Tentative Agenda Decision and comment letters: Presentation of Operating Expenses (IFRS 18)

The IFRS Interpretations Committee (Committee) discussed the following matter and tentatively decided not to add a standard-setting project to the work plan. The Committee will reconsider this tentative decision, including the reasons for not adding a standard-setting project, at a future meeting. The Committee invites comments on the tentative agenda decision. All comments will be on the public record and posted on our website unless a respondent requests confidentiality and we grant that request. We do not normally grant such requests unless they are supported by good reason, for example, commercial confidence.

Tentative Agenda Decision

Open for comment until 9 September 2026

The Committee received a request asking:

a. when an entity is required to use a 'mixed presentation'—that is, a presentation in which an entity classifies and presents in line items in the statement of profit or loss some operating expenses based on their nature and others based on their function within the entity—applying paragraph 78 of IFRS 18; and
b. whether an entity can disaggregate expenses of the same nature and classify and present some of those expenses in line items comprising operating expenses aggregated on the basis of nature and others in line items comprising operating expenses aggregated on the basis of function.

Applicable requirements

Paragraphs 78–85 and B80–B85 of IFRS 18 set out requirements for the presentation and disclosure of expenses in the operating category of the statement of profit or loss.

Applying the requirements in IFRS 18

Using a 'mixed presentation'

Paragraph 78 of IFRS 18 requires an entity, in the operating category of its statement of profit or loss, to classify and present expenses in line items in a way that provides the most useful structured summary of its expenses using (a) the nature of expenses, (b) the function of the expenses within the entity, or (c) both of these characteristics. Accordingly, the Committee observed that an entity is required to use a mixed presentation when doing so provides the most useful structured summary of its operating expenses.

Classifying and presenting expenses of the same nature

Paragraph B82 of IFRS 18 sets out an example in which an entity includes some employee benefits in a function line item and other employee benefits in a nature line item. Paragraph B82 requires an entity that classifies and presents some expenses by nature and other expenses by function to label the resulting line items in a way that clearly identifies which expenses are included in each line item.

The Committee observed that the example in paragraph B82 illustrates that if an entity includes some expenses of the same nature in one or more function line items, it is not required to include all expenses of that nature in function line items. In classifying and presenting operating expenses, an entity considers, in accordance with paragraph B85 of IFRS 18, the level of aggregation that provides the most useful structured summary of its operating expenses.

Conclusion

The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for an entity to determine:

a. when it is required to use a mixed presentation; and
b. whether it can disaggregate expenses of the same nature and classify and present some of those expenses in line items comprising operating expenses aggregated on the basis of nature and others in line items comprising operating expenses aggregated on the basis of function.

Consequently, the Committee [decided] that a standard-setting project is not needed to address the request.

The deadline for commenting on the tentative agenda decision is **9 September 2026**. The Committee will consider all comments received in writing by that date; agenda papers analysing comments received will include analysis only of comments received by that date.

Note: Please ensure you upload your comment letter as an editable PDF (at least one file must be uploaded). We do not accept Word documents, which will fail to upload. Please also ensure there are no periods or other reserved characters in the file name because these will cause an error.

All comment letters will be on the public record and posted on our website unless the respondent requests confidentiality. Such requests will not normally be granted without a good reason—for example, commercial confidence. If you would like to request confidentiality, please contact us before submitting your letter.

Login/register to submit a comment letter

Share this page

About us
Around the world
Contact us
Funding
IFRS Accounting Standards
IFRS Sustainability Standards
IFRS translations
Jobs
News and events
Products and services
Projects
Shop
Speaking requests
Supporting implementation

Academics
Accounting profession
Investors
Media
National standard-setters
Preparers
Regulators
Students

Stay in touch