

9 September 2026

International Accounting Standards Board  
7 West Ferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom  
Email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

Dear Sir/Madam

**SAICA SUBMISSION ON TENTATIVE AGENDA DECISION: PRESENTATION OF OPERATING EXPENSES (IFRS 18)**

In response to your request for comments on Tentative Agenda Decision and comment letters: Presentation of Operating Expenses (IFRS 18), attached is the comment letter prepared by the South African Institute of Chartered Accountants (SAICA). This comment letter results from deliberations of SAICA's Accounting Practices Committee (APC), which comprises members from reporting organisations, preparers, regulators, auditors, IFRS specialists, investment analysts and academics.

We thank you for the opportunity to provide comments on this Tentative Agenda Decision.

Please do not hesitate to contact us should you wish to discuss any of our comments.

**Blaise Colyvas**  
**Chairperson: APC**

**Mulala Ratshitanga**  
**Lead: Financial Reporting**

**Cc: Kedibone Sono**  
**Head: Financial Reporting**

**Milton Segal**  
**Executive: Standards**



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.

## **SPECIFIC COMMENTS**

We do not have specific comments on this agenda decision. We agree with the conclusion reached by the IASB staff and there is sufficient guidance available on this matter.