Supporting Document 2 – [draft] Illustrative Exposure Draft

This Agenda Item presents the [draft] Illustrative Exposure Draft (Illustrative ED), which is the Appendix D accompanying the Consultation Paper (CP), *Presentation of Financial Statements*. The [draft] Illustrative ED is provided to support the IPSASB's consideration of Agenda Item 4.A.4. The IPSASB reviewed the last version of the [draft] Illustrative ED in December 2025 and will have reviewed all sections after discussing the new proposed guidance on disclosure requirements (Agenda Item 4.A.2).

The [draft] Illustrative ED is posted with track changes for easier review, and a clean version is available upon request. The following table summarizes changes since December 2025 to support the IPSASB's targeted review (the only substantive change is the addition of new guidance under "Notes"):

Section of Illustrative ED	Changed since Dec 2025?	Information about Changes[2]
Introduction	**Yes**	• Added explanation about illustrative purpose of the document (to action the IPSASB instruction from December 2025) and add a Table of Contents
Core Standard		
Objective	No	–
Scope	**Yes**	• Editorial
Definitions	**Yes**	• Editorial, and updated source references
Objective of Financial Statements	**Yes**	• Updated source references
Responsibility for Financial Statements	No	–
Components of Financial Statements	**Yes**	• Editorial
General Requirements for Financial Statements	**Yes**	• Editorial, and updated source references
Aggregation and Disaggregation	**Yes**	• Editorial, and updated source references
Statement of Financial Performance	**Yes**	• Editorial, and updated source references • Relocated one paragraph to improve flow • Incorporated amendments re. IPSAS 51
Statement of Financial Position	**Yes**	• Editorial, and updated source references • Incorporated amendments re. IPSAS 51
Statement of Changes in Net Assets/Equity	**Yes**	• Editorial, and updated source references • Revisions to more effectively reflect Preliminary View 12
Cash Flow Statement	No	–
Notes	**Yes**	• Added new guidance (see Agenda Item 4.A.2)

[2] Editorial changes include changes to: address IPSASB and TF member comments, bold paragraphs presenting key principles, present the title of specific IPSAS Standards in the first instance, update formatting, and process other consistency updates.

Section of Illustrative ED	Changed since Dec 2025?	Information about Changes[2]
Application Guidance		
Objective	**Yes**	• Editorial
Objective of Financial Statements	No	–
Components of Financial Statements	**Yes**	• Editorial
General Requirements for Financial Statements	**Yes**	• Editorial, and updated source references
Aggregation and Disaggregation	**Yes**	• Editorial, and updated source references
Statement of Financial Performance	**Yes**	• Editorial, and updated source references • Incorporated amendments re. IPSAS 51
Statement of Financial Position	**Yes**	• Editorial, and updated source references • Incorporated amendments re. IPSAS 51
Notes	**Yes**	• Added new guidance (see Agenda Item 4.A.2)

Appendix D – [Draft] Illustrative Exposure Draft

Information for Respondents

1. The Illustrative Exposure Draft (hereafter referred to as 'Illustrative ED') is an Appendix to the Consultation Paper (CP). It is an illustration of a future pronouncement replacing IPSAS 1, *Presentation of Financial Statements*, and contains core text and application guidance based on the IPSASB's Preliminary Views (PVs) in the CP.

2. The Illustrative ED does not replace nor skip any phase of the IPSASB's due process. Rather, its intended purpose is to illustrate the potential structure and guidance of the future pronouncement, based on the IPSASB's PVs, to help respondents better understand and provide feedback to the CP.

3. Respondent feedback will help the IPSASB develop a formal Exposure Draft in the next Phase of this project. Subject to feedback, the IPSASB may use the Illustrative ED as a reference point for the development of authoritative guidance in the ED. The IPSASB will also develop non-authoritative guidance (including implementation guidance and illustrative examples) to help entities apply the proposed presentation requirements, and amendments to other IPSAS Standards.

~~1.~~4. The Illustrative ED uses a three-column tabular format. The following table explains the information presented in each column:

Column 1: **Primary Source(s)**	**Column 2:** **Illustrative ED, *Presentation of Financial Statements***	**Column 3:** **Additional Information**
This column provides the sources of the Illustrative ED paragraph in the following ways: a) When there is a single primary source, it is shown alone (for example, "IFRS 18.X"); b) When the primary source is accompanied by comparable guidance (that is consistent in principle), the comparable guidance is followed by the note "(consistent)"; and c) When the paragraph is based on multiple primary sources (either as pieces to form the paragraph, or are the same except for editorial differences), all relevant sources are listed.	This column presents the Illustrative ED paragraph.	This column provides additional information, including: a) The basis for modifications (other than modifications for public sector terminology) to the source paragraph; and b) References to relevant CP paragraphs.

[The following two paragraphs are **for information purposes only** to support the March 2026 IPSASB meeting]

~~2.~~5. The IPSASB developed the [draft] Illustrative ED in phases, and reviewed the last version in December 2025. This version was built on the December 2025 version and uses track changes to reflect different things. The following table explains the meaning of the track changes shown in this [draft] Illustrative ED:

Section	Paragraphs	Track changes reflect…
Objective	1, AG1	–
Scope	2–7	• Editorial revisions
Definitions	8–13	• Editorial revisions and updated source references
Objective of Financial Statements	14–17, AG2–AG5	• Updated source references
Responsibility for Financial Statements	18–19	–
Components of Financial Statements	20–35, AG6–AG13	• Editorial revisions
General Requirements for Financial Statements	36–66, AG14–AG23	• Editorial revisions and updated source references
Aggregation and Disaggregation	67–72, AG24–AG36	• Editorial revisions and updated source references
Statement of Financial Performance	73–115, AG37–AG94	• Editorial revisions, including for public sector terminology, and updated source references • Relocated one paragraph to improve logical flow of guidance (see paragraphs 104-107) • Amendments by, or related to the issuance of, *IPSAS 51, Tangible Natural Resources Held for Conservation*
Statement of Financial Position	116–128, AG95–AG117	• Editorial revisions, and updated source references • Amendments by IPSAS 51
Statement of Changes in Net Assets/Equity	129–137	• Revisions to more effectively reflect the IPSASB's Preliminary View 12 (to require presentation of the reconciliation on the face of the Statement) • Editorial revisions, including for public sector terminology, and updated source references
Cash Flow Statement	138	–
Notes	139–169, AG118 (noted in orange)	Modifications to the source paragraphs for application in the public sector (Agenda Item 4.A.4)

~~3.~~6. After approval, the final version of the Illustrative Exposure Draft will include an "ILLUSTRATIVE" watermark and will not include the [IFRS 18 paragraph references, currently provided below in blue].

APPENDIX D OF THE CONSULTATION PAPER: ILLUSTRATIVE EXPOSURE DRAFT [XX], *PRESENTATION OF FINANCIAL STATEMENTS*

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Primary Source(s)	Illustrative Exposure Draft [XX], *Presentation of Financial Statements*	Additional Information
Core ~~Standard~~Text		
	Objective	
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).	
	Scope	CP paragraphs 12-15
IFRS 18 .2 IPSAS 1.2	2. **An entity shall apply this [draft] Standard when presenting and information in general purpose financial statements prepared under the accrual basis of accounting in accordance with IPSAS Standards. 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.**	• This paragraph includes a reference to accrual basis of accounting because the IPSAS Standards include a cash-based standard.
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.	• This paragraph was modified to align with the description of general purpose financial statements and their intended users in the IPSASB Conceptual Framework.
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 [draft] Standard does not apply to condensed or interim financial information.	
IFRS 18.3 IPSAS 1.59 (consistent)	5. This [draft] 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 [draft] Standard also sets out requirements for the disclosure of information in the notes. IPSAS 2, *Cash Flow Statements* sets out requirements for the presentation of cash flow information, and IPSAS 24, *Presentation of Budget Information in Financial Statements* 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 [IFRS 18.9-43] and 139–140~~145–146~~ [IFRS 18.113-114] apply to cash flow information and budget information when presented in the financial statements in accordance with paragraph 20.	• This paragraph includes a reference to IPSAS 24 for requirements for presenting budget information in the financial statements.

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IFRS 18.4 IPSAS 1.1 (consistent)	6. Other IPSAS Standards set out the recognition, measurement, and presentation 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 [IFRS 18.10]), 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 Standards. Recommended Practice Guideline ('RPG') 2, *Financial Statement Discussion and Analysis*, provides non-mandatory guidance on presenting management commentary and analysis accompanying financial statements that have been prepared applying IPSAS Standards.	• This paragraph was modified to refer to IPSASB RPG 2.
	Definitions	CP paragraphs 2.22-2.32
IPSAS 1.7	8. The following terms are used in this [draft] Standard with the meanings specified:	
IPSAS 1.7	**Accrual basis** 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	**Aggregation** 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 **asset** is a resource presently controlled by the entity as a result of past events.	
IFRS 18 Appendix A	**Classification** is the sorting of assets, liabilities, net assets/equity, revenue, expenses and cash flows based on shared characteristics.	
IFRS 18 Appendix A	**Disaggregation** is the separation of an item into component parts that have characteristics that are not shared.	
IPSASB Conceptual Framework 8.43	**Disclosed information** is information reported in the notes to the financial statements.	
	Displayed information is information reported in the primary financial statements, which summarize an entity's financial position, financial	

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	performance, changes in net assets/equity, and cash flows and, where applicable, provides a comparison with budget information.	
IPSAS 1.7	An **economic entity** is a controlling entity and its controlled entities.	
IPSASB Conceptual Framework 5.30 IPSAS 1.7 (consistent)	**Expenses** are 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	**General purpose financial reports** 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	**General purpose financial statements** 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.	• This paragraph includes a reference to 'cash flows', consistent with the IPSASB Conceptual Framework.
IPSAS 1.7	Applying a requirement is **impracticable** when the entity cannot apply it after making every reasonable effort to do so.	
IPSASB Conceptual Framework 5.14 IPSAS 1.7 (consistent)	A **liability** is a present obligation of the entity to transfer resources as a result past events.	
IPSAS 1.7 IPSASB Conceptual Framework 3.32 IFRS 18, Appendix A,	Information is **material** 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[1] make on the basis of the entity's general purpose financial statements prepared for that reporting period.	• This definition was added to IPSAS 1 by *Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)* Pronouncement. Refer to paragraphs

[1] Throughout the Illustrative ED, 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.

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B1 (consistent)		2.33–2.34 in Chapter 2 of the CP.
IPSAS 1.7 IFRS 18.B87	**Net assets/equity** is the residual interest in the assets of the entity after deducting all its liabilities. The components of net assets/equity are contributed capital, accumulated surpluses or deficits, reserves, and non-controlling interests. Types of reserves include: (a) Changes in revaluation surplus (see IPSAS 31, *Intangible Assets* and IPSAS 45, *Property, Plant, and Equipment*); (b) Remeasurements of defined benefit plans (see IPSAS 39, *Employee Benefits*); (c) Gains and losses arising from translating the financial statements of a foreign operation (See IPSAS 4, *The Effects of Changes in Foreign Exchange Rates)*; (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, *Financial Instruments*; (e) Gains and losses on financial assets measured at fair value through net assets/equity in accordance with paragraph 41 of IPSAS 41; (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 assets/equity in accordance with paragraph 106 of IPSAS 41 (see paragraph 113-155 of IPSAS 41); (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); (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 (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).	
IFRS 18 Appendix A	**Notes** disclose information reported in the financial statements provided in addition to that displayed in the primary financial statements.	
IFRS 18 Appendix A	**Operating surplus or deficit** is the total of all revenue and expenses classified in the operating category.	

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IPSASB Conceptual Framework 5.33 IPSAS 1.7 (consistent)	**Ownership contributions** 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 paragraph 2.29 of the CP.
IPSASB Conceptual Framework 5.34 IPSAS 1.7 (consistent)	**Ownership distributions** 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	The **primary financial statements** comprise: (a) The statement of financial position; (b) The statement of financial performance; (c) The statement of changes in net assets/equity; (d) The cash flow statement; and (e) When an entity makes publicly available its approved budget: (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 (ii) The reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements, when presented in accordance with IPSAS 24, on the face of the statement of comparison of budget and actual amounts.	
IFRS 18 Appendix A	**Reclassification adjustments** are revenue and expense amounts reclassified to surplus or deficit in the current reporting period that were recognized directly in net assets/equity in the current or prior periods.	
IPSASB Conceptual Framework 5.6A	A **resource** is a right to either service potential or the capability to generate economic benefits, or a right to both.	
IPSASB Conceptual Framework 5.29 IPSAS 1.7 (consistent)	**Revenue** is increases in net assets/equity, other than increases arising from ownership contributions.	
IPSASB Conceptual Framework 5.32	**Surplus or deficit for the period** is the difference between revenue and expenses reported on the statement of financial performance.	

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IFRS 18 Appendix A (consistent)		
IFRS 18 Appendix A	A **useful structured summary** 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: (a) Obtaining an understandable overview of the entity's recognized assets, liabilities, net assets/equity, revenue, expenses, and cash flows; (b) Making comparisons between entities, and between reporting periods for the same entity; and (c) Identifying items or areas about which users of financial statements may wish to seek additional information in the notes.	
IPSAS 1.7	Terms defined in other IPSAS Standards are used in this [draft] Standard with the same meaning as in those Standards and are reproduced in the *Glossary of Defined Terms* published separately.	
n/a – new paragraph	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, *Accounting Policies, Changes in Estimates and Errors*: (a) IPSAS Standards that specifically apply to the transaction, event, or condition; (b) IPSAS Standards that deal with similar and related issues; and (c) The definitions, recognition, and measurement criteria for assets, liabilities, revenue, and expense, described in this [draft] Standard and the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.	• This paragraph was added based on IPSASB considerations, summarized in paragraphs 2.25–2.27 of the CP.
	Economic Entity	
IPSAS 1.8–~~1.~~9	10. The term economic entity is used in this [draft] 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.	
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.	

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	Future Economic Benefits or Service Potential	
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 general 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.	• This paragraph was modified to align with the new definitions of 'resource' and revised definitions of financial statement elements.
	Net Assets/Equity	
IPSAS 1.14	13. Net assets/equity is the term used in this [draft] 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.	
	Objective of Financial Statements	CP paragraphs 2.4-2.8
IFRS 18.9 ~~and~~ IPSASB Conceptual Framework 2.17 IPSAS 1.15 and 17 (consistent)	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	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: (a) Indicating whether resources were obtained and used in accordance with the legally adopted budget; and	

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	(b) Indicating whether resources were obtained and used in accordance with legal and contractual requirements, including financial limits established by appropriate legislative authorities.	
IPSAS 1.18	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.	• This paragraph was modified to align with the revised objective of financial statements in paragraph 14.
	Responsibility for Financial Statements	CP paragraphs 2.9-2.10
IPSAS 1.19	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).	.
IPSAS 1.20	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).	.
	Components of Financial Statements	CP paragraphs 2.11-2.21
	A Complete Set of Financial Statements	CP paragraphs 2.11-2.13
IFRS 18.10 IPSAS 1.21 (consistent)	20. **A complete set of financial statements comprises:** **(a) A statement of financial performance for the reporting period;** **(b) A statement of financial position as at the end of the reporting period;** **(c) A statement of changes in net assets/equity for the reporting period;** **(d) A cash flow~~s~~ statement for the reporting period in accordance with IPSAS 2;** **(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**	

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	columns in the financial statements presented in accordance with IPSAS Standards as specified by IPSAS 24; **(f) Notes for the reporting period;** **(g) Comparative information in respect of the preceding period as specified in paragraphs 58–59 [IFRS 18.31-32]; and** **(h) A statement of financial position as at the beginning of the preceding period if required by paragraph 63 [IFRS 18.37].**	
IFRS 18.11 IPSAS 1.22	21. The statements listed in paragraphs 20(a)–20(e) [IFRS 18.10(a)-10(d)] (and their comparative information) are referred to as the *primary financial statements*. An entity may use titles for the statements other than those used in this [draft] 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.	
IFRS 18.14	22. 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.	
	The Roles of the Financial Statements and Notes	CP paragraphs 2.14-2.19
IFRS 18.15	23. **To achieve the objective of financial statements (see paragraph 14 [IFRS 18.9]), 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 [IFRS 18.19] and AG15–AG17 [IFRS 18.B1-B5]).**	
IFRS 18.16	24. **The role of the primary financial statements is to provide structured summaries of a reporting entity's recognized assets, liabilities, net assets/equity, revenue, expenses, and cash flows, that are useful to users of financial statements for:** **(a) Obtaining an understandable overview of the entity's recognized assets, liabilities, net assets/equity, revenue, expenses, and cash flows;** **(b) Making comparisons between entities, and between reporting periods for the same entity; and** **(c) Identifying items or areas about which users of financial statements may wish to seek additional information in the notes.**	
IFRS 18.17	25. **The role of the notes is to provide material information necessary:** **(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**	

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	(b) To supplement the primary financial statements with additional information to achieve the objective of financial statements (see paragraph AG9 [IFRS 18.B7]).	
IFRS 18.18	26. 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: (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 (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.	
	Information Displayed in the Primary Financial Statements or Disclosed on the Notes	
IFRS 18.19 IPSAS 1.47 (consistent)	27. **Some IPSAS Standards 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 Standard if the information resulting from that display or disclosure is not material. This is the case even if an IPSAS Standard contains a list of specific requirements or describes them as minimum requirements.**	
IFRS 18.20 IPSAS 1.29(c) (consistent)	28. **An entity shall consider whether to provide additional disclosures when compliance with the specific requirements in IPSAS Standards 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.**	
	Information Displayed in the Primary Financial Statements	
IFRS 18.21	29. Paragraph 24 [IFRS 18.16] 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 [IFRS 18.22-24].	
IFRS 18.22	30. **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:** **(a) For the statement of financial performance—the requirements in paragraphs 76, 99, 104 and 109 [IFRS 18. 47,69,76,78];**	

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	(b) For the statement of financial position—the requirements in paragraphs 117 and 124 [IFRS 18. 96 and 104]; **(c) For the statement of changes in net assets/equity—the requirements in paragraph 129 [IFRS 18.107]; and** **(d) For the cash flow statement—the requirements in paragraph 18 of IPSAS 2 [paragraph 10 of IAS 7].**	
IFRS 18.23 IPSAS 1.47 (consistent)	31. **Some IPSAS Standards require specific line items to be displayed separately in the primary financial statements (for example paragraphs 102 and 122 [IFRS 18. 75 and 103] of this [draft] 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 Standard contains a list of specific required line items or describes the line items as minimum requirements (see paragraph AG10 [IFRS 18.B8]).**	
IFRS 18.24	32. **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 [IFRS 18.B9]):** **(a) Comprise amounts recognized and measured in accordance with IPSAS Standards;** **(b) Be compatible with the statement structure created by the requirements listed in paragraph 30 [IFRS 18.22];** **(c) Be consistent from period to period, in accordance with paragraph 57 [IFRS 18.30], and** (d) **Be displayed no more prominently than the totals and subtotals required by IPSAS Standards.**	
	Identification of the Financial Statements	CP paragraphs 2.20-2.21
IFRS 18.25 IPSAS 1.61 ~~(consistent)~~	33. **An entity shall clearly identify the financial statements and distinguish them from other information in the same published document (see paragraph AG12** [IFRS 18.B10]**).**	
IFRS 18.26 IPSAS 1.62 ~~(consistent)~~	34. IPSAS Standards 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 Standards from other information that may be useful to users but is not the subject of those requirements.	
IFRS 18.27 IPSAS 1.63 (consistent)	35. **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:**	

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	(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; **(b) Whether the financial statements are of an individual entity or an economic entity (i.e., a group of entities, as described in paragraph 10);** **(c) The date of the end of the reporting period or the period covered by the financial statements;** **(d) The presentation currency, as defined in IPSAS 4; and** **(e) The level of rounding used for the amounts in the financial statements (see paragraph AG13 [IFRS 18.B11]).**	
	General Requirements for Financial Statements	
	Fair Presentation and Compliance with IPSAS Standards	CP paragraphs 2.41-2.44
IPSAS 1.27 IAS 8.6A (consistent)	36. **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 Standards. The application of IPSAS Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**	• In developing IFRS 18, the IASB moved the IAS 1 *Presentation of Financial Statements* guidance on Fair Presentation and Compliance with IFRS to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. For the current stage of this project, these paragraphs are included in this Illustrative ED.
IPSAS 1.28 IAS 8.6B (consistent)	37. **An entity whose financial statements comply with IPSAS Standards shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IPSAS Standards unless they comply with all the requirements of IPSAS Standards.**	
IPSAS 1.29 IAS 8.6C (consistent)	38. In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IPSAS Standards. A fair presentation also requires an entity: (a) To select and apply accounting policies in accordance with IPSAS 3. IPSAS 3 sets out a hierarchy of authoritative guidance that management considers in the absence of an IPSAS Standard that specifically applies to an item.	

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	(b) To present information, including accounting policies, in a manner that provides relevant, faithfully represented, comparable, and understandable information. (c) To provide additional disclosures when compliance with the specific requirements in IPSAS Standards 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.	
IPSAS 1.30 IAS 8.6D (consistent)	39. **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)	40. **In the extremely rare circumstances in which management concludes that compliance with a requirement in an IPSAS Standard would be so misleading that it would conflict with the objective of financial statements set out in this [draft] 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)	41. **When an entity departs from a requirement of an IPSAS Standard in accordance with paragraph 40, it shall disclose:** **(a) That management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;** **(b) That it has complied with applicable IPSAS Standards, except that it has departed from a particular requirement to achieve a fair presentation;** **(c) The title of the IPSAS Standard from which the entity has departed, the nature of the departure, including the treatment that the IPSAS Standard 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 [draft] Standard, and the treatment adopted; and** **(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.**	
IPSAS 1.33 IAS 8.6G (consistent)	42. **When an entity has departed from a requirement of an IPSAS Standard 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)	43. ~~45.~~ Paragraph 42 applies, for example, when an entity departed in a prior period from a requirement in an IPSAS Standard 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.	

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IPSAS 1.35 IAS 8.6I (consistent)	44. **In the extremely rare circumstances in which management concludes that compliance with a requirement in an IPSAS Standard would be so misleading that it would conflict with the objective of financial statements set out in this [draft] 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:** **(a) The title of the IPSAS Standard 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 [draft] Standard; and** **(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.**	
IPSAS 1.36 IAS 8.6J (consistent)	45. 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 Standard would be so misleading that it would conflict with the objective of financial statements set out in this [draft] Standard, management considers: (a) Why the objective of financial statements is not achieved in the particular circumstances; and (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 [draft] Standard.	
IPSAS 1.37	46. Departures from the requirements of an IPSAS Standard 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 [draft] Standard as outlined in paragraph 40. If such departures are material, an entity cannot claim to be complying with IPSAS Standards.	
	Going Concern	CP paragraphs 2.41-2.44
IPSAS 1.38 IAS 8.6K (consistent)	47. **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 developing IFRS 18, the IASB moved the IAS 1 guidance on Going Concern to IAS 8. For the current stage of this project, these paragraphs are

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	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.	included in this Illustrative ED.
IPSAS 1.39 IAS 8.6L (consistent)	48. 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	49. 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: (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; (b) Political or policy shifts that 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 (c) For an individual entity, an assessment of its statement of financial position at the end of the reporting 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.	• This paragraph includes sub-bullet (b). Refer to paragraph 2.42 of the CP.
IPSAS 1.41	50. 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.	

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	Accrual Basis of Accounting	CP paragraphs 2.41-2.44
IAS 8.6M	51. **An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.**	• In developing IFRS 18, the IASB moved the IAS 1 guidance on Accrual Basis of Accounting to IAS 8. For the current stage of this project, these paragraphs are included in this Illustrative ED.
IAS 8.6N IPSAS 1.27 (consistent)	52. 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 Standards.	
	Frequency of Reporting	CP paragraphs 2.41-2.44
IFRS 18.28 IPSAS 1.66 ~~(consistent)~~	53. **An entity shall provide a complete set of financial statements at least annually. When an entity changes 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:** **(a) The reason for using a longer or shorter period; and** **(b) The fact that amounts included in the financial statements are not entirely comparable.**	
IPSAS 1.67	54. 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.	
IFRS 18.29 IPSAS 1.68 ~~(consistent)~~	55. 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 [draft] 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.	
	Timeliness	CP paragraphs 2.41-2.44
IPSAS 1.69	56. 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	

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	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.	
	Consistency of Presentation	CP paragraphs 2.41-2.44
IFRS 18.30 IPSAS 1.42 (consistent)	57. **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:** **(a) It is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation 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** **(b) An IPSAS Standard requires a change in presentation— or classification.**	
	Comparative Information	CP paragraphs 2.35-2.40
IFRS 18.31 IPSAS 1.53 ~~(consistent)~~	58. **Except when an IPSAS Standard 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)	59. **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.**	
	Changes in Accounting Policy, Retrospective Restatement or Reclassification	
IFRS 18.33 IPSAS 1.55 (consistent)	60. **If an entity changes the presentation 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):** **(a) The nature of the reclassification;** **(b) The amount of each item or class of items that is reclassified; and** **(c) The reason for the reclassification.**	

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IFRS 18.34 IPSAS 1.56 ~~(consistent)~~	61. **When it is impracticable to reclassify comparative amounts, an entity shall disclose:** **(a) The reason for not reclassifying the amounts; and** **(b) The nature of the adjustments that would have been made if the amounts had been reclassified.**	
IFRS 18.36 IPSAS 1.58	62. IPSAS 3 sets out the adjustments to comparative information required when an entity changes an accounting policy or corrects an error.	
IFRS 18.37	63. **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 [IFRS 18.31-32] if**: **(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** **(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.**	
IFRS 18.38	64. In the circumstances described in paragraph 63 [IFRS 18.37] an entity shall present three statements of financial position—a statement of financial position as at: (a) The end of the current reporting period; (b) The end of the preceding period; and (c) The beginning of the preceding period.	
IFRS 18.39	65. When an entity is required to present a third statement of financial position applying paragraph 63 [IFRS 18.37], it shall disclose the information required by paragraphs 60–62 [IFRS 18.33-36] 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.	
IFRS 18.40	66. 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 [IFRS 18.B14-B15]).	
	Aggregation and Disaggregation	
	Principles of Aggregation and Disaggregation	CP paragraphs 2.41-2.44
IFRS 18.41	67. **For the purposes of this [draft] 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**	

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	doing so would override specific aggregation or disaggregation in IPSAS Standards, an entity shall (see paragraphs AG24–AG31 [IFRS 18.B16-B23]): **(a) Classify and aggregate assets, liabilities, net assets/equity, revenue, expenses, or cash flows into items based on shared characteristics;** **(b) Disaggregate items based on characteristics that are not shared;** **(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 [IFRS 18.16]);** **(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 [IFRS 18.17]); and** **(e) Ensure that aggregation and disaggregation in the financial statements do not obscure material information (see paragraph AG17 [IFRS 18.B3]).**	
IFRS 18.42 IPSAS 1.45 and ~~IPSAS 1.~~106 (consistent)	68. Applying the principles in paragraph 67 [IFRS 18.41], an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 67(c) [IFRS 18.41(c)], an entity does not display material information in the primary financial statements, it shall disclose the information in the notes. Paragraphs AG88 and AG117 [IFRS 18.B79 and B111] 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	69. **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 [IFRS 18.B24-B26]). 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.**	
	Offsetting	CP paragraphs 2.41-2.44
IFRS 18.44 IPSAS 1.48 (consistent)	70. **An entity shall not offset assets and liabilities or revenue and expenses, unless required or permitted by an IPSAS Standard (see paragraphs AG35–AG36 [IFRS 18.B27-B28]).**	
IPSAS 1.49	71. It is important that an entity reports separately both assets and liabilities, revenue, and expenses. Offsetting in the statement of financial performance or the statement of financial position, except when offsetting reflects the	

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IFRS 18.45 (consistent)	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 doubtful debts allowances on receivables—is not offsetting.	
IPSAS 1.52	72. The offsetting of cash flows is dealt with in IPSAS 2.	
	Statement of Financial Performance	**Related to Chapter 4 of CP**
IFRS 18.46 IPSAS 1.99 (consistent)	73. **An entity shall include all items of revenue and expense in a reporting period in the statement of financial performance unless another IPSAS Standard requires or permits otherwise.**	
IPSAS 1.100	74. 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	75. Other IPSAS Standards deal with items that may meet definitions of revenue or expense set out in this [draft] Standard, but are usually excluded from surplus or deficit. Examples include revaluation surpluses (see IPSAS 45), particularly: (a) ~~g~~Gains and losses arising on translating the financial statements of a foreign operation (see IPSAS 4); and (b) G~~g~~ains 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).	
	Categories in The Statement of Financial Performance	CP paragraphs 4.6–4.33
IFRS 18.47	76. **An entity shall classify revenue and expenses included in the statement of financial performance in one of five categories (see paragraph AG37 [IFRS 18.B29]):** (a) **The operating category (see paragraph 81 [IFRS 18.52]);** (b) **The investing category (see paragraphs 82–87 [IFRS 18.53–58]);** (c) **The financing category (see paragraphs 88–95 [IFRS 18.59–66]);** (d) **The income taxes category (see paragraph 96 [IFRS 18.67]); and** (e) **The discontinued operations category (see paragraph 97 [IFRS 18.68])**	
IFRS 18.48	77. Paragraphs 81–97 [IFRS 18.52–68] set out requirements for classifying revenue and expenses in the operating, investing, financing, income taxes and discontinued operations categories. In addition, paragraphs AG74–AG85 [IFRS 18.B65–B76] 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.	

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	Entities with Specified Main Operating Activities	CP paragraphs 4.20–4.22
IFRS 18.49	78. To classify revenue and expenses in the operating, investing and financing categories, an entity shall assess whether it has a specified main operating activity—that is a main operating activity of (see paragraphs AG39–AG50 [IFRS18.B30–B41]): (a) Investing in particular types of assets, referred to hereafter as investing in assets (see paragraph 82 [IFRS18.53]); or (b) Providing financing to other parties.	
IFRS 18.50	79. Applying paragraphs 84–87 [IFRS.18.55–58] and 94–95 [IFRS18.65–66], an entity with a specified main operating activity classifies in the operating category some revenue and expenses that would have been classified in the investing or financing category if the activity were not a main operating activity.	
IFRS 18.51	80. If an entity: (a) Invests in assets as a main operating activity, it shall disclose that fact. (b) Provides financing to other parties as a main operating activity, it shall disclose that fact. (c) Identifies a different outcome from its assessment of whether it invests in assets or provides financing to other parties as a main operating activity (see paragraph AG50 [IFRS18.B41]), it shall disclose: (i) The fact the outcome of the assessment has changed and the date of the change; and (ii) The amount and classification of items of 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 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.	
	The Operating Category	CP paragraphs 4.6–4.33
IFRS 18.52	81. **An entity shall classify in the operating category all revenue and expenses included in the statement of financial performance that are not classified in (see paragraph AG51 [IFRS18.B42]):** (a) **The investing category;** (b) **The financing category;** (c) **The income taxes category; or** (d) **The discontinued operations category.**	
	The Investing Category	CP paragraphs 4.6–4.33
IFRS 18.53	82. **Except as required by paragraphs 84–87 [IFRS.55–58] for an entity that has a specified main operating activity, an entity shall classify in the**	

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	investing category revenue and expenses specified in paragraph 83 [IFRS18.54] from: (a) **Investments in associates, joint ventures and unconsolidated ~~subsidiaries~~ controlled entities (see paragraphs AG52–AG53 [IFRS18.B43–B44]);** (b) **Cash and cash equivalents; and** (c) **Other assets if they generate a return individually and largely independently of the entity's other resources (see paragraphs AG54–AG58 [IFRS18.B45–B49]).**	
IFRS 18.54	83. **The revenue and expenses from the assets identified in paragraph 82 [IFRS.53] that an entity shall classify in the investing category comprise the amounts included in the statement of financial performance for (see paragraph AG56 [IFRS18.B47]):** (a) **The revenue generated by the assets;** (b) **The revenue and expenses that arise from the initial and subsequent measurement of the assets, including on derecognition of the assets; and** (c) **The incremental expenses directly attributable to the acquisition and disposal of the assets—for example, transaction costs and costs to sell the assets.**	
	Entities with Specified Main Operating Activities	CP paragraphs 4.20–4.22
IFRS 18.55	84. For the assets specified in paragraph 82(a) [IFRS.53(a)] (that is, investments in associates, joint ventures and unconsolidated ~~subsidiaries~~controlled entities) that an entity invests in as a main operating activity (see paragraph AG47 [IFRS18.B38]), the entity shall classify the revenue and expenses specified in paragraph 83 [IFRS 18.54]: (a) In the investing category if the assets are accounted for applying the equity method (see paragraphs AG52(a) and AG53(a)) [IFRS18.B43(a) and B44(a)]; or (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) [IFRS18.B43(b)–(c) and B44(b)–(c)].	
IFRS 18.56	85. For the assets specified in paragraph 82(b) [IFRS18.53(b)] (that is, cash and cash equivalents), an entity shall classify the revenue and expenses specified in paragraph 83 [IFRS18.54] in the investing category unless: (a) It invests as a main operating activity in financial assets within the scope of paragraph 82(c) [IFRS18.53(c)]—in which case it shall classify the revenue and expenses in the operating category. (b) It does not meet the requirements in (a) but provides financing to other ~~entities~~ parties as a main operating activity—in which case it shall classify: (i) The revenue and expenses from cash and cash equivalents that relate to providing financing to other parties, for example cash and	

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	cash equivalents held for related regulatory requirements—in the operating category. (ii) The revenue and expenses from cash and cash equivalents that do not relate to providing financing to other parties—by applying an accounting policy choice to classify the revenue and expenses specified in paragraph 83 [IFRS18.54] in the operating category or the 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 revenue and expenses from liabilities in paragraph 94(a)(ii) [IFRS 18.65(a)(ii)].	
IFRS 18.57	86. If an entity applying paragraph 85(b) [IFRS18.56(b)] cannot distinguish between the cash and cash equivalents described in paragraphs 85(b)(i)and 85(b)(ii) [IFRS18.56(b)(i) and 56(b)(ii)], it shall apply the accounting policy choice in paragraph 85(b)(ii) [IFRS18.56(b)(ii)] to classify revenue and expenses from all cash and cash equivalents in the operating category.	
IFRS 18.58	87. An entity may invest in assets specified in paragraph 82(c) [IFRS18.53(c)] (that is, other assets if they generate a return individually and largely independently of the entity's other resources) as a main operating activity (see paragraph AG49 [IFRS18.B40]). 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 revenue and expenses specified in paragraph 83 [IFRS18.54] in the operating category.	• This paragraph includes additional public sector-specific guidance. Refer to paragraph 4.23(e) of the CP.
	The Financing Category	CP paragraphs 4.6–4.33
IFRS 18.59	88. **To determine what revenue and expenses to classify in the financing category, an entity shall distinguish between:** (a) **Liabilities that arise from transactions that involve only the raising of finance (see paragraphs AG59–AG60 [IFRS18.B50–B51]); and** (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 [IFRS18.B53]).**	
IFRS 18.60	89. **For the liabilities specified in paragraph 88(a) [IFRS 18.59(a)] (that is, liabilities that arise from transactions that involve only the raising of finance), except as set out in paragraphs 92–95 [IFRS 18.63–66], an entity shall classify in the financing category the amounts included in the statement of financial performance for:** (a) **Revenue and expenses that arise from the initial and subsequent measurement of the liabilities, including on derecognition of the liabilities (see paragraph AG61 [IFRS18.B52]); and** (b) **The incremental expenses directly attributable to the issue and extinguishment of the liabilities—for example, transaction costs.**	

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IFRS 18.61	90. **For the liabilities specified in paragraph 88(b) [IFRS 18.59(b)] (that is, liabilities that arise from transactions that do not involve only the raising of finance), except as set out in paragraphs 92–93 [IFRS 18.63–64], an entity shall classify in the financing category:** (a) **Interest revenue and expenses, but only if the entity identifies such revenue and expenses for the purpose of applying other requirements in IPSAS Standards; and** (b) **Revenue and expenses arising from changes in interest rates, but only if the entity identifies such revenue and expenses for the purpose of applying other requirements in IPSAS Standards.**	
IFRS 18.62	91. Paragraphs AG65–AG66 [IFRS18.B56–B57] set out how an entity shall apply the requirements in paragraphs 88–90 [FRS 18.59–61] to hybrid contracts that contain a host that is a liability.	
IFRS 18.63	92. The requirements in paragraphs 89–90 [IFRS 18.60–61] do not apply to gains and losses on derivatives and designated hedging instruments. An entity shall apply paragraphs AG79–AG85 [IFRS18.B70–B76] to classify such gains and losses.	
IFRS 18.64	93. An entity shall exclude from the financing category and classify in the operating category: (a) Revenue and expenses from issued investment contracts with participation features ~~recognised~~ recognized applying IPSAS 41 (see paragraph AG67 [IFRS18.B58]); and (b) Insurance finance revenue and expenses included in the statement of financial performance applying the relevant international or national accounting standard dealing with insurance contracts.	
	Entities with Specified Main Operating Activities	CP paragraphs 4.20–4.22
IFRS 18.65	94. If an entity provides financing to other ~~entities~~ parties as a main operating activity, it shall classify revenue and expenses (see paragraph AG68 [IFRS18.B59]): (a) From the liabilities specified in paragraph 88(a) [IFRS 18.59(a)] (that is, liabilities that arise from transactions that involve only the raising of finance): (i) If the liabilities relate to providing financing to other parties—in the operating category. (ii) If the liabilities do not relate to providing financing to other parties—by applying an accounting policy choice to classify the revenue and expenses specified in paragraph 89 [IFRS 18.60] 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 revenue and expenses from cash and cash equivalents in paragraph 85(b)(ii) [IFRS 18.56(b)(ii)].	

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	(b) From the liabilities specified in paragraph 88(b) [IFRS 18.59(b)] (that is, liabilities that arise from transactions that do not involve only the raising of finance): (i) If the revenue and expenses are specified in paragraph 90 [IFRS 18.61]—in the financing category; or (ii) If the revenue and expenses are not specified in paragraph 90 [IFRS 18.61]—in the operating category.	
IFRS 18.66	95. If an entity applying paragraph 94(a) [IFRS 18.65(a)] cannot distinguish between the liabilities described in paragraphs 94(a)(i) and 94(a)(ii) [IFRS 18.65(a)(i) and 65(a)(ii)], it shall apply the accounting policy choice in paragraph 94(a)(ii) [IFRS 18.65(a)(ii)] to classify revenue and expenses from all such liabilities in the operating category.	
	The Income Taxes Category	CP paragraphs 4.6–4.33
IFRS 18.67	96. An entity that pays income taxes shall classify in the income taxes category tax expense that is included in the statement of financial performance applying the relevant international or national accounting standards ~~[IAS 12 *Income Taxes*]~~, and any related foreign exchange differences (see paragraphs AG74–AG77 [IFRS18.B65–B68]).	
	The Discontinued Operations Category	CP paragraphs 4.6–4.33
IFRS 18.68	97. An entity shall classify in the discontinued operations category revenue and expenses from discontinued operations as required by IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.	
	Totals and Subtotals to be Displayed in the Statement of Financial Performance	CP paragraphs 4.34–4.37
IFRS 18.69	98. **An entity shall display totals and subtotals in the statement of financial performance for:** (a) **Operating surplus or deficit (see paragraph 99 [IFRS 18.70]); and** (b) **Surplus or deficit (see paragraph 100 [IFRS 18.72]).**	
IFRS 18.70	99. Operating surplus or deficit comprises all revenue and expenses classified in the operating category.	
IFRS 18.72	100. Surplus or deficit is the total of revenue less expenses included in the statement of financial performance. Accordingly, it comprises all revenue and expenses classified in all categories in the statement of financial performance (see paragraph 76 [IFRS 18.47]).	
IPSAS 1.104	101. **Additional subtotals shall be 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)).**	

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	Items to be Displayed in the Statement of Financial Performance or Disclosed in the Notes	CP paragraphs 4.38–4.42
IFRS 18.75 IPSAS 1.102 (consistent)	102. **An entity shall display in the statement of financial performance line items for (see paragraph AG86 [IFRS18.B77]):** **(a) Amounts required by this [draft] Standard, namely:** **(i) Revenue, displaying separately the line items described in (b)(i);** **(ii) Operating expenses, displaying separately line items as required by paragraphs 108 and 112 [IFRS 18.78 and 82(a)];** **(iii) Share of the surplus or deficit of associates and joint ventures accounted for using the equity method;** **(iv) Income tax expense ~~or revenue~~; and** **(v) A single amount for the total of discontinued operations (see IPSAS 44);** **(b) Amounts required by IPSAS 41, namely:** **(i) Interest revenue calculated using the effective interest method;** **(ii) Impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with paragraphs 73–93 of IPSAS 41;** **(iii) Gains and losses arising from the derecognition of financial assets measured at ~~amortised~~amortized cost;** **(iv) Any gain or loss arising from the difference between the fair value of a financial asset and its previous ~~amortised~~amortized cost at the date of reclassification from ~~amortised~~amortized cost measurement to measurement at fair value through surplus or deficit; and** (v) **Any cumulative gain or loss previously ~~recognised~~ recognized in net assets/equity that is reclassified to surplus or deficit at the date of reclassification of a financial asset from measurement at fair value through net assets/equity to measurement at fair value through surplus or deficit.**	
IFRS 18.76 IPSAS 1.103 (consistent)	103. **An entity shall display in the statement of financial performance (outside all the categories described in paragraph 76 [IFRS 18.47]) an allocation of surplus or deficit for the reporting period attributable to any:** **(a) Non-controlling interests; and** (b) **Owners of the controlling entity.**	
IFRS 18.77	104. Paragraphs AG87–AG88 [IFRS18.B78–B79] set out requirements on how an entity uses its judgement to determine whether to display additional line items in the statement of financial performance or disclose items in the notes.	

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~~IPSAS 1.117~~	~~105. 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.~~	
IPSAS 1.104	~~106.~~105. Additional line items shall be 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)).	
IPSAS 1.105	~~107.~~106. 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.	
IPSAS 1.117 IFRS 18.110 (consistent)	107. **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 ownership distributions during the period, and the related amount per share.**	
	Presentation of Expenses Classified in the Operating Category *[Note: Text in [ ] is subject to constituents' views regarding Specific Matter for Comment ~~(SMC) 1[X]~~ in the Consultation Paper, on whether to permit mixed presentation of expenses similar to IFRS- 18]*	CP paragraphs 4.43–4.47
IFRS 18.78 IPSAS 1.109-111 (consistent)	108. **In the operating category of the statement of 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 [IFRS18.B80–B85]):** **(a) The nature of expenses; or** **(b) The function of the expenses within the entity.**	
IFRS 18.79	109. Any individual line item shall comprise operating expenses aggregated on the basis of only one of these characteristics [but the same characteristic does not have to be used as the aggregation basis for all line items (see paragraph ~~AG85~~ AG90 [IFRS18.B81])].	• This illustrative guidance is subject to constituent feedback on whether to permit mixed presentation of operating expenses.

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IFRS 18.80 IPSAS 1.112 (consistent)	110. 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 amortizsation.	
IFRS 18.81 IPSAS 1.113-114 (consistent)	111. 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. Therefore, when classifying expenses by function, an entity might: (a) Allocate to several function line items expenses relating to economic resources of the same nature (such as employee benefit expense); and (b) Include in a single function line item an allocation of expenses relating to economic resources of several natures (such as employee benefit expense, depreciation and amortizsation).	
IPSAS 1.115 IFRS 18.82 (consistent)	112. **Entities classifying expenses by function shall disclose a qualitative description of the nature of expenses included in each function line item.**	• IPSAS 1 is used as the primary source for this paragraph because the IFRS paragraph allows for mixed presentation of operating expenses (see SMC 1 in the CP). This illustrative guidance is subject to constituent feedback on whether to permit mixed presentation of operating expenses.
IFRS 18.83	113. **An entity that displays [one or more] line items comprising expenses classified by function in the operating category of the statement of financial performance shall also disclose in a single note:** **(a) The total for each of:** **(i) Depreciation, comprising the amounts required to be disclosed by paragraph 90(d)(iv) of IPSAS 16, *Investment Property*, paragraph 56(a) of IPSAS 43, *Leases*, paragraph 6959(e)(vii) of IPSAS 45, ~~paragraph 90(d)(iv) of IPSAS 16, *Investment Property*, and paragraph 56(a) of IPSAS 43, *Leases*,~~ and paragraph 54(c) of IPSAS 51, *Tangible Natural Resources Held for Conservation*;** **(ii) Amortizsation, comprising the amount required to be disclosed by paragraph 117(e)(vi) of IPSAS 31~~, *Intangible Assets*~~;** **(iii) Employee benefits, comprising the amount for employee benefits ~~recognised~~ recognized by an entity applying IPSAS 39~~, *Employee Benefits*~~;**	• This paragraph includes a reference IPSAS 51, *Tangible Natural Resources Held for Conservation*, which was published in January 2026.

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	(iv) Impairment losses and reversals of impairment losses, comprising the amounts required to be disclosed by paragraphs 73(a) and 73(b) of IPSAS 21, *Impairment of Non-Cash Generating Assets* and paragraphs 115(a) and 115(b) of IPSAS 26, *Impairment of Cash-Generating Assets*; and **(v) Write-downs and reversals of write-downs of inventories, comprising the amounts required to be disclosed by paragraphs 47(e) and 47(f) of IPSAS 12, *Inventories*; and** **(b) For each total listed in (a)(i)–(v):** **(i) The amount related to each line item in the operating category (see paragraph AG93 [IFRS 18.B84]); and** (ii) **A list of any line items outside the operating category that also include amounts relating to the total.**	
IFRS 18.84	114. Paragraph 67 [IFRS 18.41] requires an entity to disaggregate items to provide material information. However, an entity that applies paragraph 113 [IFRS 18.83] is exempt from disclosing: (a) In relation to function line items presented in the operating category of the statement of financial performance—disaggregated information about the amounts of nature expenses included in each line item, beyond the amounts specified in paragraph 113 [IFRS 18.83]; and (b) In relation to nature expenses specifically required by an IPSAS 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 financial performance, beyond the amounts specified in paragraph 113 [IFRS 18.83].	
IFRS 18.85	115. The exemption in paragraph 114 [IFRS 18.84] relates to disaggregation of operating expenses. However, it does not exempt an entity from applying specific disclosure requirements relating to those expenses in IPSAS Standards.	
	Statement of Financial Position	**Related to Chapter 3 of CP**
	Classification of Assets and Liabilities	CP paragraphs 3.6-3.32
IFRS 18.96 IPSAS 1.70 ~~(consistent)~~	116. **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 [IFRS 18.99-102] except when a presentation based on liquidity provides a more useful structured summary. When that exception applies, an entity shall present all assets and liabilities in order of liquidity (see paragraphs AG95–AG98 [IFRS 18.B90-B93]).**	
IFRS 18.97 IPSAS 1.71 (consistent)	117. **Whichever method of presentation is adopted, an entity shall disclose in the notes the amount expected to be recovered or settled after more**	

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	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.**	
	Current Assets	
IFRS 18.99 IPSAS 1.76 (consistent)	118. **An entity shall classify an asset as current when it satisfies any of the following criteria (see paragraphs AG99–AG101 [IFRS 18.B94-B95]):** **(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)	119. An entity shall classify all assets other than those specified in paragraph 118 [IFRS 18.99] as non-current.	
	Current Liabilities	
IFRS 18.101 IPSAS 1.80 (consistent)	120. **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 [IFRS 18. B96, B107-B108]);** **(b) It holds the liability primarily for the purpose of trading (see paragraph AG103 [IFRS 18.B97]);** **(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 end of the reporting period (see paragraphs AG112–AG121).**	
IFRS 18.102 IPSAS 1.80 (consistent)	121. An entity shall classify all liabilities other than those specified in paragraph 120 [IFRS 18.101] as non-current.	

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	Items to be Displayed in the Statement of Financial Position or Disclosed in the Notes	CP paragraphs 3.33-3.52
IFRS 18.103 IPSAS 1.88	122. **An entity shall display on the face of the statement of financial position the amounts for the following line items:** **(a) Property, plant and equipment;** **(b) Investment property;** **~~(b)~~(c) Tangible natural resources held for conservation;** **~~(c)~~(d) Intangible assets;** **~~(d)~~(e) Goodwill;** **~~(e)~~(f) Financial assets (excluding amounts shown under ~~(f)~~(g), ~~(i)~~(j) and ~~(j)~~(k));** **~~(f)~~(g) Investments accounted for using the equity method;** **~~(g)~~(h) Biological assets within the scope of IPSAS 27, *Agriculture*;** **~~(h)~~(i) Inventories;** **~~(i)~~(j) Receivables and other accrued revenue;** **~~(j)~~(k) Cash and cash equivalents;** **~~(k)~~(l) 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;** **~~(l)~~(m) Social benefit liabilities;** **~~(m)~~(n) Taxes and transfers payable;** **~~(n)~~(o) Payables and other accrued expenses;** **~~(o)~~(p) Provisions;** **~~(p)~~(q) Financial liabilities (excluding amounts shown under (n)~~(m)~~, (o)~~(n)~~, and (p)~~(o)~~; and** **~~(q)~~(r) Liabilities included in disposal groups classified as held for sale in accordance with IPSAS 44;** **~~(r)~~(s) Binding arrangement assets or binding arrangement liability in accordance with IPSAS 47, *Revenue*; and** **~~(s)~~(t) Transfer right asset or transfer obligation liability arising from transactions with binding arrangements in accordance with IPSAS 48, *Transfer Expenses*.**	• This paragraph includes a new line item for goodwill to distinguish this asset from other intangible assets (refer to paragraph 3.36 of the CP), and a new line item for tangible natural resources held for conservation to reflect amendments to IPSAS 1 by IPSAS 51, *Tangible Natural Resources Held for Conservation*.
IFRS 18.104 IPSAS 1.88	123. **~~An~~ If applicable, an entity shall display on the statement of financial position any:** **(a) Non-controlling interests; and** **(b) Net assets/equity attributable to owners of the controlling entity.**	
IPSAS 1.89	124. 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	

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IFRS 18.105	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 display 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)	125. Subject to paragraph 116 [IFRS 18.96], this [draft] Standard does not prescribe the order or format in which an entity displays 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.	
	Net Assets/Equity	
IPSAS 1.95 IFRS 18.131 (consistent)	126. **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:** **(a) Share capital (when applicable) (refer to paragraph ~~161~~ 167(a) [IFRS 18.130(a) or IPSAS 1.98]);** **(b) Contributed capital, being the cumulative total at the end of the reporting period of ownership contributions ~~from owners~~, less ownership distributions ~~to owners~~;** **(c) Accumulated surpluses or deficits;** **(d) Reserves, including a description of the nature and purpose of each reserve within net assets/equity; and** **(e) Non-controlling interests.**	
IPSAS 1.96	127. 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.	
IPSAS 1.97	128. 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.	• This paragraph includes a reference to non-controlling interest, for consistency with paragraph 126(e).

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	Statement of Changes in Net Assets/Equity	Related to Chapter 5 of CP
	Information to be Presented in the Statement of Changes in Net Assets/Equity	CP paragraphs 5.23-5.26
IPSAS 1.118-119 IFRS 18.86-87, 107 (consistent)	129. **An entity shall display a statement of changes in net assets/equity showing on the face of the statement:** **(a) Surplus or deficit for the period;** **(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;** **(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;** **(d) 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; and** **(e) ~~To the extent that~~For each component~~s~~ of net assets/equity ~~are separately disclosed~~, a reconciliation between the carrying amount ~~of each component of net assets/equity~~ at the beginning and the end of the period, separately ~~disclosing~~ (at a minimum) displaying each change resulting from:** **(i) Surplus or deficit;** **(ii) The balance of accumulated surpluses or deficits at the beginning and end of the reporting period and at the reporting date, and the changes during the period; and** **(iii) Transactions with owners in their capacity as owners, showing separately ownership contributions and ownership distributions, and changes in ownership interests in controlled entities that do not result in a loss of control.**	• This paragraph includes sub-bullet (e) (based on IFRS 18.107(c) and IPSAS 1.119) to require the reconciliation of each component of net assets/equity be displayed on the face of the Statement of Changes in Net Assets/Equity. Refer to paragraphs 5.25–5.26 of the CP.
~~IPSAS 1.119~~	~~130. An entity shall also present, either on the face of the statement of changes in net assets/equity or in the notes:~~ ~~(a) The amounts of transactions with owners acting in their capacity as owners, showing separately distributions to owners;~~ ~~(b) The balance of accumulated surpluses or deficits at the beginning of the period and at the reporting date, and the changes during the period.~~	~~• Paragraph was modified to remove the choice of presenting the reconciliation mentioned in paragraph above in the face of the statement or the notes.~~
IPSAS 1.120 IFRS 18.112	~~131.~~130. Changes in an entity's net assets/equity between two reporting dates reflect the increase or decrease in its net assets during the period.	
IPSAS 1.121	~~132.~~131. 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	

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IFRS 18.112 (consistent)	any ownership contributions ~~by,~~ and ownership distributions ~~to, owners~~ in their capacity as owners.	
IPSAS 1.122	~~133.~~132. Ownership ~~C~~contributions ~~by,~~ and ownership 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). Ownership c~~C~~ontributions ~~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.	
	Information about Items of Revenue and Expenses Recognized Outside Surplus or Deficit	CP paragraphs 5.4-5.22
IPSAS 1.123 IFRS 18.B86 (consistent)	~~134.~~133. This [draft] Standard requires all items of revenue and expenses recognized in a period to be included in surplus or deficit, unless another IPSAS Standard requires otherwise. Other IPSAS Standards require some items (such as revaluation increases and decreases, and 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 [draft] 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.	
IPSAS 1.124 IFRS 18.108, B86 (consistent)	~~135.~~134. IPSAS 3 requires retrospective adjustments to reflect changes in accounting policies, to the extent practicable, except when the transitional provisions in another IPSAS Standard 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 Standard requires retrospective adjustment of another component of net assets/equity. Paragraph 129(d) [IPSAS 1.118(d)] 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.	
~~IPSAS 1.125~~	~~The requirements in paragraphs 129 and 130 [IPSAS 1.118 and 119] 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 [IPSAS 1.118] in the statement of changes in net assets/equity. Under this approach, the items described in paragraph 130 [IPSAS 1.119] are shown in the notes.~~	*Deleted to be consistent with IPSASB decision in September 2025 (PV12 of the CP), and changes to IPSAS 1.118-119 above*
IPSAS 1.125A IFRS 18.91 (consistent)	~~136.~~135. Other IPSAS Standards specify whether and when amounts previously recognized in net assets/equity are reclassified to surplus or deficit. Such reclassifications are referred to in this [draft] 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	

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	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.	
IPSAS 1.125B IFRS 18.B88	~~137.~~136. 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 IFRS 18.B89	~~138.~~137. 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.	
	Cash Flow Statement	
IPSAS 1.126	~~139.~~138. 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.	
	Notes	**Related to Chapter 6 of CP**
	Structure	CP paragraphs 6.4-6.7
IFRS 18.113 IPSAS 1.127	~~140.~~139. **An entity shall disclose in the notes:** **(a) Information about the basis of preparation of the financial statements (see paragraphs 36–52 [6A–6N of IAS 8]) and the specific accounting policies used (see paragraphs 143–151 [27A–27I of IAS 8]);** **(b) Information required by ~~IFRS Accounting~~ IPSAS Standards that is not presented in the primary financial statements; and** **(c) Other information that is not presented in the primary financial statements, but is necessary for an understanding of any of them (see paragraph 28 [IFRS 18.20]).**	
IFRS 18.114	~~141.~~140. **An entity shall, as far as practicable, present notes in a systematic manner (see paragraph AG118 [IFRS 18.B112]). In determining a systematic manner, the entity shall consider the effect**	

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IPSAS 1.128 (consistent)	**on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the primary financial statements to any related information in the notes. If amounts disclosed in the notes are included in one or more line items in the primary financial statements, an entity shall disclose in the note the line item(s) in which the amounts are included.**	
IFRS 18.115 IPSAS 1.131	~~142.~~141. **An entity may disclose notes providing information about the basis of preparation of the financial statements and specific accounting policies used in a separate section of the financial statements.**	
IFRS 18.116 IPSAS 1.150	~~143.~~142. **If not disclosed elsewhere in information published with the financial statements, an entity shall disclose in the notes:** **(a) The domicile and legal form of the entity, ~~its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office)~~and the jurisdiction within which it operates;** **(b) A description of the nature of the entity's operations and its principal activities;** **~~(b)~~(c) A reference to the relevant legislation governing the entity's operations;** **~~(c)~~(d) The name of the ~~parent~~ controlling entity and the ultimate ~~parent of the group~~controlling entity of the economic entity (where applicable); and** **~~(d)~~(e) If it is a limited-life entity, information regarding the length of its life.**	
	Disclosure of Selection and Application of Accounting Policies	CP paragraphs 6.8-6.12
IAS 8.27A IPSAS 1.132 (consistent)	~~144.~~143. **An entity shall disclose material accounting policy information (see paragraph 8 [IAS 8.5]). Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.**	• In developing IFRS 18, the IASB moved the IAS 1 guidance on Disclosure of Selection and Application of Accounting Policies to IAS 8. For the current stage of this project, these paragraphs are included in this Illustrative ED.
IAS 8.27B IPSAS 1.134 (consistent)	~~145.~~144. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.	

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IAS 8.27C IPSAS 1.134-136 (consistent)	~~146.~~146.~~145.~~ Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and: (a) The entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements; (b) The entity chose the accounting policy from one or more options permitted by ~~IFRSs~~IPSAS Standards—such a situation could arise if the entity chose to measure investment property at historical cost rather than fair value; (c) The accounting policy was developed in accordance with this [draft] Standard in the absence of an ~~IFRS~~IPSAS Standard that specifically applies; (d) The accounting policy relates to an area for which an entity is required to make significant judg~~e~~ments or assumptions in applying an accounting policy, and the entity discloses those judg~~e~~ments or assumptions in accordance with paragraphs 149 [IAS 8.27G] and 152 [IAS 8.31A]; or (e) The accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions—such a situation could arise if an entity applies more than one ~~IFRS~~ IPSAS Standard to a class of material transactions.	
IAS 8.27D IPSAS 1.134-136 (consistent)	~~147.~~146.~~146.~~ Accounting policy information that focuses on how an entity has applied the requirements in the ~~IFRSs~~IPSAS Standards to its own circumstances provides entity-specific information that is more useful to users of financial statements than ~~standardised~~ standardized information, or information that only duplicates or ~~summarises~~ summarizes the requirements of the ~~IFRSs~~IPSAS Standards.	
IAS 8.27E IPSAS 1.134-136 (consistent)	~~148.~~147.~~147.~~ If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.	
IAS 8.27F IPSAS 1.134-136 (consistent)	~~149.~~148.~~148.~~ An entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other ~~IFRSs~~IPSAS Standards.	
IAS 8.27G IPSAS 1.137 (consistent)	~~150.~~149.~~149.~~ **An entity shall disclose, along with its material accounting policy information or other notes, the judg~~e~~ments, apart from those involving estimations (see paragraph 152 [IAS 8.31A]), that management has made in the process of applying the entity's**	

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	accounting policies and that have the most significant effect on the amounts ~~recognised~~ recognized in the financial statements.	
IAS 8.27H IPSAS 1.138 (consistent)	~~151.~~150. In the process of applying the entity's accounting policies, management makes various judg~~e~~ments, apart from those involving estimations, that can significantly affect the amounts it ~~recognises~~ recognizes in the financial statements. For example, management makes judg~~e~~ments in determining: (a) When substantially all the significant risks and rewards of ownership of financial assets and, for lessors, assets subject to leases are transferred to other entities; (b) Whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue; and (c) Whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	
IAS 8.27I IPSAS 1.139	~~152.~~151. Some of the disclosures made in accordance with paragraph 149 [IAS 8.27G] are required by other ~~IFRSs~~IPSAS Standards. For example, ~~IFRS 12 *Disclosure of Interests in Other Entities*~~IPSAS 38, *Disclosure of Interests in Other Entities* requires an entity to disclose the judg~~e~~ments it has made in determining whether it controls another entity. ~~IAS 40 *Investment Property*~~ IPSAS 16 requires disclosure of the criteria developed by the entity to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, when classification of the property is difficult.	
	Disclosure of Sources of Estimation Uncertainty	CP paragraphs 6.13-6.15
IAS 8.31A IPSAS 1.140	~~153.~~152. **An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:** (a) **Their nature; and** (b) **Their carrying amount as at the end of the reporting period.**	• In developing IFRS 18, the IASB moved the IAS 1 guidance on Disclosure of Sources of Estimation Uncertainty to IAS 8. For the current stage of this project, these paragraphs are included in this Illustrative ED.
IAS 8.31B IPSAS 1.141	~~154.~~153. Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting period. For example, in the absence of ~~recently observed market prices~~ a quoted price in an active market used to measure the following assets and liabilities, future-oriented estimates are necessary to measure the recoverable amount of certain classes of property, plant, and equipment, the effect of technological obsolescence on inventories, provisions subject to the future outcome of litigation in progress, and long-term employee benefit liabilities such as pension obligations. These estimates involve assumptions about such items as the risk	

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	adjustment to cash flows or discount rates, future changes in salaries, and future changes in prices affecting other costs.	
IAS 8.31C IPSAS 1.142	~~155.~~154. The assumptions and other sources of estimation uncertainty disclosed in accordance with paragraph 152 [IAS 8.31A] relate to the estimates that require management's most difficult, subjective or complex judg~~e~~ments. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judg~~e~~ments become more subjective and complex, and the potential for a consequential material adjustment to the carrying amounts of assets and liabilities normally increases accordingly.	
IAS 8.31D IPSAS 1.143	~~156.~~155. The disclosures in paragraph 152 [IAS 8.31A] are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year if, at the end of the reporting period, they are measured at current operational value or fair value based on a quoted price in an active market for an identical asset or liability. Such current operational values or fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting period.	
IAS 8.31E IPSAS 1.144	~~157.~~156. An entity provides the disclosures in paragraph 152 [IAS 8.31A] in a manner that helps users of financial statements to understand the judg~~e~~ments that management makes about the future and about other sources of estimation uncertainty. The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures an entity makes are: (a) The nature of the assumption or other estimation uncertainty; (b) The sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity; (c) The expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected; and (d) An explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved.	
IAS 8.31F IPSAS 1.146	~~158.~~157. This [draft] Standard does not require an entity to disclose budget information or forecasts in making the disclosures in paragraph 152 [IAS 8.31A].	
IAS 8.31G IPSAS 1.146	~~159.~~158. Sometimes it is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. In such cases, the entity discloses that it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.	

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IAS 8.31H IPSAS 1.147	~~160.~~159. The disclosures in paragraph 149 [IAS 8.27G] of particular judgements that management made in the process of applying the entity's accounting policies do not relate to the disclosures of sources of estimation uncertainty in paragraph 152 [IAS 8.31A].	
IAS 8.31I IPSAS 1.148	~~161.~~160. Other ~~IFRSs~~ IPSAS Standards require the disclosure of some of the assumptions that would otherwise be required in accordance with paragraph 152 [IAS 8.31A]. For example, ~~IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*~~IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* requires disclosure, in specified circumstances, of major assumptions concerning future events affecting classes of provisions. IPSAS 45 requires disclosure of measurement techniques and inputs applied in measuring current operational values and fair values of revalued items of property, plant, and equipment. ~~IFRS 13 *Fair Value Measurement*~~IPSAS 46, *Measurement* requires disclosure of significant assumptions (including the valuation technique(s) and inputs) the entity uses when measuring the fair values of assets and liabilities that are carried at fair value.	
	Capital	CP paragraphs 6.16-6.19
IFRS 18.126 IPSAS 1.148A	~~162.~~161. **An entity shall disclose in the notes information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.**	
IFRS 18.127 IPSAS 1.148B	~~163.~~162. To comply with paragraph 161 [IFRS 18.126] an entity shall disclose in the notes: (a) Qualitative information about its objectives, policies, and processes for managing capital, including: (i) A description of what it manages as capital; (ii) When an entity is subject to externally imposed capital requirements, the nature of those requirements, and how those requirements are incorporated into the management of capital; and (iii) How it is meeting its objectives for managing capital. (b) Summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (for example, some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of net assets/equity (for example, components arising from cash flow hedges). (c) Any changes in (a) and (b) from the preceding reporting period. (d) Whether during the reporting period it complied with any externally imposed capital requirements to which it is subject. (e) When it has not complied with such externally imposed capital requirements, the consequences of such non-compliance.	
IFRS 18.128 IPSAS 1.148B	~~164.~~163. An entity shall base the note disclosures in paragraph 162 [IFRS 18.127] on the information provided internally to key management personnel.	

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IFRS 18.129 IPSAS 1.148C	~~165.~~164. An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or would distort a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject.	
	Puttable Financial Instruments Classified as Net Assets/Equity	CP paragraphs 6.16-6.19
IFRS 7.19A IPSAS 1.148D	~~166.~~165. For puttable financial instruments classified as equity instruments in accordance with paragraphs ~~16A–16B of IAS 32~~15–16 of IPSAS 28, *Financial Instruments: Presentation*, an entity shall disclose (to the extent not disclosed elsewhere): (a) Summary quantitative data about the amount classified as net assets/equity; (b) Its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period; (c) The expected cash outflow on redemption or repurchase of that class of financial instruments; and (d) Information about how the expected cash outflow on redemption or repurchase was determined.	
IFRS 7.19B IPSAS 1.95A	~~167.~~166. If an entity has reclassified any of the following financial instruments between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification: (a) A puttable financial instrument classified as an equity instrument applying paragraphs ~~16A–16B of IAS 32~~15–16 of IPSAS 28; or (b) An instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument applying paragraphs ~~16C–16D of IAS 32~~17–18 of IPSAS 28.	
	Other Disclosures	CP paragraphs 6.16-6.19
IFRS 18.130 IPSAS 1.98	~~168.~~167. **An entity shall either present in the statement of financial position or the statement of changes in net assets/equity or disclose in the notes:** (a) **For each class of share capital:** (i) **The number of shares ~~authorised~~authorized;** (ii) **The number of shares issued and fully paid, and issued but not fully paid;**	

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	(iii) **Par value per share, or a statement that the shares have no par value;** (iv) **A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;** (v) **The rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital;** (vi) **Shares in the entity held by the entity or by its ~~subsidiaries~~ controlled entities or associates; and** (vii) **Shares reserved for issue under options and contracts for the sale of shares, including terms and amounts; and** (b) **A description of the nature and purpose of each reserve within net assets/equity.**	
IFRS 18.131	~~169.~~168. **An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 167(a) [IFRS 18.130(a)], showing changes during the reporting period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.**	
IFRS 18.132 IPSAS 1.149	~~170.~~169. **An entity shall disclose in the notes:** (a) **The amount of dividends, or similar distributions, proposed or declared before the financial statements were ~~authorised~~ authorized for issue but not ~~recognised~~ recognized as an ownership distribution ~~to owners~~ during the reporting period, and the related amount per share; and** (b) **The amount of any cumulative preference dividends, or similar distributions, not ~~recognised~~recognized.**	
Application Guidance		
	Objective	
IPSAS 1.60	AG1. Paragraph 1 provides that the objective of this [draft] Standard is to set out requirements for the presentation of information in general purpose financial statements (financial statements). This [draft] Standard sometimes uses the term *presentation* 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 Standards. Unless specified to the contrary elsewhere in this [draft] Standard, or in another IPSAS Standard, 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).	
	Objective of Financial Statements	CP paragraphs 2.4-2.8
IPSASB Conceptual	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	

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Framework 2.17, ~~CF~~ BC2.22		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).	
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.	• This guidance is relocated to Application Guidance, as it is intended to encourage disclosures.
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.	• This guidance is relocated to Application Guidance, as it is intended to encourage disclosures.
IPSASB Conceptual Framework 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; it's 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
	A Complete Set of Financial Statements		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, *Presentation of Budget Information in Financial Statements*.	• This guidance explains the context for the requirements in the core text and, therefore, is more appropriate to be included in the Application Guidance.
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	• This guidance is relocated to

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	separately made publicly available. This [draft] 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: (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 (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.	Application Guidance, as it is intended to encourage disclosures.
	The Roles of the Primary Financial Statements and Notes	CP paragraphs 2.14-2.19
	Information Disclosed in the Notes	
IFRS 18.B6	AG8. Applying paragraph 25(a) [IFRS 18.17(a)], 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: (a) Disaggregation of the line items displayed in the primary financial statements; (b) Descriptions of the characteristics of the line items displayed in the primary financial statements; and (c) Information about the methods, assumptions and judgements used in recognizing, measuring and displaying the items included in the primary financial statements.	
IFRS 18.B7	AG9. Applying paragraph 25(b) [IFRS 18.17(b)], an entity supplements the primary financial statements with additional information necessary to achieve the objective of financial statements—that is: (a) Information specifically required by IPSAS Standards (see paragraph 27 [IFRS 18.19])—for example: (i) Information required by IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* about an entity's unrecognized contingent assets and contingent liabilities; and (ii) Information required by IPSAS 30, *Financial Instruments: Disclosures* about an entity's exposure to various types of risks, such as credit risk, liquidity risk and market risk; and (b) Information additional to that specifically required by IPSAS Standards (see paragraph 28 [IFRS 18.20]).	
	Information Displayed in the Primary Financial Statements	
IFRS 18.B8	AG10. Paragraph 31 [IFRS 18.23] explains that an entity need not display separately a line item in a primary financial statement if doing so is not	

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	necessary for the statement to provide a useful structured summary, even if the line item is required by IPSAS Standards. For example, an entity need not display a line item listed in paragraph 102 [IFRS 18.75] 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 [IFRS 18.103] 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 [IFRS 18.75 and 103], it shall disclose the items in the notes if the resulting information is material (see paragraph 68 [IFRS 18.42]).	
IFRS 18.B9	AG11. Conversely, applying paragraph 32 [IFRS 18.24], an entity shall display additional line items to those listed in paragraphs 102 and 122 [IFRS 18.75 and 103] 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, liabilities and net assets/equity (see paragraphs AG87–AG88 and AG115–AG117 [IFRS 18.B78-B79 and B109-111).	
	Identification of Financial Statements	CP paragraphs 2.20-2.21
IFRS 18.B10 IPSAS 1.64 (consistent)	AG12. Paragraph 33 [IFRS 18.25] 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.	
	General Requirements for Financial Statements	
	Material Information	CP paragraphs 2.33-2.34
n/a – new paragraph	AG14. Paragraph 23 sets out that to achieve the objectives of this [draft] Standard, an entity need only display in the primary financial statements or disclose in the notes material information (as defined in paragraph 8).	• This paragraph is used to link the application guidance on material information to requirements in the core text.
IPSAS 1.12A	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	• This paragraph was added to IPSAS 1 by *Definition of Material*

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IFRS 18.B2-B3	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: (a) Information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear; (b) Information regarding a material item, transaction or other event is scattered throughout the financial statements; (c) Dissimilar items, transactions or other events are inappropriately aggregated; (d) Similar items, transactions or other events are inappropriately disaggregated; and (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.	*(Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)* Pronouncement. Refer to paragraphs 2.33–2.34 in Chapter 2 of the CP.
IPSAS 1.13 IFRS 18.B4	AG16. Assessing whether information could reasonably be expected to influence the discharge of accountability by the entity, or decisions made by primary users of a specific reporting entity's general purpose financial statements, requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.	• This paragraph was amended by *Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)* Pronouncement. Refer to paragraphs 2.33–2.34 in Chapter 2 of the CP.
IPSAS 1.13A IFRS 18.B5	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~~ analyze 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.	• This paragraph was added to IPSAS 1 by *Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)* Pronouncement. Refer to paragraphs 2.33–2.34 in Chapter 2 of the CP
	Consistency of Presentation	CP paragraphs 2.41-2.44
IFRS 18.B12 IPSAS 1.44 (consistent)	AG18. Paragraph 57(a) [IFRS 18.30(a)] requires an entity to change the presentation or classification of items in the financial statements if it is apparent that another presentation or classification would be more appropriate. An entity is permitted to change the presentation or	

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	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 presentation 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 [IFRS 18.33-34].	
IPSAS 1.43	AG19. 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.	.
	Comparative Information	CP paragraphs 2.35-2.40
	Required Comparative Information	
IFRS 18.B13 IPSAS 1.54 ~~(consistent)~~	AG20. 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.	
	Additional Comparative Information	
IFRS 18.B14	AG21. An entity may choose to provide comparative information in addition to the comparative information required by IPSAS Standards, as long as that information is prepared in accordance with IPSAS Standards. This comparative information may consist of one or more of the primary financial statements referred to in paragraph 20 [IFRS 18.10] 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	AG22. For example, when applying 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.	

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	Changes in Accounting Policy, Retrospective Restatement or Reclassification	
IFRS 18.35 IPSAS 1.57 ~~(consistent)~~	AG23. Paragraph 60 [IFRS 18.33] requires an entity to reclassify comparative amounts if the entity changes the presentation 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, 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.	
	Aggregation and Disaggregation	
	Principles of Aggregation and Disaggregation	CP paragraphs 2.41-2.44
	Process of Aggregation and Disaggregation	
IFRS 18.B16	AG24. 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	AG25. To apply the requirements in paragraph 67 [IFRS 18.41], 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: (a) Identify the assets, liabilities, net assets/equity, revenue, expenses, and cash flows that arise from individual transactions or other events; (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 (c) Disaggregate items based on dissimilar characteristics: (i) In the primary financial statements, as necessary to provide useful structured summaries (as described in paragraph 24 [IFRS 18.16]); and (ii) In the notes, as necessary to provide material information (as described in paragraph 25 [IFRS 18.17]).	
IFRS 18.B18	AG26. An entity may apply the steps in paragraphs AG25(a)–AG25(c) [IFRS 18.B17(a)-B17(c)] in varying order to apply the principles of aggregation and disaggregation in paragraph 67 [IFRS 18.41].	

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	Basis for Aggregation and Disaggregation	
IFRS 18.B19	AG27. Paragraphs AG24–AG26 [IFRS 18.B16-B18] 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 [IFRS 18.B78 and B110] set out examples of characteristics an entity considers in making its judgements.	
IFRS 18.B20 IPSAS 1.46 (consistent)	AG28. 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 [IFRS 18.16]) or the notes (that is, to provide material information as described in paragraph 25 [IFRS 18.17]). 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.	
IFRS 18.B21 IPSAS 1.46 (consistent)	AG29. 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 IPSAS 1.46 (consistent)	AG30. Applying paragraph 67 [IFRS 18.41], 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	AG31. The following illustrates how items that have dissimilar characteristics may be disaggregated: (a) Financial instruments: 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	• This paragraph includes a new sub-bullet to provide a public sector-specific example.

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	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. (b) Property, plant, and equipment: After initial recognition, when an entity chooses to measure an 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~~ Property, plant, and equipment 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~~ property, plant, and equipment 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~~ property, plant, and equipment based on their measurement bases. That disaggregation results in a line item comprising ~~PPE~~ property, plant, and equipment items measured at current operational value and a line item comprising ~~PPE~~ property, plant, and equipment items measured at fair value if the resulting information were material.	
	Description of Items	
IFRS 18.B24	AG32. Paragraph 69 [IFRS 18.43] requires an entity to label and describe items presented 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: (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; (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 (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) [IFRS 18.B26(b)].	

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IFRS 18.B25	AG33. An entity shall label items presented as 'other' only if it cannot find a more informative label. Examples of how an entity might find a more informative label are: (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 (b) If items for which information is not material are aggregated: (i) Aggregating items that share similar characteristics and describing them in a way that faithfully represents the similar characteristics; or (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.	
IFRS 18.B26	AG34. If an entity cannot find a more informative label than 'other': (a) For any aggregation—the entity shall use a label that describes the aggregated item as precisely as possible, for example, 'other operating expenses'. (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: (i) An explanation that no items for which information would be material are included in the amount; or (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.	
	Offsetting	CP paragraphs 2.41-2.44
IFRS 18.B27 IPSAS 1.50 ~~(consistent)~~	AG35. Paragraph 70 [IFRS 18.44] prohibits an entity from offsetting assets and liabilities or revenue and expenses unless required or permitted by an IPSAS Standard. For example, IPSAS 47, *Revenue* 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 revenue-generating activities. The entity would display in the primary financial statements or disclose in the notes the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example: (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	

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	deducting from the amount of consideration on disposal the carrying amount of the asset and related selling expenses; and (b) An entity may net expenditure related to a provision that is recognized in accordance with IPSAS– 19 and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.	
IFRS 18.B28 IPSAS 1.51 ~~(consistent)~~	AG36. 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 [IFRS 18.47-68]. However, an entity shall disclose such gains and losses separately in the notes if doing so provides material information.	
	Statement of Financial Performance	**Related to Chapter 4 of CP**
	Categories in the Statement of Financial Performance	CP paragraphs 4.6–4.33
IFRS 18.B29	AG37. Paragraph 76 [IFRS 18.47] requires an entity to classify revenue and expenses included in the statement financial performance in one of five categories. The operating category comprises all revenue and expenses included in the statement of financial performance that are not classified in the other categories (see paragraph 81 [IFRS 18.52]). Revenue and expenses classified in the discontinued operations category applying paragraph 97 [IFRS 18.68] are not subject to the requirements for classifying items of revenue and expense in the categories listed in paragraphs 76(a)–(d) [IFRS 18.47(a)–(d)]. ~~Revenue and e~~Expenses classified in the income taxes category applying paragraph 96 [IFRS 18.67] are not subject to the requirements for classifying items of revenue and expense in the categories listed in paragraphs 76(a)–(c) [IFRS 18.47(a)–(c)].	
n/a – new paragraph	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 judg~~e~~ment to determine the appropriate category for revenue and expenses: (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. (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 judg~~e~~ment and consider the nature, substance, and materiality of their tax revenue when applying the categorization requirements in paragraphs 81–97.	• This paragraph was added to provide public sector-specific guidance. Refer to paragraph 4.23 of the CP. .

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	(c) Applying IPSAS 46, *Measurement* 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.	
	Assessment of Specified Main Operating Activities	CP paragraphs 4.20–4.22
IFRS 18.B30	AG39. Paragraph 78 [IFRS 18.49] requires an entity to assess whether it invests in assets or provides financing to other parties as a main operating activity. An entity may have more than one main operating activity. For example, an entity that provides a public service and also provides financing to other parties may determine that both its public service activity and financing activity are main operating activities. To classify revenue and expenses into the categories of operating, investing and financing as required by this [draft] Standard, an entity need only determine whether either of, or both, investing in assets and providing financing to other parties are main operating activities.	
IFRS 18.B31	AG40. Examples of entities that might invest in assets as a main operating activity include: (a) Investment entities as defined by IPSAS 35, *Consolidated Financial Statements*; (b) Investment property companies; and (c) Insurers.	
IFRS 18.B32	AG41. Examples of entities that might provide financing to other parties as a main operating activity include: (a) Banks and other lending institutions; (b) Entities that provide financing to other parties to enable those parties to access the entity's services; and (c) Lessors that provide financing to other parties in finance leases.	
IFRS 18.B33	AG42. Whether investing in assets or providing financing to other parties is a main operating 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	

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		assets or providing financing to parties is a main operating activity and that assessment shall be based on evidence.	
IFRS 18.B34	AG43.	In general, investing in assets or providing financing to other parties is likely to be a main operating 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 operating surplus or deficit (see paragraph 99) that includes revenue and expenses that would be classified in the investing or financing categories if investing in assets or providing financing to other parties were not main operating activities.	
IFRS 18.B35	AG44.	Evidence that subtotals similar to operating surplus ~~of~~ or deficit described in paragraph 99 are important indicators of operating performance includes using such subtotals to: (a) Explain operating performance externally; or (b) Assess or monitor operating performance internally.	
IFRS 18.B36	AG45.	Information about segments may provide evidence that investing in assets or providing financing to other parties is a main operating activity if an entity applies IPSAS 18, *Segment Reporting*. Specifically: (a) If a reportable segment comprises a single operating activity, this indicates that the performance of the reportable segment is an important indicator of the entity's operating performance and that the operating activity of the reportable segment is a main operating activity of the entity; and (b) If an operating segment comprises a single operating activity, this indicates that the operating activity might be a main operating 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 [IFRS 18.B34].	
IFRS 18.B37	AG46.	An entity shall assess whether investing in assets or providing financing to other parties is a main operating activity for the reporting entity as a whole. Accordingly, the assessment of whether investing in assets or providing financing to other parties is a main operating activity by a reporting entity that is a consolidated group and a reporting entity that is one of the ~~subsidiaries~~ controlled entities in the consolidated group could have different outcomes.	
IFRS 18.B38	AG47.	An entity shall assess whether it invests as a main operating activity in associates, joint ventures and unconsolidated ~~subsidiaries~~ controlled entities not accounted for using the equity method (see paragraphs AG52(b)–(c) and AG53(b)– (c) [IFRS 18.B43(b)–(c) and B44(b)–(c)]) by individual asset or using groups of assets with shared characteristics. If an entity prepares separate financial statements as specified in IPSAS 34, *Separate Financial Statements* 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 measurement basis applying paragraph 12 of IPSAS 34. An entity need not assess whether it invests as a main operating activity in associates, joint ventures and non-	

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	consolidated ~~subsidiaries~~ controlled entities accounted for using the equity method (see paragraphs AG52(a) and AG53(a) [IFRS 18.B43(a) and B44(a)]) because it is required to classify the revenue and expenses from those investments in the investing category (see paragraph~~—~~ 84(a) [IFRS 18.55(a)]).	
IFRS 18.B39	AG48. An entity need not assess whether it invests as a main operating activity in cash and cash equivalents (see paragraph 82(b) [IFRS 18.53(b)]). An entity is required to classify revenue and expenses from cash and cash equivalents in the investing category unless paragraphs 85(a) or 85(b) [IFRS 18.56(a) or 56(b)] apply.	
IFRS 18.B40	AG49. An entity shall assess whether it invests as a main operating activity in other assets that generate a return individually and largely independently of the entity's other resources (see paragraph 82(c) [IFRS 18.53(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 9 of IPSAS 30~~, *Financial Instruments: Disclosures*~~.	
IFRS 18.B41	AG50. An entity shall assess whether investing in assets or providing financing to other parties is a main operating 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 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) [IFRS 18.51(c)(ii)] requires an entity to disclose the amount and classification of items of 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.	
	Operating	CP paragraphs 4.6–4.33
IFRS 18.B42	AG51. The requirements in paragraphs 76–95 [IFRS 18.47–66] result in an entity classifying revenue and expenses from its main operating activities in the operating category of the statement of financial performance, except for any such revenue and expenses from investments accounted for using the equity method. Furthermore, the operating category is not limited to revenue and expenses from an entity's main operating activities. It includes all revenue and expenses that are not classified by an entity in the other categories applying paragraphs 82–97 [IFRS 18.53–68], including such revenue or expenses that are volatile or non-recurring.	
	Investing	CP paragraphs 4.6–4.33
	Investments in Associates, Joint Ventures and Unconsolidated ~~Subsidiaries~~Controlled Entities	

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IFRS 18.B43	AG52. Paragraphs 82 and 84 [IFRS 18.53 and 55] set out requirements for the classification of revenue and expenses from investments in associates and joint ventures. These investments comprise: (a) Investments in associates and joint ventures accounted for using the equity method in accordance with paragraph 22 of IPSAS~~–~~ 36, *Investments in Associates and Joint Ventures* [16 of IAS 28] and paragraph 12(c) of IPSAS 34 [10(c) of IAS 27]; (b) Investments in associates and joint ventures (or a portion thereof) that an entity elects to measure at fair value through ~~profit or loss~~surplus or deficit in accordance with IPSAS 41, *Financial Instruments* applying paragraphs 24–25 of IPSAS 36 [18–19 of IAS 28] and paragraph 13 of IPSAS 34 [11 of IAS 27]; and (c) Investments in associates and joint ventures in separate financial statements that are accounted for at cost applying paragraph 12(a) of IPSAS 34 [10(a) of IAS 27] or in accordance with IPSAS 41 applying paragraph 12(b) of IPSAS 34 [10(b) of IAS 27].	
IFRS 18.B44	AG53. Paragraphs 82 and 84 [IFRS 18.53 and 55] also set out requirements for the classification of revenue and expenses from unconsolidated ~~subsidiaries~~controlled entities. Investments in unconsolidated ~~subsidiaries~~ controlled entities ~~-~~comprise: (a) Investments in ~~subsidiaries~~ controlled entities in separate financial statements accounted for using the equity method in accordance with paragraph 12(c) of IPSAS ~~-~~34 [10(c) of IAS 27]; (b) Investments in ~~subsidiaries~~ controlled entities held by an investment entity that are measured at fair value through surplus or deficit in accordance with paragraph 56 of IPSAS 35 [31 of IFRS 10] and paragraph 14 of IPSAS 34 [11A of IAS 27]; and (c) Investments in ~~subsidiaries~~ controlled entities in separate financial statements that are accounted for at cost applying paragraph 12(a) of IPSAS~~-~~ 34 ~~-~~[10(a) of IAS 27] or in accordance with IPSAS 41 applying paragraph 12(b) of IPSAS 34 [10(b) of IAS 27].	
	Assets that Generate a Return Individually and Largely Independently of the Entity's Other Resources	
IFRS 18.B45	AG54. Paragraph 82(c) [IFRS 18.53(c)] 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	AG55. Assets that generate a return individually and largely independently of the entity's other resources in paragraph 82(c) [IFRS 18.53(c)] typically include: (a) Debt or equity investments accounted for in accordance with IPSAS 41; and (b) Investment properties, and receivables for rent generated by those properties accounted for in accordance with IPSAS 16, *Investment Property*.	• This paragraph includes references to relevant IPSAS Standards, based on the IPSASB's views and considerations summarized in paragraph 4.23(d) of the CP.

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IFRS 18.B47	AG56. Revenue and expenses specified in paragraph 83 [IFRS 18.54] from such assets typically include: (a) Interest; (b) Dividends; (c) Rental revenue; (d) Depreciation; (e) Impairment losses and reversals of impairment losses; (f) Fair value gains and losses; and (g) Revenue and expenses from the derecognition of the asset, or its classification and remeasurement as held for sale (see paragraphs AG69–AG73 [IFRS 18.B60–B64]).	
	Assets that Do Not Generate a Return Individually and Largely Independently of the Entity's Other Resources	
IFRS 18.B48	AG57. Assets that an entity uses in combination to produce or supply goods or services do not generate a return individually and largely independently of the entity's other resources. Such assets typically include: (a) Property, plant and equipment; (b) Assets that arise from the production or supply of goods and services for which the revenue and expenses are classified in the operating category (for example, receivables for such goods and services); and (c) If the entity provides financing to other parties as a main operating activity, any loans to a party.	
IFRS 18.B49	AG58. Revenue and expenses from the assets described in paragraph AG57 [IFRS 18.B48] are classified in the operating category—for example: (a) Revenue for goods or services produced or supplied by the entity using a combination of assets; (b) Interest revenue; (c) Depreciation and amortizsation; (d) Impairment losses and reversals of impairment losses; (e) Revenue and expenses from the derecognition of the asset, or its classification and remeasurement as held for sale (see paragraphs AG69–AG73 [IFRS 18.B60–B64]); and (f) Revenue and expenses arising on a public sector ~~n entity~~ combination that includes assets that will give rise to revenue and expenses that will be classified in the operating category, such as a gain on a bargain purchase and remeasurements of contingent consideration.	

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	Financing	CP paragraphs 4.6–4.33
	Liabilities Arising from Transactions That Involve Only the Raising of Finance	
IFRS 18.B50	AG59. Liabilities arising from transactions that involve only the raising of finance: (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 (b) At a later date, will return in exchange cash or its own equity instruments.	
IFRS 18.B51	AG60. Liabilities arising from transactions that involve only the raising of finance include: (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; (b) A liability under a supplier finance arrangement when the payable for goods or services is ~~derecognised~~derecognized—an entity is discharged of the financial liability for the goods or services and will return cash in exchange; (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 (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.	
IFRS 18.B52	AG61. Examples of revenue and expenses from such liabilities that paragraph 89 [IFRS 18.60] requires an entity to classify in the financing category include: (a) Interest expenses (for example, on debt instruments issued); (b) Fair value gains and losses (for example, on a liability designated at fair value through surplus or deficit); (c) Dividends on issued shares classified as liabilities; and (d) Revenue and expenses from the derecognition of the liability (see paragraph AG70 [IFRS 18.B61]).	
	Liabilities Arising from Transactions That Do Not Involve Only the Raising of Finance	
IFRS 18.B53	AG62. Paragraph 88(b) [IFRS 18.59(b)] requires an entity to identify liabilities that arise from transactions that do not involve only the raising of finance. Such liabilities include: (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) [IFRS 18.B50(a)];	

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	(b) Liabilities—an entity will return goods and services, not cash or its own equity instruments as described in paragraph AG59(b) [IFRS 18.B50(b)]; (c) Lease liabilities—an entity receives a right-of-use asset, not finance in the form described in paragraph AG59(a) [IFRS 18.B50(a)]; (d) Defined benefit pension liabilities—an entity receives employee services, not finance in the form described in paragraph AG59(a) [IFRS 18.B50(a)]; (e) Decommissioning or asset restoration provisions—an entity receives an asset that is not finance in the form described in paragraph AG59(a) [IFRS 18.B50(a)]; and (f) A litigation provision—an entity does not receive finance as described in paragraph AG59(a) [IFRS 18.B50(a)].	
IFRS 18.B54	AG63. Examples of revenue and expenses from such liabilities that paragraph 90 [IFRS 18.61] requires an entity to classify in the financing category include: (a) Interest expenses on payables arising from the purchase of goods or services, applying IPSAS 41; (b) Interest expenses on a binding arrangement liability with a significant financing component as specified by IPSAS 47; (c) Interest expenses on a lease liability, applying IPSAS 43, *Leases*; (d) Net interest expense (revenue) on a net defined benefit liability (asset), applying IPSAS 39, *Employee Benefits*; 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 IPSAS 19, ~~*Provisions, Contingent Liabilities and Contingent Assets*~~.	
IFRS 18.B55	AG64. Examples of revenue 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 [IFRS 18.61], and accordingly are classified in the operating category, include: (a) Expenses ~~recognised~~ recognized for consumption of the purchased goods or services described in paragraph AG63(a) [IFRS 18.B54(a)]; (b) Current and past service cost arising from a defined benefit plan, applying IPSAS 39; and (c) Remeasurements of the fair value of a liability for contingent consideration in a ~~entity~~ public sector combination ~~recognised~~ recognized applying IPSAS 40, *Public Sector Combinations*.	
	Classification of Revenue and Expenses from Hybrid Contracts Containing a Host That is a Liability	
IFRS 18.B56	AG65. How an entity classifies revenue and expenses from a hybrid contract with a host that is a liability depends on whether the embedded derivative is separated from the host contract. If the embedded derivative:	

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(a) Is separated from the host liability:

(i) For the separated host liability—an entity applies the requirements for revenue and expenses from liabilities, as specified in paragraphs 81, 88–90, 93(b) and 94–95 [IFRS 18.52, 59–61, 64(b) and 65–66]; and

(ii) For the separated embedded derivative—an entity applies the requirements for revenue and expenses from derivatives, as specified in paragraphs AG79–AG85 [IFRS 18.B70–B76];

(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 [IFRS 18.52, 60 and 65–66];

(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:

(i) If the host liability is a financial liability within the scope of IPSAS– 41 that is measured at ~~amortised~~amortized cost—an entity classifies in the financing category revenue and expenses specified in paragraph 89 [IFRS 18.60] from the contract after initial recognition (instead of the revenue and expenses specified in paragraph 90 [IFRS 18.61]) (see paragraph AG68 [IFRS 18.B59]);

(ii) If the hybrid contract is an insurance contract within the scope of the relevant international or national accounting standard dealing with insurance contracts—an entity applies the requirements in paragraphs 81 and 93(b) [IFRS 18.52 and 64(b)]; and

(iii) Otherwise—an entity applies the requirements for revenue and expenses from liabilities that arise from such transactions, as specified in paragraphs 81 and 90 [IFRS 18.52 and 61].

IFRS 18.B57

AG66. An entity shall apply paragraphs AG65(b) and AG65(c) [IFRS 18.B56(b) and B56(c)] 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 entity applying paragraph 49 of IPSAS 41 or applying paragraph 51 of IPSAS 41.

Liabilities Arising from Issued Investment Contracts with Participation Features

IFRS 18.B58

AG67. Paragraph 93(a) [IFRS 18.64(a)] sets out requirements for revenue and expenses from liabilities arising from issued investment contracts with participation features ~~recognised~~ recognized applying IPSAS– 41. Examples of such investment contracts are:

(a) An investment contract with participation features issued by an insurer that does not meet the definition in the relevant international or national accounting standard dealing with insurance contracts of an investment contract with discretionary participation features; and

(b) An investment contract with participation features issued by an investment entity.

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	Revenue and Expenses Classified in the Operating Category by an Entity That Provides Financing to Other Parties as a Main Operating Activity	
IFRS 18.B59	AG68. Paragraph 94 [IFRS 18.65] requires an entity that provides financing to other parties as a main operating activity to classify in the operating category revenue and expenses from some or all liabilities that arise from transactions that involve only the raising of finance. 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. An entity shall also apply the requirements in that paragraph to revenue and expenses from a derivative relating to a transaction that involves only the raising of finance specified in paragraph AG82(a) [IFRS 18.B73(a)], but not to the revenue and expenses from a hybrid contract specified in paragraph AG65(c)(i) [IFRS 18.B56(c)(i)].	• This paragraph includes additional public sector-specific guidance, based on the IPSASB's views and considerations summarized in paragraph 4.23(e) of the CP.
	Derecognition and Changes in Classification	CP paragraphs 4.6–4.33
	Derecognition of an Asset or Liability, or Classification and Remeasurement of an Asset as Held for Sale	
IFRS 18.B60	AG69. Paragraphs AG56(g) and AG58(e) [IFRS 18. B47(g) and B49(e)] refer to revenue and expenses from the derecognition of an asset, or its classification as held for sale. An entity shall classify revenue 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 revenue and expenses from the asset immediately before its derecognition. For example, an entity shall classify gains and losses: (a) On the disposal of property, plant and equipment—in the operating category; (b) On the disposal of an investment property that an entity does not invest in as a main operating activity—in the investing category; and (c) From the remeasurement of an investment in an associate previously accounted for using the equity method on the step acquisition of a controlled entity—in the investing category.	
IFRS 18.B61	AG70. An entity shall classify revenue and expenses from the derecognition of a liability by applying the requirements in paragraphs 81 and 88–89 [IFRS 18.52 and 59–60]. For example, the entity classifies revenue and expenses from the derecognition of a liability: (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 other parties as a main operating activity; and	

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	(b) In the operating category—if as part of a supplier finance arrangement an entity ~~derecognises~~ derecognizes a payable to a supplier and ~~recognises~~ recognize a liability under that arrangement.	
	Change in Use of an Asset	
IFRS 18.B62	AG71. A transaction or other event might change the category in the statement of financial performance in which an entity classifies revenue and expenses from an asset, without the asset being ~~derecognised~~derecognized. In such cases, an entity shall classify the revenue and expenses from the transaction or other event in the category in which it classified revenue and expenses from the asset immediately before the transaction or event. For example, an entity shall classify in the operating category any revenue or expenses ~~recognised~~ recognized in the statement of financial performance on the transfer of property from the scope of IPSAS 45, *Property, Plant and Equipment* to investment property in the scope of IPSAS 16.	
	Groups of Assets and Liabilities	
IFRS 18.B63	AG72. Paragraphs AG69–AG71 [IFRS 18.B60–B62] set out requirements for revenue 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 revenue and expenses that an entity classified in different categories immediately before the transaction or other event. An entity shall classify revenue or expenses from such a transaction or other event: (a) In the investing category if, other than any income tax assets, all the assets in the group generated revenue and expenses that the entity classified in the investing category immediately before the transaction or other event; and (b) In the operating category otherwise.	
IFRS 18.B64	AG73. For example, an entity classifies: (a) In the operating category—gains and losses on the disposal of a consolidated controlled entity, if the controlled entity included assets that generated revenue and expenses that the entity classified in the operating category immediately before the disposal. The gains and losses include the reclassification from net assets/equity to surplus or deficit of foreign exchange differences required by paragraph 57 of IPSAS 4, *The Effects of Changes in Foreign Exchange Rates*. (b) In the operating category—an impairment loss arising on the classification of a disposal group as held for sale by the entity applying IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*, if the disposal group included assets that generated revenue and expenses that the entity classified in the operating category immediately before its classification as held for sale. (c) In the investing category—gains and losses on disposal of a consolidated controlled entity, if the only assets of the controlled entity	

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	were investment property that the consolidated reporting entity did not invest in as a main operating activity and related income tax assets. The gains and losses include the reclassification from net assets/equity to surplus or deficit of foreign exchange differences required by paragraph 57 of IPSAS 4.	
	Classification of Foreign Exchange Differences and the Gain or Loss on the Net Monetary Position	CP paragraphs 4.6–4.33
IFRS 18.B65	AG74. To apply paragraph 76 [IFRS 18.47], an entity shall classify foreign exchange differences included in the statement of financial performance applying IPSAS 4 in the same category as the revenue 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 [IFRS 18.B68]).	
IFRS 18.B66	AG75. For example, an entity classifies foreign exchange differences on: (a) A receivable described in paragraph AG57(b) [IFRS 18.B48(b)] denominated in a foreign currency, in the same category as the revenue 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) [IFRS 18.B51(a)] denominated in a foreign currency, in the same category as the revenue and expenses on that liability—that is, in the financing category (unless the entity provides financing to other parties as a main operating activity and classifies the revenue and expenses from the liability in the operating category applying paragraph 94 [IFRS 18.65]).	
IFRS 18.B67	AG76. An entity might classify in more than one category revenue 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) [IFRS 18.B55(a)]) and interest expenses classified in the financing category (see paragraph AG63(a) [IFRS 18.B54(a)]). In such cases, subject to paragraph AG77 [IFRS 18.B68], 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	AG77. If applying the requirements in paragraphs AG74 and AG76 [IFRS 18.B65 and B67] would involve undue cost or effort, an entity shall instead classify the affected foreign exchange differences in the operating category. An	

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	entity shall assess whether classifying foreign exchange differences as described in paragraphs AG74 and AG76 [IFRS 18.B65 and B67] 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	AG78. Applying paragraph 29 of IPSAS 10, *Financial Reporting in Hyperinflationary Economies*, an entity might present the gain or loss on the net monetary position with other revenue and expense items associated with the net monetary position, such as interest revenue and expenses and foreign exchange differences. If the entity does not present the gain or loss on the net monetary position with the associated revenue and expenses, it shall classify the gain or loss in the operating category.	
	Classification of Gains and Losses on Derivatives and Designated Hedging Instruments	CP paragraphs 4.6–4.33
IFRS 18.B70	AG79. Paragraph 76 [IFRS 18.47] requires an entity to classify revenue and expenses in categories in the statement of financial performance. To apply paragraph 76 [IFRS 18.47], an entity shall classify gains and losses included in the statement of financial performance on a financial instrument designated as a hedging instrument applying IPSAS 41 in the same category as the revenue 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 [IFRS 18.B74–B75]).	
IFRS 18.B71	AG80. 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	AG81. An entity shall also apply the requirements in paragraph AG79 [IFRS 18.B70] to gains and losses on a derivative that is not designated as a hedging instrument applying IPSAS 40, but is used to manage identified risks. However, if doing so would require the grossing up of gains or losses (see paragraphs AG83–AG84 [IFRS 18.B74–B75]) 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	AG82. 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 other parties as a main	

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	operating activity classifies the gains and losses in the operating category applying paragraph AG68 [IFRS 18.B59]; and (b) In the operating category, if the conditions in (a) are not met.	
IFRS 18.B74	AG83. Paragraphs AG79 and AG81 [IFRS 18.B70 and B72] 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 146 of IPSAS 41 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 financial performance.	
IFRS 18.B75	AG84. 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 [IFRS 18.B70–B73], 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	AG85. The requirements in paragraphs AG79–AG84 [IFRS 18. B70–B75] specify only how to classify revenue and expenses into categories of the statement of financial performance. They do not prescribe the line item (or line items) in which to include such revenue and expenses, nor do they override the requirements in other IPSAS Standards.	
	Items to be Displayed in the Statement of Financial Performance or Disclosed in the Notes	CP paragraphs 4.38–4.42
IFRS 18.B77	AG86. An entity may be required to display a line item listed in paragraph 102 [IFRS 18.75], or specified in another IPSAS Standard, in more than one of the categories listed in paragraph 76 [IFRS 18.47]. For example, an entity that does not invest in assets or provide financing to other parties as a main operating activity may be required to display the line item specified in paragraph 102(b)(ii) [IFRS 18.75(b)(ii)] of impairment losses determined in accordance with Section *Impairment* of IPSAS 41 in: (a) The operating category—if it relates to receivables for goods and services as described in paragraph AG57(b) [IFRS 18.B48(b)]; and (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 [IFRS 18.B46].	

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IFRS 18.B78	AG87. Paragraphs 32 and 67(c) [IFRS 18.24 and 41(c)] require an entity to display additional line items in the statement of financial performance if doing so is necessary to provide a useful structured summary of the entity's revenue 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 [IFRS 18.75]). Paragraphs 28 and 67(d) [IFRS 18.20 and 41(d)] require an entity to disaggregate items to disclose material information in the notes. An entity also uses its judgement to make this determination. Paragraph 67 [IFRS 18.41] 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: (a) Nature (see paragraph 110 [IFRS 18.80]); (b) Function (role) within the entity's operating activities (see paragraph 111 [IFRS 18.81]); (c) Source of revenue or funding; (d) Persistence (including the frequency of the item of revenue or expense or whether it is recurring or non-recurring); (e) Measurement model or basis; (f) Measurement uncertainty or outcome uncertainty (or other risks associated with an item); (g) Size; (h) Geographical location or regulatory environment; (i) Tax effects (for example, if different tax rates apply to items of revenue or expense); and (j) Whether the revenue or expenses arise on initial recognition of a transaction or event or from a subsequent change in estimate relating to the transaction or event.	• This paragraph includes public sector-specific characteristics, because public sector entities may have multiple revenue sources.
IFRS 18.B79 IPSAS 1.107 (consistent)	AG88. Revenue and expenses that might have sufficiently dissimilar characteristics that display in the statement of financial performance is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include: (a) Write-downs of inventories, as well as reversals of such write-downs; (b) Impairment losses for property, plant and equipment, as well as reversals of such impairment losses; (c) Revenue and expenses from restructurings of an entity's activities and reversals of any provisions for restructuring; ~~(c)~~(d) Disposals of tangible natural resources held for conservation; ~~(d)~~(e) Revenue and expenses from disposals of property, plant and equipment; ~~(e)~~(f) Revenue and expenses from disposals of investments;	• This paragraph includes a new line item for tangible natural resources held for conservation to reflect amendments to IPSAS 1 by IPSAS 51, *Tangible Natural Resources Held for Conservation*.

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	~~(f)~~(g) Revenue and expenses from litigation settlements; ~~(g)~~(h) Reversals of provisions; and ~~(h)~~(i) Non-recurring revenue and expenses not included in (a)–~~(h)(h)(gh)~~.	
	Presentation of Expenses Classified in the Operating Category	CP paragraphs 4.43–4.47
	Use of Characteristics of Nature and Function *[Note: Text in [ ] is subject to constituents' views regarding Specific Matter for Comment ~~[X]~~(SMC) 1 in the Consultation Paper, on whether to permit mixed presentation of expenses similar to IFRS 18]*	
IFRS 18.B80 IPSAS 1.116 (consistent)	AG89. In determining how to use the characteristics of nature and function to provide the most useful structured summary as required by paragraph 108 [IFRS 18.78], an entity shall consider: (a) What line items provide the most useful information about the main components or drivers of the entity's financial performance. For example, for a public hospital a main component or driver of financial performance might be cost of providing healthcare service. 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); (b) What line items most closely represent the way the operation is managed and reported internally. For example, a national government ~~entity~~ managed on the basis of major functions might classify expenses by function for public sector reporting purposes. In contrast, an entity that has a single predominant function, such as providing social housing service, might determine that line items comprising expenses classified by nature provide the most useful information for internal reporting purposes; (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; (d) 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; and	• This paragraph includes public sector-specific guidance. Refer to paragraph 4.45(c) of the CP.

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	(e) 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.	
IFRS 18.B81	AG90. [In some cases, an entity considering the factors set out in paragraph AG89 [IFRS 18.B80] could determine that classifying and presenting some expenses by nature and other expenses by function provides the most useful structured summary. For example: (a) The factors in paragraphs AG89(a)–(b) [IFRS 18.B80(a)–(b)] 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) [IFRS 18.B80(d)]); and (b) An entity having two different types of main operating activities might classify and present some expenses by function and other expenses by nature to provide information about the main drivers of its profitability].	• This illustrative guidance is subject to constituent feedback on whether to permit mixed presentation of operating expenses.
IFRS 18.B82	AG91. [If an entity classifies and presents some expenses by nature and other expenses by function in the statement of financial performance, 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')].	• This illustrative guidance is subject to constituent feedback on whether to permit mixed presentation of operating expenses.
IFRS 18.B83	AG92. Applying paragraph 57 [IFRS 18.30], an entity shall classify and present expenses consistently from one reporting period to the next unless paragraphs 57(a) or 57(b) [IFRS 18.30(a) or 30(b)] 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) [IFRS 18.30(a) or 30(b)] 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.	
IFRS 18.B84	AG93. An entity will either present expenses by nature, or applying paragraph 113 [IFRS 18.83], disclose some expenses by nature. The amounts presented need not be the amounts ~~recognised~~ recognized as an expense in the period. They could include amounts that have been ~~recognised~~ recognized as part of the carrying amount of an asset. If an entity: (a) Displays amounts that are not the amounts ~~recognised~~ recognized as an expense in the period, it will also display an additional line item for the change in the carrying amount of the affected assets. For example, applying paragraph 50 of IPSAS 12, *Inventories*, an entity might display a line item for changes in inventories of finished goods and work in progress.	

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	(b) Discloses, applying paragraph 113(b) [IFRS 18.83(b)], amounts that are not the amounts ~~recognised~~ recognized as an expense in the period, the entity shall give a qualitative explanation of that fact, identifying the assets involved.	
	Aggregation of Operating Expenses	
IFRS 18.B85 IPSAS 1.116 (consistent)	AG94. To apply paragraph 108 [IFRS 18.78], 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 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 service-providing activities. These expenses have a dissimilar characteristic from the administrative expenses—service-providing expenses arise from resources consumed in service-providing activities and administrative expenses arise from resources consumed in administrative activities. These characteristics are sufficiently dissimilar that disaggregation—presentation in separate line items for service-providing expenses and administrative expenses—might be necessary to provide a useful structured summary of the entity's expenses.	
	Statement of Financial Position	**Related to Chapter 3 of CP**
	Classification of Assets and Liabilities	CP paragraphs 3.6-3.32
IFRS 18.B90 IPSAS 1.72 ~~(consistent)~~	AG95. In applying paragraph 116 [IFRS 18.96], 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.	
IFRS 18.B91 IPSAS 1.73 (consistent)	AG96. For some public sector entities, such as financial institutions, a presentation 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.	
IFRS 18.B92 IPSAS 1.74 ~~IFRS 18.B92~~	AG97. In applying paragraph 116 [IFRS 18.96], an entity 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.	

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IFRS 18.B93 IPSAS 1.75 (consistent)	AG98. 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.	
	Current Assets	
IFRS 18.B94 IPSAS 1.77 ~~(consistent)~~	AG99. Paragraph 119 [IFRS 18.100] requires an entity to classify as non-current all assets not classified as current. This [draft] 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)	AG100. 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)	AG101. 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 and the current portion of non-current financial assets.	
	Current Liabilities	
	Normal Operating Cycle (see paragraph 120(a) [IFRS 18.101(a)])	
IFRS 18.B96 IPSAS 1.81 (consistent)	AG102. Some current liabilities, such as trade payables 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.	

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	Held Primarily for the Purpose of Trading (see paragraph 120(b) [IFRS 18.101(b)]) or Due to be Settled within Twelve months (see paragraph 120(c) [IFRS 18.101(c)])	
IFRS 18.B97 IPSAS 1.82 ~~(consistent)~~	AG103. 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 [IFRS 18.B99-B103].	
IFRS 18.B98 IPSAS 1.83 (consistent)	AG104. An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if: (a) The original term was for a period longer than twelve months; and (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.	
	Right to Defer Settlement for at Least Twelve Months (paragraph 120(d) [IFRS 18.101(d)])	
IFRS 18.B99 IPSAS 1.83A (consistent)	AG105. 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 [IFRS 18.B100–B103], must exist at the end of the reporting period.	
IFRS 18.B100 IPSAS 1.83B (consistent)	AG106. 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) [IFRS 18.101(d)], such covenants: (a) Affect whether that right exists at the end of the reporting period—as illustrated in paragraphs AG108–AG109 [IFRS 18.B102-B103]—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). (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).	

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IFRS 18.B101 IPSAS 1.84 (consistent)	AG107. 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.	
IFRS 18.B102 IPSAS 1.85 (consistent)	AG108. 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.	
IFRS 18.B103 IPSAS 1.86 (consistent)	AG109. 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 can rectify the breach and during which the lender cannot demand immediate repayment.	
IFRS 18.B104 IPSAS 1.86A (consistent)	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)	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, *Events after the Reporting Period*: (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]).	

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IFRS 18.B106 IPSAS 1.87A (consistent)	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: (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. (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.	
	Settlement (paragraphs 120(a), 120(c) and 120(d)) [IFRS 18.101(a), 101(c) and 101(d)]	
IFRS 18.B107 IPSAS 1.87B ~~(consistent)~~	AG113. 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: (a) Cash or other economic resources—for example, goods or services; or (b) The entity's own equity instruments, unless paragraph AG114 [IFRS 18.B108] applies.	
IFRS 18.B108 IPSAS 1.87C ~~(consistent)~~	AG114. 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, *Financial Instruments: Presentation*, the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.	
	Items to be Displayed in the Statement of Financial Position or Disclosed in the Notes	CP paragraphs 3.33-3.52
IFRS 18.B109 IPSAS 1.91–92 (consistent)	AG115. Paragraph 32 and 67(c) [IFRS 18. 24 and 41(c)] 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 judg~~e~~ment to make this determination (including whether it is necessary to disaggregate the line items listed in paragraph 122 [IFRS 18.103]). Paragraph 67 [IFRS 18.41] requires the entity to base its judg~~e~~ments on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar	

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	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 paragraphs AG116(c)–(j) [IFRS 18.B110(c)–(k)] might assist an entity in identifying the nature or function of assets and liabilities.	
IFRS 18.B110	AG116. Paragraphs 28 and 67(d) [IFRS 18.20 and 41(d)] 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: (a) Nature; (b) Function (role) in the entity's activities; (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); (d) Liquidity; (e) Measurement model or basis; (f) Measurement uncertainty or outcome uncertainty (or other risks associated with an item); (g) Size; (h) Geographical location or regulatory environment; (i) Type, for example, the type of good or service; and (j) Restrictions on the use of an asset or on the transferability of a liability.	
IFRS 18.B111 IPSAS 1.93-94 (consistent)	AG117. Assets, liabilities and items of net assets/equity that might have sufficiently dissimilar characteristics that display 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: (a) Property, plant and equipment disaggregated into classes in accordance with IPSAS 45~~, *Property, Plant and Equipment*~~; ~~(a)~~(b) Tangible natural resources held for conservation disaggregated into classes in accordance with IPSAS 51, *Tangible Natural Resources Held for Conservation*; ~~(b)~~(c) Receivables disaggregated into amounts receivable from user charges, taxes and other revenue transactions, related parties, prepayments and other amounts; ~~(c)~~(d) Inventories disaggregated, applying IPSAS 12~~, *Inventories*~~, into items such as merchandise, production supplies, materials, work in progress, and finished goods; ~~(d)~~(e) Payables disaggregated into amounts payable from tax refunds, transfers, exchange transactions, related parties, income in advance, and other expense amounts;	• This paragraph includes a new sub-bullet to reflect amendments to IPSAS 1 by IPSAS 51, *Tangible Natural Resources Held for Conservation*.

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	~~(e)~~(f) Social benefit liabilities disaggregated into separate social benefit schemes where these are material; ~~(f)~~(g) Provisions disaggregated according to their nature, such as, provisions for employee benefits, decommissioning liabilities, or other items; and ~~(g)~~(h) Components of net assets/equity disaggregated into contributed capital, accumulated surpluses, and any reserves.	
	Notes	**Related to Chapter 6 of CP**
	Structure	CP paragraphs 6.4-6.7
IFRS 18.B112 IPSAS 1.129 (consistent)	AG118. Paragraph 140 [IFRS 18.114] requires an entity to present notes in a systematic manner, so far as is practicable. Examples of systematic ordering or grouping of the notes include: (a) Giving prominence to the areas of its activities that an entity considers to be most important to an understanding of its financial performance and financial position, such as grouping together information about particular business activities; (b) Grouping together information about items measured similarly, such as grouping assets measured at current operational value separately from assets measured at fair value; or (c) Following the order of the line items in the statement~~(s)~~ of financial performance and the statement of financial position, such as: (i) S~~s~~tatement of compliance with ~~IFRS~~ IPSAS ~~Accounting~~ Standards (see paragraph 37 [6B of IAS 8]); (ii) M~~m~~aterial accounting policy information (see paragraph 143 [27A of IAS 8]); (iii) S~~s~~upporting information for items presented in the statement of financial position, the statement~~(s)~~ of financial performance, the statement of changes in net assets/equity and the statement of cash flows, in the order in which each statement is provided and each line item is presented; and (iv) O~~o~~ther disclosures, including: (1) C~~c~~ontingent liabilities (see ~~IAS 37~~IPSAS 19) and ~~unrecognised~~ unrecognized contractual commitments; and (2) N~~n~~on-financial disclosures—for example an entity's financial risk management objectives and policies (see ~~IFRS 7~~IPSAS 30).	

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