

06 February 2026

International Accounting Standards Board
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London E14 4HD
United Kingdom
Email: commentletters@ifrs.org

Dear Sir/Madam

SAICA SUBMISSION ON TENTATIVE AGENDA DECISION: *Scope of the requirement to disclose expenses by nature (IFRS 18)*

In response to your request for comments on Tentative Agenda Decision: *Scope of the requirement to disclose expenses by nature (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.

Prof Ahmed Mohammadali-Haji
Chairperson: APC

Mulala Ratshitanga
Lead: Financial Reporting

Cc: Kedibone Sono
Head: Financial Reporting



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Overview

The Committee received a request about the scope of the requirements in paragraph 83 of IFRS 18.

Paragraph 75 of IFRS 18 requires an entity to present line items in the statement of profit or loss, including for:

1. operating expenses (paragraph 75(a)(ii)); and
2. amounts required by IFRS 9 *Financial Instruments* and IFRS 17 *Insurance Contracts* (paragraph 75(b)–(c)).

Paragraph 83 of IFRS 18 requires an entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss to also disclose, in a single note, the total and the amount included in each line item for depreciation, amortisation, employee benefits, impairment of non-financial assets (and reversals) and write-downs of inventories (and reversals).

SPECIFIC COMMENTS

The Committee's conclusion does not address the treatment of expenses that were capitalized in previous periods and have since been released in the income statement, specifically whether the disclosure of the original nature of these costs is still required if the entity makes use of the function approach to present expenditure in the income statement. To analyse this, we identified three scenarios for how expenses may affect disclosures: (1) incurred and recognized in profit or loss statement in the same year; (2) expenses incurred and capitalized in the current year; (3) expenses incurred and capitalized in prior years but subsequently released to profit and loss. The agenda decision clarifies the disclosure requirements for the first two scenarios but does not address the requirements for the third scenario, which is the most complex and remains unresolved. We request the Committee consider whether the disclosure requirements are intended to cover all scenarios outlined, as this would necessitate additional monitoring and tracking costs over multiple of years to meet a disclosure requirement under IFRS 18.