IFRS 18.B14-B15</b>).</p>	
<b>Aggregation and Disaggregation</b>		
	<b>Principles of Aggregation and Disaggregation</b>	CP paragraphs 2.41-2.44
IFRS 18.41	<p><del>70-67.</del> For the purposes of this Standard, an item is an asset, liability, component of net assets/equity, revenue, expense, or cash flow or any aggregation or disaggregation of such assets, liabilities, net assets/equity, revenue, expenses, or cash flows. A line item is an item that is displayed separately in the primary financial statements. Other material information about items is disclosed in the notes. Unless doing so would override specific aggregation or disaggregation in IPSAS <b>Standards</b>, an entity shall (see paragraphs AG24–AG31 <b>IFRS 18.B16-B23</b>):</p>	



	<p>(a) Classify and aggregate assets, liabilities, net assets/equity, revenue, expenses, or cash flows into items based on shared characteristics;</p> <p>(b) Disaggregate items based on characteristics that are not shared;</p> <p>(c) Aggregate or disaggregate items to display line items in the primary financial statements that fulfill the role of the primary financial statements in providing useful structured summaries (see paragraph 24 <a href="#">[IFRS 18.16]</a>);</p> <p>(d) Aggregate or disaggregate items to disclose information in the notes that fulfills the role of the notes in providing material information (see paragraph 25 <a href="#">[IFRS 18.17]</a>); and</p> <p>(e) Ensure that aggregation and disaggregation in the financial statements do not obscure material information (see paragraph AG17 <a href="#">[IFRS 18.B3]</a>).</p>	
IFRS 18.42 IPSAS 1.45 and IPSAS 1.106 (consistent)	<del>74.68.</del> Applying the principles in paragraph 67 <a href="#">[IFRS 18.41]</a> , an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 67(c) <a href="#">[IFRS 18.41(c)]</a> , an entity does not display material information in the primary financial statements, it shall disclose the information in the notes. Paragraphs AG88 and AG117 <a href="#">[IFRS 18.B79 and B111]</a> set out examples of revenue, expenses, assets, liabilities and items of net assets/equity that might have sufficiently dissimilar characteristics that presentation in the statement of financial performance or statement of financial position or disclosure in the notes is necessary to provide material information.	
IFRS 18.43	<del>72.69.</del> An entity shall label and describe items displayed in the primary financial statements (that is, totals, subtotals and line items) or items disclosed in the notes in a way that faithfully represents the characteristics of the item (see paragraphs AG32–AG34 <a href="#">[IFRS 18.B24–B26]</a> ). To faithfully represent an item, an entity shall provide all descriptions and explanations necessary for a user of financial statements to understand the item. In some cases, an entity might need to include in the descriptions and explanations the meaning of the terms the entity uses and information about how it has aggregated or disaggregated assets, liabilities, net assets/equity, revenue, expenses, and cash flows.	
	<b>Offsetting</b>	CP paragraphs 2.41-2.44
IFRS 18.44 IPSAS 1.48 (consistent)	<del>73.70.</del> An entity shall not offset assets and liabilities or revenue and expenses, unless required or permitted by an IPSAS <u>Standard</u> (see paragraphs AG35–AG36 <a href="#">[IFRS 18.B27–B28]</a> ).	

IPSAS 1.49 IFRS 18.45 (consistent)	<del>74.71.</del> It is important that an entity reports separately both assets and liabilities, revenue, and expenses. Offsetting in the statement <del>(e)</del> of financial performance or the statement of financial position, except when offsetting reflects the substance of the transaction or other event, reduces the users' ability to both (a) understand the transactions and other events and conditions that have occurred and (b) assess the entity's future cash flows. Measuring assets net of valuation allowances—for example, obsolescence allowances on inventories and <del>allowances for expected credit losses on financial assets</del> <u>doubtful debts allowances on receivables</u> —is not offsetting.	
IPSAS 1.52	<del>75.72.</del> The offsetting of cash flows is dealt with in IPSAS 2., <del>Cash Flow Statements.</del>	
<b>Statement of Financial Performance</b>		<b>Related to Chapter 4 of CP</b>
IFRS 18.46 IPSAS 1.99 (consistent)	<del>76.73.</del> An entity shall include all items of <del>income-revenue</del> and expense in a reporting period in the statement of <del>profit or loss</del> <u>financial performance</u> unless an <del>IFRS Accounting</del> <u>IPSAS Standard</u> requires or permits otherwise. <del>(see paragraphs 88–95 and B86).</del>	<ul style="list-style-type: none"> <li>Reference to paragraphs on Statement Presenting Comprehensive Income were removed as this statement is not applicable for the public sector.</li> </ul>
IPSAS 1.100	<del>77.74.</del> Normally, all items of revenue and expense recognized in a period are included in surplus or deficit. This includes the effects of changes in accounting estimates. However, circumstances may exist when particular items may be excluded from surplus or deficit for the current period. IPSAS 3 deals with two such circumstances: the correction of errors and the effect of changes in accounting policies.	
IPSAS 1.101	<del>78.75.</del> Other IPSAS Standards deal with items that may meet definitions of revenue or expense set out in this Standard, but are usually excluded from surplus or deficit. Examples include revaluation surpluses (see IPSAS 45), particularly: <ul style="list-style-type: none"> <li>(a) gains and losses arising on translating the financial statements of a foreign operation (see IPSAS 4); and</li> <li>(b) gains or losses on remeasuring financial assets measured at fair value through net assets/equity (guidance on measurement of financial assets can be found in IPSAS 41).</li> </ul>	
	<b>Categories in The Statement of <del>profit or loss</del> <u>Financial Performance</u></b>	CP paragraphs 4.6–4.33
IFRS 18.47	<del>79.76.</del> An entity shall classify <del>income-revenue</del> and expenses included in the statement of <del>profit or loss</del> <u>financial performance</u> in one of five categories (see paragraph AG37 <u>[IFRS 18.B29]</u> ):	

	<ul style="list-style-type: none"> <li>(a) The operating category (see paragraph 81 <a href="#">IFRS 18.52</a>);</li> <li>(b) The investing category (see paragraphs 82–87 <a href="#">IFRS 18.53–58</a>);</li> <li>(c) The financing category (see paragraphs 88–95 <a href="#">IFRS 18.59–66</a>);</li> <li>(d) The income taxes category (see paragraph 96 <a href="#">IFRS 18.67</a>); and</li> <li>(e) The discontinued operations category (see paragraph 97 <a href="#">IFRS 18.68</a>).</li> </ul>	
IFRS 18.48	<p><del>80.77.</del> Paragraphs 81–97 <a href="#">IFRS 18.52–68</a> set out requirements for classifying <del>income-revenue</del> and expenses in the operating, investing, financing, income taxes and discontinued operations categories. In addition, paragraphs AG74–AG85 <a href="#">IFRS 18.B65–B76</a> set out requirements on how foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments are classified in the categories.</p>	
	<p><b>Entities with Specified Main <del>Operating</del>business Activities</b></p>	CP paragraphs 4.20–4.22
IFRS 18.49	<p><del>84.78.</del> To classify <del>income-revenue</del> and expenses in the operating, investing and financing categories, an entity shall assess whether it has a specified main <del>business-operating</del> activity—that is a main <del>business-operating</del> activity of (see paragraphs AG39–AG50 <a href="#">IFRS 18.B30–B41</a>):</p> <ul style="list-style-type: none"> <li>(a) Investing in particular types of assets, referred to hereafter as investing in assets (see paragraph 82 <a href="#">IFRS 18.53</a>); or</li> <li>(b) Providing financing to <del>customers</del>other parties.</li> </ul>	
IFRS 18.50	<p><del>82.79.</del> Applying paragraphs 84–87 <a href="#">IFRS 18.55–58</a> and 94–95 <a href="#">IFRS 18.65–66</a>, an entity with a specified main <del>business-operating</del> activity classifies in the operating category some <del>revenue</del><del>income</del> and expenses that would have been classified in the investing or financing category if the activity were not a main <del>business-operating</del> activity.</p>	
IFRS 18.51	<p><del>83.80.</del> If an entity:</p> <ul style="list-style-type: none"> <li>(a) Invests in assets as a main <del>business-operating</del> activity, it shall disclose that fact.</li> <li>(b) Provides financing to <del>customers</del>other parties as a main <del>business-operating</del> activity, it shall disclose that fact.</li> <li>(c) Identifies a different outcome from its assessment of whether it invests in assets or provides financing to <del>customers</del>other parties as a main <del>business-operating</del></li> </ul>	

	<p>activity (see paragraph AG50 <a href="#">[IFRS18.B41]</a>), it shall disclose:</p> <ul style="list-style-type: none"> <li>(i) The fact the outcome of the assessment has changed and the date of the change; and</li> <li>(ii) The amount and classification of items of <del>income revenue</del> and expense before and after the date of the change in the outcome of the assessment in the current period and the amount and classification in the prior period for the items for which the classification has changed because of the changed outcome of the assessment, unless it is impracticable to do so. If an entity does not disclose the information because it is impracticable to do so, the entity shall disclose that fact.</li> </ul>	
	<b>The Operating Category</b>	CP paragraphs 4.6–4.33
IFRS 18.52	<p><del>84.81.</del> An entity shall classify in the operating category all <del>income revenue</del> and expenses included in the statement of <del>profit or loss</del><b>financial performance</b> that are not classified in (see paragraph AG51 <a href="#">[IFRS18.B42]</a>):</p> <ul style="list-style-type: none"> <li>(a) The investing category;</li> <li>(b) The financing category;</li> <li>(c) The income taxes category; or</li> <li>(d) The discontinued operations category.</li> </ul>	
	<b>The Investing Category</b>	CP paragraphs 4.6–4.33
IFRS 18.53	<p><del>85.82.</del> Except as required by paragraphs 84–87 <a href="#">[IFRS.55–58]</a> for an entity that has a specified main <del>business operating</del> activity, an entity shall classify in the investing category <del>income revenue</del> and expenses specified in paragraph 83 <a href="#">[IFRS18.54]</a> from:</p> <ul style="list-style-type: none"> <li>(a) Investments in associates, joint ventures and unconsolidated subsidiaries (see paragraphs AG52–AG53 <a href="#">[IFRS18.B43–B44]</a>);</li> <li>(b) Cash and cash equivalents; and</li> <li>(c) Other assets if they generate a return individually and largely independently of the entity's other resources (see paragraphs AG54–AG58 <a href="#">[IFRS18.B45–B49]</a>).</li> </ul>	
IFRS 18.54	<p><del>86.83.</del> The <del>income revenue</del> and expenses from the assets identified in paragraph 82 <a href="#">[IFRS.53]</a> that an entity shall classify in the investing category comprise the amounts included in the statement of <del>profit or loss</del><b>financial performance</b> for (see paragraph AG56 <a href="#">[IFRS18.B47]</a>):</p>	

	<p>(a) The <del>income-revenue</del> generated by the assets;</p> <p>(b) <del>The revenue</del><del>income</del> and expenses that arise from the initial and subsequent measurement of the assets, including on derecognition of the assets; and</p> <p>(c) The incremental expenses directly attributable to the acquisition and disposal of the assets—for example, transaction costs and costs to sell the assets.</p>	
	Entities with Specified Main <del>business-Operating</del> Activities	CP paragraphs 4.20–4.22
IFRS 18.55	<p><del>87-84.</del> For the assets specified in paragraph (a) <del>IFRS 53(a)</del> (that is, investments in associates, joint ventures and unconsolidated subsidiaries) that an entity invests in as a main <del>business-operating</del> activity (see paragraph AG47 <del>IFRS18.B38</del>), the entity shall classify the <del>income-revenue</del> and expenses specified in paragraph 83 <del>IFRS 18.54</del>:</p> <p>(a) In the investing category if the assets are accounted for applying the equity method (see paragraphs AG52(a) and AG53(a)) <del>IFRS18.B43(a) and B44(a))</del>; or</p> <p>(b) In the operating category if the assets are not accounted for applying the equity method (see paragraphs AG52(b)–(c) and AG53(b)–(c) <del>IFRS18.B43(b)–(c) and B44(b)–(c))</del>.</p>	
IFRS 18.56	<p><del>88-85.</del> For the assets specified in paragraph (a) <del>IFRS18.53(b)</del> (that is, cash and cash equivalents), an entity shall classify the <del>income-revenue</del> and expenses specified in paragraph 83 <del>IFRS18.54</del> in the investing category unless:</p> <p>(a) It invests as a main <del>business-operating</del> activity in financial assets within the scope of paragraph (b) <del>IFRS18.53(c)</del>—in which case it shall classify the <del>income-revenue</del> and expenses in the operating category.</p> <p>(b) It does not meet the requirements in (a) but provides financing to <del>customers-other entities</del> as a main <del>business-operating</del> activity—in which case it shall classify:</p> <p>(i) The <del>income-revenue</del> and expenses from cash and cash equivalents that relate to providing financing to <del>customers-other parties</del>, for example cash and cash equivalents held for related regulatory requirements—in the operating category.</p> <p>(ii) The <del>income-revenue</del> and expenses from cash and cash equivalents that do not relate to providing financing to <del>customers-other parties</del>—by applying an accounting policy choice to classify the <del>income-revenue</del> and expenses specified in paragraph 83 <del>IFRS18.54</del> in the operating category or the</p>	

	investing category. The choice of accounting policy shall be consistent with that made by the entity for the purpose of the related accounting policy for <del>income-revenue</del> and expenses from liabilities in paragraph 94(a)(ii) <u>IFRS 18.65(a)(ii)</u> .	
IFRS 18.57	<del>89-86.</del> If an entity applying paragraph 85(b) <u>IFRS18.56(b)</u> cannot distinguish between the cash and cash equivalents described in paragraphs 85(b)(i) and 85(b)(ii) <u>IFRS18.56(b)(i) and 56(b)(ii)</u> , it shall apply the accounting policy choice in paragraph 85(b)(ii) <u>IFRS18.56(b)(ii)</u> to classify <del>income-revenue</del> and expenses from all cash and cash equivalents in the operating category.	
IFRS 18.58	<del>90-87. For An entity may invest in assets specified in paragraph (b) <u>IFRS18.53(c)</u> (that is, other assets if they generate a return individually and largely independently of the entity's other resources) as a main operating activity the assets specified in paragraph 53(c) (that is, other assets if they generate a return individually and largely independently of the entity's other resources) that an entity invests in as a main business activity (see paragraph AG49 <u>IFRS18.B40</u>).</del> Public sector entities that may invest in such assets as a main operating activity include government property agencies and government investment funds that invest in real estate, and manage their property portfolios on a commercial basis to finance other service delivery objectives would consider such investments as a main operating activity. In such cases, the entity shall classify the <del>income-revenue</del> and expenses specified in paragraph 83 <u>IFRS18.54</u> in the operating category.	<ul style="list-style-type: none"> <li>Additional public sector-specific guidance was added based on the IPSASB's views and considerations summarized in CP paragraph 4.23(e).</li> </ul>
	<b>The Financing Category</b>	CP paragraphs 4.6–4.33
IFRS 18.59	<del>91-88.</del> To determine what <del>income-revenue</del> and expenses to classify in the financing category, an entity shall distinguish between: <ul style="list-style-type: none"> <li>(a) Liabilities that arise from transactions that involve only the raising of finance (see paragraphs AG59–AG60 <u>IFRS18.B50–B51</u>); and</li> <li>(b) Liabilities other than those described in (a)—that is, liabilities that arise from transactions that do not involve only the raising of finance (see paragraph AG62 <u>IFRS18.B53</u>).</li> </ul>	
IFRS 18.60	<del>92-89.</del> For the liabilities specified in paragraph (a) <u>IFRS 18.59(a)</u> (that is, liabilities that arise from transactions that involve only the raising of finance), except as set out in paragraphs 92–95 <u>IFRS 18.63–66</u> , an entity shall classify in the financing category the amounts included	

	<p>in the statement of <del>profit or loss</del><u>financial performance</u> for:</p> <ul style="list-style-type: none"> <li>(a) <del>income</del><u>Revenue</u> and expenses that arise from the initial and subsequent measurement of the liabilities, including on derecognition of the liabilities (see paragraph AG61 <u>IFRS 18.B52</u>); and</li> <li>(b) The incremental expenses directly attributable to the issue and extinguishment of the liabilities—for example, transaction costs.</li> </ul>	
IFRS 18.61	<p><del>93-90.</del> For the liabilities specified in paragraph (a) <u>IFRS 18.59(b)</u> (that is, liabilities that arise from transactions that do not involve only the raising of finance), except as set out in paragraphs 92–93 <u>IFRS 18.63–64</u>, an entity shall classify in the financing category:</p> <ul style="list-style-type: none"> <li>(a) Interest <del>income</del><u>revenue</u> and expenses, but only if the entity identifies such <del>revenue</del><u>income</u> and expenses for the purpose of applying other requirements in <del>IFRS Accounting</del><u>IPSAS</u> Standards; and</li> <li>(b) <del>income</del><u>Revenue</u> and expenses arising from changes in interest rates, but only if the entity identifies such <del>income</del><u>revenue</u> and expenses for the purpose of applying other requirements in <del>IFRS Accounting</del><u>IPSAS</u> Standards.</li> </ul>	
IFRS 18.62	<p><del>94-91.</del> Paragraphs AG65–AG66 <u>IFRS 18.B56–B57</u> set out how an entity shall apply the requirements in paragraphs 88–90 <u>IFRS 18.59–61</u> to hybrid contracts that contain a host that is a liability.</p>	
IFRS 18.63	<p><del>95-92.</del> The requirements in paragraphs 89–90 <u>IFRS 18.60–61</u> do not apply to gains and losses on derivatives and designated hedging instruments. An entity shall apply paragraphs AG79–AG85 <u>IFRS 18.B70–B76</u> to classify such gains and losses.</p>	
IFRS 18.64	<p><del>96-93.</del> An entity shall exclude from the financing category and classify in the operating category:</p> <ul style="list-style-type: none"> <li>(a) <del>income</del><u>Revenue</u> and expenses from issued investment contracts with participation features recognised applying <u>IPSAS 41</u> <del>IFRS 9 Financial Instruments</del> (see paragraph AG67 <u>IFRS 18.B58</u>); and</li> <li>(b) Insurance finance <del>income</del><u>revenue</u> and expenses included in the statement of <del>profit or loss</del><u>financial performance</u> applying <u>the relevant international or national accounting standard dealing with insurance contracts</u><del>IFRS 17 Insurance Contracts</del>.</li> </ul>	



	<b>Entities with Specified Main <del>business-Operating</del> Activities</b>	CP paragraphs 4.20–4.22
IFRS 18.65	<p><del>97.94.</del> If an entity provides financing to <del>customers-other entities</del> as a main <del>business-operating</del> activity, it shall classify <del>income revenue</del> and expenses (see paragraph AG68 <del>IFRS18.B59</del>):</p> <ul style="list-style-type: none"> <li>(a) From the liabilities specified in paragraph (a) <del>IFRS 18.59(a)</del> (that is, liabilities that arise from transactions that involve only the raising of finance): <ul style="list-style-type: none"> <li>(i) If the liabilities relate to providing financing to <del>customers-other parties</del>—in the operating category.</li> <li>(ii) If the liabilities do not relate to providing financing to <del>customers-other parties</del>—by applying an accounting policy choice to classify the <del>income revenue</del> and expenses specified in paragraph 89 <del>IFRS 18.60</del> in the operating category or the financing category. The choice of accounting policy shall be consistent with that made by the entity for the purpose of the related accounting policy for <del>income-revenue</del> and expenses from cash and cash equivalents in paragraph 85(b)(ii) <del>IFRS 18.56(b)(ii)</del>.</li> </ul> </li> <li>(b) From the liabilities specified in paragraph (a) <del>IFRS 18.59(b)</del> (that is, liabilities that arise from transactions that do not involve only the raising of finance): <ul style="list-style-type: none"> <li>(i) If the <del>income-revenue</del> and expenses are specified in paragraph 90 <del>IFRS 18.61</del>—in the financing category; or</li> <li>(ii) If the <del>income-revenue</del> and expenses are not specified in paragraph 90 <del>IFRS 18.61</del>—in the operating category.</li> </ul> </li> </ul>	
IFRS 18.66	<p><del>98.95.</del> If an entity applying paragraph 94(a) <del>IFRS 18.65(a)</del> cannot distinguish between the liabilities described in paragraphs 94(a)(i) and 94(a)(ii) <del>IFRS 18.65(a)(i) and 65(a)(ii)</del>, it shall apply the accounting policy choice in paragraph 94(a)(ii) <del>IFRS 18.65(a)(ii)</del> to classify <del>income revenue</del> and expenses from all such liabilities in the operating category.</p>	
	<b>The Income Taxes Category</b>	CP paragraphs 4.6–4.33
IFRS 18.67	<p><del>99.96.</del> An entity <del>that pays income taxes</del> shall classify in the income taxes category tax expense <del>or tax income</del>—that is included in the statement of <del>profit or loss</del><del>financial performance</del> applying <del>the relevant international or national accounting standards</del> <del>IAS 12 Income Taxes</del>, and any related foreign exchange differences (see paragraphs AG74–AG77 <del>IFRS18.B65–B68</del>).</p>	



	<b>The Discontinued Operations Category</b>	CP paragraphs 4.6–4.33
IFRS 18.68	<del>100.97.</del> An entity shall classify in the discontinued operations category <del>income-revenue</del> and expenses from discontinued operations as required by <del>IFRS-5</del> <u>IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations</u> .	
	<b>Totals and Subtotals to be <del>Presented</del> <u>Displayed</u> in the Statement of Financial Performance</b>	CP paragraphs 4.34–4.37
IFRS 18.69	<del>101.98.</del> An entity shall <del>present-display</del> totals and subtotals in the statement of <del>profit-or-loss</del> <u>financial performance</u> for: (a) Operating <del>profit-or-loss</del> <u>surplus or deficit</u> (see paragraph 99 <u>IFRS 18.70</u> ); and (b) <del>profit-or-loss before financing and income taxes</del> (see paragraph 71), subject to paragraph 73; and (c) <del>(b) profit-or-loss</del> <u>Surplus or deficit</u> (see paragraph 100 <u>IFRS 18.72</u> ).	
IFRS 18.70	<del>102.99.</del> Operating <del>profit-or-loss</del> <u>surplus or deficit</u> comprises all <del>income-revenue</del> and expenses classified in the operating category.	
IFRS 18.71	<del>103.</del> Profit or loss before financing and income taxes comprises: (a) <del>operating profit or loss</del> ; and (b) <del>all income and expenses classified in the investing category</del> .	
IFRS 18.72	<del>104.100.</del> <del>Profit-or-loss</del> <u>Surplus or deficit</u> is the total of <del>income-revenue</del> less expenses included in the statement of <del>profit-or-loss</del> <u>financial performance</u> . Accordingly, it comprises all <del>income-revenue</del> and expenses classified in all categories in the statement of <del>profit-or-loss</del> <u>financial performance</u> (see paragraph 76 <u>IFRS 18.47</u> ).	
IFRS 18.73	<del>105.</del> An entity shall not apply paragraph 69(b) if it applies the accounting policy set out in paragraph 65(a)(ii) of classifying in the operating category income and expenses from liabilities that do not relate to the provision of financing to customers. However, such an entity shall apply paragraph 24 to determine whether to present an additional subtotal after operating profit and before the financing category. For example, the entity would present a subtotal for operating profit or loss and income and expenses from investments accounted for using the equity method if the entity determines doing so is necessary to provide a useful structured summary of its income and expenses.	

IFRS 18.74	<del>106. If an entity described in paragraph 73 presents an additional subtotal comprising operating profit or loss and all income and expenses classified in the investing category, it shall not label the subtotal in a way that implies the subtotal excludes financing amounts, such as 'profit before financing'. Applying paragraph 43, the entity shall label the subtotal in a way that faithfully represents the amounts included in the subtotal.</del>	
IPSAS 1.104	<del>101. Additional line items, headings, and subtotals shall be presented displayed on the face of the statement of financial performance when such presentation is— necessary to provide a useful structured summary of the entity's revenue and expenses (see paragraph 32 and 67(c)) relevant to an understanding of the entity's financial performance.</del>	<ul style="list-style-type: none"> <li>Guidance was added based on the IPSASB's views and considerations summarized in CP paragraph 4.35(c).</li> </ul>
	<b>Items to be <del>Presented Displayed</del> in the Statement of <del>profit or loss</del> Financial Performance or Disclosed in the Notes</b>	CP paragraphs 4.38–4.42
IFRS 18.75 IPSAS 1.102 (consistent)	<p><del>107.102.</del> An entity shall <del>present display</del> in the statement of <del>profit or loss</del> financial performance line items for (see paragraph AG86 <a href="#">IFRS 18.B77</a>):</p> <p>(a) Amounts required by this Standard, namely:</p> <ul style="list-style-type: none"> <li>(i) Revenue, <del>presenting displaying</del> separately the line items described in (b)(i); <del>and (c)(i)</del>;</li> <li>(ii) Operating expenses, <del>presenting displaying</del> separately line items as required by paragraphs 108 and 112 <a href="#">IFRS 18.78 and 82(a)</a>;</li> <li>(iii) Share of the <del>surplus or deficit profit or loss</del> of associates and joint ventures accounted for using the equity method;</li> <li>(iv) Income tax expense or <del>income revenue</del>; and</li> <li>(v) A single amount for the total of discontinued operations (see <del>IFRS 5</del> <a href="#">IPSAS 44</a>);</li> </ul> <p>(b) Amounts required by <del>IFRS 9</del> <a href="#">IPSAS 41</a>, namely:</p> <ul style="list-style-type: none"> <li>(i) Interest revenue calculated using the effective interest method;</li> <li>(ii) Impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with <del>Section 5.5 of IFRS 9</del> <a href="#">paragraphs 73–93 of IPSAS 41</a>;</li> <li>(iii) Gains and losses arising from the derecognition of financial assets measured at amortised cost;</li> <li>(iv) Any gain or loss arising from the difference between the fair value of a financial asset and its previous amortised cost at the date of</li> </ul>	<ul style="list-style-type: none"> <li>Line items required by IFRS 17 were removed because there is no equivalent IPSAS Standard.</li> </ul>

	<p>reclassification from amortised cost measurement to measurement at fair value through <del>profit or loss</del> <u>surplus or deficit</u>; and</p> <p><del>(v)</del> Any cumulative gain or loss previously recognised in <del>other comprehensive income</del> <u>net assets/equity</u> that is reclassified to <del>profit or loss</del> <u>surplus or deficit</u> at the date of reclassification of a financial asset from measurement at fair value through <del>other comprehensive income</del> <u>net assets/equity</u> to measurement at fair value through <del>profit or loss</del> <u>surplus or deficit</u>; and</p> <p><del>(vi)</del> amounts required by IFRS 17, namely:</p> <p>insurance revenue;</p> <p>insurance service expenses from contracts issued within the scope of IFRS 17;</p> <p>income or expenses from reinsurance contracts held;</p> <p>insurance finance income or expenses from contracts issued within the scope of IFRS 17; and</p> <p><del>(vii)</del> <u>(v)</u> finance income or expenses from reinsurance contracts held.</p>	
IFRS 18.76	<p><del>108, 103.</del> An entity shall <del>present</del> <u>display</u> in the statement of <del>profit or loss</del> <u>financial performance</u> (outside all the categories described in paragraph 76 <u>IFRS 18.47</u>) an allocation of <del>profit or loss</del> <u>surplus or deficit</u> for the reporting period attributable to:</p> <p>(a) Non-controlling interests; and</p> <p>(b) Owners of the <del>parent</del> <u>controlling entity</u>.</p>	
IFRS 18.77	<p><del>109, 104.</del> Paragraphs AG87–AG88 <u>IFRS 18.B78–B79</u> set out requirements on how an entity uses its judgement to determine whether to <del>present</del> <u>display</u> additional line items in the statement of <del>profit or loss</del> <u>financial performance</u> or disclose items in the notes.</p>	
IPSAS 1.117	<p><u>105.</u> When an entity provides a dividend or similar distribution to its owners and has share capital, it shall disclose, either on the face of the statement of financial performance or the statement of changes in net assets/equity, or in the notes, the amount of dividends or similar distributions recognized as distributions to owners during the period, and the related amount per share.</p>	
IPSAS 1.104	<p><u>106.</u> Additional line items, <del>headings, and subtotals</del> shall be <del>presented</del> <u>displayed</u> on the face of the statement of financial performance when such presentation is <u>necessary to provide a useful structured summary of the entity's revenue</u></p>	<p>• Guidance was added based on the IPSASB's views and considerations summarized in CP paragraph 4.40(b).</p>

	<del>and expenses (see paragraph 32 and 67(c)) relevant to an understanding of the entity's financial performance.</del>	
IPSAS 1.105	<del>107.</del> Because the effects of an entity's various activities, transactions, and other events differ in terms of their impact on its ability to meet its service delivery obligations, disclosing the components of financial performance assists in an understanding of the financial performance achieved and in making projections of future results. Additional line items are included on the face of the statement of financial performance, and the descriptions used and the ordering of items are amended when this is necessary to explain the elements of performance. Factors to be considered include materiality and the nature and function of the components of revenue and expenses. Revenue and expense items are not offset unless the criteria in paragraph 70 are met.	
	<b>Presentation and Disclosure of Expenses Classified in the Operating Category</b>  <i>[Note: Text in [ ] is subject to constituents' views regarding Specific Matter for Comment [X] in the Consultation Paper, on whether to permit mixed presentation of expenses similar to IFRS 18]</i>	CP paragraphs 4.43–4.47
IFRS 18.78	<del>110.108.</del> In the operating category of the statement of <del>profit or loss</del> financial performance, an entity shall 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 these characteristics (see paragraphs AG89–AG94 <b>[IFRS18.B80–B85]</b> ):  (a) The nature of expenses; or (b) The function of the expenses within the entity.	
IFRS 18.79	<del>111.109.</del> Any individual line item shall comprise operating expenses aggregated on the basis of only one of these characteristics <del>[,]</del> , but the same characteristic does not have to be used as the aggregation basis for all line items (see paragraph AG85 <b>[IFRS18.B81]</b> ).  • Paragraph will be updated based on constituent's feedback regarding mixed presentation of operating expenses.	
IFRS 18.80	<del>112.110.</del> In classifying expenses by nature ('nature expenses'), an entity provides information about operating expenses related to the nature of the economic resources consumed to accomplish the entity's activities without reference to the activities in relation to which those economic resources were consumed. Such information includes information about raw material expense, employee benefit expense, depreciation and amortisation.	
IFRS 18.81	<del>113.111.</del> In classifying expenses by function within the entity, an entity allocates and aggregates operating expenses according to the activity to which the consumed resource relates. <del>For example, cost of sales is a function line item that combines expenses relating to an entity's production or</del>	

	<p><del>other revenue-generating activities such as: raw material expense, employee benefit expense, depreciation and amortisation.</del> Therefore, when classifying expenses by function, an entity might:</p> <p>(a) Allocate to several function line items <del>(such as cost of sales and research and development)</del> expenses relating to economic resources of the same nature (such as employee benefit expense); and</p> <p>(b) Include in a single function line item an allocation of expenses relating to economic resources of several natures (such as <del>raw material expense</del>, employee benefit expense, depreciation and amortisation).</p>	
IPSAS 1.115 IFRS 18.82	<p><del>114. Entities classifying expenses by function shall If an entity presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss, it shall:</del></p> <p><del>115. present a separate line item for its cost of sales, if the entity classifies operating expenses in functions that include a cost of sales function. That line item shall include the total of inventory expense described in paragraph 38 of IAS 2 Inventories.</del></p> <p><del>116.112.</del> disclose a qualitative description of the nature of expenses included in each function line item.</p>	<ul style="list-style-type: none"> <li>• Indication that mixed presentation of operating expenses is allowed and reference to the cost of sales example were removed.</li> <li>• Paragraph will be updated based on constituent's feedback regarding mixed presentation of operating expenses.</li> </ul>
IFRS 18.83	<p><del>117.113.</del> An entity that <del>presents</del> displays [one or more] line items comprising expenses classified by function in the operating category of the statement of <del>profit or loss</del> financial performance shall also disclose in a single note:</p> <p>(a) The total for each of:</p> <p>(i) Depreciation, comprising the amounts required to be disclosed by paragraph <del>7359</del>(e)(vii) of <del>IAS 16</del>IPSAS 45 <del>Property, Plant and Equipment</del>, paragraph <del>7990</del>(d)(iv) of <del>IPSAS 16, IAS 40 Investment Property</del> and paragraph <del>5356</del>(a) of <del>IFRS 16</del>IPSAS 43, Leases;</p> <p>(ii) Amortisation, comprising the amount required to be disclosed by paragraph <del>418117</del>(e)(vi) of <del>IAS 38</del>IPSAS 31, Intangible Assets;</p> <p>(iii) Employee benefits, comprising the amount for employee benefits recognised by an entity applying <del>IAS-IPSAS 19-39, Employee Benefits and the amount for services received from employees recognised by an entity applying IFRS 2 Share-based Payment</del>;</p> <p>(iv) Impairment losses and reversals of impairment losses, comprising the amounts required to be disclosed by paragraphs <del>73(a) and 73(b) of IPSAS</del></p>	<ul style="list-style-type: none"> <li>• Paragraph will be updated based on constituent's feedback regarding mixed presentation of operating expenses.</li> </ul>

	<p><del>21, Impairment of Non-Cash Generating Assets and paragraphs 426-115(a) and 426-115(b) of IAS 36</del><del>IPSAS 26, Impairment of Cash-Generating Assets; and</del></p> <p>(v) Write-downs and reversals of write-downs of inventories, comprising the amounts required to be disclosed by paragraphs <del>364</del>7(e) and <del>364</del>7(f) of <del>IAS 2</del><del>IPSAS 12</del>; and</p> <p>(b) For each total listed in (a)(i)–(v):</p> <p>(i) The amount related to each line item in the operating category (see paragraph AG93 <del>IFRS 18.B84</del>); and</p> <p>(ii) A list of any line items outside the operating category that also include amounts relating to the total.</p>	
IFRS 18.84	<p><del>118.114.</del> Paragraph 67 <del>IFRS 18.41</del> requires an entity to disaggregate items to provide material information. However, an entity that applies paragraph 113 <del>IFRS 18.83</del> is exempt from disclosing:</p> <p>(a) In relation to function line items presented in the operating category of the statement of <del>profit or loss</del><del>financial performance</del>—disaggregated information about the amounts of nature expenses included in each line item, beyond the amounts specified in paragraph 113 <del>IFRS 18.83</del>; and</p> <p>(b) In relation to nature expenses specifically required by an <del>IPSAS IFRS Accounting</del> Standard to be disclosed in the notes—disaggregated information about the amounts of the expenses included in each function line item presented in the operating category of the statement of <del>profit or loss</del><del>financial performance</del>, beyond the amounts specified in paragraph 113 <del>IFRS 18.83</del>.</p>	
IFRS 18.85	<p><del>119.115.</del> The exemption in paragraph 114 <del>IFRS 18.84</del> relates to disaggregation of operating expenses. However, it does not exempt an entity from applying specific disclosure requirements relating to those expenses in <del>IFRS Accounting</del><del>IPSAS</del> Standards.</p>	
<b>Statement of Financial Position</b>		Related to Chapter 3 of CP
<b>Classification of Assets and Liabilities</b>		CP paragraphs 3.6-3.32
IFRS 18.96 IPSAS 1.70 (consistent)	<p><del>120.116.</del> An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 118–121 <del>IFRS 99-102</del> except when a presentation based on liquidity provides a more useful structured summary. When that</p>	

	exception applies, an entity shall present all assets and liabilities in order of liquidity (see paragraphs AG95–AG98 <b>[IFRS 18.B90-B93]</b> ).	
IFRS 18.97 IPSAS 1.71 (consistent)	<del>424.117.</del> <b>424.117.</b> Whichever method of presentation is adopted, an entity shall disclose in the notes the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:  (a) No more than twelve months after the reporting period; and  (b) More than twelve months after the reporting period.	
	<b>Current Assets</b>	
IFRS 18.99 IPSAS 1.76	<del>422.118.</del> <b>422.118.</b> An entity shall classify an asset as current when it satisfies any of the following criteria (see paragraphs AG99–AG101 <b>[IFRS 18.B94-B95]</b> ):  (a) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;  (b) It holds the asset primarily for the purpose of trading;  (c) It expects to realize the asset within twelve months after the reporting period; or  (d) The asset is cash or a cash equivalent (as defined in IPSAS 2), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.	
IFRS 18.100 IPSAS 1.76 (consistent)	<del>423.119.</del> <b>423.119.</b> An entity shall classify all assets other than those specified in paragraph 118 <b>[IFRS 18.99]</b> as non-current.	
	<b>Current Liabilities</b>	
IFRS 18.101 IPSAS 1.80	<del>424.120.</del> <b>424.120.</b> An entity shall classify a liability as current when it satisfies any of the following criteria:  (a) It expects to settle the liability in its normal operating cycle (see paragraphs AG102 and AG113–AG114 <b>[IFRS 18. B96, B107-B108]</b> );  (b) It holds the liability primarily for the purpose of trading (see paragraph AG103 <b>[IFRS 18.B97]</b> );  (c) The liability is due to be settled within twelve months after the reporting period (see paragraphs AG110–AG111 and AG120–AG121); or  (d) It does not have the right at the end of the reporting period to defer settlement of the liability for at least	



	twelve months after the <u>end of the</u> reporting period (see paragraphs AG112–AG121).	
IFRS 18.102 IPSAS 1.80 (consistent)	<del>125-121.</del> An entity shall classify all liabilities other than those specified in paragraph 120 <u>IFRS 18.101</u> as non-current.	
	<b>Items to be Displayed in the Statement of Financial Position or Disclosed in the Notes</b>	CP paragraphs 3.33-3.52
IFRS 18.103 IPSAS 1.88	<p><del>126-122.</del> <b>An entity shall display on the face of the statement of financial position the amounts for the following line items:</b></p> <ul style="list-style-type: none"> <li>(a) Property, plant and equipment;</li> <li>(b) Investment property;</li> <li>(c) Intangible assets;</li> <li>(d) Goodwill;</li> <li>(e) Financial assets (excluding amounts shown under (f), (i) and (j));</li> <li>(f) Investments accounted for using the equity method;</li> <li>(g) Biological assets within the scope of IPSAS 27, <i>Agriculture</i>;</li> <li>(h) Inventories;</li> <li>(i) Receivables and other accrued revenue;</li> <li>(j) Cash and cash equivalents;</li> <li>(k) The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IPSAS 44; <del>Non-Current Assets Held for Sale and Discontinued Operations</del>;</li> <li>(l) Social benefit liabilities;</li> <li>(m) Taxes and transfers payable;</li> <li>(n) Payables and other accrued expenses;</li> <li>(o) Provisions;</li> <li>(p) Financial liabilities (excluding amounts shown under (m), (n), and (o); and</li> <li>(q) Liabilities included in disposal groups classified as held for sale in accordance with IPSAS 44;</li> </ul> <p><u>(r) Binding arrangement assets or binding arrangement liability in accordance with IPSAS 47, Revenue; and</u></p>	<ul style="list-style-type: none"> <li>A new line item has been added for goodwill to distinguish this asset from other intangible assets.</li> </ul>



	<del>(f)(s) Transfer right asset or transfer obligation liability arising from transactions with binding arrangements in accordance with IPSAS 48, Transfer Expenses; and.</del>	
IFRS 18.104 IPSAS 1.88	<del>127.123.</del> An entity shall <del>present in the display on the face of the statement of financial position:</del> (a) Non-controlling interests; and (b) <del>(b) Issued capital and reserves</del> Net assets/equity attributable to owners of the <del>parent</del> controlling entity.	
New paragraph	<del>132. Paragraphs 162-166 of IPSAS 47, Revenue, and paragraphs 44-48 of IPSAS 48, Transfer Expenses, set out the requirements for the display of line items on the face of the statement of the financial position arising from an entity entering into a binding arrangement.</del>	•
New paragraph	<del>133. In accordance with paragraph 29, an entity need not display on the face of the statement of financial position or disclose in the notes the line items listed in paragraph 130 if the information resulting from that display or disclosure is not material (see AG14-AG21).</del>	•
IPSAS 1.89 IFRS 18.105	<del>128.124.</del> Additional line items, headings, and sub-totals shall be displayed on the face of the statement of financial position when necessary to provide a useful structured summary of the entity's assets, liabilities, and net assets/equity, in accordance with paragraphs 32 and 67(c). Paragraphs AG115-AG117 [IFRS 18.B109-111] set out requirements on how an entity uses its judgement to determine whether to <del>present display</del> additional line items in the statement of financial position or disclose items in the notes.	
IFRS 18.106 IPSAS 1.57 and 1.90 (consistent)	<del>129.125.</del> Subject to paragraph 116 [IFRS 18.96], this Standard does not prescribe the order or format in which an entity <del>presents displays</del> items in the statement of financial position. In addition, the descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide a useful structured summary of the entity's assets, liabilities and net assets/equity. For example, a public sector entity may amend the descriptions in paragraph 122 [IFRS 18.103] to provide a useful structured summary of the assets, liabilities and net assets/equity based on descriptions used at a local jurisdictional level.	
	<b>Net Assets/Equity</b>	

IPSAS 1.95	<p><del>130-126.</del> An entity shall display on the face of the statement of financial position or disclose in the notes the amounts for the components that make up the entity's net assets/equity, including:</p> <ul style="list-style-type: none"> <li>(a) Share capital (when applicable) (refer to paragraph 161 [IFRS 130(a) or IPSAS 1.98]);</li> <li>(b) Contributed capital, being the cumulative total at the end of the reporting period of contributions from owners, less distributions to owners;</li> <li>(c) Accumulated surpluses or deficits;</li> <li>(d) Reserves, including a description of the nature and purpose of each reserve within net assets/equity; and</li> <li>(e) Non-controlling interests.</li> </ul>	
IPSAS 1.96	<p><del>131-127.</del> Many public sector entities will not have share capital, but the entity may be controlled exclusively by another public sector entity. The nature of the interest in the net assets/equity of the entity is likely to be a combination of contributed capital and the aggregate of the entity's accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the entity's operations.</p>	
IPSAS 1.97	<p><del>132-128.</del> In some cases, there may be a non-controlling interest in the net assets/equity of the entity. For example, at the whole-of-government level, the economic entity may include a commercial public sector entity that has been partly privatized. Accordingly, there may be private shareholders who have a financial interest in the net assets/equity of the entity, which is presented as a non-controlling interest.</p>	<ul style="list-style-type: none"> <li>Reference to presentation requirements in paragraph 126 was added.</li> </ul>
<b>Statement of Changes in Net Assets/Equity</b>		<b>Related to Chapter 5 of CP</b>
	<b>Information to be Presented in the Statement of Changes in Net Assets/Equity</b>	CP paragraphs 5.23-5.26
IPSAS 1.118	<p><del>133-129.</del> An entity shall <del>present</del> display a statement of changes in net assets/equity showing on the face of the statement:</p> <ul style="list-style-type: none"> <li>(a) Surplus or deficit for the period;</li> <li>(b) Each item of revenue and expenses for the period that, as required by other IPSAS Standards, is recognized directly in net assets/equity, and the total of these items;</li> <li>(c) Total revenue and expenses for the period (calculated as the sum of (a) and (b)), showing separately the total amounts attributable to owners of the controlling entity and to non-controlling interest; and</li> </ul>	<ul style="list-style-type: none"> <li>Requirement (e) was added to require a reconciliation of each component of net assets/equity at the beginning and end of the period on the face of the Statement of Changes in Net Assets/Equity.</li> <li>Refer to CP paragraphs 5.25-5.26 for the IPSASB's views and</li> </ul>

	<p><del>(d)</del> For each component of net assets/equity separately disclosed, the effects of changes in accounting policies and corrections of errors recognized in accordance with IPSAS 3; <del>and-</del></p> <p><del>(d)(e)</del> <u>To the extent that components of net assets/equity are separately disclosed, reconciliation between the carrying amount of each component of net assets/equity at the beginning and the end of the period, separately disclosing each change.</u></p>	<p>considerations on the requirement for a reconciliation.</p>
IPSAS 1.119	<p><del>134.130.</del> An entity shall also present, either on the face of the statement of changes in net assets/equity or in the notes:</p> <p>(a) The amounts of transactions with owners acting in their capacity as owners, showing separately distributions to owners;</p> <p><del>(b)</del> The balance of accumulated surpluses or deficits at the beginning of the period and at the reporting date, and the changes during the period; <del>and.</del></p> <p><del>(c)(b)</del> <u>To the extent that components of net assets/equity are separately disclosed, reconciliation between the carrying amount of each component of net assets/equity at the beginning and the end of the period, separately disclosing each change.</u></p>	<ul style="list-style-type: none"> <li>Paragraph was modified to remove the choice of presenting the reconciliation mentioned in paragraph above in the face of the statement or the notes.</li> </ul>
IPSAS 1.120	<p><del>135.131.</del> Changes in an entity's net assets/equity between two reporting dates reflect the increase or decrease in its net assets during the period.</p>	
IPSAS 1.121	<p><del>136.132.</del> The overall change in net assets/equity during a period represents the total amount of surplus or deficit for the period, other revenue and expenses recognized directly as changes in net assets/equity, together with any contributions by, and distributions to, owners in their capacity as owners.</p>	
IPSAS 1.122	<p><del>137.133.</del> Contributions by, and distributions to, owners include transfers between two entities within an economic entity (for example, a transfer from a government, acting in its capacity as owner, to a government department). Contributions by owners, in their capacity as owners, to controlled entities are recognized as a direct adjustment to net assets/equity only where they explicitly give rise to residual interests in the entity in the form of rights to net assets/equity.</p>	
	<p><b>Information about Items of Revenue and Expenses Recognized Outside Surplus or Deficit</b></p>	<p>CP paragraphs 5.4-5.22</p>
IPSAS 1.123	<p><del>138.134.</del> This Standard requires all items of revenue and expenses recognized in a period to be included in surplus or deficit, unless another IPSAS <u>Standard</u> requires otherwise.</p>	

	<p>Other IPSAS <u>Standards</u> require some items (such as revaluation increases and decreases, <u>and</u> particular foreign exchange differences) to be recognized directly as changes in net assets/equity. Because it is important to consider all items of revenue and expenses in assessing changes in an entity's financial position between two reporting dates, this Standard requires the presentation of a statement of changes in net assets/equity that highlights an entity's total revenue and expenses, including those that are recognized directly in net assets/equity.</p>	
IPSAS 1.124	<p><del>139.135.</del> IPSAS 3 requires retrospective adjustments to reflect changes in accounting policies, to the extent practicable, except when the transitional provisions in another IPSAS <u>Standard</u> requires otherwise. IPSAS 3 also requires that restatements to correct errors are made retrospectively, to the extent practicable. Retrospective adjustments and retrospective restatements are made to the balance of accumulated surpluses or deficits, except when an IPSAS <u>Standard</u> requires retrospective adjustment of another component of net assets/equity. Paragraph 129(d) <u>IPSAS 1.118(d)</u> requires disclosure in the statement of changes in net assets/equity of the total adjustment to each component of net assets/equity separately disclosed resulting, separately, from changes in accounting policies and from corrections of errors. These adjustments are disclosed for each prior period and the beginning of the period.</p>	
IPSAS 1.125	<p><del>140.136.</del> The requirements in paragraphs 129 and 130 <u>IPSAS 1.118 and 119</u> may be met by using a columnar format that reconciles the opening and closing balances of each element within net assets/equity. An alternative is to present only the items set out in paragraph 129 <u>IPSAS 1.118</u> in the statement of changes in net assets/equity. Under this approach, the items described in paragraph 130 <u>IPSAS 1.119</u> are shown in the notes.</p>	
IPSAS 1.125A	<p><del>144.137.</del> Other IPSAS <u>Standards</u> specify whether and when amounts previously recognized in net assets/equity are reclassified to surplus or deficit. Such reclassifications are referred to in this Standard as reclassification adjustments. A reclassification adjustment is included with the related component of net assets/equity in the period that the adjustment is reclassified to surplus or deficit. These amounts may have been recognized in net assets/equity as unrealized gains in the current or previous periods. Those unrealized gains must be deducted from net assets/equity in the period in which the realized gains are reclassified to surplus or deficit to avoid including them in the statement of changes in net assets/equity twice.</p>	

IPSAS 1.125B	<del>142.138.</del> Reclassification adjustments arise, for example, on disposal of a foreign operation (see IPSAS 4) and when some hedged forecast cash flows affect surplus or deficit (see paragraph 140(d) of IPSAS 41 in relation to cash flow hedges).	
IPSAS 1.125C	<del>143.139.</del> Reclassification adjustments do not arise on changes in revaluation surplus recognized in accordance with IPSAS 31 or IPSAS 45 on remeasurements of defined benefit plans recognized in accordance with IPSAS 39. These components are recognized in net assets/equity and are not reclassified to surplus or deficit in subsequent periods. Changes in revaluation surplus may be transferred to accumulated surpluses or deficits in subsequent periods as the asset is used or when it is derecognized (see IPSAS 31 or IPSAS 45). In accordance with IPSAS 41, reclassification adjustments do not arise if a cash flow hedge or the accounting for the time value of an option (or the forward element of a forward contract or the foreign currency basis spread of a financial instrument) result in amounts that are removed from the cash flow hedge reserve or a separate component of net assets/equity, respectively, and included directly in the initial cost or other carrying amount of an asset or a liability. These amounts are directly transferred to assets or liabilities.	
<b>Cash Flow Statement</b>		
IPSAS 1.126	<del>144.140.</del> Cash flow information provides users of financial statements with a basis to assess (a) the ability of the entity to generate cash and cash equivalents, and (b) the needs of the entity to utilize those cash flows. IPSAS 2 sets out requirements for the presentation of the cash flow statement and related disclosures.	
	...	
<b>Application Guidance</b>		
	<b>Objective</b>	
IPSAS 1.60	AG1. Paragraph 1 provides that the objective of this Standard is to set out requirements for the presentation of information in general purpose financial statements (financial statements). This Standard sometimes uses the term <i>presentation</i> in a broad sense, encompassing items displayed on the face of the primary financial statements or disclosed in the notes. Specific presentation requirements are also included in other IPSAS <u>Standards</u> . Unless specified to the contrary elsewhere in this Standard, or in another IPSAS <u>Standard</u> , such presentations (when material) are made either on the face	

	of a primary financial statement or in the notes (in accordance with paragraphs 23-32).	
	<b>Objective of Financial Statements</b>	CP paragraphs 2.4-2.8
CF 2.17 CF BC2.22	AG2. Paragraph 14 sets out that the purpose of financial statements is to provide financial information about a reporting entity's assets, liabilities, net assets/equity, revenue, expenses and cash flows that is useful to users of financial statements for decision-making and to demonstrate the entity's accountability for the resources entrusted to it. To assist users to better understand, interpret, and put into context the information presented in the financial statements, public sector entities are encouraged to present additional information to enhance, complement, and supplement the financial statements (see paragraphs AG3-AG5).	<ul style="list-style-type: none"> <li>Paragraph is used as an introductory paragraph.</li> </ul>
IPSAS 1.25	AG3. Entities are encouraged to present additional information to assist users in assessing the performance of the entity, and its stewardship of assets, as well as making and evaluating decisions about the allocation of resources. This additional information may include details about the entity's outputs and outcomes in the form of (a) performance indicators, (b) statements of service performance, (c) program reviews, and (d) other reports by management about the entity's achievements over the reporting period.	<ul style="list-style-type: none"> <li>Guidance is intended to encourage disclosures and, therefore, is more appropriate for Application Guidance.</li> </ul>
IPSAS 1.26	AG4. Entities are also encouraged to disclose information about compliance with legislative, regulatory, or other externally-imposed regulations. When information about compliance is not included in the financial statements, it may be useful for a note to refer to any documents that include that information. Knowledge of non-compliance is likely to be relevant for accountability purposes, and may affect a user's assessment of the entity's performance and direction of future operations. It may also influence decisions about resources to be allocated to the entity in the future.	<ul style="list-style-type: none"> <li>Guidance is intended to encourage disclosures and, therefore, is more appropriate for Application Guidance.</li> </ul>
CF BC2.19	AG5. The additional information described in AG3–AG4 may be communicated by separate reports that present financial and non-financial information about the achievement of the entity's service delivery objectives during the reporting period; its compliance with approved budgets and legislation or other authority governing the raising and use of resources; and prospective financial and non-financial information about its future service delivery activities, objectives, and resource needs. In some cases, information about these matters may be disclosed in notes to the financial statements.	

	Components of Financial Statements	CP paragraphs 2.11-2.21
	<b>A Complete Set of Financial Statements</b>	CP paragraphs 2.11-2.13
IPSAS 1.24	AG6. Paragraph 20 requires that a complete set of financial statements includes the presentation of budget information when budget information is made publicly available. Public sector entities are typically subject to budgetary limits in the form of appropriations or budget authorizations (or equivalent), which may be given effect through authorizing legislation. General purpose financial reporting by public sector entities may provide information on whether resources were obtained and used in accordance with the legally adopted budget. Entities that make publicly available their approved budget(s) are required to comply with the requirements of IPSAS 24, <i>Presentation of Budget Information in Financial Statements</i> .	<ul style="list-style-type: none"> <li>Guidance explains the context for the requirements in the core standard and, therefore, is more appropriate to be included in the Application Guidance.</li> </ul>
IPSAS 1.24	AG7. For entities, where the financial statements and the budget are prepared on the same basis of accounting, but the budget information is not separately made publicly available. This Standard encourages the inclusion in the financial statements of a comparison with the budgeted amounts for the reporting period. Reporting against budget(s) for these entities may be presented in various different ways, including: <p>(a) The use of a columnar format for the financial statements, with separate columns for budgeted amounts and actual amounts. A column showing any variances from the budget or appropriation may also be presented for completeness; and</p> <p>(b) Disclosure that the budgeted amounts have not been exceeded. If any budgeted amounts or appropriations have been exceeded, or expenses incurred without appropriation or other form of authority, then details may be disclosed by way of footnote to the relevant item in the financial statements.</p>	<ul style="list-style-type: none"> <li>Guidance is intended to encourage disclosures and, therefore, is more appropriate for Application Guidance.</li> </ul>
	<b>The Roles of the Primary Financial Statements and Notes</b>	CP paragraphs 2.14-2.19
	<b>Information Disclosed in the Notes</b>	
IFRS 18.B6	AG8. Applying paragraph 25(a) <b>[IFRS 18.17(a)]</b> , an entity provides in the notes information necessary for users of financial statements to understand the line items displayed in the primary financial statements. Examples of such information include: <p>(a) Disaggregation of the line items displayed in the primary financial statements;</p>	



	<p>(b) Descriptions of the characteristics of the line items displayed in the primary financial statements; and</p> <p>(c) Information about the methods, assumptions and judgements used in recognizing, measuring and displaying the items included in the primary financial statements.</p>	
IFRS 18.B7	<p>AG9. Applying paragraph 25(b) <b>IFRS 18.17(b)</b>, an entity supplements the primary financial statements with additional information necessary to achieve the objective of financial statements—that is:</p> <p>(a) Information specifically required by IPSAS <b>Standards</b> (see paragraph 27 <b>IFRS 18.19</b>)—for example:</p> <p>(i) Information required by IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i> about an entity's unrecognized contingent assets and contingent liabilities; and</p> <p>(ii) Information required by IPSAS 30, <i>Financial Instruments: Disclosures</i> about an entity's exposure to various types of risks, such as credit risk, liquidity risk and market risk; and</p> <p>(b) Information additional to that specifically required by IPSAS <b>Standards</b> (see paragraph 28 <b>IFRS 18.20</b>).</p>	
	<b>Information Displayed in the Primary Financial Statements</b>	
IFRS 18.B8	<p>AG10. Paragraph 31 <b>IFRS 18.23</b> explains that an entity need not display separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary, even if the line item is required by IPSAS <b>Standards</b>. For example, an entity need not display a line item listed in paragraph 102 <b>IFRS 18.75</b> if doing so is not necessary for the statement of financial performance to provide a useful structured summary of revenue and expenses, or a line item listed in paragraph 122 <b>IFRS 18.103</b> if doing so is not necessary for the statement of financial position to provide a useful structured summary of assets, liabilities and net assets/equity. If an entity does not display the line items listed paragraphs 102 and 122 <b>IFRS 18.75 and 103</b>, it shall disclose the items in the notes if the resulting information is material (see paragraph 68 <b>IFRS 18.42</b>).</p>	
IFRS 18.B9	<p>AG11. Conversely, applying paragraph 32 <b>IFRS 18.24</b>, an entity shall display additional line items to those listed in paragraphs 102 and 122 <b>IFRS 18.75 and 103</b> if such presentations are necessary for the statement of financial performance to provide a useful structured summary of revenue and expenses or for the statement of financial position to provide a useful structured summary of assets,</p>	



	liabilities and net assets/equity (see paragraphs AG87–AG88 and AG115–AG117 <b>IFRS 18.B78-B79 and B109-111</b> ).	
	<b>Identification of Financial Statements</b>	CP paragraphs 2.20-2.21
IFRS 18.B10 IPSAS 1.64 (consistent)	AG12. Paragraph 33 <b>IFRS 18.25</b> requires an entity to clearly identify the financial statements and distinguish them from other information in the same published document. An entity meets these requirements by providing appropriate headings for pages, statements, notes, columns and the like. Judgement is required in determining the best way of providing such information. For example, if an entity provides the financial statements electronically, an entity considers other ways to meet the requirements—for example, by appropriate digital tagging of information provided in the financial statements.	
IFRS 18.B11 IPSAS 1.65 (consistent)	AG13. An entity often makes financial statements more understandable by providing information in thousands or millions of units of the presentation currency. This practice is acceptable as long as the entity discloses the level of rounding and does not omit material information.	
<b>General Requirements for Financial Statements</b>		
	<b>Material <u>Information</u></b>	CP paragraphs 2.33-2.34
New paragraph	AG14. Paragraph 23 sets out that to achieve the objectives of this Standard, an entity need only display in the primary financial statements or disclose in the notes material information <u>(as defined in paragraph 8)</u> .	<ul style="list-style-type: none"> <li>This paragraph is used to link the application guidance on material information to requirements in the core text.</li> </ul>
IPSAS 1.12A IFRS 18.B2-B3	<p><u>AG15. Materiality depends on the nature and amount of the item judged in the particular circumstances of each entity. 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. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:</u></p> <p><u>(a) Information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;</u></p>	<ul style="list-style-type: none"> <li>This paragraph was added to IPSAS 1 by <i>Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)</i> Pronouncement.</li> </ul>

	<p><u>(b) Information regarding a material item, transaction or other event is scattered throughout the financial statements;</u></p> <p><u>(c) Dissimilar items, transactions or other events are inappropriately aggregated;</u></p> <p><u>(d) Similar items, transactions or other events are inappropriately disaggregated; and</u></p> <p><u>(a)(e) The understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.</u></p>	
IPSAS 1.13 IFRS 18.B4	<p><del>AG15-AG16. Assessing whether <u>information an omission or misstatement could reasonably be expected to influence the discharge of accountability by the entity, or decisions made by primary of users of a specific reporting entity's general purpose financial statements, and so be material,</u> requires <u>an entity to consider consideration of the characteristics of those users while also considering the entity's own circumstances. Users are assumed to have a reasonable knowledge of the public sector and economic activities and accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.</u></del></p>	<ul style="list-style-type: none"> <li>This IPSAS 1 paragraph was amended by <i>Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)</i> Pronouncement.</li> </ul>
<u>IPSAS 1.13A</u> <u>IFRS 18.B5</u>	<p><u>AG16-AG17. Many existing and potential service recipients and their representatives and resource providers and their representatives cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of public sector programs and operations and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.</u></p>	<ul style="list-style-type: none"> <li>This paragraph was added to IPSAS 1 by <i>Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)</i> Pronouncement.</li> </ul>
	<b>Consistency of Presentation</b>	CP paragraphs 2.41-2.44
IFRS 18.B12	<p><del>AG17-AG18. Paragraph 57(a) <u>IFRS 18.30(a)</u> requires an entity to change the <u>presentation display, disclosure</u> or classification of items in the financial statements if it is apparent that another presentation, <u>disclosure</u> or classification would be more appropriate. An entity is permitted to change the presentation, <u>disclosure</u> or</del></p>	

	classification of items in its financial statements only if the change provides information that is more useful to users of financial statements and if the entity is likely to continue using the revised <u>presentation display, disclosure</u> or classification, so that inter-period comparability is not impaired. When making such changes, an entity reclassifies its comparative information in accordance with paragraphs 61–62 <u>IFRS 18.33-34</u> .	
IPSAS 1.43	<del>AG18-AG19</del> . A significant acquisition or disposal, or a review of the presentation of the financial statements, might suggest that the financial statements need to be presented differently. For example, an entity may dispose of a savings bank that represents one of its most significant controlled entities and the remaining economic entity conducts mainly administrative and policy advice services. In this case, the presentation of the financial statements based on the principal activities of the economic entity as a financial institution is unlikely to be relevant for the new economic entity.	
	<b>Comparative Information</b>	CP paragraphs 2.35-2.40
	<b>Required Comparative Information</b>	
IFRS 18.B13 IPSAS 1.54 (consistent)	<del>AG19-AG20</del> . In some cases, narrative information provided in the financial statements for the preceding reporting period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users of financial statements might benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from disclosure of information about the steps that have been taken during the period to resolve the uncertainty.	
	<b>Additional Comparative Information</b>	
IFRS 18.B14	<del>AG20-AG21</del> . An entity may <u>choose to</u> provide comparative information in addition to the comparative information required by IPSAS <u>Standards</u> , as long as that information is prepared in accordance with IPSAS <u>Standards</u> . This comparative information may consist of one or more of the primary financial statements referred to in paragraph 20 <u>IFRS 18.10</u> but need not comprise a complete set of financial statements. When this is the case, the entity shall disclose in the notes information for those additional primary financial statements.	

IFRS 18.B15	<b>AG21-AG22.</b> For example, <u>when applying</u> AG21, an entity may present a third statement (or statement) of financial performance (thereby presenting the current reporting period, the preceding period, and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third cash flow or a third statement of changes in net assets/equity (that is, an additional primary financial statement comparative). The entity is required to disclose in the notes the comparative information related to that additional statement(s) of financial performance.	
	<b>Changes in Accounting Policy, Retrospective Restatement or Reclassification</b>	
IFRS 18.35 IPSAS 1.57 (consistent)	<b>AG22-AG23.</b> Paragraph 60 <b>IFRS 18.33</b> requires an entity to reclassify comparative amounts if the entity changes the <u>presentation display, disclosure</u> or classification of items in its financial statements, unless reclassification is impracticable. Enhancing the inter-period comparability of information assists users of financial statements for accountability and decision-making purposes <u>in making economic decisions</u> , especially by allowing the assessment of trends in financial information for predictive purposes. In some circumstances, it is impracticable to reclassify comparative information for a particular prior reporting period to achieve consistency with the current period. For example, an entity may not have collected data in the prior period(s) in a way that allows reclassification, and it may be impracticable to recreate the information.	
	<b>Aggregation and Disaggregation</b>	
	<b>Principles of Aggregation and Disaggregation</b>	CP paragraphs 2.41-2.44
	<b>Process of Aggregation and Disaggregation</b>	
IFRS 18.B16	<b>AG23-AG24.</b> Financial statements result from entities processing large numbers of transactions and other events. These transactions and other events are added together (aggregated) to give rise to assets, liabilities, net assets/equity, revenue, expenses, and cash flows.	
IFRS 18.B17	<b>AG24-AG25.</b> To apply the requirements in paragraph 67 <b>IFRS 18.41</b> , an entity shall aggregate items based on shared characteristics (that is, aggregate items that have similar characteristics) and disaggregate items based on characteristics that are not shared (that is, disaggregate items that have dissimilar characteristics). In doing so, an entity shall:	

	<p>(a) Identify the assets, liabilities, <u>net assets</u>/equity, revenue, expenses, and cash flows that arise from individual transactions or other events;</p> <p>(b) Classify and aggregate assets, liabilities, net assets/equity, revenue, expenses, and cash flows into items based on their characteristics (for example, their nature, their function, their measurement basis or another characteristic) so as to result in the display in the primary financial statements of line items and disclosure in the notes of items that have at least one similar characteristic; and</p> <p>(c) Disaggregate items based on dissimilar characteristics:</p> <p>(i) In the primary financial statements, as necessary to provide useful structured summaries (as described in paragraph 24 <a href="#">[IFRS 18.16]</a>); and</p> <p>(ii) In the notes, as necessary to provide material information (as described in paragraph 25 <a href="#">[IFRS 18.17]</a>).</p>	
IFRS 18.B18	<p><u>AG25-AG26.</u> An entity may apply the steps in paragraphs AG25(a)–AG25(c) <a href="#">[IFRS 18.B17(a)-B17(c)]</a> in varying order to apply the principles of aggregation and disaggregation in paragraph 67 <a href="#">[IFRS 18.41]</a>.</p>	
	<p><b>Basis for Aggregation and Disaggregation</b></p>	
IFRS 18.B19	<p><u>AG26-AG27.</u> Paragraphs AG24–AG26 <a href="#">[IFRS 18.B16-B18]</a> explain that an entity uses its judgement to aggregate and disaggregate assets, liabilities, net assets/equity, revenue, expenses, and cash flows from individual transactions and other events based on similar and dissimilar characteristics. Paragraphs AG87 and AG116 <a href="#">[IFRS 18.B78 and B110]</a> set out examples of characteristics an entity considers in making its judgements.</p>	
IFRS 18.B20	<p><u>AG27-AG28.</u> The more similar the characteristics of assets, liabilities, net assets/equity, revenue, expenses and cash flows are, the more likely it is that aggregating them will fulfill the role of the primary financial statements (that is, to provide useful structured summaries as described in paragraph 24 <a href="#">[IFRS 18.16]</a>) or the notes (that is, to provide material information as described in paragraph 25 <a href="#">[IFRS 18.17]</a>). The more dissimilar the characteristics of assets, liabilities, net assets/equity, revenue, expenses, and cash flows are, the more likely it is that disaggregating the items will fulfill the roles of the primary financial statements or the notes.</p>	

IFRS 18.B21	<u>AG28-AG29.</u> The items aggregated and displayed as line items in the primary financial statements shall have at least one similar characteristic other than meeting the definition of assets, liabilities, net assets/equity, revenue, expenses, or cash flows. However, because the role of the primary financial statements is to provide useful structured summaries, the line items in the primary financial statements are also likely to aggregate items that have sufficiently dissimilar characteristics that information about the disaggregated items is material.	
IFRS 18.B22	<u>AG29-AG30.</u> Applying paragraph 67 <u>IFRS 18.41</u> , an entity shall disaggregate items that have dissimilar characteristics when the resulting information is material. A single dissimilar characteristic could result in information about disaggregated items being material.	
IFRS 18.B23	<p><u>AG31. The following illustrates how items that have dissimilar characteristics may be disaggregated:</u></p> <p><u>(a) Financial instruments:</u> <del>For example,</del> an entity might display in the statement of financial position financial assets that comprise equity investments and debt investments separately from non-financial assets. The financial assets have dissimilar characteristics because they have different measurement bases—some are measured at fair value through surplus or deficit and others at amortized cost. The entity might therefore determine that to provide a useful structured summary it is necessary to display line items that disaggregate the financial assets based on those measurement bases. That disaggregation results in a line item comprising equity investments and debt investments measured at fair value through surplus or deficit and a line item comprising debt investments measured at amortized cost. Because equity investments are dissimilar to debt investments in that each exposes the entity to different risks, the entity would assess whether further disaggregation in the statement of financial position of financial assets measured at fair value through surplus or deficit into equity investments and debt investments is needed to provide a useful structured summary. If not, and if the resulting information were material, the entity would need to disclose in the notes the equity investments separately from the debt investments. In addition if, for example, the equity investments had other dissimilar characteristics, the entity would be required to disaggregate further those equity investments in the notes if the resulting information were material.</p> <p><del>(a)</del><u>(b) Property, plant, and equipment: After initial recognition, when an entity chooses to measure an</u></p>	<ul style="list-style-type: none"> <li>Public sector-specific example was added.</li> </ul>

	<p><u>entire class of property, plant, and equipment (PPE) using the current value model, different measurement bases can be applied to individual items depending on the primary objective for which the entity holds them. PPE items held primarily for their operational capacity are measured at current operational value and those held primarily for their financial capacity are measured at fair value. Because these PPE items have different measurement bases, they have dissimilar characteristics. The entity might therefore determine that to provide a useful structured summary it is necessary to present line items that disaggregate the items within a class of PPE based on their measurement bases. That disaggregation results in a line item comprising PPE items measured at current operational value and a line item comprising PPE items measured at fair value if the resulting information were material.</u></p>	
	<b>Description of Items</b>	
IFRS 18.B24	<p><b>AG30-AG32.</b> Paragraph 69 <b>IFRS 18.43</b> requires an entity to label and describe items <del>presented displayed or disclosed</del> in a way that faithfully represents the characteristics of the item. Such items will often be aggregations of items arising from individual transactions or other events and could vary in whether they are aggregations of items for which information is material and items for which information is immaterial. Specifically, in either the primary financial statements or in the notes:</p> <ul style="list-style-type: none"> <li>(a) An item for which information is material could be aggregated with other items for which information is also material—an entity might provide such an aggregation to summarize information but would also be required to disclose information about each item;</li> <li>(b) An item for which information is material could be aggregated with items for which information is not material—an entity would be required to provide information about disaggregated items only if immaterial information obscured the material information; or</li> <li>(c) An item for which information is not material could be aggregated with other items for which information is not material—an entity might provide such an aggregation to complete a list of items and would not be required to disclose information about disaggregated items, subject to paragraph AG34(b) <b>IFRS 18.B26(b)</b>.</li> </ul>	
IFRS 18.B25	<p><b>AG31-AG33.</b> An entity shall label items <del>presented displayed or disclosed</del> as 'other' only if it cannot find a more informative</p>	



	<p>label. Examples of how an entity might find a more informative label are:</p> <ul style="list-style-type: none"> <li>(a) If an item for which information is material is aggregated with items for which information is not material, finding a label that describes the item for which information is material; and</li> <li>(b) If items for which information is not material are aggregated: <ul style="list-style-type: none"> <li>(i) Aggregating items that share similar characteristics and describing them in a way that faithfully represents the similar characteristics; or</li> <li>(ii) Aggregating items with other items that do not share similar characteristics and describing them in a way that faithfully represents the dissimilar characteristics of the items.</li> </ul> </li> </ul>	
IFRS 18.B26	<p><b>AG32-AG34.</b> If an entity cannot find a more informative label than 'other':</p> <ul style="list-style-type: none"> <li>(a) For any aggregation—the entity shall use a label that describes the aggregated item as precisely as possible, for example, 'other operating expenses'.</li> <li>(b) For an aggregation comprising only items for which information is not material—the entity shall consider whether the aggregated amount is sufficiently large that users of financial statements might reasonably question whether it includes items for which information could be material. If so, information to resolve that question is material information. Accordingly, in such cases, the entity shall disclose further information about the amount—for example: <ul style="list-style-type: none"> <li>(i) An explanation that no items for which information would be material are included in the amount; or</li> <li>(ii) An explanation that the amount comprises several items for which information would not be material, with an indication of the nature and amount of the largest item.</li> </ul> </li> </ul>	
	<b>Offsetting</b>	CP paragraphs 2.41-2.44
IFRS 18.B27 IPSAS 1.50 (consistent)	<p><b>AG33-AG35.</b> Paragraph 70 <b>IFRS 18.44</b> prohibits an entity from offsetting assets and liabilities or revenue and expenses unless required or permitted by an IPSAS <b>Standard</b>. For example, IPSAS 47, <i>Revenue</i> requires revenue to be measured at the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. The amount of revenue recognized reflects any trade discounts and volume rebates the entity allows. In contrast, an entity might undertake, in the course of its activities, other transactions that do not generate revenue but are incidental to the main</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> <li>• Consistent with existing requirements in IAS 1.34 and IPSAS 1.50.</li> </ul>



	<p>revenue-generating activities. The entity would display in the primary financial statements or disclose in the notes the results of such transactions, when this <u>presentation display or disclosure</u> reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:</p> <p>(a) An entity displays in the primary financial statements or discloses in the notes gains and losses on the disposal of non-current assets by deducting from the amount of consideration on disposal the carrying amount of the asset and related selling expenses; and</p> <p>(b) An entity may net expenditure related to a provision that is recognized in accordance with IPSAS 19 <u>Provisions, Contingent Liabilities and Contingent Assets</u> and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.</p>	
IFRS 18.B28 IPSAS 1.51 (consistent)	<p><u>AG34-AG36</u>. In addition, an entity presents on a net basis gains and losses arising from a group of similar transactions—for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading that are included in the same category of the statement(s) of financial performance applying paragraphs 76–97 <u>IFRS 18.47-68</u>. However, an entity shall disclose such gains and losses separately in the notes if doing so provides material information.</p>	
<b>Statement of Financial Performance</b>		<b>Related to Chapter 4 of CP</b>
	<p><b>Categories in the Statement of <u>profit or loss</u> Financial Performance</b></p>	CP paragraphs 4.6–4.33
IFRS 18.B29	<p><u>AG35-AG37</u>. Paragraph 76 <u>IFRS 18.47</u> requires an entity to classify <u>income-revenue</u> and expenses included in the statement <u>of profit or loss financial performance</u> in one of five categories. The operating category comprises all <u>income-revenue</u> and expenses included in the statement <u>of profit or loss financial performance</u> that are not classified in the other categories (see paragraph 81 <u>IFRS 18.52</u>). <u>Income-Revenue</u> and expenses classified in the discontinued operations category applying paragraph 97 <u>IFRS 18.68</u> are not subject to the requirements for classifying items of <u>income-revenue</u> and expense in the categories listed in paragraphs 76(a)–(d) <u>IFRS 18.47(a)–(d)</u>. <u>Income-Revenue</u> and expenses classified in the income taxes category applying paragraph 96 <u>IFRS 18.67</u> are not subject to the requirements for classifying</p>	

	items of <del>income-revenue</del> and expense in the categories listed in paragraphs 76(a)–(c). <u>IFRS 18.47(a)–(c)</u> .	
New paragraph	<p>AG38. A public sector entity needs to consider the unique characteristics of the public sector (e.g., power to levy taxes and revenue subject to appropriation) that are relevant when applying the categorization requirements in paragraphs 81–97. For example, the following circumstances require entities to apply judgement to determine the appropriate category for revenue and expenses:</p> <p>(a) In the public sector, revenue received by entities is often subject to appropriation. An entity that receives revenue subject to appropriation should assess the nature and substance of the underlying activity to which the appropriation relates to determine the appropriate category of the related revenue.</p> <p>(b) Some governments may levy taxes, including compulsory contributions and levies, as a major source of revenue and may increase tax rates to collect higher tax revenue to fund their service delivery objectives. Entities shall apply professional judgement and consider the nature, substance, and materiality of their tax revenue when applying the categorization requirements in paragraphs 81–97.</p> <p>(c) Applying IPSAS 46, after initial measurement, an entity may select a measurement basis for an asset depending on whether it is primarily held for operational capacity or financial capacity. However, the measurement basis applied for that asset does not necessarily dictate the presentation and classification of revenue and expenses arising from it. For example, a public hospital may operate one building on a commercial basis and conclude that the building is held primarily for financial capacity. However, since the hospital is still operating that building to achieve its service delivery objective (providing healthcare service), the revenue and expenses from that building would be classified in the Operating category. As another example, a municipal government may hold a piece of land with the sole intention of earning rental revenue and capital appreciation and conclude that the land is held primarily for financial capacity. If the land meets the definition of an investment property, the revenue and expenses from that land would be classified in the investing category, provided that investing in investment properties is not a main operating activity of the municipal government.</p>	<ul style="list-style-type: none"> <li>Public sector-specific guidance was added based on the IPSASB's views and considerations summarized in CP paragraph 4.23.</li> </ul>
	<b>Assessment of Specified Main <del>business-Operating</del> Activities</b>	CP paragraphs 4.20–4.22

IFRS 18.B30	<p><del>AG36-AG39</del>. Paragraph 78 <del>IFRS 18.49</del> requires an entity to assess whether it invests in assets or provides financing to <del>customers-other parties</del> as a main <del>business-operating</del> activity. An entity may have more than one main <del>business-operating</del> activity. For example, an entity that <del>manufactures a product</del><del>provides a public service</del> and also provides financing to <del>customers-other parties</del> may determine that both its <del>manufacturing-public service</del> activity and <del>customer-financing</del> activity are main <del>business-operating</del> activities. To classify <del>income-revenue</del> and expenses into the categories of operating, investing and financing as required by this Standard, an entity need only determine whether either of, or both, investing in assets and providing financing to <del>customers-other parties</del> are main <del>business-operating</del> activities.</p>
IFRS 18.B31	<p><del>AG37-AG40</del>. Examples of entities that might invest in assets as a main <del>business-operating</del> activity include:</p> <ul style="list-style-type: none"> <li>(a) Investment entities as defined by <del>IFRS 10</del><del>IPSAS 35</del>, <i>Consolidated Financial Statements</i>;</li> <li>(b) Investment property companies; and</li> <li>(c) Insurers.</li> </ul>
IFRS 18.B32	<p><del>AG38-AG41</del>. Examples of entities that might provide financing to <del>other parties</del><del>customers</del> as a main <del>business-operating</del> activity include:</p> <ul style="list-style-type: none"> <li>(a) Banks and other lending institutions;</li> <li>(b) Entities that provide financing to <del>customers-other parties</del> to enable those <del>customers-parties</del> to <del>buy access</del> the entity's <del>products</del><del>services</del>; and</li> <li>(c) Lessors that provide financing to <del>customers-other parties</del> in finance leases.</li> </ul>
IFRS 18.B33	<p><del>AG39-AG42</del>. Whether investing in assets or providing financing to <del>customers-other parties</del> is a main <del>operating</del><del>business</del> activity of the entity is a matter of fact and not merely an assertion. An entity shall use its judgement to assess whether investing in assets or providing financing to <del>customers-parties</del> is a main <del>business-operating</del> activity and that assessment shall be based on evidence.</p>
IFRS 18.B34	<p><del>AG40-AG43</del>. In general, investing in assets or providing financing to <del>other parties</del><del>customers</del> is likely to be a main <del>business-operating</del> activity of an entity if the entity uses a particular type of subtotal as an important indicator of operating performance. The particular type of subtotal is a subtotal similar to <del>gross-operating-profit-surplus-or-deficit</del> (see paragraph 99 <del>B123</del>) that includes <del>income-revenue</del> and expenses that would be classified in the investing or</p>

	financing categories if investing in assets or providing financing to <del>customers—other parties</del> were not main <del>business-operating</del> activities.	
IFRS 18.B35	<p><del>AG41-AG44.</del> Evidence that subtotals similar to <del>gross-operating profit surplus of deficit</del> described in paragraph 99<del>B123</del> are important indicators of operating performance includes using such subtotals to:</p> <ul style="list-style-type: none"> <li>(a) Explain operating performance externally; or</li> <li>(b) Assess or monitor operating performance internally.</li> </ul>	
IFRS 18.B36	<p><del>AG42-AG45.</del> Information about segments may provide evidence that investing in assets or providing financing to <del>customers other parties</del> is a main <del>business-operating</del> activity if an entity applies <del>IFRS 8 Operating Segments</del><del>IPSAS 18, Segment Reporting</del>. Specifically:</p> <ul style="list-style-type: none"> <li>(a) If a reportable segment comprises a single <del>business operating</del> activity, this indicates that the performance of the reportable segment is an important indicator of the entity's operating performance and that the <del>business-operating</del> activity of the reportable segment is a main <del>business-operating</del> activity of the entity; and</li> <li>(b) If an operating segment comprises a single <del>operatingbusiness</del> activity, this indicates that the <del>business-operating</del> activity might be a main <del>business operating</del> activity of the entity if the performance of the operating segment is an important indicator of the entity's operating performance as described in paragraph AG43 <del>IFRS 18.B34</del>.</li> </ul>	
IFRS 18.B37	<p><del>AG43-AG46.</del> An entity shall assess whether investing in assets or providing financing to <del>customers—other parties</del> is a main <del>business-operating</del> activity for the reporting entity as a whole. Accordingly, the assessment of whether investing in assets or providing financing to <del>customers—other parties</del> is a main <del>business-operating</del> activity by a reporting entity that is a consolidated group and a reporting entity that is one of the subsidiaries in the consolidated group could have different outcomes.</p>	
IFRS 18.B38	<p><del>AG44-AG47.</del> An entity shall assess whether it invests as a main <del>operatingbusiness</del> activity in associates, joint ventures and unconsolidated subsidiaries not accounted for using the equity method (see paragraphs AG52(b)–(c) and AG53(b)–(c) <del>IFRS 18.B43(b)–(c) and B44(b)–(c)</del>) by individual asset or using groups of assets with shared characteristics. If an entity prepares separate financial statements as specified in <del>IAS 27</del><del>IPSAS 34, Separate Financial Statements</del> and performs the assessment for groups of assets, the entity shall use groups of assets that are consistent with the categories used to determine their</p>	

	<p>measurement basis applying paragraph <del>40–12</del> of <del>IAS 27</del>IPSAS 34. An entity need not assess whether it invests as a main <del>business-operating</del> activity in associates, joint ventures and non-consolidated subsidiaries accounted for using the equity method (see paragraphs AG52(a) and AG53(a) <del>IFRS 18</del>B43(a) and B44(a)) because it is required to classify the <del>revenue</del>income and expenses from those investments in the investing category (see paragraph 84(a) <del>IFRS 18</del>55(a)).</p>	
IFRS 18.B39	<p><del>AG45</del>AG48. An entity need not assess whether it invests as a main <del>business-operating</del> activity in cash and cash equivalents (see paragraph (a) <del>IFRS 18</del>53(b)). An entity is required to classify <del>income</del>revenue and expenses from cash and cash equivalents in the investing category unless paragraphs 85(a) or 85(b) <del>IFRS 18</del>56(a) or 56(b)) apply.</p>	
IFRS 18.B40	<p><del>AG46</del>AG49. An entity shall assess whether it invests as a main <del>business-operating</del> activity in other assets that generate a return individually and largely independently of the entity's other resources (see paragraph (b) <del>IFRS 18</del>53(c)) by assessing an individual asset or groups of assets with shared characteristics. When performing the assessment for groups of financial assets an entity shall use groups of financial assets that are consistent with the classes of financial assets identified by the entity in applying paragraph <del>6–9</del> of <del>IFRS 7</del>IPSAS 30, <i>Financial Instruments: Disclosures</i>.</p>	
IFRS 18.B41	<p><del>AG47</del>AG50. An entity shall assess whether investing in assets or providing financing to <del>customers-other parties</del> is a main <del>business-operating</del> activity based on the facts at the time, so a change in the outcome of the assessment does not change the outcome of the previous assessments. Accordingly, an entity classifies and presents <del>income</del>revenue and expenses applying the change in the outcome of the assessment prospectively from the date of the change and does not reclassify amounts presented before the date of the change. Unless it is impracticable to do so, paragraph 80(c)(ii) <del>IFRS 18</del>51(c)(ii)) requires an entity to disclose the amount and classification of items of <del>income</del>revenue and expense before and after the date of the change in the outcome of the assessment in the current period and the amount and classification in the prior period for items for which the classification has changed because of the change in the outcome of the assessment.</p>	
	<p><b>Operating</b></p>	CP paragraphs 4.6–4.33
IFRS 18.B42	<p><del>AG48</del>AG51. The requirements in paragraphs 76–95 <del>IFRS 18</del>47–66] result in an entity classifying <del>income</del>revenue</p>	

	and expenses from its main <del>business-operating</del> activities in the operating category of the statement of <del>profit or loss</del> <del>financial performance</del> , except for any such <del>income-revenue</del> and expenses from investments accounted for using the equity method. Furthermore, the operating category is not limited to <del>income-revenue</del> and expenses from an entity's main <del>business-operating</del> activities. It includes all <del>income-revenue</del> and expenses that are not classified by an entity in the other categories applying paragraphs 82–97 <del>IFRS 18.53–68</del> , including such <del>income-revenue</del> or expenses that are volatile or non-recurring.	
	<b>Investing</b>	CP paragraphs 4.6–4.33
	<i>Investments in Associates, Joint Ventures and Unconsolidated Subsidiaries</i>	
IFRS 18.B43	<p><del>AG49-AG52</del>. Paragraphs 82 and 84 <del>IFRS 18.53 and 55</del> set out requirements for the classification of <del>income-revenue</del> and expenses from investments in associates and joint ventures. These investments comprise:</p> <ul style="list-style-type: none"> <li>(a) Investments in associates and joint ventures accounted for using the equity method in accordance with paragraph <del>22 of IPSAS 36, Investments in Associates and Joint Ventures</del> <del>[16 of IAS 28]</del> <del>Investments in Associates and Joint Ventures</del> and paragraph <del>12(c) of IPSAS 34</del> <del>[10(c) of IAS 27]</del>;</li> <li>(b) Investments in associates and joint ventures (or a portion thereof) that an entity elects to measure at fair value through profit or loss in accordance with <del>IFRS 9</del><del>IPSAS 41, Financial Instruments</del> applying paragraphs <del>24–25 of IPSAS 36</del> <del>[18–19 of IAS 28]</del> and paragraph <del>13 of IPSAS 34</del> <del>[11 of IAS 27]</del>; and</li> <li>(c) Investments in associates and joint ventures in separate financial statements that are accounted for at cost applying paragraph <del>12(a) of IPSAS 34</del> <del>[10(a) of IAS 27]</del> or in accordance with <del>IPSAS 41</del><del>IFRS-9</del> applying paragraph <del>12(b) of IPSAS 34</del> <del>[10(b) of IAS 27]</del>.</li> </ul>	
IFRS 18.B44	<p><del>AG50-AG53</del>. Paragraphs 82 and 84 <del>IFRS 18.53 and 55</del> also set out requirements for the classification of <del>income-revenue</del> and expenses from unconsolidated subsidiaries. Investments in unconsolidated subsidiaries comprise:</p> <ul style="list-style-type: none"> <li>(a) Investments in subsidiaries in separate financial statements accounted for using the equity method in accordance with paragraph <del>12(c) of IPSAS 34</del> <del>[10(c) of IAS 27]</del>;</li> </ul>	

	<p>(b) Investments in subsidiaries held by an investment entity that are measured at fair value through <del>profit or loss</del> <u>surplus or deficit</u> in accordance with paragraph <u>56 of IPSAS 35</u> [<u>31 of IFRS 10</u>] and paragraph <u>14 of IPSAS 34</u> [<u>11A of IAS 27</u>]; and</p> <p>(c) Investments in subsidiaries in separate financial statements that are accounted for at cost applying paragraph <u>12(a) of IPSAS 34</u> [<u>10(a) of IAS 27</u>] or in accordance with <del>IFRS 9</del> <u>IPSAS 41</u> applying paragraph <u>12(b) of IPSAS 34</u> [<u>10(b) of IAS 27</u>].</p>	
	<i>Assets that Generate a Return Individually and Largely Independently of the Entity's Other Resources</i>	
IFRS 18.B45	<u>AG51-AG54</u> . Paragraph (b) <u>IFRS 18.53(c)</u> requires an entity to identify assets that generate a return individually and largely independently of the entity's other resources. The return could be positive or negative.	
IFRS 18.B46	<p><u>AG52-AG55</u>. Assets that generate a return individually and largely independently of the entity's other resources in paragraph (b) <u>IFRS 18.53(c)</u> typically include:</p> <p>(a) Debt or equity investments <u>accounted for in accordance with IPSAS 41</u>; and</p> <p>(b) Investment properties, and receivables for rent generated by those properties <u>accounted for in accordance with IPSAS 16, Investment Property</u>.</p>	<ul style="list-style-type: none"> <li>References to relevant IPSAS Standards were added based on the IPSASB's views and considerations summarized in CP paragraph 4.23(d).</li> </ul>
IFRS 18.B47	<p><u>AG53-AG56</u>. <del>Income</del> <u>Revenue</u> and expenses specified in paragraph 83 <u>IFRS 18.54</u> from such assets typically include:</p> <p>(a) Interest;</p> <p>(b) Dividends;</p> <p>(c) Rental <del>income</del> <u>revenue</u>;</p> <p>(d) Depreciation;</p> <p>(e) Impairment losses and reversals of impairment losses;</p> <p>(f) Fair value gains and losses; and</p> <p>(g) <del>income</del> <u>Revenue</u> and expenses from the derecognition of the asset, or its classification and remeasurement as held for sale (see paragraphs AG69–AG73 <u>IFRS 18.B60–B64</u>).</p>	
	<i>Assets that Do Not Generate a Return Individually and Largely Independently of the Entity's Other Resources</i>	
IFRS 18.B48	<u>AG54-AG57</u> . Assets that an entity uses in combination to produce or supply goods or services do not generate a return	



	<p>individually and largely independently of the entity's other resources. Such assets typically include:</p> <ul style="list-style-type: none"> <li>(a) Property, plant and equipment;</li> <li>(b) Assets that arise from the production or supply of goods and services for which the <del>income-revenue</del> and expenses are classified in the operating category (for example, receivables for such goods and services); and</li> <li>(c) If the entity provides financing to <del>customers-other parties</del> as a main <del>business-operating</del> activity, any loans to a <del>customerparty</del>.</li> </ul>	
IFRS 18.B49	<p><del>AG55-AG58. Income-Revenue</del> and expenses from the assets described in paragraph AG57 <b>IFRS 18.B48</b> are classified in the operating category—for example:</p> <ul style="list-style-type: none"> <li>(a) Revenue for goods or services produced or supplied by the entity using a combination of assets;</li> <li>(b) Interest <del>income-revenue</del>;</li> <li>(c) Depreciation and amortisation;</li> <li>(d) Impairment losses and reversals of impairment losses;</li> <li>(e) <del>income—Revenue</del> and expenses from the derecognition of the asset, or its classification and remeasurement as held for sale (see paragraphs AG69–AG73 <b>IFRS 18.B60–B64</b>); and</li> <li>(f) <del>income—Revenue</del> and expenses arising on an <del>business-entity</del> combination that includes assets that will give rise to <del>income-revenue</del> and expenses that will be classified in the operating category, such as a gain on a bargain purchase and remeasurements of contingent consideration.</li> </ul>	
	<b>Financing</b>	CP paragraphs 4.6–4.33
	<i>Liabilities Arising from Transactions That Involve Only the Raising of Finance</i>	
IFRS 18.B50	<p><del>AG56-AG59.</del> Liabilities arising from transactions that involve only the raising of finance:</p> <ul style="list-style-type: none"> <li>(a) Receives finance in the form of cash, or an extinguishment of a financial liability, or receipt of the entity's own equity instruments; and</li> <li>(b) At a later date, will return in exchange cash or its own equity instruments.</li> </ul>	
IFRS 18.B51	<p><del>AG57-AG60.</del> Liabilities arising from transactions that involve only the raising of finance include:</p>	



	<ul style="list-style-type: none"> <li>(a) A debt instrument that will be settled in cash, such as debentures, loans, notes, bonds and mortgages—an entity receives cash and will return cash in exchange;</li> <li>(b) A liability under a supplier finance arrangement when the payable for goods or services is derecognised—an entity is discharged of the financial liability for the goods or services and will return cash in exchange;</li> <li>(c) A bond that will be settled through delivery of an entity's shares—an entity receives cash and will return its own equity instruments in exchange; and</li> <li>(d) An obligation for an entity to purchase its own equity instruments—an entity receives its own equity instruments and will return cash in exchange.</li> </ul>	
IFRS 18.B52	<p><b>AG58-AG61.</b> Examples of <del>revenue</del> <del>income</del> and expenses from such liabilities that paragraph 89 <b>IFRS 18.60</b> requires an entity to classify in the financing category include:</p> <ul style="list-style-type: none"> <li>(a) Interest expenses (for example, on debt instruments issued);</li> <li>(b) Fair value gains and losses (for example, on a liability designated at fair value through <del>profit or loss</del> <del>surplus or deficit</del>);</li> <li>(c) Dividends on issued shares classified as liabilities; and</li> <li>(d) Revenue and expenses from the derecognition of the liability (see paragraph AG70 <b>IFRS 18.B61</b>).</li> </ul>	
	<p><i>Liabilities Arising from Transactions That Do Not Involve Only the Raising of Finance</i></p>	
IFRS 18.B53	<p><b>AG59-AG62.</b> Paragraph (a) <b>IFRS 18.59(b)</b> requires an entity to identify liabilities that arise from transactions that do not involve only the raising of finance. Such liabilities include:</p> <ul style="list-style-type: none"> <li>(a) Payables for goods or services that will be settled in cash—an entity receives goods or services, not finance in the form described in paragraph AG59(a) <b>IFRS 18.B50(a)</b>;</li> <li>(b) Liabilities—an entity will return goods and services, not cash or its own equity instruments as described in paragraph AG59(b) <b>IFRS 18.B50(b)</b>;</li> <li>(c) Lease liabilities—an entity receives a right-of-use asset, not finance in the form described in paragraph AG59(a) <b>IFRS 18.B50(a)</b>;</li> <li>(d) Defined benefit pension liabilities—an entity receives employee services, not finance in the form described in paragraph AG59(a) <b>IFRS 18.B50(a)</b>;</li> <li>(e) Decommissioning or asset restoration provisions—an entity receives an asset that is not finance in the form</li> </ul>	

	described in paragraph AG59(a) <u>IFRS 18.B50(a)</u> ; and (f) A litigation provision—an entity does not receive finance as described in paragraph AG59(a) <u>IFRS 18.B50(a)</u> .	
IFRS 18.B54	<del>AG60-AG63.</del> Examples of <del>income-revenue</del> and expenses from such liabilities that paragraph 90 <u>IFRS 18.61</u> requires an entity to classify in the financing category include: (a) Interest expenses on payables arising from the purchase of goods or services, applying <del>IFRS 9</del> <u>IPSAS 41</u> ; (b) Interest expenses on a <del>binding arrangement</del> <u>contract</u> liability with a significant financing component as specified by <del>IFRS 15</del> <u>IPSAS 47</u> ; (c) Interest expenses on a lease liability, applying <u>IPSAS 43</u> <del>IFRS 16</del> ; (d) Net interest expense ( <del>income-revenue</del> ) on a net defined benefit liability (asset), applying <del>IAS 1</del> <u>IPSAS 39, Employee Benefits</u> ; and (e) The increase in the discounted amount of a provision arising from the passage of time and the effect of any change in the discount rate on provisions, applying <del>IAS 37</del> <u>IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets</u> .	
IFRS 18.B55	<del>AG61-AG64.</del> Examples of <del>income-revenue</del> and expenses that arise from transactions that do not involve only the raising of finance but that are not in the scope of paragraph 90 <u>IFRS 18.61</u> , and accordingly are classified in the operating category, include: (a) Expenses recognised for consumption of the purchased goods or services described in paragraph AG63(a) <u>IFRS 18.B54(a)</u> ; (b) Current and past service cost arising from a defined benefit plan, applying <u>IPSAS 39</u> <del>IAS 19</del> ; and (c) Remeasurements of the fair value of a liability for contingent consideration in a <del>business—entity</del> combination recognised applying <u>IPSAS 40, IFRS-3 BusinessPublic Sector Combinations</u> .	
	<i>Classification of <del>income—Revenue</del> and Expenses from Hybrid Contracts Containing a Host That is a Liability</i>	
IFRS 18.B56	<del>AG62-AG65.</del> How an entity classifies <del>income-revenue</del> and expenses from a hybrid contract with a host that is a liability depends on whether the embedded derivative is	

	<p>separated from the host contract. If the embedded derivative:</p> <p>(a) Is separated from the host liability:</p> <p>(i) For the separated host liability—an entity applies the requirements for <del>revenue</del><del>income</del> and expenses from liabilities, as specified in paragraphs 81, 88–90, 93(b) and 94–95 <a href="#">IFRS 18.52, 59–61, 64(b) and 65–66</a>; and</p> <p>(ii) For the separated embedded derivative—an entity applies the requirements for <del>income</del><del>revenue</del> and expenses from derivatives, as specified in paragraphs AG79–AG85 <a href="#">IFRS 18.B70–B76</a>;</p> <p>(b) Is not separated from the host liability and if the hybrid contract arises from a transaction that involves only the raising of finance—an entity applies the requirements for liabilities that arise from such transactions, as specified in paragraphs 81, 89 and 94–95 <a href="#">IFRS 18.52, 60 and 65–66</a>;</p> <p>(c) Is not separated from the host liability and if the hybrid contract does not arise from a transaction that involves only the raising of finance:</p> <p>(i) If the host liability is a financial liability within the scope of <del>IFRS 9</del><del>IPSAS 41</del> that is measured at amortised cost—an entity classifies in the financing category <del>income</del><del>revenue</del> and expenses specified in paragraph 89 <a href="#">IFRS 18.60</a> from the contract after initial recognition (instead of the <del>income</del><del>revenue</del> and expenses specified in paragraph 90 <a href="#">IFRS 18.61</a>) (see paragraph AG68 <a href="#">IFRS 18.B59</a>);</p> <p>(ii) If the hybrid contract is an insurance contract within the scope of <del>IFRS 17</del><del>the relevant international or national accounting standard dealing with insurance contracts</del>—an entity applies the requirements in paragraphs 81 and 93(b) <a href="#">IFRS 18.52 and 64(b)</a>; and</p> <p>(iii) Otherwise—an entity applies the requirements for <del>income</del><del>revenue</del> and expenses from liabilities that arise from such transactions, as specified in paragraphs 81 and 90 <a href="#">IFRS 18.52 and 61</a>.</p>	
IFRS 18.B57	<p><del>AG63–AG66</del>. An entity shall apply paragraphs AG65(b) and AG65(c) <a href="#">IFRS 18.B56(b) and B56(c)</a> to all hybrid contracts containing a host liability for which the embedded derivative is not separated, regardless of whether the embedded derivative is not separated by the</p>	

	entity applying paragraph <del>4.3.349 of IPSAS 41</del> of IFRS 9 or applying paragraph <del>4.3.551 of IFRS 9</del> IPSAS 41.	
	<i>Liabilities Arising from Issued Investment Contracts with Participation Features</i>	
IFRS 18.B58	<p><del>AG64-AG67.</del> Paragraph 93(a) <b>IFRS 18.64(a)</b> sets out requirements for <del>income-revenue</del> and expenses from liabilities arising from issued investment contracts with participation features recognised applying <del>IFRS 9</del>IPSAS 41. Examples of such investment contracts are:</p> <p>(a) An investment contract with participation features issued by an insurer that does not meet the definition in <del>IFRS 17</del>the relevant international or national accounting standard dealing with insurance contracts of an investment contract with discretionary participation features; and</p> <p>(b) An investment contract with participation features issued by an investment entity.</p>	
	<i><del>Income-Revenue</del> and Expenses Classified in the Operating Category by an Entity That Provides Financing to <del>customers-Other Parties</del> as a Main <del>business-Operating</del> Activity</i>	
IFRS 18.B59	<p><del>AG65-AG68.</del> Paragraph 94 <b>IFRS 18.65</b> requires an entity that provides financing to <del>customers-other parties-</del> as a main <del>business-operating</del> activity to classify in the operating category <del>income-revenue</del> and expenses from some or all liabilities that arise from transactions that involve only the raising of finance. <del>For example, development agencies or other government entities may grant concessionary loans (accounted for in accordance with IPSAS 41) to students, low-income families, or small farms to support government assistance programs or achieve specific policy goals. In such cases, providing financing to other parties is considered a main operating activity and revenue and expenses arising from this activity shall be classified in the operating category.</del> An entity shall also apply the requirements in that paragraph to <del>income-revenue</del> and expenses from a derivative relating to a transaction that involves only the raising of finance specified in paragraph AG82(a) <b>IFRS 18.B73(a)</b>, but not to the <del>income-revenue</del> and expenses from a hybrid contract specified in paragraph AG65(c)(i) <b>IFRS 18.B56(c)(i)</b>.</p>	<ul style="list-style-type: none"> <li>Public sector-specific guidance was added based on the IPSASB's views and considerations summarized in CP paragraph 4.23(e).</li> </ul>
	<b>Derecognition and Changes in Classification</b>	CP paragraphs 4.6–4.33
	<i>Derecognition of an Asset or Liability, or Classification and Remeasurement of an Asset as Held for Sale</i>	

IFRS 18.B60	<p><del>AG66-AG69.</del> Paragraphs AG56(g) and AG58(e) <u>IFRS 18. B47(g) and B49(e)</u> refer to <del>income-revenue</del> and expenses from the derecognition of an asset, or its classification as held for sale. An entity shall classify <del>income-revenue</del> and expenses on the derecognition of an asset, or its classification as held for sale and any subsequent measurement while held for sale, in the same category as it classified the <del>income-revenue</del> and expenses from the asset immediately before its derecognition. For example, an entity shall classify gains and losses:</p> <ul style="list-style-type: none"> <li>(a) On the disposal of property, plant and equipment—in the operating category;</li> <li>(b) On the disposal of an investment property that an entity does not invest in as a main <del>business-operating</del> activity—in the investing category; and</li> <li>(c) From the remeasurement of an investment in an associate previously accounted for using the equity method on the step acquisition of a <del>subsidiary-controlled entity</del>—in the investing category.</li> </ul>	
IFRS 18.B61	<p><del>AG67-AG70.</del> An entity shall classify <del>income-revenue</del> and expenses from the derecognition of a liability by applying the requirements in paragraphs 81 and 88–89 <u>IFRS 18.52 and 59–60</u>. For example, the entity classifies <del>income-revenue</del> and expenses from the derecognition of a liability:</p> <ul style="list-style-type: none"> <li>(a) In the financing category—if the liability arises from a transaction that involves only the raising of finance by an entity that does not provide financing to <del>customers other parties</del> as a main <del>business-operating</del> activity; and</li> <li>(b) In the operating category—if as part of a supplier finance arrangement an entity derecognises a payable to a supplier and recognises a liability under that arrangement.</li> </ul>	
	<p><i>Change in Use of an Asset</i></p>	
IFRS 18.B62	<p><del>AG68-AG71.</del> A transaction or other event might change the category in the statement of <del>profit-or-loss</del><u>financial performance</u> in which an entity classifies <del>income-revenue</del> and expenses from an asset, without the asset being derecognised. In such cases, an entity shall classify the <del>income-revenue</del> and expenses from the transaction or other event in the category in which it classified <del>income-revenue</del> and expenses from the asset immediately before the transaction or event. For example, an entity shall classify in the operating category any <del>revenue</del><u>income</u> or expenses recognised in the statement of <del>profit-or-loss</del><u>financial performance</u> on the transfer of property from</p>	

	the scope of <del>IAS 16</del> IPSAS 45 to investment property in the scope of <del>IAS 40</del> IPSAS 16.	
	<i>Groups of Assets and Liabilities</i>	
IFRS 18.B63	<p><del>AG69-AG72.</del> Paragraphs AG69–AG71 <del>IFRS 18.B60–B62</del> set out requirements for <del>income-revenue</del> and expenses from an asset or liability from its derecognition, classification and subsequent measurement while held for sale, or from its change in use. A transaction or other event might result in these outcomes for a group of assets (or a group of assets and liabilities) that generated <del>income-revenue</del> and expenses that an entity classified in different categories immediately before the transaction or other event. An entity shall classify <del>income-revenue</del> or expenses from such a transaction or other event:</p> <p>(a) In the investing category if, other than any income tax assets, all the assets in the group generated <del>revenueincome</del> and expenses that the entity classified in the investing category immediately before the transaction or other event; and</p> <p>(b) In the operating category otherwise.</p>	
IFRS 18.B64	<p><del>AG70-AG73.</del> For example, an entity classifies:</p> <p>(a) In the operating category—gains and losses on the disposal of a consolidated <del>subsidiarycontrolled entity</del>, if the <del>controlled entitysubsidiary</del> included assets that generated <del>income-revenue</del> and expenses that the entity classified in the operating category immediately before the disposal. The gains and losses include the reclassification from <del>equity-net assets/equity</del> to <del>profit or loss</del>surplus or deficit of foreign exchange differences required by paragraph <del>48–57</del> of <del>IAS 24</del>IPSAS 4, <i>The Effects of Changes in Foreign Exchange Rates</i>.</p> <p>(b) In the operating category—an impairment loss arising on the classification of a disposal group as held for sale by the entity applying <del>IFRS 5</del>IPSAS 44, if the disposal group included assets that generated <del>income-revenue</del> and expenses that the entity classified in the operating category immediately before its classification as held for sale.</p> <p>(c) In the investing category—gains and losses on disposal of a consolidated <del>subsidiarycontrolled entity</del>, if the only assets of the <del>controlled entitysubsidiary</del> were investment property that the consolidated reporting entity did not invest in as a main <del>business operating</del> activity and related income tax assets. The gains and losses include the reclassification from <del>equity-net assets/equity</del> to <del>profit or loss</del>surplus or</p>	

	<del>deficit</del> of foreign exchange differences required by paragraph <del>48-57</del> of <del>IAS 21</del> <del>IPSAS 4</del> .	
	<b>Classification of Foreign Exchange Differences and the Gain or Loss on the Net Monetary Position</b>	CP paragraphs 4.6–4.33
IFRS 18.B65	<del>AG71-AG74</del> . To apply paragraph 76 <del>IFRS 18.47</del> , an entity shall classify foreign exchange differences included in the statement of <del>profit or loss</del> <del>financial performance</del> applying <del>IAS 21</del> <del>IPSAS 4</del> in the same category as the <del>income revenue</del> and expenses from the items that gave rise to the foreign exchange differences, unless doing so would involve undue cost or effort (see paragraph AG77 <del>IFRS 18.B68</del> ).	
IFRS 18.B66	<del>AG72-AG75</del> . For example, an entity classifies foreign exchange differences on:  (a) A receivable described in paragraph AG57(b) <del>IFRS 18.B48(b)</del> denominated in a foreign currency, in the same category as the <del>revenue</del> <del>income</del> and expenses from that asset—that is, in the operating category; and  (b) A debt instrument that is a liability described in paragraph AG60(a) <del>IFRS 18.B51(a)</del> denominated in a foreign currency, in the same category as the <del>income revenue</del> and expenses on that liability—that is, in the financing category (unless the entity provides financing to <del>customers</del> <del>other parties</del> as a main <del>business</del> <del>operating</del> activity and classifies the <del>income revenue</del> and expenses from the liability in the operating category applying paragraph 94 <del>IFRS 18.65</del> ).	
IFRS 18.B67	<del>AG73-AG76</del> . An entity might classify in more than one category <del>income revenue</del> and expenses from a transaction that does not involve only the raising of finance. For example, the purchase of services in a transaction denominated in a foreign currency and negotiated on extended credit terms could give rise to an expense for the purchase of the services classified in the operating category (see paragraph AG64(a) <del>IFRS 18.B55(a)</del> ) and interest expenses classified in the financing category (see paragraph AG63(a) <del>IFRS 18.B54(a)</del> ). In such cases, subject to paragraph AG77 <del>IFRS 18.B68</del> , an entity shall use its judgement to determine whether the foreign exchange difference relates to the amount classified in the financing category—and classify it in that category—or whether it relates to the amount classified in another category—and classify it in that category. An entity shall not allocate between categories a foreign exchange difference arising on a liability from a transaction that does not involve only the raising of finance. In making its	



	judgements about how to classify the foreign exchange differences, an entity need not classify in the same category the foreign exchange differences on all such liabilities. However, an entity shall classify in the same category foreign exchange differences on similar liabilities.	
IFRS 18.B68	<del>AG74-AG77</del> . If applying the requirements in paragraphs AG74 and AG76 <del>IFRS 18.B65 and B67</del> would involve undue cost or effort, an entity shall instead classify the affected foreign exchange differences in the operating category. An entity shall assess whether classifying foreign exchange differences as described in paragraphs AG74 and AG76 <del>IFRS 18.B65 and B67</del> involves undue cost or effort for each item that gives rise to foreign exchange differences. The assessment is specific to the facts and circumstances related to each item. If the same facts and circumstances relate to a number of items, an entity could apply the same assessment to each of the items.	
IFRS 18.B69	<del>AG75-AG78</del> . Applying paragraph <del>28-29</del> of <del>IAS 29</del> IPSAS 10, <i>Financial Reporting in Hyperinflationary Economies</i> , an entity might present the gain or loss on the net monetary position with other <del>income-revenue</del> and expense items associated with the net monetary position, such as interest <del>income-revenue</del> and expenses and foreign exchange differences. If the entity does not present the gain or loss on the net monetary position with the associated <del>income-revenue</del> and expenses, it shall classify the gain or loss in the operating category.	
	<b>Classification of Gains and Losses on Derivatives and Designated Hedging Instruments</b>	CP paragraphs 4.6–4.33
IFRS 18.B70	<del>AG76-AG79</del> . Paragraph 76 <del>IFRS 18.47</del> requires an entity to classify <del>income-revenue</del> and expenses in categories in the statement of <del>profit or loss</del> financial performance. To apply paragraph 76 <del>IFRS 18.47</del> , an entity shall classify gains and losses included in the statement of <del>profit or loss</del> financial performance on a financial instrument designated as a hedging instrument applying <del>IFRS 9</del> IPSAS 41 in the same category as the <del>income-revenue</del> and expenses affected by the risks the financial instrument is used to manage. However, if doing so would require the grossing up of gains and losses, an entity shall classify all such gains and losses in the operating category (see paragraphs AG83–AG84 <del>IFRS 18.B74–B75</del> ).	
IFRS 18.B71	<del>AG77-AG80</del> . An entity shall classify gains and losses on an undesignated component of a designated hedging instrument in the same category as gains and losses on the designated component. An entity shall classify	



	ineffective portions of a gain or loss in the same category as the effective portions.	
IFRS 18.B72	<del>AG78-AG81.</del> An entity shall also apply the requirements in paragraph AG79 <del>IFRS 18.B70</del> to gains and losses on a derivative that is not designated as a hedging instrument applying <del>IFRS 9/IPSAS 40</del> , but is used to manage identified risks. However, if doing so would require the grossing up of gains or losses (see paragraphs AG83–AG84 <del>IFRS 18.B74–B75</del> ) or involve undue cost or effort, the entity shall instead classify all gains and losses on the derivative in the operating category.	
IFRS 18.B73	<del>AG79-AG82.</del> An entity shall classify gains and losses on a derivative that is not used to manage identified risks:  (a) In the financing category, if the derivative relates to a transaction that involves only the raising of finance (for example, a purchased call option that allows the issuing entity to exchange a fixed amount of a foreign currency for a fixed number of the entity's equity instruments), unless the entity that provides financing to <del>customers—other parties</del> as a main <del>business operating</del> activity classifies the gains and losses in the operating category applying paragraph AG68 <del>IFRS 18.B59</del> ; and  (b) In the operating category, if the conditions in (a) are not met.	
IFRS 18.B74	<del>AG80-AG83.</del> Paragraphs AG79 and AG81 <del>IFRS 18.B70 and B72</del> prohibit the grossing up of gains and losses on financial instruments designated as hedging instruments and derivatives not designated as hedging instruments. The grossing up of gains and losses might arise from situations in which:  (a) An entity uses such financial instruments to manage the risks of a group of items with offsetting risk positions (see paragraph <del>6.6.1146</del> of <del>IFRS 9/IPSAS 41</del> for the criteria for a group of items to be an eligible hedged item); and  (b) The risks managed affect line items in more than one category of the statement of <del>profit or loss</del> <u>financial performance</u> .	
IFRS 18.B75	<del>AG84-AG84.</del> For example, an entity may use a derivative to manage both the net foreign currency risk on revenue (classified in the operating category) and interest expenses (classified in the financing category). In such cases, the foreign exchange differences on the revenue are offset by the foreign exchange differences on the interest expenses and the gains or losses on the derivative. However, the entity classifies the foreign	

	exchange differences on the revenue in a different category from the foreign exchange differences on the interest expenses. To present the gain or loss on the derivative in each category, an entity would need to present in each category a larger gain or loss than occurred on the derivative. Applying the requirements in paragraphs AG79–AG82 <a href="#">[IFRS 18.B70–B73]</a> , an entity shall not gross up the gains or losses in this manner and instead shall classify any gain or loss on the derivative in the operating category.	
IFRS 18.B76	<del>AG82–AG85.</del> The requirements in paragraphs AG79–AG84 <a href="#">[IFRS 18.B70–B75]</a> specify only how to classify <del>income-revenue</del> and expenses into categories of the statement of <del>profit or loss</del> <del>financial performance</del> . They do not prescribe the line item (or line items) in which to include such <del>income-revenue</del> and expenses, nor do they override the requirements in other <del>IFRS Accounting</del> <del>IPSAS</del> Standards.	
	<b>Items to be <del>Presented</del><del>Displayed</del> in the Statement of <del>profit or loss</del><del>Financial Performance</del> or Disclosed in the Notes</b>	CP paragraphs 4.38–4.42
IFRS 18.B77	<del>AG83–AG86.</del> An entity may be required to <del>present-display</del> a line item listed in paragraph 102 <a href="#">[IFRS 18.75]</a> , or specified in another <del>IFRS Accounting</del> <del>IPSAS</del> Standard, in more than one of the categories listed in paragraph 76 <a href="#">[IFRS 18.47]</a> . For example, an entity that does not invest in assets or provide financing to <del>customers-other parties</del> as a main <del>business-operating</del> activity may be required to <del>present display</del> the line item specified in paragraph 102(b)(ii) <a href="#">[IFRS 18.75(b)(ii)]</a> of impairment losses determined in accordance with Section <del>5.5</del> <del>Impairment</del> of <del>IFRS-9</del> <del>IPSAS 41</del> in: <ul style="list-style-type: none"> <li>(a) The operating category—if it relates to receivables for goods and services as described in paragraph AG57(b) <a href="#">[IFRS 18.B48(b)]</a>; and</li> <li>(b) The investing category—if it relates to financial assets that generate a return individually and largely independently of the entity's other resources as described in paragraph AG55 <a href="#">[IFRS 18.B46]</a>.</li> </ul>	
IFRS 18.B78	<del>AG84–AG87.</del> Paragraphs 32 and 67(c) <a href="#">[IFRS 18.24 and 41(c)]</a> require an entity to <del>present-display</del> additional line items in the statement of <del>profit or loss</del> <del>financial performance</del> if doing so is necessary to provide a useful structured summary of the entity's <del>income-revenue</del> and expenses. An entity uses its judgement to make this determination (including whether it is necessary to disaggregate the line items listed in paragraph 102 <a href="#">[IFRS 18.75]</a> ). Paragraphs 28 and 67(d) <a href="#">[IFRS 18.20 and 41(d)]</a> require an entity to disaggregate items to disclose material information in the notes. An entity also uses its judgement to make this	<ul style="list-style-type: none"> <li>Public sector-specific characteristic – source of revenue or funding – was added because public sector entities may have multiple revenue sources.</li> </ul>

	<p>determination. Paragraph 67 <a href="#">IFRS 18.41</a> requires the entity to base its judgements on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). Such characteristics include:</p> <ul style="list-style-type: none"> <li>(a) Nature (see paragraph 110 <a href="#">IFRS 18.80</a>);</li> <li><del>(b)</del> Function (role) within the entity's <del>business operating</del> activities (see paragraph 111 <a href="#">IFRS 18.81</a>);</li> <li><del>(b)(c)</del> <u>Source of revenue or funding</u>;</li> <li><del>(c)(d)</del> Persistence (including the frequency of the item of <del>income-revenue</del> or expense or whether it is recurring or non-recurring);</li> <li><del>(d)(e)</del> <del>measurement</del> <u>Measurement model or</u> basis;</li> <li><del>(e)(f)</del> Measurement uncertainty or outcome uncertainty (or other risks associated with an item);</li> <li><del>(f)(g)</del> Size;</li> <li><del>(g)(h)</del> Geographical location or regulatory environment;</li> <li><del>(h)(i)</del> Tax effects (for example, if different tax rates apply to items of <del>income-revenue</del> or expense); and</li> <li><del>(i)(j)</del> Whether the <del>income-revenue</del> or expenses arise on initial recognition of a transaction or event or from a subsequent change in estimate relating to the transaction or event.</li> </ul>	
<p>IFRS 18.B79 IPSAS 1.107 (consistent)</p>	<p><del>AG85-AG88. Income-Revenue</del> and expenses that might have sufficiently dissimilar characteristics that <del>presentation display</del> in the statement of <del>profit-or-loss</del> <u>financial performance</u> is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include:</p> <ul style="list-style-type: none"> <li>(a) Write-downs of inventories, as well as reversals of such write-downs;</li> <li>(b) Impairment losses for property, plant and equipment, as well as reversals of such impairment losses;</li> <li>(c) Revenue and expenses from restructurings of an entity's activities and reversals of any provisions for restructuring;</li> <li>(d) <del>income-Revenue</del> and expenses from disposals of property, plant and equipment;</li> <li>(e) <del>income-Revenue</del> and expenses from disposals of investments;</li> <li>(f) <del>income-Revenue</del> and expenses from litigation settlements;</li> </ul>	

	<p>(g) Reversals of provisions; and</p> <p>(h) Non-recurring <del>income</del> <u>revenue</u> and expenses not included in (a)–(g).</p>	
	<p><b>Presentation <del>and Disclosure</del> of Expenses Classified in the Operating Category</b></p>	CP paragraphs 4.43–4.47
	<p><i>Use of Characteristics of Nature and Function</i></p> <p><i>[Note: Text in [ ] is subject to constituents' views regarding Specific Matter for Comment [X] in the Consultation Paper, on whether to permit mixed presentation of expenses similar to IFRS 18]</i></p>	
IFRS 18.B80	<p><del>AG86-AG89.</del> In determining how to use the characteristics of nature and function to provide the most useful structured summary as required by paragraph 108 <del>IFRS 18.78</del>, an entity shall consider:</p> <p>(a) What line items provide the most useful information about the main components or drivers of the entity's <del>profitability</del> <u>financial performance</u>. For example, for a <del>retail entity</del> <u>public hospital</u> a main component or driver of <del>profitability</del> <u>financial performance</u> might be cost of <del>sales</del> <u>providing healthcare service</u>. <del>Presenting expenses by healthcare service might provide relevant information about whether the cost of each healthcare service is sufficiently funded (e.g., cost of providing oncology care). However, presenting expenses by healthcare service is unlikely to provide relevant information about the costs of important components or drivers to provide that healthcare service (e.g., the cost of wages versus supplies to provide oncology care). Presenting a cost of sales line item might provide relevant information about whether the revenue generated from the sale of goods covers what, for retailers, are mainly direct costs, and by what margin. However, cost of sales is unlikely to provide relevant information about the important components or drivers of profitability if the link between revenue and costs is less direct. For example, for some service entities, information about operating expenses classified by nature, such as employee benefits, might be more relevant to users of financial statements because these expenses are the main drivers of profitability.</del></p> <p>(b) What line items most closely represent the way the <del>business</del> <u>operation</u> is managed and <del>how management reports reported</del> internally. For example, <del>a national government</del> <u>a manufacturing</u> entity managed on the basis of major functions might classify expenses by function for <del>internal</del> <u>public sector</u> reporting purposes. In contrast, an entity that has a single predominant function, such as providing</p>	<ul style="list-style-type: none"> <li>Public sector-specific guidance was added based on the IPSASB's views and considerations summarized in CP paragraph 4.45(c).</li> </ul>

	<p><del>financing to customers</del> <u>social housing service</u>, might determine that line items comprising expenses classified by nature provide the most useful information for internal reporting purposes:-</p> <p><del>(b)</del> <u>(c) The nature of the entity's service delivery objectives, roles, and activities, and the entity's users. For example, a ministry responsible for effectively using its resources to achieve one predominant objective or outcome may conclude that presentation by nature would be more appropriate to provide more useful and relevant information for its users. In comparison, a national government or entity accountable for providing multiple services or delivering on multiple programs may conclude that presentation by function would be more appropriate and may present functions similar to GFSM 2014 Classification of Functions of Government (COFOG) to provide more useful and relevant information for its financial statement users;</u></p> <p><del>(e)</del> <u>(d)</u> What standard industry practice entails. If expenses are classified in the same way by entities in an industry, users of financial statements can more easily compare expenses between entities in the same industry; <u>and-</u></p> <p><del>(d)</del> <u>(e)</u> Whether the allocation of particular expenses to functions would be arbitrary to the extent that the line items presented would not provide a faithful representation of the functions. In such cases, an entity shall classify these expenses by nature.</p>	
IFRS 18.B81	<p><del>AG87-AG90.</del> <u>AG89.</u> [In some cases, an entity considering the factors set out in paragraph AG89 <u>IFRS 18.B80</u>] could determine that classifying and presenting some expenses by nature and other expenses by function provides the most useful structured summary. For example:</p> <p>(a) The factors in paragraphs AG89(a)–(b) <u>IFRS 18.B80(a)–(b)</u>] might indicate that classifying and presenting expenses by function provides the most useful structured summary, except for particular expenses for which the allocation to functions would be arbitrary (see paragraph AG89(d) <u>IFRS 18.B80(d)</u>); and</p> <p>(b) An entity having two different types of main <del>business</del> <u>operating</u> activities might classify and present some expenses by function and other expenses by nature to provide information about the main drivers of its profitability].</p>	<ul style="list-style-type: none"> <li>Paragraph will be updated based on constituent's feedback regarding mixed presentation of operating expenses.</li> </ul>
IFRS 18.B82	<p><del>AG88-AG91.</del> <u>AG91.</u> [If an entity classifies and presents some expenses by nature and other expenses by function in the statement</p>	<ul style="list-style-type: none"> <li>Paragraph will be updated based on constituent's feedback regarding mixed</li> </ul>

	<p>of <del>profit or loss</del> <u>financial performance</u>, it shall label the resulting line items in a way that clearly identifies what expenses are included in each line item. For example, if an entity includes some employee benefits in a function line item and other employee benefits in a nature line item, the label for the nature line item would clearly identify that it does not include all employee benefits (for example, 'employee benefits other than those included in cost of sales')].</p>	<p>presentation of operating expenses.</p>
IFRS 18.B83	<p><del>AG89-AG92</del>. Applying paragraph 57 <u>IFRS 18.30</u>, an entity shall classify and present expenses consistently from one reporting period to the next unless paragraphs 57(a) or 57(b) <u>IFRS 18.30(a) or 30(b)</u> apply. For example, if an entity presents impairment of goodwill as a nature line item in one reporting period, it shall also present any similar impairment of goodwill as a nature line item in subsequent reporting periods unless paragraphs 57(a) or 57(b) <u>IFRS 18.30(a) or 30(b)</u> apply. If there is no similar impairment of goodwill in a subsequent period, the fact that there is an expense of nil in that subsequent period does not constitute a change in classification and presentation.</p>	
IFRS 18.B84	<p><del>AG90-AG93</del>. An entity will either present expenses by nature, or applying paragraph 113 <u>IFRS 18.83</u>, disclose some expenses by nature. The amounts presented <del>or disclosed</del> need not be the amounts recognised as an expense in the period. They could include amounts that have been recognised as part of the carrying amount of an asset. If an entity:</p> <p>(a) <del>Presents-Displays</del> amounts that are not the amounts recognised as an expense in the period, it will also <del>present-display</del> an additional line item for the change in the carrying amount of the affected assets. For example, applying paragraph <del>39-50</del> of <del>IAS-2</del> <u>IPSAS 12</u>, an entity might <del>display-present</del> a line item for changes in inventories of finished goods and work in progress.</p> <p>(b) Discloses, applying paragraph 113(b) <u>IFRS 18.83(b)</u>, amounts that are not the amounts recognised as an expense in the period, the entity shall give a qualitative explanation of that fact, identifying the assets involved.</p>	
	<p><i>Aggregation of Operating Expenses</i></p>	
IFRS 18.B85	<p><del>AG94-AG94</del>. To apply paragraph 108 <u>IFRS 18.78</u>, an entity shall consider what level of aggregation for operating expenses provides the most useful structured summary. For example, an entity might have various administrative activities (such as human resources, information</p>	

	<p>technology, legal and accounting). To provide a useful structured summary, the entity might aggregate operating expenses relating to those activities based on their shared characteristic—all are expenses for resources consumed in administrative activities. Accordingly, the entity might present them in a line item labelled as 'administrative expenses'. The entity might also have expenses for resources consumed in <del>selling-service-providing</del> activities. These expenses have a dissimilar characteristic from the administrative expenses—<del>service-providingselling</del> expenses arise from resources consumed in <del>service-providingselling</del> activities and administrative expenses arise from resources consumed in administrative activities. These characteristics are sufficiently dissimilar that disaggregation—presentation in separate line items for <del>service-providingselling</del> expenses and administrative expenses—might be necessary to provide a useful structured summary of the entity's expenses.</p>	
	<b>Statement of Financial Position</b>	<b>Related to Chapter 3 of CP</b>
	<b>Classification of Assets and Liabilities</b>	CP paragraphs 3.6-3.32
<p>IFRS 18.B90 IPSAS 1.72 (consistent)</p>	<p><del>AG92-AG95.</del> In applying paragraph 116 <b>IFRS 18.96</b>, when an entity supplies goods or services within a clearly identifiable operating cycle, separate classification of current and non-current assets and liabilities in the statement of financial position provides useful information by distinguishing the net assets that are continuously circulating as working capital from those used in the entity's long-term operations. Such separate classification also highlights assets that an entity expects to realize within the current operating cycle and liabilities that are due for settlement within the same period.</p>	
<p>IFRS 18.B91 IPSAS 1.73 (consistent)</p>	<p><del>AG93-AG96. Paragraph 124 permits an entity, on an exception basis, to display its assets and liabilities broadly in order of liquidity.</del> For some public sector entities, such as financial institutions, a <del>display-presentation</del> of assets and liabilities in increasing or decreasing order of liquidity provides a more useful structured summary than a current/non-current classification because the entity does not supply goods or services within a clearly identifiable operating cycle or reporting period.</p>	
<p>IPSAS 1.74 IFRS 18.B92</p>	<p><del>AG94-AG97.</del> In applying paragraph 116 <b>IFRS 18.96</b>, an entity <u>is permitted to present some of its assets and liabilities using a current/non-current classification and others in order of liquidity when doing so provides a more useful structured summary. The need for a mixed basis of presentation might arise when an entity has diverse operations</u><del>using a current/non-current classification may choose to list the</del></p>	



	<del>line items displayed under each classification based on the order of liquidity.</del>	
IFRS 18.B93 IPSAS 1.75 (consistent)	<del>AG95-AG98.</del> In applying paragraph 116, an entity is required to consider the expected dates of realization of all assets and liabilities displayed on the face of statement of financial position. Information about expected dates of realization of assets and liabilities is useful in assessing the liquidity and solvency of an entity. IPSAS 30 requires disclosure of the maturity analysis of financial assets and financial liabilities. Financial assets include trade and other receivables, and financial liabilities include trade and other payables. Information on the expected date of recovery of non-monetary assets, such as inventories, and the expected date of settlement for liabilities, such as provisions, is also useful, whether assets and liabilities are classified as current or as non-current. For example, the application of paragraph 116 requires an entity to disclose in the notes the amount of inventories that it expects to recover more than twelve months after the reporting period.	
	<b>Current Assets</b>	
IFRS 18.B94 IPSAS 1.77 (consistent)	<del>AG96-AG99.</del> Paragraph 119 <b>IFRS 18.100</b> requires an entity to classify as non-current all assets not classified as current. This Standard uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature. It does not prohibit the use of alternative descriptions as long as the meaning is clear.	
IPSAS 1.78 IFRS 18.B95 (consistent)	<del>AG97-AG100.</del> The operating cycle of an entity is the time taken to convert inputs or resources into outputs. For instance, governments transfer resources to public sector entities so that they can convert those resources into goods and services, or outputs, to meet the government's desired social, political, and economic outcomes. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.	
IPSAS 1.79 IFRS 18.B95 (consistent)	<del>AG98-AG101.</del> Current assets include assets (such as taxes receivable, user charges receivable, fines and regulatory fees receivable, inventories and accrued investment revenue) that are either realized, consumed or sold, as part of the normal operating cycle even when they are not expected to be realized within twelve months after the end of the reporting period. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in IPSAS 41, <del>Financial Instruments</del> and the current portion of non-current financial assets.	
	<b>Current Liabilities</b>	

	<i>Normal Operating Cycle (see paragraph 120(a) <a href="#">[IFRS 18.101(a)]</a>)</i>	
IFRS 18.B96 IPSAS 1.81 (consistent)	<del>AG99-AG102.</del> Some current liabilities, such as <del>trade payables</del> <del>government transfers payable</del> and some accruals for employee and other operating costs, are part of the working capital used in an entity's normal operating cycle. Such operating items are classified as current liabilities even if they are due to be settled more than twelve months after the reporting period. The same normal operating cycle applies to the classification of the entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.	
	<i>Held Primarily for the Purpose of Trading (see paragraph 120(b) <a href="#">[IFRS 18.101(b)]</a>) or Due to be Settled within Twelve months (see paragraph 120(c) <a href="#">[IFRS 18.101(c)]</a>)</i>	
IFRS 18.B97 IPSAS 1.82 (consistent)	<del>AG100-AG103.</del> Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting period or held primarily for the purpose of trading. Examples are some financial liabilities that meet the definition of held for trading in IPSAS 41, bank overdrafts, and the current portion of non-current financial liabilities, dividends or similar distributions payable, and other non-trade payables. Financial liabilities that provide financing on a long-term basis (that is, are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within twelve months after the reporting period are non-current liabilities, subject to paragraphs AG105–AG109 <a href="#">[IFRS 18.B99-B103]</a> .	
IFRS 18.B98 IPSAS 1.83 (consistent)	<del>AG101-AG104.</del> An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if: <ul style="list-style-type: none"> <li>(a) The original term was for a period longer than twelve months; and</li> <li>(b) An agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue.</li> </ul>	
	<i>Right to Defer Settlement for at Least Twelve Months (paragraph 120(d) <a href="#">[IFRS 18.101(d)]</a>)</i>	
IFRS 18.B99 IPSAS 1.83A (consistent)	<del>AG102-AG105.</del> An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and, as illustrated in paragraphs AG106–AG109 <a href="#">[IFRS 18. B100–B103]</a> , must exist at the end of the reporting period.	

<p>IFRS 18.B100 IPSAS 1.83B (consistent)</p>	<p><del>AG103-AG106.</del> An entity's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement (hereafter referred to as 'covenants'). For the purposes of applying paragraph 120(d) <b>IFRS 18.101(d)</b>, such covenants:</p> <p>(a) Affect whether that right exists at the end of the reporting period—as illustrated in paragraphs AG108–AG109 <b>IFRS 18.B102-B103</b>—if an entity is required to comply with the covenant on or before the end of the reporting period. Such a covenant affects whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period (for example, a covenant based on the entity's financial position at the end of the reporting period but assessed for compliance only after the reporting period).</p> <p>(b) Do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (for example, a covenant based on the entity's financial position six months after the end of the reporting period).</p>	
<p>IFRS 18.B101 IPSAS 1.84 (consistent)</p>	<p><del>AG104-AG107.</del> If an entity has the right, at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the entity has no such right, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.</p>	
<p>IFRS 18.B102 IPSAS 1.85 (consistent)</p>	<p><del>AG105-AG108.</del> When an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach. The entity classifies the liability as current because, at the end of the reporting period, it does not have the right to defer its settlement for at least twelve months after that date.</p>	
<p>IFRS 18.B103 IPSAS 1.86 (consistent)</p>	<p><del>AG106-AG109.</del> However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity</p>	

	can rectify the breach and during which the lender cannot demand immediate repayment.	
IFRS 18.B104 IPSAS 1.86A (consistent)	<del>AG107</del> -AG110. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraphs 120-121 [IFRS 18.101-102] for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are authorized for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of financial statements to understand the impact of the liability on the entity's financial position (see paragraphs 38c) [6C(c) of IAS 8] and AG111(d) [IFRS 18.B105(d)]).	
IFRS 18.B105 IPSAS 1.87 (consistent)	<del>AG108</del> -AG111. If the following events occur between the end of the reporting period and the date the financial statements are authorized for issue, those events are disclosed as non-adjusting events in accordance with IPSAS 14, <i>Events after the Reporting Period</i> :  (a) Refinancing on a long-term basis of a liability classified as current (see paragraph AG104 [IFRS 18.B98]);  (b) Rectification of a breach of a long-term loan arrangement classified as current (see paragraph AG108 [IFRS 18.B102]);  (c) The granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current (see paragraph AG109 [IFRS 18.B103]); and  (d) Settlement of a liability classified as non-current (see paragraph AG117 [IFRS 18.B104]).	
IFRS 18.B106 IPSAS 1.87A (consistent)	<del>AG109</del> -AG112. In applying paragraphs 120–121 [IFRS 18.101-102] and AG102–AG109 [IFRS 18.B96–B103], an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (see paragraph AG106(b) [IFRS 18.B100(b)]). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:	

	<p>(a) Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.</p> <p>(b) Facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants—for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.</p>	
	<i>Settlement (paragraphs 120(a), 120(c) and 120(d))</i> <b>IFRS 18.101(a), 101(c) and 101(d)</b>	
IFRS 18.B107 IPSAS 1.87B (consistent)	<p><b>AG110-AG113.</b> For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:</p> <p>(a) Cash or other economic resources—for example, goods or services; or</p> <p>(b) The entity's own equity instruments, unless paragraph AG114 <b>IFRS 18.B108</b> applies.</p>	
IFRS 18.B108 IPSAS 1.87C (consistent)	<p><b>AG111-AG114.</b> Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying IPSAS 28, <i>Financial Instruments: Presentation</i>, the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.</p>	
	<b>Items to be Displayed in the Statement of Financial Position or Disclosed in the Notes</b>	CP paragraphs 3.33-3.52
IFRS 18.B109 IPSAS 1.91–92 (consistent)	<p><b>AG112-AG115.</b> Paragraph 32 and 67(c) <b>IFRS 18. 24 and 41(c)</b> requires an entity to display additional line items in the statement of financial position if doing so is necessary to provide a useful structured summary of the entity's assets, liabilities and net assets/equity. An entity uses its judgement to make this determination (including whether it is necessary to disaggregate the line items listed in paragraph 122 <b>IFRS 18.103</b>). Paragraph 67 <b>IFRS 18.41</b> requires the entity to base its judgements on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). For additional line items for assets and liabilities, an entity bases its judgements on an assessment of the nature or function of the assets or liabilities. The characteristics listed in</p>	

	<p>paragraphs AG116(c)–(k) <del>IFRS 18. B110(c)–(k)</del> might assist an entity in identifying the nature or function of assets and liabilities.</p>	
IFRS 18.B110	<p><del>AG113-AG116.</del> Paragraphs 28 and 67(d) <del>IFRS 18.20 and 41(d)</del> require an entity to disaggregate items to disclose material information in the notes. An entity uses its judgement to do this based on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). Such characteristics include:</p> <ul style="list-style-type: none"> <li>(a) Nature;</li> <li>(b) Function (role) in the entity's activities;</li> <li>(c) Duration and timing of recovery or settlement (including whether an asset or liability is classified as current or non-current or whether its recovery or settlement forms part of the entity's operating cycle);</li> <li>(d) Liquidity;</li> <li>(e) Measurement <del>model or</del> basis;</li> <li>(f) Measurement uncertainty or outcome uncertainty (or other risks associated with an item);</li> <li>(g) Size;</li> <li>(h) Geographical location or regulatory environment;</li> <li>(i) Type, for example, the type of good or service; and</li> <li>(j) <del>(k)</del> Restrictions on the use of an asset or on the transferability of a liability.</li> </ul>	
IFRS 18.B111 IPSAS 1.94 (consistent)	<p><del>AG114-AG117.</del> Assets, liabilities and items of net assets/equity that might have sufficiently dissimilar characteristics that <del>presentation display</del> in the statement of financial position is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include:</p> <ul style="list-style-type: none"> <li>(a) Property, plant and equipment disaggregated into classes in accordance with IPSAS 45, <i>Property, Plant and Equipment</i>;</li> <li>(b) Receivables disaggregated into amounts receivable from user charges, taxes other revenue transactions, related parties, prepayments and other <del>revenue</del> amounts;</li> <li>(c) Inventories disaggregated, applying IPSAS 12, <i>Inventories</i>, into items such as merchandise, production supplies, materials, work in progress, and finished goods;</li> <li>(d) Payables disaggregated into amounts payable from tax refunds, transfers, exchange transactions, related</li> </ul>	

	<p>parties, income in advance, and other expense amounts;</p> <p>(e) Social benefit liabilities disaggregated into separate social benefit schemes where these are material;</p> <p>(f) Provisions disaggregated according to their nature, such as, provisions for employee benefits, decommissioning liabilities, or other items; and</p> <p>(g) Components of net assets/equity disaggregated into contributed capital, accumulated surpluses, and any reserves.</p>	
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