IFRS Accounting

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IFRS 18

IFRS® Accounting Standard

Illustrative Examples on Presentation and Disclosure in Financial Statements

International Accounting Standards Board

Illustrative Examples on

IFRS 18

Presentation and Disclosure in Financial Statements

These *Illustrative Examples* accompany IFRS 18 *Presentation and Disclosure in Financial Statements* (published April 2024; see separate booklet) and are issued by the International Accounting Standards Board (IASB).

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Illustrative Examples on IFRS 18 *Presentation and Disclosure in Financial Statements*

These examples accompany, but are not part of, IFRS 18. They illustrate aspects of IFRS 18 but are not intended to provide interpretative guidance.

Introduction

IE1 IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements. These examples are not intended to illustrate all aspects of the presentation and disclosure requirements in IFRS 18, nor do they illustrate a complete set of financial statements.

IE2 As discussed in paragraphs 6–7, 11–12, 106 and 114 of IFRS 18, an entity is permitted to change the order of presentation or disclosures, the titles of financial statements and the descriptions used, provided it complies with the requirements in IFRS Accounting Standards for the presentation and disclosure of information.

IE3 The examples are structured in three parts:

(a) Part I—examples of presentation and disclosure. This part sets out examples of the statements of financial performance, financial position and changes in equity for an entity that does not invest in assets as a main business activity, nor provide financing to customers as a main business activity. Therefore, the requirements in paragraphs 49–51, 55–58 and 65–66 of IFRS 18 are not applicable to this entity. This part also provides examples of some disclosures in the notes.

(b) Part II—additional examples of the statement of profit or loss. This part sets out another example of the statement of profit or loss for an entity that does not invest in assets as a main business activity, nor provide financing to customers as a main business activity. This part also sets out examples of the statement of profit or loss for an entity that either provides financing to customers as a main business activity or invests in assets as a main business activity, or both. Such an entity applies the requirements in paragraphs 49–51 and the requirements in either paragraphs 55–58 or paragraphs 65–66 of IFRS 18, or both, and classifies some income and expenses in the operating category that an entity without such specified main business activities would classify in the investing or financing categories.

(c) Part III—capital disclosures. The examples in this part illustrate the application of paragraphs 126–128 of IFRS 18.

IE4 Part I and Part II include context-setting paragraphs that precede illustrated presentations or disclosures. Those paragraphs are intended to enable a reader to better understand the context in which the illustrated presentations or disclosures are given. Monetary amounts in Part I, Part II and Part III are denominated in 'currency units' (CU).

Part I—Examples of presentation and disclosure

IE5 XYZ Group is a manufacturer that does not invest in assets as a main business activity, nor provide financing to customers as a main business activity. Part I provides examples of some of XYZ Group's primary financial statements and notes, specifically:

(a) statements of financial performance (a statement of profit or loss and a statement presenting comprehensive income);

(b) a statement of financial position;

(c) a statement of changes in equity;

(d) Note 1—Specified expenses by nature (see paragraph 83 of IFRS 18);

(e) Note 2—Management-defined performance measures (see paragraphs 122–123 of IFRS 18);

(f) Note 3—Analysis of reclassification adjustments (see paragraph 90 of IFRS 18); and

(g) Note 4—Analysis of tax effects relating to each component of other comprehensive income (see paragraph 93 of IFRS 18).

IE6 This part does not illustrate XYZ Group's complete set of financial statements. For instance, Part I excludes examples of:

(a) a statement of cash flows. The illustrative examples accompanying IAS 7 *Statement of Cash Flows* provide examples of the statement of cash flows for an entity.

(b) a third statement of financial position as at the beginning of the preceding reporting period. XYZ Group is required to present such a statement as at 1 January **20X1** because it has made a retrospective adjustment of retained earnings as at that date, as illustrated in the statement of changes in equity (see paragraph 37 of IFRS 18).

(c) other disclosures required by IFRS Accounting Standards. In a complete set of financial statements, an entity is required to cross-reference each item in the primary financial statements to any related information in the notes (see paragraph 114 of IFRS 18), and is likely to cross-reference between related notes.

IE7 For the purpose of the examples in this part:

(a) XYZ Group has presented profit or loss and other comprehensive income in two statements (see paragraph 12(b) of IFRS 18). Items of other comprehensive income included in the statement presenting comprehensive income are presented before tax effects, with one amount shown for the aggregate amount of income tax relating to those items in each category (see paragraphs 94(b) and 95 of IFRS 18).

(b) XYZ Group has concluded that the most useful structured summary of its expenses is provided by presenting in the operating category of the statement of profit or loss some expenses classified by function and other expenses classified by nature (see paragraphs 78, B80–B82 and B85 of IFRS 18). Presenting expenses by function most closely represents the way the business is managed and how management reports internally, and is standard practice within the industry in which XYZ Group operates. However, XYZ Group presents goodwill impairment loss separately because any allocation to function line items would be arbitrary and would therefore not provide a faithful representation of the functions. XYZ Group has also concluded that presenting the additional subtotals gross profit, profit before income taxes and profit from continuing operations provides a useful structured summary of its income and expenses.

(c) XYZ Group has concluded that presenting a statement of financial position distinguishing current items from non-current items provides the most useful structured summary of its assets and liabilities (see paragraph 96 of IFRS 18).

Statement of profit or loss

XYZ Group—Statement of profit or loss for the year ended 31 December 20X2

			(in thousands of CU)
	Note	**20X2**	**20X1**
Revenue		367,000	353,100
Cost of sales	1	(241,600)	(224,100)
Gross profit		**125,400**	**129,000**
Other operating income	2	12,200	4,100
Selling expenses	1	(28,900)	(27,400)
Research and development expenses	1, 2	(25,100)	(25,900)
General and administrative expenses	1, 2	(20,900)	(22,400)
Goodwill impairment loss	1, 2	(4,500)	—
Other operating expenses		(1,200)	(5,600)
Operating profit	2	**57,000**	**51,800**
Share of profit and gains on disposal of associates and joint ventures[(a)]	2	5,300	7,300
Profit before financing and income taxes		**62,300**	**59,100**
Interest expenses on borrowings and lease liabilities		(13,000)	(13,200)
Interest expenses on pension liabilities and provisions		(6,500)	(6,000)
Profit before income taxes		**42,800**	**39,900**
Income tax expense	2	(10,700)	(9,975)
Profit from continuing operations	2	**32,100**	**29,925**
Loss from discontinued operations		—	(5,500)
PROFIT		**32,100**	**24,425**
Profit attributable to:			
Owners of the parent		25,680	19,540
Non-controlling interests		6,420	4,885
		32,100	24,425
Earnings per share from continuing operations:			
Basic and diluted		0.67	0.66
Earnings per share:			
Basic and diluted		0.67	0.54

(a) Share of profit of associates and joint ventures means the share of associates' and joint ventures' profit attributable to owners of the associates and joint ventures after tax and non-controlling interests in the associates and joint ventures.

Statement presenting comprehensive income

XYZ Group—Statement presenting comprehensive income for the year ended 31 December 20X2

			(in thousands of CU)
	Note	**20X2**	**20X1**
Profit		**32,100**	**24,425**
Income and expenses that will not be reclassified to profit or loss:			
Gains (losses) on remeasurements of defined benefit plans		6,700	(4,600)
Share of other comprehensive income of associates and joint ventures[a]		(2,200)	3,300
Income tax relating to income and expenses that will not be reclassified to profit or loss	4	(1,675)	1,150
Total income and expenses that will not be reclassified to profit or loss		**2,825**	**(150)**
Income and expenses that will be reclassified to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations	3	(5,600)	10,000
Losses on cash flow hedges	3	(1,200)	(4,000)
Income tax relating to income and expenses that will be reclassified to profit or loss when specific conditions are met	4	1,700	(1,500)
Total income and expenses that will be reclassified to profit or loss when specific conditions are met		**(5,100)**	**4,500**
Other comprehensive income, net of tax	4	**(2,275)**	**4,350**
TOTAL COMPREHENSIVE INCOME		**29,825**	**28,775**
Total comprehensive income attributable to:			
Owners of the parent		23,420	23,680
Non-controlling interests		6,405	5,095
		29,825	28,775

(a) Share of other comprehensive income of associates and joint ventures means the share of associates' and joint ventures' other comprehensive income attributable to owners of the associates and joint ventures after tax and non-controlling interests in the associates and joint ventures.

Statement of financial position

XYZ Group—Statement of financial position as at 31 December 20X2

		(in thousands of CU)
Assets	**31 December 20X2**	**31 December 20X1**
Non-current assets		
Property, plant and equipment	312,000	295,600
Goodwill	160,000	164,500
Other intangible assets	158,400	146,500
Investments in associates and joint ventures	20,200	17,400
Total non-current assets	**650,600**	**624,000**
Current assets		
Inventories	55,500	52,500
Trade receivables	34,000	32,000
Cash and cash equivalents	23,400	22,800
Other current assets	4,600	8,575
Total current assets	**117,500**	**115,875**
TOTAL ASSETS	**768,100**	**739,875**

Equity and liabilities	31 December 20X2	31 December 20X1
	(in thousands of CU)	
Equity attributable to owners of the parent		
Share capital	110,000	100,000
Retained earnings	139,720	123,040
Other components of equity	2,480	4,740
Total equity attributable to owners of the parent	**252,200**	**227,780**
Non-controlling interests	41,400	34,995
Total equity	**293,600**	**262,775**
Non-current liabilities		
Borrowings	158,700	147,200
Lease liabilities	85,400	97,500
Pension liabilities	112,000	108,000
Provisions	38,000	32,000
Deferred tax liabilities	4,800	8,600
Total non-current liabilities	**398,900**	**393,300**
Current liabilities		
Borrowings	25,000	28,000
Lease liabilities	14,000	18,000
Payables for goods or services received and other payables	21,800	22,400
Provisions	9,700	10,600
Income taxes payable	5,100	4,800
Total current liabilities	**75,600**	**83,800**
Total liabilities	**474,500**	**477,100**
TOTAL EQUITY AND LIABILITIES	**768,100**	**739,875**

Statement of changes in equity

XYZ Group—Statement of changes in equity as at 31 December 20X2

(in thousands of CU)

	Share capital	Retained earnings	Translation of foreign operations	Defined benefit plans	Share of other comprehensive income of associates and joint ventures	Cash flow hedges	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 20X1	**100,000**	**108,100**	**(2,500)**	**2,600**	**(1,500)**	**2,000**	**208,700**	**29,800**	**238,500**
Changes in accounting policy	—	400	—	—	—	—	400	100	500
Adjusted balance	100,000	108,500	(2,500)	2,600	(1,500)	2,000	209,100	29,900	239,000
Changes in equity for 20X1									
Dividends	—	(5,000)	—	—	—	—	(5,000)	—	(5,000)
Profit or loss	—	19,540	—	—	—	—	19,540	4,885	24,425
Other comprehensive income[(a)]	—	—	6,000	(2,760)	3,300	(2,400)	4,140	210	4,350
Total comprehensive income	—	19,540	6,000	(2,760)	3,300	(2,400)	23,680	5,095	28,775
Balance at 31 December 20X1	**100,000**	**123,040**	**3,500**	**(160)**	**1,800**	**(400)**	**227,780**	**34,995**	**262,775**
Changes in equity for 20X2									
Issue of share capital	10,000	—	—	—	—	—	10,000	—	10,000
Dividends	—	(9,000)	—	—	—	—	(9,000)	—	(9,000)
Profit or loss	—	25,680	—	—	—	—	25,680	6,420	32,100
Other comprehensive income[(a)]	—	—	(3,360)	4,020	(2,200)	(720)	(2,260)	(15)	(2,275)
Total comprehensive income	—	25,680	(3,360)	4,020	(2,200)	(720)	23,420	6,405	29,825
Balance at 31 December 20X2	**110,000**	**139,720**	**140**	**3,860**	**(400)**	**(1,120)**	**252,200**	**41,400**	**293,600**

(a) The amounts included in translation of foreign operations, defined benefit plans, share of other comprehensive income of associates and joint ventures, and cash flow hedges represent other comprehensive income for each component, net of tax and non-controlling interests (where applicable).

Note 1—Specified expenses by nature

This table shows the totals of depreciation, amortisation, employee benefits, impairment losses and write-down of inventories and the amounts related to each line item in the operating category of XYZ Group's statement of profit or loss.

(in thousands of CU)

	20X2	20X1
Depreciation		
Cost of sales	23,710	21,990
Research and development expenses	2,515	2,590
General and administrative expenses	4,975	4,750
Total depreciation	**31,200**	**29,330**
Amortisation		
Research and development expenses	13,840	12,690
Total amortisation	**13,840**	**12,690**
Employee benefits		
Cost of sales	61,640	57,175
Selling expenses	7,515	7,110
Research and development expenses	6,545	6,750
General and administrative expenses	8,920	5,825
Total employee benefits	**84,620**	**76,860**
Impairment losses[(a)]		
Research and development expenses	1,600	1,500
Goodwill impairment loss	4,500	—
Total impairment losses	**6,100**	**1,500**
Write-down of inventories[(a)]		
Cost of sales	2,775	2,625
Total write-down of inventories	**2,775**	**2,625**

(a) The amounts disclosed represent the total of impairment losses and reversals of impairment losses and the total of write-down of inventories and reversals of write-down of inventories.

The amounts disclosed are those the entity recognised as expenses in the statement of profit or loss for the year, except for depreciation and employee benefits.

The amounts disclosed for depreciation are the charge for the year, calculated in accordance with IAS 16 *Property, Plant and Equipment*. The amounts include amounts that have been capitalised by including them in the carrying amount of inventory at the end of the reporting period.

The amounts disclosed for employee benefits are the costs incurred for the year, including pension costs, for employee services, calculated in accordance with IAS 19 *Employee Benefits*. The amounts include amounts that have been capitalised by including them in the carrying amount of inventory at the end of the reporting period.

Note 2—Management-defined performance measures

IE8 This example illustrates XYZ Group's disclosures for its management-defined performance measures. For the purpose of this example XYZ Group has:

(a) disclosed a statement saying adjusted operating profit and adjusted profit from continuing operations provide management's view of XYZ Group's operating profit and profit from continuing operations and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities (see paragraph 122 of IFRS 18).

(b) labelled and described each of its management-defined performance measures in a clear and understandable manner by explaining that it has adjusted operating profit and profit from continuing operations for non-recurring items of income or expense that it does not expect to arise for several future annual reporting periods (see paragraphs 123 and B134–B135 of IFRS 18).

(c) included a description of the aspect of financial performance each management-defined performance measure communicates. The entity explained that, in management's view, adjusted operating profit and adjusted profit from continuing operations provide useful information about XYZ Group's financial performance because they provide information that is helpful in understanding trends in underlying profitability (see paragraphs 123(a), B137(b) and B138–B139 of IFRS 18).

(d) explained how it calculated adjusted operating profit and adjusted profit from continuing operations by explaining the specific adjusting items (see paragraphs 123(b), B137(b) and B138–B139 of IFRS 18). The entity has cross-referred its adjusting items to related notes in its financial statements and provided a detailed explanation of restructuring expenses in its note on management-defined performance measures (see paragraph 123(a) of IFRS 18).

(e) provided a reconciliation between operating profit and adjusted operating profit, and between profit from continuing operations and adjusted profit from continuing operations—that is, reconciliations to the most directly comparable subtotals presented in XYZ Group's statement of profit or loss (see paragraphs 123(c) and B136–B140 of IFRS 18).

(f) included for each of its adjusting items the income tax effect, the effect on non-controlling interests and the amount(s) related to each line item in XYZ Group's statement of profit or loss (see paragraphs 123(d) and B141 of IFRS 18).

(g) included a description of how it determined the income tax effects (see paragraph 123(e) of IFRS 18).

XYZ Group's management-defined performance measures

XYZ Group uses the management-defined performance measures adjusted operating profit and adjusted profit from continuing operations in its public communications. These measures are not specified by IFRS Accounting Standards and therefore might not be comparable to apparently similar measures used by other entities.

To provide management's view of XYZ Group's financial performance, operating profit and profit from continuing operations have been adjusted for items of income or expense that XYZ Group does not expect to arise for several future annual reporting periods. XYZ Group's management believes adjusting operating profit and profit from continuing operations for such items provides information that is helpful in understanding trends in XYZ Group's underlying profitability.

XYZ Group generally adjusts for these items of income or expense:

- impairment losses (or reversals thereof) of property, plant and equipment (including right-of-use assets) and intangible assets (for information related to impairments refer to Note X Property, plant and equipment, Note X Intangible assets and Note X Research and development expenses);
- restructuring expenses (for information related to restructuring expenses refer to Note X Employee benefits and Note X General and administrative expenses);
- non-recurring litigation expenses (for information related to litigation expenses refer to Note X Provisions and Note X General and administrative expenses);
- gains or losses on disposal of property, plant and equipment and of intangible assets (for information related to disposal of property, plant and equipment and intangible assets refer to Note X Property, plant and equipment, Note X Intangible assets and Note X Other operating income); and
- gains or losses on disposal of subsidiaries, associates and joint ventures.

XYZ Group assesses non-recurrence of litigation expenses on a case-by-case basis. XYZ Group generally categorises litigation expenses arising from intellectual property disputes, regulatory violations and employee claims as 'non-recurring'. This classification is based on XYZ Group's proactive approach of having in place measures designed to prevent such events from occurring.

Management-defined performance measures 20X2 (in thousands of CU)

		Adjusting items			
	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of property, plant and equipment	**Management-defined performance measure**
Other operating income		—	—	(1,800)	
Research and development expenses		1,600	—	—	
General and administrative expenses		—	3,800	—	
Goodwill impairment loss		4,500	—	—	
Operating profit / Adjusted operating profit	**57,000**	6,100	3,800	(1,800)	**65,100**
Income tax expense		—	(589)	297	
Profit from continuing operations / Adjusted profit from continuing operations	**32,100**	6,100	3,211	(1,503)	**39,908**
Profit attributable to non-controlling interests		305	161	—	

Impairment losses	Impairment losses incurred in **20X2** did not yield any tax benefits because they were not eligible for tax deductions in Country A and Country B.
Restructuring expenses	The restructuring expenses in **20X2** are related to XYZ Group's restructuring programme 'Apollo **20X2**'. These expenses include redundancy expenses, employee retraining expenses and relocation expenses, all related to the closure of several factories in Country C. The tax effect of these restructuring expenses is calculated based on the statutory tax rate applicable in Country C at the end of **20X2**, which was 15.5%.
Gains on disposal of property, plant and equipment	The tax effect of gains on disposal of property, plant and equipment is calculated based on the statutory tax rate applicable in Country D at the end of **20X2**, which was 16.5%.

Management-defined performance measures 20X1 (in thousands of CU)

	IFRS	Adjusting items			**Management-defined performance measure**
		Impairment losses	Litigation expenses	Gains on disposal of associates and joint ventures	
Research and development expenses		1,500	—	—	
General and administrative expenses		—	3,500	—	
Operating profit / Adjusted operating profit	**51,800**	1,500	3,500	—	**56,800**
Share of profit and gains on disposal of associates and joint ventures		—	—	(2,200)	
Income tax expense		—	—	319	
Profit from continuing operations / Adjusted profit from continuing operations	**29,925**	1,500	3,500	(1,881)	**33,044**
Profit attributable to non-controlling interests		75	—	—	

Impairment losses	Impairment losses incurred in **20X1** did not yield any tax benefits because they were not eligible for tax deductions in Country E.
Litigation expenses	Litigation expenses incurred in **20X1** did not yield any tax benefits because they were not eligible for tax deductions in Country F.
Gains on disposal of associates and joint ventures	The tax effect of gains on disposal of associates and joint ventures is calculated based on the statutory tax rate applicable in Country G, at the end of **20X1**, which was 14.5%.

Note 3—Analysis of reclassification adjustments

This table shows the reclassification adjustments of the components of other comprehensive income that will be reclassified to profit or loss when specific conditions are met.

(in thousands of CU)

		20X2		20X1
Income and expenses that will be reclassified to profit or loss when specific conditions are met				
Exchange differences on translating foreign operations		(5,600)		10,000
Losses on cash flow hedges:				
Losses arising during the year	(5,200)		(4,000)	
Minus: reclassification adjustments for losses included in profit or loss	4,000	(1,200)	–	(4,000)

Note 4—Analysis of tax effects relating to each component of other comprehensive income

(in thousands of CU)

			20X2			20X1
	Amount before tax	Tax (expense) benefit	Amount net of tax	Amount before tax	Tax (expense) benefit	Amount net of tax
Income and expenses that will not be reclassified to profit or loss	**4,500**	**(1,675)**	**2,825**	**(1,300)**	**1,150**	**(150)**
Gains (losses) on remeasurements of defined benefit plans	6,700	(1,675)	5,025	(4,600)	1,150	(3,450)
Share of other comprehensive income of associates and joint ventures	(2,200)	—	(2,200)	3,300	—	3,300
Income and expenses that will be reclassified to profit or loss when specific conditions are met	**(6,800)**	**1,700**	**(5,100)**	**6,000**	**(1,500)**	**4,500**
Exchange differences on translating foreign operations	(5,600)	1,400	(4,200)	10,000	(2,500)	7,500
Losses on cash flow hedges	(1,200)	300	(900)	(4,000)	1,000	(3,000)
Other comprehensive income	**(2,300)**	**25**	**(2,275)**	**4,700**	**(350)**	**4,350**

Part II—Additional examples of the statement of profit or loss

IE9 Part II provides additional examples of the statement of profit or loss for four entities:

(a) Example II-1 — Statement of profit or loss for an entity that is a manufacturer;

(b) Example II-2 — Statement of profit or loss for an entity that is a manufacturer that provides financing to customers as a main business activity;

(c) Example II-3 — Statement of profit or loss for an entity that is an insurer that invests in financial assets as a main business activity; and

(d) Example II-4 — Statement of profit or loss for an entity that is an investment and retail bank that invests in financial assets as a main business activity and provides financing to customers as a main business activity.

For simplicity, the examples in this part do not show profit attributable to owners of the parent, profit attributable to non-controlling interests, and earnings per share (basic and diluted).

Example II-1—Statement of profit or loss for an entity that is a manufacturer

IE10 This example illustrates AA Group's statement of profit or loss. For the purpose of this example:

(a) AA Group is a manufacturer that does not invest in assets as a main business activity, nor provide financing to customers as a main business activity.

(b) in accordance with paragraphs 78, B80–B82 and B85 of IFRS 18, AA Group has concluded that presenting in the operating category of the statement of profit or loss all expenses classified by nature provides the most useful structured summary of its expenses. AA Group reached that conclusion because its main drivers of profitability are costs for raw materials and employment.

AA Group—Statement of profit or loss for the year ended 31 December 20X2

	(in thousands of CU)	
	20X2	**20X1**
Revenue	398,700	370,900
Changes in inventories of finished goods and work in progress	3,000	(3,700)
Raw materials used	(146,000)	(143,200)
Employee benefits	(107,000)	(104,600)
Depreciation, amortisation and impairment	(37,500)	(36,300)
Other operating expenses	(17,100)	(15,200)
Operating profit	**94,100**	**67,900**
Share of profit of associates and joint ventures	3,800	2,900
Profit before financing and income taxes	**97,900**	**70,800**
Interest expenses on borrowings and lease liabilities	(3,500)	(4,000)
Interest expenses on pension liabilities	(6,500)	(6,800)
Profit before income taxes	**87,900**	**60,000**
Income tax expense	(21,800)	(15,000)
PROFIT	**66,100**	**45,000**

Example II-2—Statement of profit or loss for an entity that is a manufacturer that provides financing to customers as a main business activity

IE11 This example illustrates BB Group's statement of profit or loss. For the purpose of this example:

(a) BB Group is a manufacturer that also provides financing to its customers as a main business activity (see paragraphs 49–51 and 65–66 of IFRS 18). BB Group does not invest in assets as a main business activity.

(b) in accordance with paragraphs 78, B80–B82 and B85 of IFRS 18, BB Group has concluded that presenting in the operating category of the statement of profit or loss some expenses classified by function and other expenses classified by nature provides the most useful structured summary of its expenses.

(c) BB Group's accounting policy is to include:

(i) in the financing category income and expenses from liabilities that arise from transactions that involve only the raising of finance that do not relate to the provision of financing to customers (see paragraph 65(a)(ii) of IFRS 18); and

(ii) in the investing category income and expenses from cash and cash equivalents that do not relate to the provision of financing to customers (see paragraph 56(b)(ii) of IFRS 18).

BB Group—Statement of profit or loss for the year ended 31 December 20X2

		(in thousands of CU)
	20X2	**20X1**
Revenue	390,000	365,000
Cost of sales	(285,000)	(270,000)
Gross profit from the sale of goods	**105,000**	**95,000**
Interest revenue related to providing financing to customers	119,500	121,000
Interest expenses related to providing financing to customers	(110,000)	(100,800)
Net interest income	**9,500**	**20,200**
Selling expenses	(28,900)	(26,300)
Research and development expenses	(15,800)	(15,400)
General and administrative expenses	(22,900)	(23,600)
Other operating expenses	(4,500)	(5,400)
Operating profit	**42,400**	**44,500**
Income from investments	5,500	4,000
Profit before financing and income taxes	**47,900**	**48,500**
Interest expenses on borrowings not related to providing financing to customers	(3,800)	(3,500)
Interest expenses on pension liabilities	(3,600)	(4,200)
Profit before income taxes	**40,500**	**40,800**
Income tax expense	(10,125)	(10,200)
PROFIT	**30,375**	**30,600**

Example II-3—Statement of profit or loss for an entity that is an insurer that invests in financial assets as a main business activity

IE12 This example illustrates CC Group's statement of profit or loss. For the purpose of this example:

(a) CC Group is an insurer that invests as a main business activity in financial assets that generate a return individually and largely independently of CC Group's other resources (see paragraphs 49–51 and 55–58 of IFRS 18). CC Group does not provide financing to customers as a main business activity.

(b) in accordance with paragraphs 78, B80–B82 and B85 of IFRS 18, CC Group has concluded that presenting in the operating category of the statement of profit or loss some expenses classified by nature and other expenses classified by function provides the most useful structured summary of its expenses.

CC Group—Statement of profit or loss for the year ended 31 December 20X2

	(in thousands of CU)	
	20X2	**20X1**
Insurance revenue	138,200	133,800
Insurance service expenses	(107,000)	(106,000)
Insurance service result	**31,200**	**27,800**
Investment income	117,000	103,000
Credit impairment losses	(5,000)	(1,500)
Insurance finance expenses	(85,900)	(84,000)
Net financial result	**26,100**	**17,500**
Other operating expenses	(3,100)	(4,600)
Operating profit	**54,200**	**40,700**
Share of profit or loss of associates and joint ventures	(5,400)	4,800
Profit before financing and income taxes	**48,800**	**45,500**
Interest expenses on borrowings and pension liabilities	(2,500)	(2,200)
Profit before income taxes	**46,300**	**43,300**
Income tax expense	(10,200)	(9,000)
PROFIT	**36,100**	**34,300**

Example II-4—Statement of profit or loss for an entity that is an investment and retail bank that invests in financial assets as a main business activity and provides financing to customers as a main business activity

IE13 This example illustrates DD Group's statement of profit or loss. For the purpose of this example:

(a) DD Group is an investment and retail bank that:

   (i) invests in financial assets that generate a return individually and largely independently of DD Group's other resources as a main business activity (see paragraphs 49–51 and 55–58 of IFRS 18); and

   (ii) provides financing to customers as a main business activity (see paragraphs 49–51 and 65–66 of IFRS 18).

(b) in accordance with paragraphs 78, B80–B82 and B85 of IFRS 18, DD Group has concluded that presenting in the operating category of the statement of profit or loss all expenses classified by nature provides the most useful structured summary of its expenses.

(c) DD Group's accounting policy is to classify in the operating category income and expenses from all liabilities that arise from transactions that involve only the raising of finance, including liabilities that do not relate to the provision of financing to customers (see paragraph 65(a)(ii) of IFRS 18). As a result, DD Group is not permitted to present the subtotal profit before financing and income taxes (see paragraph 73 of IFRS 18).

DD Group—Statement of profit or loss for the year ended 31 December 20X2

	(in thousands of CU)	
	20X2	**20X1**
Interest revenue	356,000	333,800
Interest expenses	(281,000)	(259,000)
Net interest income	**75,000**	**74,800**
Fee and commission income	76,800	74,300
Fee and commission expenses	(45,300)	(44,800)
Net fee and commission income	**31,500**	**29,500**
Net trading income	9,100	900
Net investment income	11,600	7,800
Credit impairment losses	(17,300)	(19,100)
Employee benefits	(55,100)	(49,500)
Depreciation and amortisation	(6,700)	(5,950)
Other operating expenses	(5,100)	(4,550)
Operating profit	**43,000**	**33,900**
Share of profit of associates and joint ventures	1,800	2,100
Interest expenses on pension and lease liabilities	(2,200)	(1,800)
Profit before income taxes	**42,600**	**34,200**
Income tax expense	(11,200)	(9,000)
PROFIT	**31,400**	**25,200**

Part III—Capital disclosures

Example III-1—An entity that is not a regulated financial institution

IE14 This example illustrates the application of paragraphs 126–128 of IFRS 18 by EE Group, an entity that is not a financial institution and is not subject to externally imposed capital requirements. In this simple example, EE Group monitors its capital using a debt-to-adjusted capital ratio. Another entity might use a different method to monitor its capital. EE Group decides, in the light of its circumstances, how much detail it provides to satisfy the requirements in paragraphs 126–128 of IFRS 18. In determining the form and content of the disclosure to satisfy those requirements, EE Group also considers the disclosure requirements set out in paragraphs 44A–44E of IAS 7.

IE15 EE Group manufactures and sells cars. EE Group includes a finance subsidiary that provides financing to customers, primarily in the form of leases.

EE Group's capital disclosures

EE Group's objectives in managing its capital are:

(1) to safeguard the entity's ability to continue as a going concern, so it can continue to provide returns for shareholders and benefits for other stakeholders; and

(2) to provide an adequate return to shareholders by pricing its products and services commensurate with the amount of risk.

EE Group sets the amount of its capital in proportion to risk. EE Group manages its capital structure and makes adjustments, taking into consideration changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, EE Group might adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce its debt.

Consistent with other entities in the industry, EE Group monitors capital on the basis of its debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) minus cash and cash equivalents. Adjusted capital comprises all components of equity (that is, share capital, share premium, non-controlling interests, retained earnings and revaluation surplus) other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

During **20X2** EE Group's strategy, which was unchanged from **20X1**, was to maintain its debt-to-adjusted capital ratio at the lower end of the range 6:1 to 7:1 in order to secure access to finance at a reasonable cost by maintaining a BB credit rating. The debt-to-adjusted capital ratios at 31 December **20X2** and at 31 December **20X1** were:

		(in thousands of CU)
	31 December 20X2	**31 December 20X1**
Total debt	1,000	1,100
Minus: cash and cash equivalents	(90)	(150)
Net debt	910	950
Total equity	110	105
Plus: subordinated debt instruments	38	38
Minus: amounts accumulated in equity relating to cash flow hedges	(10)	(5)
Adjusted capital	138	138
Debt-to-adjusted capital ratio	6.6	6.9

The decrease in EE Group's debt-to-adjusted capital ratio during **20X2** resulted primarily from the reduction in net debt that occurred upon the sale of Subsidiary X. This reduction in net debt, together with improved profitability and lower levels of managed receivables, resulted in the dividend payment increasing to CU2.8 million for **20X2** (from CU2.5 million for **20X1**).

Example III-2—An entity that has not complied with externally imposed capital requirements

IE16 This example illustrates the application of paragraph 127(e) of IFRS 18 if an entity has not complied with externally imposed capital requirements during the reporting period. The example does not illustrate other disclosures that would be provided to comply with the other requirements in paragraphs 126–128 of IFRS 18.

IE17 FF Group provides financing to its customers and is subject to capital requirements imposed by Regulator X. During the year ended 31 December **20X2** FF Group did not comply with the capital requirements imposed by Regulator X. In its financial statements for the year ended 31 December **20X2** FF Group provides disclosures relating to its non-compliance.

FF Group's capital disclosures (application of paragraph 127(e) of IFRS 18)

FF Group filed its quarterly regulatory capital return for 30 September **20X2** on 20 October **20X2**. At that date, FF Group's regulatory capital was CU1.0 million below the capital requirement imposed by Regulator X. As a result, FF Group was required to submit a plan to Regulator X indicating how it would increase its regulatory capital to the amount required. FF Group submitted a plan that entailed selling part of its investment portfolio with a carrying amount of CU11.5 million in the fourth quarter of **20X2**. In the fourth quarter of **20X2** FF Group sold its fixed interest investment portfolio for CU12.6 million and met its regulatory capital requirement.

IFRS 18 SUPPORTING MATERIALS

These figures accompany, but are not part of, IFRS 18. They depict aspects of IFRS 18 but are not intended to provide interpretative guidance.

Figure 1—IFRS 18 on one page

Figure 1 summarises the requirements in IFRS 18, including requirements introduced by IFRS 18 and requirements carried forward from IAS 1 Presentation of Financial Statements *to IFRS 18 and other IFRS Accounting Standards.*

Financial statements

Provide financial information about a reporting entity's assets, liabilities, equity, income and expenses that is **useful to users of financial statements in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic resources** (paragraph 9)

Primary financial statements

Provide **useful structured summaries** of the entity's assets, liabilities, equity, income, expenses and cash flows (paragraphs 16, 18–24 and B8–B9)

Changes introduced by IFRS 18 focused on:
- Statement of profit or loss (paragraphs 46–50, 52–82 and B29–B85)

Limited changes to specific requirements for:
- Statement of cash flows (see paragraph 3 and IAS 7)
- Statement of financial position (paragraphs 96–106 and B90–B111)

No changes to specific requirements for:
- Statement presenting comprehensive income (paragraphs 86–95 and B86–B89)
- Statement of changes in equity (paragraphs 107–112)

Items in primary financial statements cross-referenced to related information in the notes (paragraph 114)

Amounts in the notes linked to the primary financial statements by disclosing the line item(s) that contain those amounts (paragraph 114)

Notes to the financial statements

Presented in a systematic manner to provide **material information** necessary to understand the line items presented in the primary financial statements and to supplement the financial statements. Disclose material information in the notes if not presented in the primary financial statements (paragraphs 17–20, 113–116, B6–B7 and B112)

Disclosures introduced or amended by IFRS 18 for:
- Management-defined performance measures (paragraphs 117–125 and B113–B142)
- Specified expenses by nature (paragraphs 83–85 and B84)
- Description of nature expenses included in each function line item (paragraph 82(b))
- Information relating to specified main business activities if an entity invests in assets or provides financing to customers as a main business activity (paragraph 51)

Disclosures carried forward, for example:
- Basis of preparation of the financial statements (paragraphs 6A–6N of IAS 8[1])
- Material accounting policy information (paragraphs 27A–27I of IAS 8[1])
- Sources of estimation uncertainty (paragraphs 31A–31I of IAS 8[1])
- Capital management and other disclosure requirements, such as information related to share capital and dividends (paragraphs 126–132)
- Information relating to liabilities with the right to defer settlement of those liabilities subject to complying with covenants within 12 months after the reporting period (paragraph B106)

Aggregation and disaggregation (paragraphs 41–45 and B16–B28)
- Principles to aggregate based on shared characteristics and to disaggregate based on characteristics that are not shared
- Guidance on finding informative labels and for disclosing information on aggregated items

General requirements for financial statements (paragraphs 10–14, 25–40, B1–B5 and B10–B15)
- Complete set of financial statements
- Consistency of presentation, disclosure and classification
- Identification of financial statements
- Comparative information
- Frequency of reporting
- Materiality

[1] These paragraphs were carried forward from IAS 1 *Presentation of Financial Statements* to IAS 8 *Basis of Preparation of Financial Statements* when the IASB issued IFRS 18.

Figure 2—Classification of income and expenses in the statement of profit or loss for entities without specified main business activities

Figure 2 summarises the requirements as set out in paragraphs 47–68 and B42–B76 of IFRS 18 for the classification of income and expenses into categories in the statement of profit or loss for entities without specified main business activities.

Categories and subtotals in the statement of profit or loss[1]

Operating category (paragraphs 52 and B42)
Income and expenses that are not classified in the other categories

Operating profit or loss

Investing category (paragraphs 53–54 and B43–B49)
Income and expenses (as specified in paragraph 54) from:

- investments in associates, joint ventures and unconsolidated subsidiaries;
- cash and cash equivalents; and
- other assets that generate a return individually and largely independently of the entity's other resources

Profit or loss before financing and income taxes

Financing category (paragraphs 59–64 and B50–B58)

- Income and expenses (as specified in paragraph 60) from liabilities that arise from transactions that involve only the raising of finance
- Interest income and expenses and income and expenses arising from changes in interest rates (as specified in paragraph 61) from liabilities that arise from transactions that do not involve only the raising of finance

Income taxes category (paragraph 67)

Discontinued operations category (paragraph 68)

Profit or loss

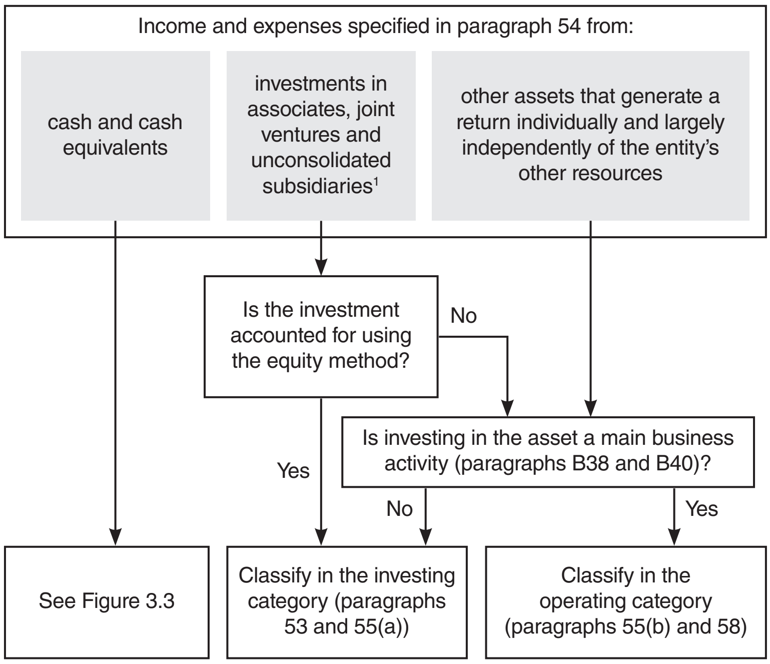
[1] IFRS 18 also sets out requirements on how to classify in the categories in the statement of profit of loss (paragraph 48):

- foreign exchange differences and the gain or loss on the net monetary position (paragraphs B65–B69); and
- gains and losses on derivatives and designated hedging instruments (paragraphs B70–B76).

Figure 3—Classification of specific income and expenses in the statement of profit or loss by entities with specified main business activities

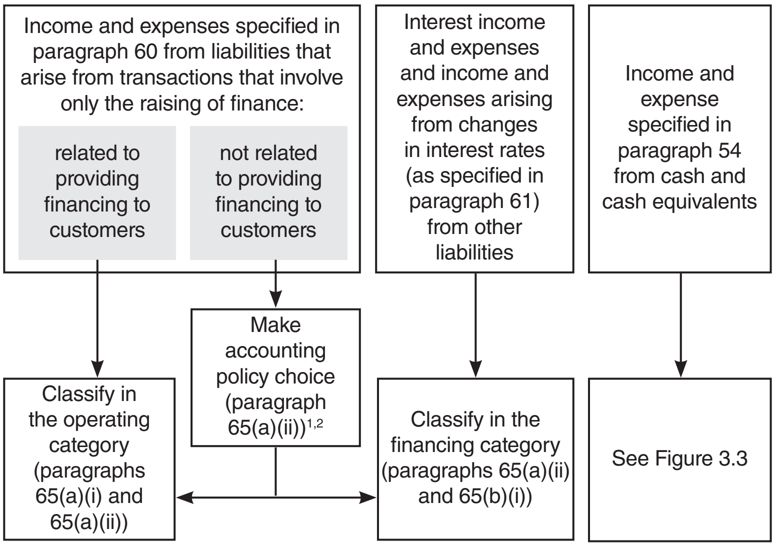
Figures 3.1–3.3 depict aspects of the requirements for entities that invest in assets or provide financing to customers as a main business activity as set out in paragraphs 55–58 and 65–66 of IFRS 18. Such entities classify some income and expenses in the operating category that entities without specified main business activities are required to classify in the investing or financing category.

Figure 3.1—Classification of specific income and expenses by entities that invest in assets as a main business activity



[1] Investments in associates, joint ventures and unconsolidated subsidiaries include investments in such assets in consolidated and separate financial statements.

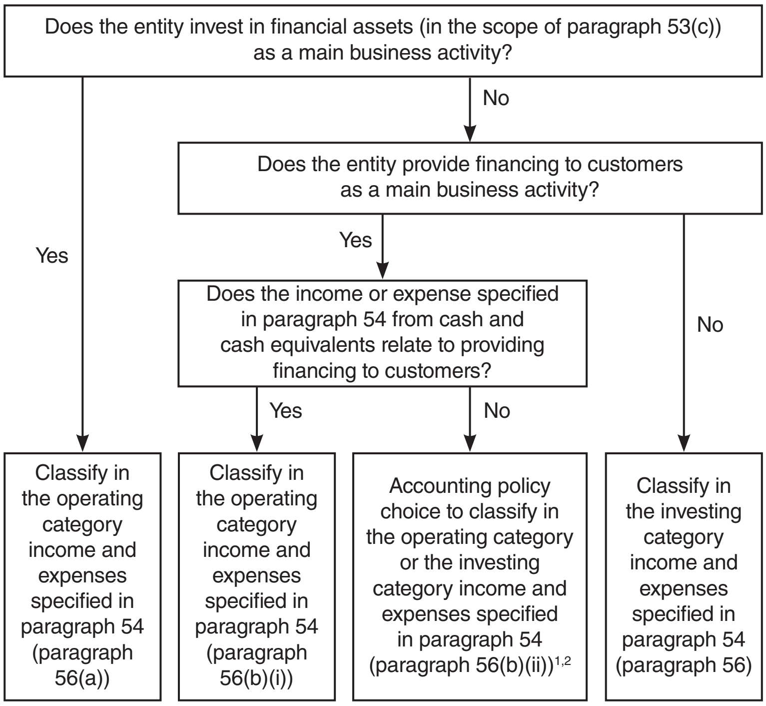
Figure 3.2—Classification of specific income and expenses by entities that provide financing to customers as a main business activity



[1] The choice of accounting policy shall be consistent (where applicable) with that made for the classification of income and expenses from cash and cash equivalents (paragraph 65(a)(ii)) (see Figure 3.3).

[2] If an entity cannot distinguish which of the liabilities that arise from transactions that involve only the raising of finance relate to providing financing to customers, it shall apply the accounting policy choice to classify income and expenses from all such liabilities in the operating category (paragraph 66).

Figure 3.3—Classification of income and expenses from cash and cash equivalents by entities with specified main business activities



[1] The choice of accounting policy shall be consistent (where applicable) with that made for the classification of income and expenses from liabilities that arise from transactions that involve only the raising of finance that do not relate to providing financing to customers (paragraph 56(b)(ii)) (see Figure 3.2).

[2] If an entity cannot distinguish which cash and cash equivalents relate to providing financing to customers, it shall apply the accounting policy choice to classify income and expenses from all cash and cash equivalents in the operating category (paragraph 57).

Figure 4—Classification of income and expenses from hybrid contracts with host liabilities

Figure 4 depicts how an entity applies the requirements for the financing category to hybrid contracts that contain a host liability as set out in paragraphs B56–B57 of IFRS 18.

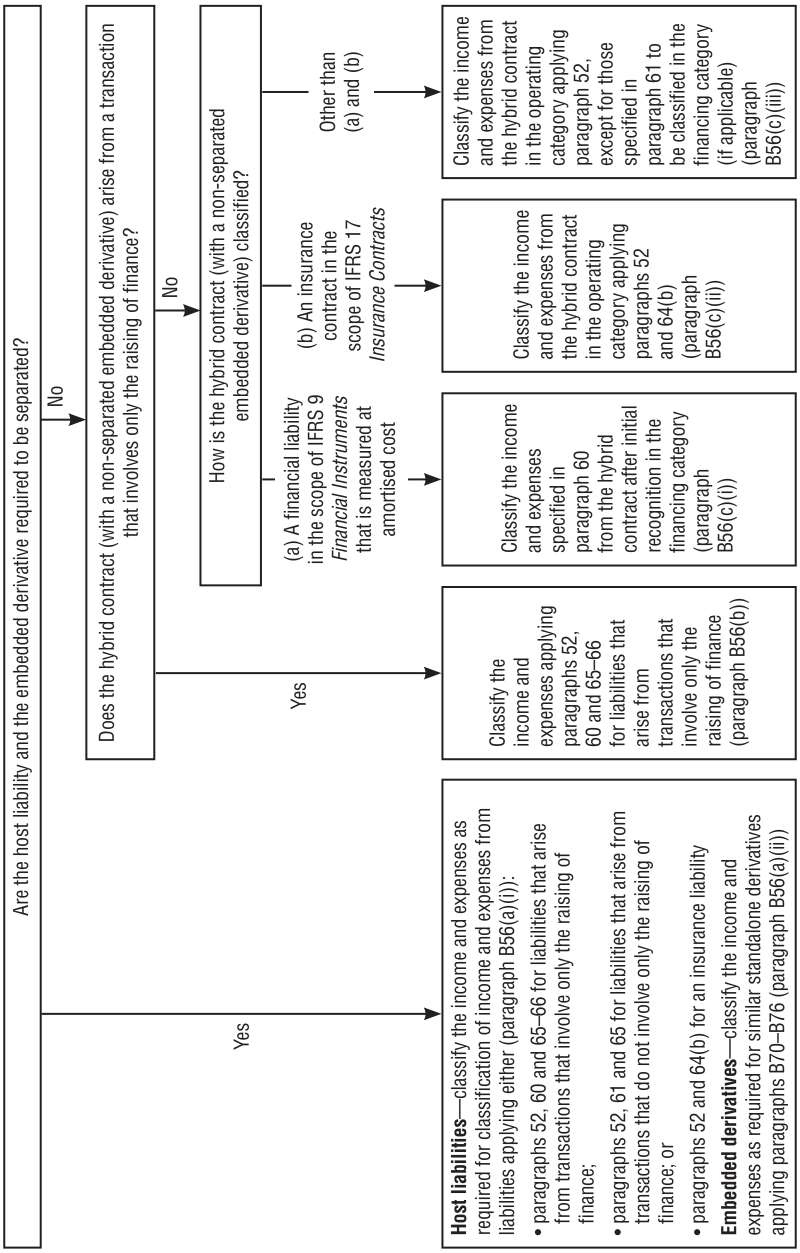
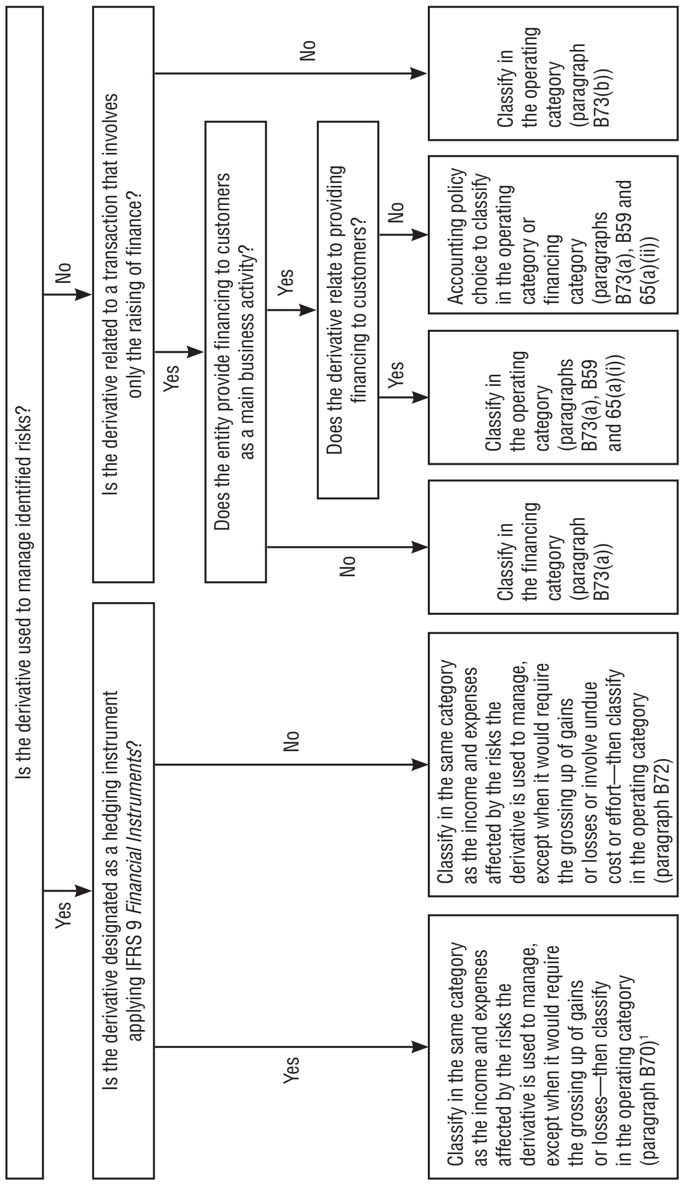


Figure 5—Classification of gains and losses on derivatives

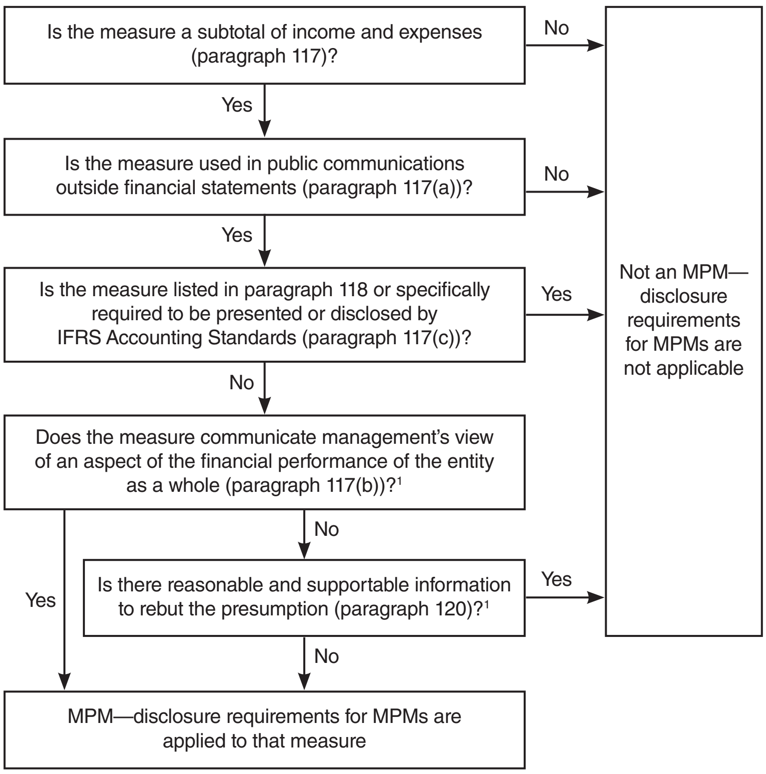
Figure 5 depicts the requirements for classifying gains and losses on derivatives as set out in paragraphs B70–B76 of IFRS 18.



[1] Paragraph B70 also applies to the gains and losses on a financial instrument other than a derivative designated as a hedging instrument applying IFRS 9 *Financial Instruments*.

Figure 6—Identifying management-defined performance measures

Figure 6 depicts the requirements for identifying management-defined performance measures (MPMs) as set out in paragraphs 117–120 of IFRS 18.



[1] It is presumed that a subtotal of income and expenses used in public communications communicates management's view (paragraph 119); an entity is not required to consider whether to rebut the presumption.

Figure 7—Determining informative labels and information for aggregated items

Figure 7 depicts aspects of the requirements for determining informative labels and information for aggregated items as set out in paragraphs B25–B26 of IFRS 18.

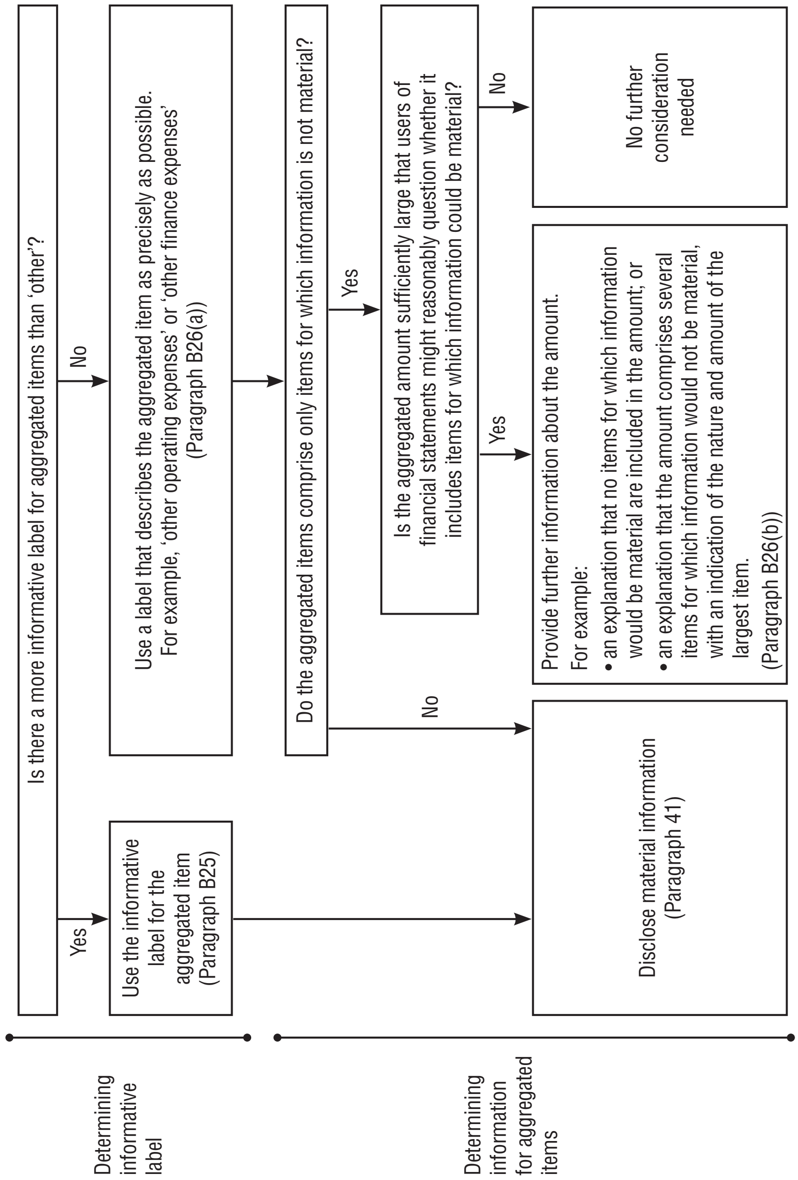
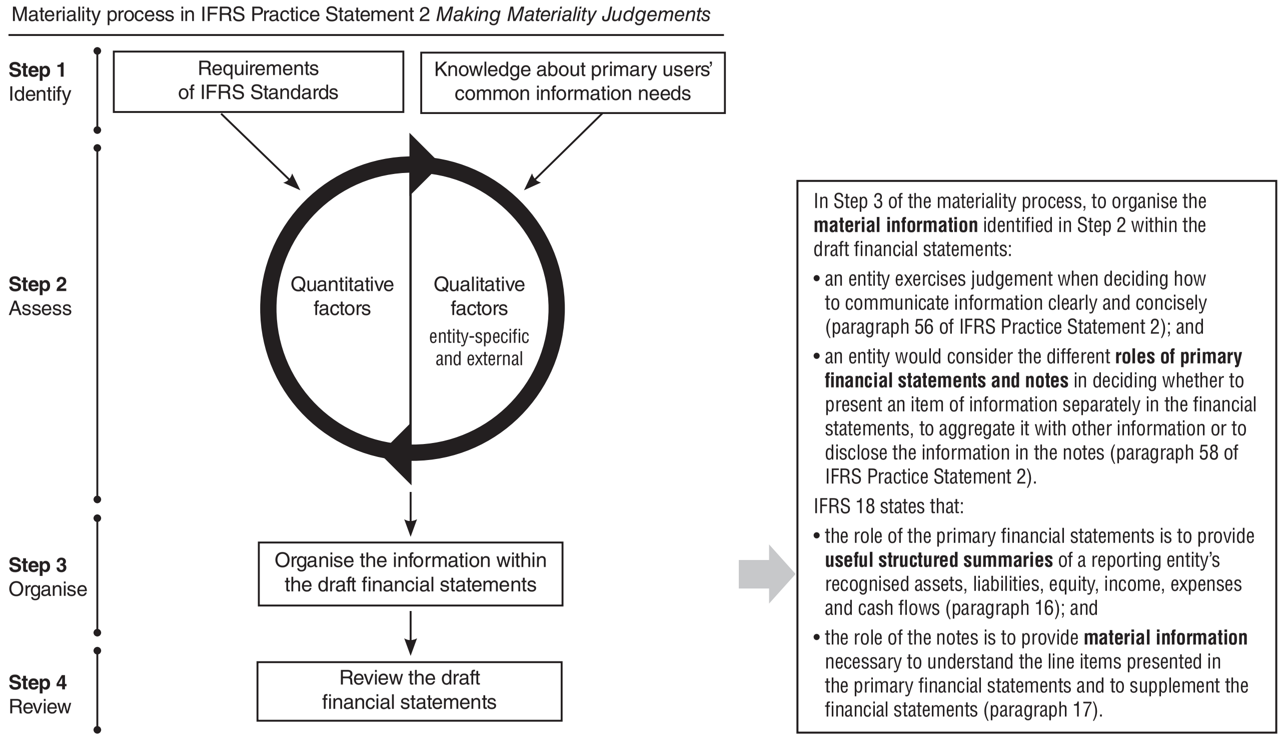


Figure 8—Useful structured summary and the materiality process

Figure 8 depicts how 'useful structured summary' relates to the materiality process in IFRS Practice Statement 2 Making Materiality Judgements.



Appendix

Amendments to guidance on other IFRS Accounting Standards and to IFRS Practice Statement 2 *Making Materiality Judgements*

These amendments to guidance on other IFRS Accounting Standards and to IFRS Practice Statement 2 Making Materiality Judgements *are necessary in order to ensure consistency with IFRS 18* Presentation and Disclosure in Financial Statements*.*

IFRS 1 *First-time Adoption of International Financial Reporting Standards*

Paragraphs IG3, IG37 and IG Example 11 in paragraph IG63 are amended. New text is underlined and deleted text is struck through.

Guidance on implementing IFRS 1 *First-time Adoption of International Financial Reporting Standards*

...

IAS 10 *Events after the Reporting Period*

...

IG3 Paragraphs 14–17 of the IFRS require some modifications to the principles in IAS 10 when a first-time adopter determines whether changes in estimates are adjusting or non-adjusting events at the date of transition to IFRSs (or, when applicable, the end of the comparative period). Cases 1 and 2 below illustrate those modifications. In case 3 below, paragraphs 14–17 of the IFRS do not require modifications to the principles in IAS 10.

(a) Case 1 — Previous GAAP required estimates of similar items for the date of transition to IFRSs, using an accounting policy that is consistent with IFRSs. In this case, the estimates in accordance with IFRSs need to be consistent with estimates made for that date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error (see IAS 8 *Basis of Preparation of Financial Statements* ~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~). The entity reports later revisions to those estimates as events of the period in which it makes the revisions, rather than as adjusting events resulting from the receipt of further evidence about conditions that existed at the date of transition to IFRSs.

...

IAS 34 *Interim Financial Reporting*

IG37 IAS 34 and paragraphs 32 and 33 of the IFRS apply ~~applies~~ if an entity is required, or elects, to present an interim financial report in accordance with IFRSs. Accordingly, neither IAS 34 nor the IFRS requires an entity:

(a) to present interim financial reports that comply with IAS 34; or

(b) to prepare new versions of interim financial reports presented in accordance with previous GAAP. However, if an entity does prepare an interim financial report in accordance with IAS 34 for part of the period covered by its first IFRS financial statements, the entity restates the comparative information presented in that report so that it complies with IFRSs.

...

Explanation of transition to IFRSs

IG63 Paragraphs 24(a) and (b), 25 and 26 of the IFRS require a first-time adopter to disclose reconciliations that give sufficient detail to enable users to understand the material adjustments to the statement of financial position, statement of comprehensive income and, if applicable, statement of cash flows. Paragraph 24(a) and (b) requires specific reconciliations of equity and total comprehensive income. IG Example 11 shows one way of satisfying these requirements.

IG Example 11 Reconciliation of equity and total comprehensive income

...

Reconciliation of total comprehensive income for 20X4

Note		*Previous GAAP*	*Effect of transition to IFRSs*	*IFRSs*
		CU	CU	CU
	Revenue	20,910	0	20,910
1,2,3	Cost of sales	(15,283)	(97)	(15,380)
	Gross profit	5,627	(97)	5,530
~~6~~	~~Other income~~	~~0~~	~~180~~	~~180~~
1	Distribution costs	(1,907)	(30)	(1,937)
1,4	Administrative expenses	(2,842)	(300)	(3,142)
	Operating profit	878	(427)	451
6	Investment ~~Finance~~ income	1,446	180~~0~~	1,626 ~~1,446~~
	Profit before financing and income taxes	–	–	2,077
	Interest expenses on interest-bearing loans~~Finance costs~~	(1,902)	0	(1,902)
	Profit before tax	422	(247)	175
5	Tax expense	(158)	74	(84)

continued...

...continued

IG Example 11 Reconciliation of equity and total comprehensive income

	Profit (loss) ~~for the year~~	264	(173)	91
7	Cash flow hedges	0	(40)	(40)
8	Tax relating to other comprehensive income	0	(29)	(29)
	Other comprehensive income	0	(69)	(69)
	Total comprehensive income	264	(242)	22

Notes to the reconciliation of total comprehensive income for 20X4:

...

6 Financial assets at fair value through profit or loss increased in value by CU180 during 20X4. They were carried at cost in accordance with previous GAAP. Fair value changes have been included in ‘Investment ~~Other~~ income’.

IFRS 2 *Share-based Payment*

IG Example 11 is amended. New text is underlined and deleted text is struck through.

Guidance on implementing IFRS 2 *Share-based Payment*

...

Equity-settled share-based payment transactions

...

IG Example 11
Employee share purchase plan
...
Application of requirements
...
However, in some cases, the expense relating to an ESPP might not be material. IAS 8 *Basis of Preparation of Financial Statements* ~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~ states that the accounting policies in IFRSs need not be applied when the effect of applying them is immaterial (IAS 8, paragraph 8). IFRS 18 *Presentation and Disclosure in Financial Statements* also ~~IAS 1 *Presentation of Financial Statements*~~ states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole (IFRS 18, paragraphs B1–B5~~IAS 1, paragraph 7~~). Therefore, in this example, the entity should consider whether the expense of CU256,000 is material.

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Example 11 accompanying IFRS 5 is updated. New text is underlined and deleted text is struck through.

Guidance on implementing IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

...

Presenting discontinued operations in the statement of comprehensive income

Paragraph 33 of the IFRS requires an entity to disclose a single amount in the statement of comprehensive income for discontinued operations with an analysis in the notes or in a section of the statement of comprehensive income separate from continuing operations. Example 11 illustrates how these requirements might be met.

Example 11

XYZ GROUP – STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 20X2 (illustrating the classification of expenses by function)

(in thousands of currency units)	**20X2**	**20X1**
Continuing operations		
Revenue	X	X
Cost of sales	(X)	(X)
Gross profit	X	X
Other operating income	X	X
Distribution costs	(X)	(X)
Administrative expenses	(X)	(X)
Other operating expenses	(X)	(X)
Operating profit	X	X
~~Finance costs~~	~~(X)~~	~~(X)~~
Share of profit of associates	X	X
Profit before financing and income taxes	X	X
Interest expenses	(X)	(X)
Profit before income taxes~~tax~~	X	X
Income tax expense	(X)	(X)
Profit ~~for the period~~ from continuing operations	X	X

continued...

...continued

XYZ GROUP – STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 20X2 (illustrating the classification of expenses by function)

Discontinued operations		
Profit ~~for the period~~ from discontinued operations[(a)]	X	X
Profit ~~for the period~~	X	X
Attributable to:		
Owners of the parent		
Profit ~~for the period~~ from continuing operations	X	X
Profit ~~for the period~~ from discontinued operations	X	X
Profit ~~for the period~~ attributable to owners of the parent	X	X
Non-controlling interests		
Profit ~~for the period~~ from continuing operations	X	X
Profit ~~for the period~~ from discontinued operations	X	X
Profit ~~for the period~~ attributable to non-controlling interests	X	X
	X	X

IFRS 7 *Financial Instruments: Disclosures*

Paragraphs IG6 and IG12 are amended. Paragraph IG13 and its subheading are deleted. New text is underlined and deleted text is struck through.

Guidance on implementing IFRS 7 *Financial Instruments: Disclosures*

...

Classes of financial instruments and level of disclosure (paragraphs 6 and B1–B3)

...

IG6 Paragraph 6C(c) of IAS 8 *Basis of Preparation of Financial Statements* ~~17(c) of IAS 1~~ requires an entity to 'provide additional disclosures when compliance with the specific requirements in IFRSs 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.'

Significance of financial instruments for financial position and performance (paragraphs 7–30, B4 and B5)

...

Defaults and breaches (paragraphs 18 and 19)

IG12 Paragraphs 18 and 19 require disclosures when there are any defaults or breaches of loans payable. Any defaults or breaches may affect the classification of the liability as current or non-current in accordance with IFRS 18~~IAS 1~~.

~~Total interest expense (paragraph 20(b))~~

~~IG13~~ ~~Total interest expense disclosed in accordance with paragraph 20(b) is a component of finance costs, which paragraph 82(b) of IAS 1 requires to be presented separately in the statement of comprehensive income. The line item for finance costs may also include amounts associated with non-financial liabilities.~~

IG13 ~~IG13A~~ IG13B [Deleted]

The footnote to the heading before paragraph IG13 is deleted. Deleted text is struck through.

* ~~In *Improvements to IFRSs* issued in May 2008, the Board amended paragraph IG13 and removed 'total interest income' as a component of finance costs. This amendment removed an inconsistency with paragraph 32 of IAS 1 *Presentation of Financial Statements*, which precludes the offsetting of income and expenses (except when required or permitted by an IFRS).~~

IFRS 9 *Financial Instruments*

Paragraphs IE18 and IE114 are amended. New text is underlined and deleted text is struck through.

IFRS 9 *Financial Instruments*
Illustrative Examples

...

Impairment (Section 5.5)

Assessing significant increases in credit risk since initial recognition

...

Example 3—highly collateralised financial asset

IE18 Company H invests in ~~owns~~ real estate assets as a main business activity (see IFRS 18 *Presentation and Disclosure in Financial Statements*). Company H ~~which are~~ financed its investments through ~~by~~ a five-year loan from Bank Z with a loan-to-value (LTV) ratio of 50 per cent. The loan is secured by a first-ranking security over the real estate assets. At initial recognition of the loan, Bank Z does not consider the loan to be originated credit-impaired as defined in Appendix A of IFRS 9.

...

Reclassification of financial assets (Section 5.6)

...

Example 15—reclassification of financial assets

...

Scenario 6: Reclassification out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category

IE114 Bank A reclassifies the portfolio of bonds out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category. The portfolio of bonds continues to be measured at fair value. However, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (see IFRS 18~~IAS 1 *Presentation of Financial Statements*~~).

IFRS 13 *Fair Value Measurement*

Paragraph IE62 and the table below paragraph IE62 are amended. New text is underlined and deleted text is struck through.

IFRS 13 *Fair Value Measurement* Illustrative Examples

...

Fair value disclosures

...

Example 16—Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

...

IE62 Gains and losses included in profit or loss for the period (above) are presented in <u>the line item 'income from financial assets'</u> ~~financial income~~ and in <u>the line item 'income from investment property'</u>~~non-financial income as follows~~:

	<u>Income from financial assets</u> **~~Financial income~~**	**<u>Income from invest-ment property</u>** **~~Non-financial income~~**
(CU in millions)		
Total gains or losses for the period included in profit or loss	(18)	4
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(13)	4

(Note: A similar table would be presented for liabilities unless another format is deemed more appropriate by the entity.)

IFRS 14 *Regulatory Deferral Accounts*

The Statement of profit or loss and other comprehensive income in Example 1 and paragraph IE2 are amended. New text is underlined and deleted text is struck through.

IFRS 14 *Regulatory Deferral Accounts*
Illustrative Examples

...

Regulatory deferral account balances

Example 1—Illustrative presentation of financial statements

...

XYZ Group—Statement of profit or loss and other comprehensive income for the year ended 31 December 20X7
(illustrating the presentation of profit or loss and other comprehensive income in one statement and the classification of expenses within profit or loss by function)
(in currency units)

	20X7	**20X6**
Revenue	390,000	358,784
Cost of sales	(237,062)	(230,000)
Gross profit	152,938	128,784
Other operating income	44,247	16,220
Distribution costs	(9,000)	(13,700)
Administrative expenses	(20,000)	(31,500)
Other operating expenses	(2,100)	(1,200)
~~Finance costs~~	~~(8,000)~~	~~(7,500)~~
Operating profit	166,085	98,604
Share of profit of associates	35,100	15,100
Profit before financing and income taxes	201,185	113,704
Interest expenses	(8,000)	(7,500)
Profit before income taxes~~tax~~	**193,185**	**106,204**
Income tax expense	(43,587)	(44,320)
Profit ~~for the year~~ before net movements in regulatory deferral account balances	**149,598**	**61,884**

continued...

...continued

Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	(27,550)	3,193
Profit ~~for the year~~ and net movements in regulatory deferral account balances	**122,048**	**65,077**
Other comprehensive income: Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit pension plans	(7,938)	(3,784)
Net movement in regulatory deferral account balances related to other comprehensive income	7,140	4,207
Other comprehensive income ~~for the year~~, net of income taxes~~tax~~	(798)	423
TOTAL COMPREHENSIVE INCOME ~~FOR THE YEAR~~	**121,250**	**65,500**
Profit and net movements in regulatory deferral account balances attributable to:		
Owners of the parent	97,798	51,977
Non-controlling interests	24,250	13,100
	122,048	65,077
Total comprehensive income attributable to:		
Owners of the parent	97,000	52,400
Non-controlling interests	24,250	13,100
	121,250	65,500
Earnings per share (in currency units):		
Basic and diluted	0.61	0.35
Basic and diluted including net movement in regulatory deferral account balances	0.46	0.30

...

IE2 For each type of rate-regulated activity, paragraph 33 requires an entity to disclose~~present~~, for each class of regulatory deferral account balance, a reconciliation of the carrying amount at the beginning and the end of the period. This example illustrates how that requirement may be met for an entity with two types of rate-regulated activity (electricity distribution and gas distribution), but is not intended to illustrate all aspects of this Standard or IFRS more generally.

IFRS 16 *Leases*

Paragraphs IE9 and IE10 are amended. New text is underlined and deleted text is struck through.

IFRS 16 *Leases*
Illustrative Examples

...

Lessee disclosure (paragraphs 59 and B49–B50)

IE9 Example 22 illustrates how a lessee with different types of lease portfolios might comply with the disclosure requirements described in paragraphs 59 and B49 of IFRS 16 about variable lease payments. This example shows only current period information. IFRS 18 *Presentation and Disclosure in Financial Statements* ~~IAS 1 *Presentation of Financial Statements*~~ requires an entity to present comparative information.

...

IE10 Example 23 illustrates how a lessee with different types of lease portfolios might comply with the disclosure requirements described in paragraphs 59 and B50 of IFRS 16 about extension options and termination options. This example shows only current period information. IFRS 18 ~~IAS 1~~ requires an entity to present comparative information.

IAS 7 *Statement of Cash Flows*

The illustrative examples accompanying IAS 7 are amended. In the first illustrative example (A—Statement of cash flows for an entity other than a financial institution), the title, paragraphs 1 and 3, the Consolidated statement of comprehensive income for the period ended 20X2, the Consolidated statement of financial position as at end of 20X2, the Direct method statement of cash flows, the Indirect method statement of cash flows, the Notes to the statement of cash flows (direct method and indirect method) (particularly, A. Obtaining control of subsidiary, D. Segment information, E. Reconciliation of liabilities arising from financing activities) and Alternative presentation (indirect method) are amended. In the second illustrative example (B—Statement of cash flows for a financial institution), the title, paragraph 1 and the Direct method statement of cash flows are amended. In the third illustrative example (C—Reconciliation of liabilities arising from financing activities), paragraph 2 is amended. New text is underlined and deleted text is struck through.

Illustrative Examples

...

A Statement of cash flows for an entity that does not invest in assets or provide financing to customers as a main business activity~~other than a financial institution~~

1 The examples show only current period amounts. Comparative information ~~Corresponding amounts~~ for the preceding period is ~~are~~ required to be presented in accordance with ~~IAS 1 *Presentation of Financial Statements*~~IFRS 18 *Presentation and Disclosure in Financial Statements*.

...

3 The following additional information is also relevant for the preparation of the statements of cash flows:

- all of the shares of a subsidiary were acquired for 590. The fair values of assets acquired and liabilities assumed were as follows:

Inventories	100
Trade and other ~~Accounts~~ receivables	100
Cash	40
Property, plant and equipment	650
Trade payables	100
Long-term debt	200

...

- during the period, the group acquired property, plant and equipment and right-of-use assets relating to property, plant and equipment with an aggregate cost of 1,250, of which 900 related to right-of-use assets. Cash payments of 350 were made to purchase property, plant and equipment.

- depreciation on property, plant and equipment and amortisation of intangible assets for the period amounted to 350 and 100 respectively.
- plant with original cost of 80 and accumulated depreciation of 60 was sold for 20.
- trade and other ~~accounts~~ receivables as at the end of 20X2 include 100 of interest receivable.

Consolidated statement of comprehensive income for the period ended 20X2[(a)]

Sales	30,650
Cost of sales	(26,450) ~~(26,000)~~
Gross profit	4,200 ~~4,650~~
~~Depreciation~~	~~(450)~~
Selling ~~Administrative and selling~~ expenses	(600)~~(910)~~
General and administrative expenses	(310)
Operating profit	3,290
Share of profit or loss of associates and joint ventures	50
~~Interest expense~~	~~(400)~~
Investment income	450~~500~~
Foreign exchange loss	(40)
Profit before financing and income taxes	3,750
Interest expenses	(400)
~~Foreign exchange loss~~	~~(40)~~
Profit before income taxes~~taxation~~	3,350
Income tax expense~~Taxes on income~~	(300)
Profit/total comprehensive income	3,050

Consolidated statement of financial position as at end of 20X2

	20X2	20X1
Assets		
Current assets		
Cash and cash equivalents	230	160
Trade and other ~~Accounts~~ receivables	1,900	1,200

continued...

...continued

Consolidated statement of financial position as at end of 20X2

		20X2		**20X1**
Inventories				
~~Inventory~~		1,000		1,950
Non-current assets				
Investments in associates and joint ventures		500		450
Investments in other financial instruments		2,000		2,050
~~Portfolio investments~~		~~2,500~~		~~2,500~~
~~Property, plant and equipment at cost~~	~~3,730~~		~~1,910~~	
~~Accumulated depreciation~~	~~(1,450)~~		~~(1,060)~~	
Property, plant and equipment		1,880		350
~~net~~		~~2,280~~		~~850~~
Intangible assets		400		500
Total assets		7,910		6,660
Liabilities				
Current liabilities				
Trade payables		250		1,890
Interest payable		230		100
Income taxes payable		400		1,000
Non-current liabilities				
Long-term debt		2,300		1,040
Total liabilities		3,180		4,030
Equity~~Shareholders' equity~~				
Share capital		1,500		1,250
Retained earnings		3,230		1,380
Total ~~shareholders'~~ equity		4,730		2,630
Total liabilities and ~~shareholders'~~ equity		7,910		6,660

Direct method statement of cash flows (paragraph 18(a))

		20X2
Cash flows from operating activities		
Cash receipts from customers	30,150	
Cash paid to suppliers and employees	(27,600)	
Cash from operating activities before income taxes~~Cash generated from operations~~	2,550	
~~Interest paid~~	~~(270)~~	
Income taxes paid	(900)	
Net cash from operating activities		1,650 ~~1,380~~
Cash flows from investing activities		
Acquisition of Subsidiary~~subsidiary~~ X, net of cash acquired (Note A)	(550)	
Purchase of property, plant and equipment (Note B)	(350)	
Proceeds from sale of equipment	20	
Interest received	200	
Dividends received	200	
Net cash used in investing activities		(480)
Cash flows from financing activities		
Proceeds from issue of share capital	250	
Proceeds from long-term borrowings	250	
Payment of lease liabilities	(90)	
Interest paid	(270)	
Dividends paid~~[(a)]~~	(1,200)	
Net cash used in financing activities		(1,060) ~~(790)~~
Net increase in cash and cash equivalents		110
Cash and cash equivalents at beginning of period (Note C)		120

continued...

...continued

Direct method statement of cash flows (paragraph 18(a))

	20X2
Cash and cash equivalents at end of period (Note C)	230

~~(a) This could also be shown as an operating cash flow.~~

Indirect method statement of cash flows (paragraph 18(b))

		20X2
Cash flows from operating activities		
Operating profit~~Profit before taxation~~	3,290 ~~3,350~~	
Adjustments for:		
Depreciation	350~~450~~	
Amortisation	100	
~~Foreign exchange loss~~	~~40~~	
~~Investment income~~	~~(500)~~	
~~Interest expense~~	~~400~~	
Operating profit before depreciation and amortisation	3,740	
Increase in trade ~~and other~~ receivables	(500)	
Decrease in inventories	1,050	
Decrease in trade payables	(1,740)	
Cash from operating activities before income taxes~~Cash generated from operations~~	2,550	
~~Interest paid~~	~~(270)~~	
Income taxes paid	(900)	
Net cash from operating activities		1,650 ~~1,380~~
Cash flows from investing activities		
Acquisition of Subsidiary~~subsidiary~~ X, net of cash acquired (Note A)	(550)	
Purchase of property, plant and equipment (Note B)	(350)	
Proceeds from sale of equipment	20	
Interest received	200	
Dividends received	200	
Net cash used in investing activities		(480)

continued...

...continued

Indirect method statement of cash flows (paragraph 18(b))

		20X2
Cash flows from financing activities		
Proceeds from issue of share capital	250	
Proceeds from long-term borrowings	250	
Payment of lease liabilities	(90)	
Interest paid	(270)	
Dividends paid~~[a]~~	(1,200)	
Net cash used in financing activities		(1,060) ~~(790)~~
Net increase in cash and cash equivalents		110
Cash and cash equivalents at beginning of period (Note C)		120
Cash and cash equivalents at end of period (Note C)		230

~~(a) This could also be shown as an operating cash flow.~~

Notes to the statement of cash flows (direct method and indirect method)

A. Obtaining control of subsidiary

During the period the Group obtained control of Subsidiary ~~subsidiary~~ X. The fair values of assets acquired and liabilities assumed were as follows:

Cash	40
Inventories	100
Trade and other ~~Accounts~~ receivables	100
Property, plant and equipment	650
Trade payables	(100)
Long-term debt	(200)
Total purchase price paid in cash	590
Less: Cash of Subsidiary ~~subsidiary~~ X acquired	(40)
Cash paid to obtain control net of cash acquired	550

...

D. Segment information

	Segment A	Segment B	Total
Cash flows from:			
Operating activities	1,720 ~~1,520~~	(70) ~~(140)~~	1,650 ~~1,380~~
Investing activities	(640)	160	(480)
Financing activities	(770) ~~(570)~~	(290) ~~(220)~~	(1,060) ~~(790)~~
	310	(200)	110

E. Reconciliation of liabilities arising from financing activities

	20X1	Cash flows	Non-cash changes			20X2
			Interest expenses	**Acquisition**	**New leases**	
Long-term borrowings	1,040	250	–	200	–	1,490
Lease liabilities	–	(90)	–	–	900	810
Long-term debt	1,040	160	–	200	900	2,300
Interest payable	100	(270)	400	–	–	230
	1,140	(110)	400	200	900	2,530

Alternative presentation (indirect method)

As an alternative, in an indirect method statement of cash flows, operating profit before working capital changes is sometimes presented as follows:

Sales~~Revenues excluding investment income~~	30,650	
Cost of sales	(26,000)	
Selling expenses	(600)	
General and administrative expenses	(310)	
~~Operating expense excluding depreciation~~	~~(26,910)~~	
Operating profit before depreciation and amortisation~~before working capital changes~~		3,740

B Statement of cash flows for an entity that invests in assets or provides financing to customers as a main business activity~~a financial institution~~

1 The example shows only current period amounts. Comparative information ~~amounts~~ for the preceding period is ~~are~~ required to be presented in accordance with IFRS 18 *Presentation and Disclosure in Financial Statements*~~IAS 1 *Presentation of Financial Statements*~~.

...

Direct method statement of cash flows (paragraph 18(a))

		20X2
Cash flows from operating activities		
Interest[(a)] and commission receipts	28,747 ~~28,447~~	
Interest payments[(a)]	(23,463)	
Dividends received[(a)]	200	
Recoveries on loans previously written off	237	
Cash payments to employees and suppliers	(997)	
	~~4,224~~	
(Increase) decrease in operating assets:		
Short-term funds	(650)	
Deposits held for regulatory or monetary control purposes	234	
Funds advanced to customers	(288)	
Net increase in credit card receivables	(360)	
Other short-term negotiable securities	(120)	
Increase (decrease) in operating liabilities:		
Deposits from customers	600	
Negotiable certificates of deposit	(200)	
Net cash from operating activities before income taxes~~tax~~	3,940 ~~3,440~~	
Income taxes paid	(100)	
Net cash from operating activities		3,840 ~~3,340~~

continued...

...continued

Direct method statement of cash flows (paragraph 18(a))

		20X2
Cash flows from investing activities		
Disposal of ~~subsidiary~~Subsidiary Y	50	
~~Dividends received~~	~~200~~	
~~Interest received~~	~~300~~	
Proceeds from sales of non-dealing securities	1,200	
Purchase of non-dealing securities	(600)	
Purchase of property, plant and equipment	(500)	
Net cash from investing activities		150~~650~~
Cash flows from financing activities		
Issue of loan capital	1,000	
Issue of preference shares by subsidiary undertaking	800	
Repayment of long-term borrowings	(200)	
Net decrease in other borrowings	(1,000)	
Dividends paid	(400)	
Net cash from financing activities		200
Effects of exchange rate changes on cash and cash equivalents		600
Net increase in cash and cash equivalents		4,790
Cash and cash equivalents at beginning of period		4,050
Cash and cash equivalents at end of period		8,840

(a) An entity classifies each of these cash flows in a single category.

C Reconciliation of liabilities arising from financing activities

...

2 The example shows only current period amounts. Comparative information ~~Corresponding amounts~~ for the preceding period is ~~are~~ required to be presented in accordance with IFRS 18 *Presentation and Disclosure in Financial Statements*~~IAS 1 *Presentation of Financial Statements*~~.

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The title of IAS 8 is amended. New text is underlined and deleted text is struck through.

IAS 8 *Basis of Preparation of Financial Statements~~Accounting Policies, Changes in Accounting Estimates and Errors~~*

A footnote is added to the heading 'Beta Co Extract from the statement of comprehensive income' in Example 1 – Retrospective restatement of errors. New text is underlined.

* This statement of comprehensive income does not aim to illustrate the requirements in IFRS 18 for the structure of the statement of profit or loss.

IAS 32 *Financial Instruments: Presentation*

Paragraph IE32, Example 7 in paragraph IE32, paragraph IE33 and Example 8 in paragraph IE33 are amended. New text is underlined and deleted text is struck through.

IAS 32 *Financial Instruments: Presentation*
Illustrative Examples

...

Entities such as mutual funds and co-operatives whose share capital is not equity as defined in IAS 32

Example 7: Entities with no equity

IE32 The following example illustrates a format of a statement of comprehensive income and statement of financial position that may be used by entities such as mutual funds that do not have equity as defined in IAS 32 and that do not provide financing to customers as a main business activity. Other formats are possible.

Statement of comprehensive income for the year ended 31 December 20X1

	20X1	**20X0**
	CU	CU
Revenue	2,956	1,718
Expenses (classified by nature or function, in accordance with IFRS 18)	(644)	(614)
Operating profit/profit before financing~~Profit from operating activities~~	2,312	1,104
~~Finance costs~~		
Interest expenses~~– other finance costs~~	(47)	(47)
Distributions~~– distributions~~ to unitholders	(50)	(50)
Change in net assets attributable to unitholders	2,215	1,007

Statement of financial position at 31 December 20X1

		20X1		20X0
	CU	CU	CU	CU
ASSETS				
Non-current assets (classified in accordance with IFRS 18~~IAS 1~~)	91,374		78,484	
Total non-current assets		91,374		78,484
Current assets (classified in accordance with IFRS 18~~IAS 1~~)	1,422		1,769	
Total current assets		1,422		1,769
Total assets		92,796		80,253
LIABILITIES				
Current liabilities (classified in accordance with IFRS 18~~IAS 1~~)	647		66	
Total current liabilities		(647)		(66)
Non-current liabilities excluding net assets attributable to unitholders (classified in accordance with IFRS 18~~IAS 1~~)	280		136	
		(280)		(136)
Net assets attributable to unitholders		91,869		80,051

Example 8: Entities with some equity

IE33 The following example illustrates a format of a statement of comprehensive income and statement of financial position that may be used by entities that do not provide financing to customers as a main business activity and whose share capital is not equity as defined in IAS 32. The entities' share capital is not classified as equity because the entity has an obligation to repay the share capital on demand but does not have all the features or meet the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D. Other formats are possible.

Statement of comprehensive income for the year ended 31 December 20X1

	20X1	20X0
	CU	CU
Revenue	472	498
Expenses (classified by nature or function, in accordance with IFRS 18)	(367)	(396)
Operating profit/profit before financing~~Profit from operating activities~~	105	102
~~Finance costs~~		
Interest expenses~~ – other finance costs~~	(4)	(4)
Distributions~~ – distributions~~ to members	(50)	(50)
Change in net assets attributable to members	51	48

Statement of financial position at 31 December 20X1

		20X1		20X0
	CU	CU	CU	CU
ASSETS				
Non-current assets (classified in accordance with IFRS 18~~IAS 1~~)	908		830	
Total non-current assets		908		830
Current assets (classified in accordance with IFRS 18~~IAS 1~~)	383		350	
Total current assets		383		350
Total assets		1,291		1,180

continued...

...continued

Statement of financial position at 31 December 20X1

		20X1		20X0
	CU	CU	CU	CU
LIABILITIES				
Current liabilities (classified in accordance with IFRS 18~~IAS 1~~)	372		338	
Share capital repayable on demand	202		161	
Total current liabilities		(574)		(499)
Total assets less current liabilities		717		681
Non-current liabilities (classified in accordance with IFRS 18~~IAS 1~~)	187		196	
		(187)		(196)
OTHER COMPONENTS OF EQUITY[(a)]				
Reserves eg revaluation surplus, retained earnings etc	530		485	
		530		485
		717		681
MEMORANDUM NOTE – Total members' interests				
Share capital repayable on demand		202		161
Reserves		530		485
		732		646

IAS 41 *Agriculture*

Example 1 is amended. New text is underlined and deleted text is struck through.

Illustrative Examples

These examples, which were prepared by the IASC staff but were not approved by the IASC Board, accompany, but are not part of, IAS 41. They have been updated to take account of the changes made by IFRS 18 Presentation and Disclosure in Financial Statements ~~*IAS 1* Presentation of Financial Statements *(as revised in 2007)*~~ *and* Improvements to IFRSs *issued in 2008.*

...

Example 1 XYZ Dairy Ltd

...

Statement of comprehensive income

XYZ Dairy Ltd **Statement of comprehensive income**	**Notes**	**Year ended 31 December 20X1**
Fair value of milk produced		518,240
Gains arising from changes in fair value less costs to sell of dairy livestock	3	39,930
		~~**558,170**~~
Inventories used		(137,523)
Employee benefits~~Staff costs~~		(207,283) ~~(127,283)~~
Depreciation expense		(15,250)
Professional services expenses		(98,847)
Other operating expenses		(18,245) ~~(197,092)~~
		~~**(477,148)**~~
Operating profit/profit before financing and income taxes~~**Profit from operations**~~		**81,022**
Income tax expense		(43,194)
Profit/total comprehensive income ~~**for the year**~~		**37,828**

Statement of changes in equity

XYZ Dairy Ltd **Statement of changes in equity**			**Year ended 31 December 20X1**
	Share capital	**Retained earnings**	**Total**
Balance at 1 January 20X1	1,000,000	865,000	**1,865,000**
Profit/total comprehensive income ~~for the year~~		37,828	**37,828**
Balance at 31 December 20X1	**1,000,000**	**902,828**	**1,902,828**

Statement of cash flows

XYZ Dairy Ltd **Statement of cash flows**	**Notes**	**Year ended 31 December 20X1**
Cash flows from operating activities		
Cash receipts from sales of milk		498,027
Cash receipts from sales of livestock		97,913
Cash paid for supplies and to employees		(460,831)
Cash paid for purchases of livestock		(23,815)
Cash flows from operating activities before income taxes		**111,294**
Income taxes paid		(43,194)
Net cash from operating activities		**68,100**
Cash flows from investing activities		
Purchase of property, plant and equipment		(68,100)
Net cash used in investing activities		**(68,100)**
Net increase in cash		**0**
Cash at beginning of the year		**10,000**
Cash at end of the year		**10,000**

The footnote to 'Statement of comprehensive income' in Example 1 is amended. New text is underlined and deleted text is struck through.

* This statement of comprehensive income presents an analysis of expenses classified in the operating category using ~~a classification based on~~ the nature of expenses. IFRS 18 *Presentation and Disclosure in Financial Statements* ~~IAS 1 *Presentation of Financial Statements*~~ requires that an entity, in the operating category of the statement of profit or loss, classify and present expenses in a way that provides the most useful structured summary of the expenses using the nature of expenses

and their function within the entity~~present, either in the statement of comprehensive income or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity. IAS 1 encourages presentation of an analysis of expenses in the statement of comprehensive income~~.

IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

Paragraphs IE4 and IE5 of Example 1 and paragraph IE13 of Example 3 that accompany IFRIC 1 are amended. New text is underlined and deleted text is struck through.

Illustrative Examples

...

Example 1: Cost model

...

IE4 Following this adjustment, the carrying amount of the asset is CU82,000 (CU120,000 – CU8,000 – CU30,000), which will be depreciated over the remaining 30 years of the asset's life giving a depreciation expense for the next year of CU2,733 (CU82,000 ÷ 30). The next year's increase in the liability ~~finance cost~~ for the unwinding of the discount will be CU415 (CU8,300 × 5 per cent).

IE5 If the change in the liability had resulted from a change in the discount rate, instead of a change in the estimated cash flows, the accounting for the change would have been the same but the next year's increase in the liability for the unwinding of the discount ~~finance cost~~ would have reflected the new discount rate.

...

Example 3: Transition

IE13 The following example illustrates retrospective application of the Interpretation for preparers that already apply IFRSs. Retrospective application is required by IAS 8 *Basis of Preparation of Financial Statements*~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~, where practicable, and is the benchmark treatment in the previous version of IAS 8. The example assumes that the entity:

IFRIC 12 *Service Concession Arrangements*

Add a footnote to 'Table 1.5 *Statement of comprehensive income (currency units)*' of Example 1, 'Table 2.5 *Statement of comprehensive income (currency units)*' of Example 2 and 'Table 3.8 *Statement of comprehensive income (currency units)*' of Example 3 that accompanies IFRIC 12. New text is underlined.

* <u>This statement of comprehensive income does not aim to illustrate the requirements of IFRS 18 *Presentation and Disclosure in Financial Statements* for the structure of the statement of profit or loss.</u>

IFRS Practice Statement 2 *Making Materiality Judgements*

Paragraphs 5, 73, 88A, 88D–88E and 88G are amended. Example P, Example S, Example T, Diagram 2 and the Appendix are also amended. New text is underlined and deleted text is struck through. The footnotes to the text are not reproduced. Amendments to footnotes are included after amendments to the Practice Statement.

General characteristics of materiality

Definition of material

5 The *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) provides the following definition of material information (Appendix A and paragraph B1 of IFRS 18 *Presentation and Disclosure in Financial Statements* provide ~~paragraph 7 of IAS 1 *Presentation of Financial Statements* provides~~ a similar definition):

...

Specific topics

...

Errors

...

73 An entity must correct all material errors, as well as any immaterial errors made intentionally to achieve a particular presentation of its financial position, financial performance or cash flows, to ensure compliance with IFRS Standards. The entity should refer to IAS 8 *Basis of Preparation of Financial Statements* ~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~ for guidance on how to correct an error.

...

Information about covenants

...

Example P—assessing whether information about covenants is material
... **Application** ... Paragraph B106 of IFRS 18 ~~76ZA of IAS 1~~ requires an entity to disclose, in specified circumstances, information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. ...

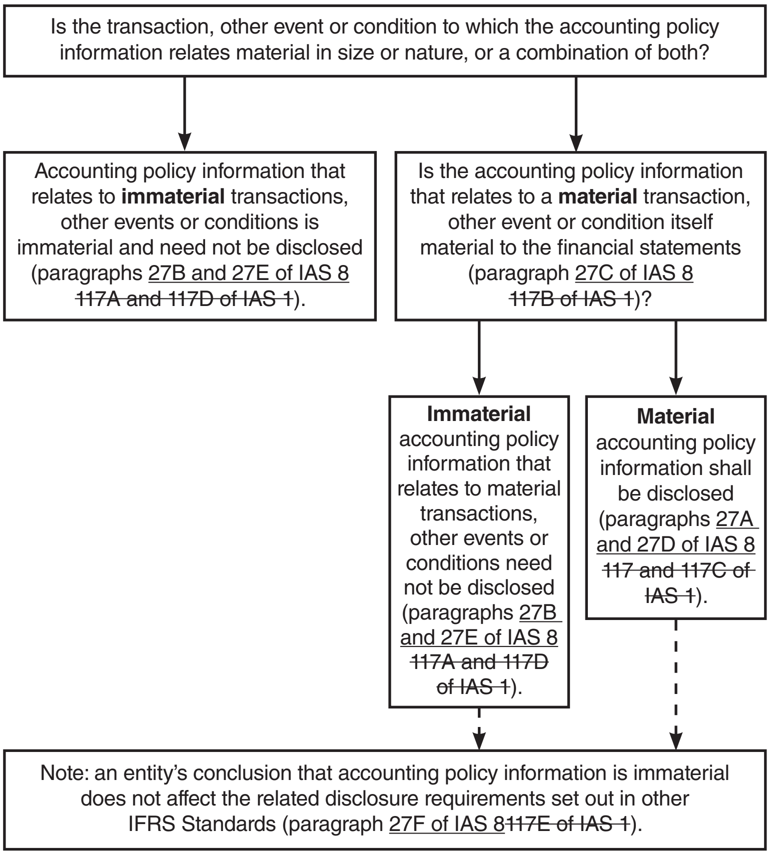
...

Information about accounting policies

88A Paragraph 27A of IAS 8 ~~117 of IAS 1~~ requires an entity to disclose material accounting policy information.

...

Diagram 2 — determining whether accounting policy information is material



88D Paragraph 27C of IAS 8 ~~117B of IAS 1~~ includes examples of circumstances in which an entity is likely to consider accounting policy information to be material to its financial statements. The list is not exhaustive, but provides guidance on when an entity would normally consider accounting policy information to be material.

88E Paragraph 27D of IAS 8 ~~117C of IAS 1~~ describes the type of material accounting policy information that users of financial statements find most useful. Users generally find information about the characteristics of an entity's transactions, other events or conditions — entity-specific information — more useful than disclosures that only include standardised information, or information that duplicates or summarises the requirements of the IFRS Standards. Entity-specific accounting policy information is particularly useful when that information relates to an area for which an entity has exercised judgement—for example, when an entity applies an IFRS Standard differently from similar entities in the same industry.

...

88G Paragraph 27E of IAS 8 ~~117D of IAS 1~~ states that if an entity discloses immaterial accounting policy information, such information shall not obscure material information. Paragraphs 56–59 provide guidance about how to communicate information clearly and concisely in the financial statements.

Example S—making materiality judgements and focusing on entity-specific information while avoiding standardised (boilerplate) accounting policy information

...

Application

...

The entity evaluates the effect of disclosing the accounting policy information by considering the presence of qualitative factors. The entity noted that its revenue recognition accounting policies:

...

(c) were not developed in accordance with IAS 8 *Basis of Preparation of Financial Statements*~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~ in the absence of an IFRS Standard that specifically applies; and

...

Example T—making materiality judgements on accounting policy information that only duplicates requirements in the IFRS Standards

...

Application

...

However, the entity's impairment accounting policy relates to an area for which the entity is required to make significant judgements or assumptions, as described in paragraphs 27G and 31A of IAS 8~~122 and 125 of IAS 1~~. Given the entity's specific circumstances, it concludes that information about its significant judgements and assumptions related to its impairment assessments could reasonably be expected to influence the decisions of the primary users of the entity's financial statements. The entity notes that its disclosures about significant judgements and assumptions already include information about the significant judgements and assumptions used in its impairment assessments.

...

...

Appendix
References to the *Conceptual Framework for Financial Reporting* and IFRS Standards

...

Extracts from IFRS 18 *Presentation and Disclosure in Financial Statements*~~IAS 1 *Presentation of Financial Statements*~~

~~**Paragraph 7**~~

~~Referred to in paragraphs 5, 41 and 60 of the Practice Statement~~

~~***Material*:**~~

~~**Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity.**~~

~~Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.~~

~~**Paragraph 7**~~

~~Referred to in paragraph 6 of the Practice Statement~~

~~Assessing whether information could reasonably be expected to influence decisions made by the 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. […] At times, even well informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.~~

~~**Paragraph 15**~~

~~Referred to in paragraph 62 of the Practice Statement~~

~~**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, income and expenses set out in the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**~~

~~**Paragraph 17**~~

~~Referred to in paragraph 10 of the Practice Statement~~

~~In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRSs. A fair presentation also requires an entity:~~

~~(a)~~ ~~to select and apply accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. IAS 8 sets out a hierarchy of authoritative guidance that management considers in the absence of an IFRS that specifically applies to an item.~~

~~(b)~~ ~~to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.~~

~~(c) to provide additional disclosures when compliance with the specific requirements in IFRSs 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.~~

Paragraph 15

Referred to in paragraph 58 of the Practice Statement

To achieve the objective of financial statements (see paragraph 9), an entity presents information in the primary financial statements and discloses information in the notes. An entity need only present or disclose material information (see paragraphs 19 and B1–B5).

Paragraph 16

Referred to in paragraph 58 of the Practice Statement

The role of the primary financial statements is to provide structured summaries of a reporting entity's recognised assets, liabilities, equity, income, expenses and cash flows, that are useful to users of financial statements for:

(a) obtaining an understandable overview of the entity's recognised assets, liabilities, equity, income, 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.

Paragraph 17

Referred to in paragraph 58 of the Practice Statement

The role of the notes is to provide material information necessary:

(a) to enable users of financial statements to understand the line items presented in the primary financial statements (see paragraph B6); and

(b) to supplement the primary financial statements with additional information to achieve the objective of financial statements (see paragraph B7).

Paragraph 18

Referred to in paragraph 58 of the Practice Statement

An entity shall use the roles of the primary financial statements and the notes, described in paragraphs 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 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 17, more detailed information about the entity's assets, liabilities, equity, income, expenses and cash flows, including the disaggregation of information presented in the primary financial statements, is provided in the notes.

Paragraph 19

Referred to in paragraph 10 of the Practice Statement

> **Some IFRS Accounting Standards specify information that is required to be presented in the primary financial statements or disclosed in the notes. An entity need not provide a specific presentation or disclosure required by IFRS Accounting Standards if the information resulting from that presentation or disclosure is not material. This is the case even if IFRS Accounting Standards contain a list of specific requirements or describe them as minimum requirements.**

Paragraph 20

Referred to in paragraph 10 of the Practice Statement

> **An entity shall consider whether to provide additional disclosures when compliance with the specific requirements in IFRS Accounting 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 and financial performance.**

Paragraph 41

Referred to in paragraphs 28, 57 and 69 of the Practice Statement

> **For the purposes of this Standard, an item is an asset, liability, equity instrument or reserve, income, expense or cash flow or any aggregation or disaggregation of such assets, liabilities, equity, income, expenses or cash flows. A line item is an item that is presented separately in the primary financial statements. Other material information about items is disclosed in the notes. Unless doing so would override specific aggregation or disaggregation requirements in IFRS Accounting Standards, an entity shall (see paragraphs B16–B23):**
>
> **(a) classify and aggregate assets, liabilities, equity, income, 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 present line items in the primary financial statements that fulfil the role of the primary financial statements in providing useful structured summaries (see paragraph 16);**
>
> **(d) aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information (see paragraph 17); and**
>
> **(e) ensure that aggregation and disaggregation in the financial statements do not obscure material information (see paragraph B3).**

Paragraph 42~~Paragraph 29~~

Referred to in paragraph 43 of the Practice Statement

> Applying the principles in paragraph 41, an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 41(c), an entity does not present material information in the primary financial statements, it shall disclose the information in the notes. Paragraphs B79 and B111 set out examples of income, expenses, assets, liabilities and items of equity that might have sufficiently dissimilar characteristics that presentation in the statement of profit or loss or statement of financial position or disclosure in the notes is necessary to provide material information.
>
> ~~**An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.**~~

~~Paragraph 30A~~

~~Referred to in paragraphs 28, 57 and 69 of the Practice Statement~~

> ~~When applying this and other IFRSs an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.~~

~~Paragraph 31~~

~~Referred to in paragraph 10 of the Practice Statement~~

> ~~Some IFRSs specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.~~

Paragraph 31~~38~~

Referred to in paragraphs 67 and 70 of the Practice Statement

> **Except when IFRS Accounting Standards permit or require 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 B13).**
>
> **~~Except when IFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding 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 relevant to understanding the current period's financial statements~~.**

Paragraph 32~~38A~~

Referred to in paragraph 67 of the Practice Statement

> **An entity shall present a current reporting period and preceding period in each of its primary financial statements and in the notes. Paragraphs B14–B15 set out requirements relating to additional comparative information.**
>
> **~~An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity, and related notes.~~**

Appendix A

Referred to in paragraphs 5, 41 and 60 of the Practice Statement

> ***material information:***

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Paragraph B2

Referred to in paragraphs 5, 41 and 60 of the Practice Statement

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Paragraph B4

Referred to in paragraph 6 of the Practice Statement

Assessing whether information could reasonably be expected to influence decisions made by the 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.

Paragraph B5

Referred to in paragraph 6 of the Practice Statement

…At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

Paragraph B14~~38C~~

Referred to in paragraph 69 of the Practice Statement

An entity may provide comparative information in addition to the comparative information required by IFRS Accounting Standards, as long as that information is prepared in accordance with IFRS Accounting Standards. This additional comparative information may consist of one or more of the primary financial statements referred to in paragraph 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.

~~An entity may present comparative information in addition to the minimum comparative financial statements required by IFRSs, as long as that information is prepared in accordance with IFRSs. This comparative information may consist of one or more statements referred to in paragraph 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements.~~

~~**Paragraph 117**~~

~~Referred to in paragraphs 88A and 88C of the Practice Statement~~

~~**An entity shall disclose material accounting policy information (see paragraph 7). 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.**~~

~~**Paragraph 117A**~~

~~Referred to in paragraph 88C of the Practice Statement~~

~~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.~~

~~Paragraph 117B~~

~~Referred to in paragraphs 88C and 88D of the Practice Statement~~

~~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—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 IAS 8 in the absence of an IFRS that specifically applies;~~

~~(d)~~ ~~the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in accordance with paragraphs 122 and 125; 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 to a class of material transactions.~~

~~Paragraph 117C~~

~~Referred to in paragraphs 88C and 88E of the Practice Statement~~

~~Accounting policy information that focuses on how an entity has applied the requirements of the IFRSs to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the IFRSs.~~

~~Paragraph 117D~~

~~Referred to in paragraphs 88C and 88G of the Practice Statement~~

~~If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.~~

~~Paragraph 117E~~

~~Referred to in paragraph 88C of the Practice Statement~~

~~An entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRSs.~~

Paragraph BC73 ~~BC30F~~ of the Basis for Conclusions

Referred to in paragraphs 28 and 69 of the Practice Statement

Aggregating and disaggregating information requires an entity to avoid both omitting useful information by providing insufficient detail and obscuring information with too much detail. For example, an entity's total assets, total liabilities, total equity, total income, total expenses and total cash flows provide some information about the entity's financial position, financial performance and cash flows, but are too aggregated to be useful on their own. Conversely, disaggregated information about individual transactions or other events provides detailed information, but may be so detailed as to obscure material information. Accordingly, an entity uses its judgement to determine how much detail is necessary to provide useful information.

~~Paragraph 30A was added to IAS 1 to highlight that when an entity decides how it aggregates information in the financial statements, it should take into consideration all relevant facts and circumstances. Paragraph 30A emphasises that an entity should not reduce the understandability of its financial statements by providing immaterial information that obscures the material information in financial statements or by aggregating material items that have different natures or functions. Obscuring material information with immaterial information in financial statements makes the material information less visible and therefore makes the financial statements less understandable. The amendments do not actually prohibit entities from disclosing immaterial information, because the Board thinks that such a requirement would not be operational; however, the amendments emphasise that disclosure should not result in material information being obscured.~~

Extracts from IAS 8 *Basis of Preparation of Financial Statements*~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~

Paragraph 5

Referred to in paragraphs 72 and 78 of the Practice Statement

> ***Prior period errors*** **are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:**
>
> (a) **was available when financial statements for those periods were authorised for issue; and**
>
> (b) **could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.**
>
> **Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.**

Paragraph 6A

Referred to in paragraph 62 of the Practice Statement

> **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, income and expenses set out in the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**

Paragraph 6C

Referred to in paragraph 10 of the Practice Statement

> In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRSs. A fair presentation also requires an entity:
>
> (a) to select and apply accounting policies in accordance with this Standard. This Standard sets out a hierarchy of authoritative guidance that management considers in the absence of an IFRS that specifically applies to an item.
>
> (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
>
> (c) to provide additional disclosures when compliance with the specific requirements in IFRSs 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.

Paragraph 8

Referred to in paragraph 8 of the Practice Statement

> IFRSs set out accounting policies that the IASB has concluded result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial. However, it is inappropriate to make, or leave uncorrected,

immaterial departures from IFRSs to achieve a particular presentation of an entity's financial position, financial performance or cash flows.

Paragraph 27A

Referred to in paragraph 88A and 88C of the Practice Statement

An entity shall disclose material accounting policy information (see paragraph 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.

Paragraph 27B

Referred to in paragraph 88C of the Practice Statement

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.

Paragraph 27C

Referred to in paragraphs 88C and 88D of the Practice Statement

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—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 Standard in the absence of an IFRS that specifically applies;

(d) the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in accordance with paragraphs 27G and 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 to a class of material transactions.

Paragraph 27D

Referred to in paragraphs 88C and 88E of the Practice Statement

Accounting policy information that focuses on how an entity has applied the requirements in the IFRSs to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the IFRSs.

Paragraph 27E

Referred to in paragraphs 88C and 88G of the Practice Statement

If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Paragraph 27F

Referred to in paragraph 88C of the Practice Statement

An entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRSs.

Paragraph 41

Referred to in paragraph 73 of the Practice Statement

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Financial statements do not comply with IFRSs if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's financial position, financial performance or cash flows. Potential current period errors discovered in that period are corrected before the financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period (see paragraphs 42–47).

Extracts from IAS 34 *Interim Financial Reporting*

…

Paragraph 20

Referred to in paragraph 85 of the Practice Statement

Interim reports shall include interim financial statements (condensed or complete) for periods as follows:

(a) **statement of financial position as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year.**

(b) **statement(s) of financial performance ~~statements of profit or loss and other comprehensive income~~ for the current interim period and cumulatively for the current financial year to date, with comparative statement(s) of financial performance ~~statements of profit or loss and other comprehensive income~~ for the comparable interim periods (current and year-to-date) of the immediately preceding financial year. As permitted by IFRS 18~~IAS 1 (as amended in 2011)~~, an interim report may present for each period a statement (or statements) ~~or statements~~ of financial performance~~profit or loss and other comprehensive income~~.**

(c) **statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.**

(d) **statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.**

...

In paragraph 5 the footnote at the end of the first sentence is amended. New text is underlined and deleted text is struck through.

* See Appendix A and paragraph B2 of Appendix B of IFRS 18 *Presentation and Disclosure in Financial Statements*~~paragraph 7 of IAS 1 *Presentation of Financial Statements*~~.

In paragraph 6 the footnote at the end of the paragraph is amended. New text is underlined and deleted text is struck through.

* See Appendix A and paragraph B4 of IFRS 18~~paragraph 7 of IAS 1~~.

In paragraph 8 the footnote at the end of the paragraph is amended. New text is underlined and deleted text is struck through.

* See paragraph 8 of IAS 8 *Basis of Preparation of Financial Statements*~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~.

In paragraph 10 the footnote at the end of the paragraph is amended. New text is underlined and deleted text is struck through.

* See paragraph 6C(c) of IAS 8 and paragraphs 19–20 of IFRS 18~~paragraphs 17(c) and 31 of IAS 1~~.

In paragraph 28 the footnote at the end of the paragraph is amended. New text is underlined and deleted text is struck through.

* See paragraph 41 of IFRS 18 and paragraph BC73 of the Basis for Conclusions on IFRS 18~~paragraph 30A of IAS 1 and paragraph BC30F of the Basis for Conclusions on IAS 1~~.

In paragraph 41 the footnote at the end of the first sentence is amended. New text is underlined and deleted text is struck through.

* See Appendix A and paragraph B2 of IFRS 18~~paragraph 7 of IAS 1~~.

In paragraph 43 the footnote after 'much detail' is amended. New text is underlined and deleted text is struck through.

* See paragraph 42 of IFRS 18~~paragraph 29 of IAS 1~~.

In paragraph 57 the footnote after 'is obscured' is amended. New text is underlined and deleted text is struck through.

* See paragraph 41 of IFRS 18~~paragraph 30A of IAS 1~~.

In paragraph 60 the footnote after 'other information' is amended. New text is underlined and deleted text is struck through.

* See Appendix A and paragraph B2 of IFRS 18~~paragraph 7 of IAS 1~~.

In paragraph 62(d) the footnote added to the end of the sub-paragraph is amended. New text is underlined and deleted text is struck through.

* See paragraph 6A of IAS 8~~15 of IAS 1~~.

In paragraph 67 the footnotes at the end of the first, second, third and fourth sentences are amended. New text is underlined and deleted text is struck through.

* Except when IFRS Standards permit or require otherwise. See paragraph 31 of IFRS 18~~38 of IAS 1~~.

† See paragraph 31 of IFRS 18~~38 of IAS 1~~.

‡ See paragraph 32 of IFRS 18~~38A of IAS 1~~.

§ Paragraph 10(g) of IFRS 18 ~~10(f) of IAS 1~~ also requires an entity to provide a statement of financial position as at the beginning of the preceding period when the entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 37–40 of IFRS 18~~40A–40D of IAS 1~~.

In paragraph 69 the footnote after 'with the Standards' and the footnote at the end of the third sentence are amended. New text is underlined and deleted text is struck through.

* See paragraph B14 of IFRS 18~~38C of IAS 1~~.

† See paragraph 41 of IFRS 18 and paragraph BC73 of the Basis for Conclusions on IFRS 18~~paragraph 30A of IAS 1 and paragraph BC30F of the Basis for Conclusions on IAS 1~~.

In paragraph 70 the footnote after 'current-period financial statements,' is amended. New text is underlined and deleted text is struck through.

* See paragraph 31 of IFRS 18~~38 of IAS 1~~.

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