Applying IFRS

A closer look at IFRS 18

(Appendix – Additional considerations for insurers)

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Appendix E - Additional considerations for insurers

How to use this publication

This publication is issued as an appendix to EY's *Applying IFRS: A closer look at IFRS 18* (Updated April 2026) and should, therefore, be read in conjunction with that publication. All references to sections other than those of this Appendix are to the relevant sections in that publication ('the main publication').

As explained in section 3.3 of the main publication, the specific requirements for entities such as insurers, with a main business activity of investing in assets (and/or providing financing to customers), only apply to certain income and expenses related to those main business activities. However, the rest of such an entity's income and expenses are still subject to the general requirements in IFRS 18, which are discussed in section 3.2 of the main publication.

For ease of reference, a number of the more generally applicable frequently asked question included in the main publication have also been included, or expanded upon in the context of Insurers, in this Appendix.

Overview

This publication contains an illustrative consolidated statement of profit or loss for a life and non-life insurance group under IFRS 18 *Presentation and Disclosure in Financial Statements* and addresses frequently asked questions about the application of IFRS 18 which have arisen in the insurance sector.

D.1 Introduction

As discussed in section 3.1.1 of the main publication, IFRS 18 requires all entities to classify their income and expenses included in profit or loss for the period into one of five specified categories, namely: operating, investing, financing, income taxes and discontinued operations. If insurers were to apply the general requirements of the standard, some of their income and expenses from their main business activities would be classified in categories other than the operating category.

To address this, IFRS 18 introduces a new concept of a 'specified main business activity', which requires entities that have identified either or both of the two specified activities to classify some of their income and expenses in the operating category that would otherwise have been included in the investing or financing categories. *[IFRS 18.50]*.

The two types of specified main business activities included in IFRS 18 are:

- Investing in particular types of assets, referred thereafter as investing in assets

  And
- Providing financing to customers

Entities need to determine if they have either or both of these activities as a main business activity based on their particular facts and circumstances. Insurers would typically have a main business activity of investing in assets due to the investments they hold to support their insurance activities.

How we see it

Insurance entities typically invest in assets as part of their operations and some provide financing to customers. Therefore, insurers need to assess whether they have a specified main business activity, as further discussed in section D.3 below.

Insurers may also have a main business activity of providing financing to customers, if, for example, they have a bank or a lending institution within their group. Determining whether an insurer has one or both of the specified main business activities is a matter of fact, based on evidence, including the significance of the bank to the consolidated group, rather than merely an assertion and may require significant judgement.

In applying IFRS 18, insurers, therefore, have to follow the general requirements applicable to entities in all industries, explained in section 3.2 of the main publication, and also the specific requirements applicable to entities with either or both of the business activities specified by the standard, explained in section 3.3 of the main publication. Specific further considerations for insurers are included in section D.3 below.

D.2 Illustrative statement of profit or loss

The consolidated statement of profit or loss below is based on Illustrative Example II-3 within IFRS 18 and is for an insurer that has identified a main business activity of investing in assets at the reporting entity level; the insurer did not identify providing financing to customers as a main business activity.

The insurer classifies its income and expenses using the general requirements of IFRS 18 and applies the classification exceptions for the specified main business activity as appropriate. See section D.3 for guidance in determining main business activities.

The aggregation and disaggregation of income and expenses in this example is for illustrative purposes only. In practice, any conclusion in this area requires judgement, a consideration of materiality and must be based on the specific facts or circumstances of the reporting entity, and further line items may be required based on those facts and circumstances. See section 2.2 of the main publication for more guidance on aggregation and disaggregation requirements under IFRS 18.

The allocation of profit or loss for the year attributable to non-controlling interests and owners of the parent, as required by IFRS 18.76, and the presentation of earnings per share, as required by paragraph 66 of IAS 33 *Earnings per Share*, are not illustrated in the example below.

Figure D-1: Example presentation of the consolidated statement of profit or loss for an insurer

Consolidated statement of profit or loss for the year ended 31 December 202X	Category	Note	Reference
Insurance revenue	Operating	(1)	*IFRS 18.75(c)(i)* *IFRS 17.83*
Insurance service expense	Operating	(1)	*IFRS 18.75(c)(ii)* *IFRS 17.84*
Allocation of reinsurance premiums	Operating	(1)	*IFRS 18.75(c)(iii)* *IFRS 17.86*
Amounts recoverable from reinsurers for incurred claims	Operating	(1)	*IFRS 18.75(c)(iii)* *IFRS 17.86*
Insurance service result	Operating	(1)	*IFRS 18.B123(c)* *IFRS 17.80(a)*

Interest revenue calculated using the effective interest method		(2)	IFRS 18.75(b)(i) IFRS 18.58 IFRS 18.B49(b) IFRS 7.20(b)
Net fair value gains (losses) on financial assets at fair value through profit or loss		(2)	IFRS 18.58 IFRS 7.20(a)(i)
Net fair value gains (losses) on derecognition of financial assets measured at fair value through other comprehensive income		(2)	IFRS 18.58 IFRS 18.75(b)(v) IFRS 7.20(a)(viii)
Impairment loss on financial assets		(2)	IFRS 18.75(b)(ii) IFRS 18.B49(d)
Net Investment result		(4)	IFRS 18.24
Insurance finance expenses for insurance contracts issued		(3)	IFRS 18.75(c)(iv) IFRS 17.87
Reinsurance finance income for reinsurance contracts held		(3)	IFRS 18.75(c)(v) IFRS 17.82
Net fair value losses (gains) on investment contracts with participation features		(3)	IFRS 7.20(a)(i) IFRS 18.64(a)
Insurance and investment finance result		(4)	IFRS 18.24 IFRS 17.80(b)
Net financial result		(4)	IFRS 18.24
Fee income		(5)	IFRS 18.75(a)(i) IFRS 7.20(c)
Operating expenses excluding expenses attributable to insurance services		(6)	IFRS 18.78
Net foreign exchange (expense) / income on operating items		(7)	IFRS 18.B65 IFRS 18.B68
Operating profit or loss			IFRS 18.69(a) IFRS 18.70
Share of profit or loss of equity-accounted associates and joint ventures	Investing	(8)	IFRS 18.75(a)(iii) IFRS 18.53(a) IFRS 18.55(a)
Profit or loss before financing and income tax			IFRS 18.69(b) IFRS 18.71
Interest expense on borrowings	Financing	(9)	IFRS 18.60
Interest expense on other liabilities	Financing	(10)	IFRS 18.61 IFRS 18.B54(c), (d), (e)
Profit before income tax			
Income tax expense	Income taxes	(11)	IFRS 18.75(a)(iv)
Profit from continuing operations			
Loss from discontinued operations	Discontinued operations	(12)	IFRS 18.68 IFRS 18.75(a)(v)
Profit for the year			IFRS 18.69(c) IFRS 18.72

Key:

New items (yellow outline)

Required items (grey shading)

Commentary

(1) Insurance revenue, Insurance service expenses and income or expenses from reinsurance contracts held are line items required by IFRS 17 *Insurance Contracts*. Such income and expenses arise from insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features that are within the scope of IFRS 17.

IFRS 17.86 allows entities to select one of the following presentation options for income or expenses from reinsurance contracts held: (i) to present the income or expenses, other than insurance finance income or expenses, as a single amount; or (ii) to present separately the amounts to be recovered from the reinsurer and an allocation of the premiums paid that, together, give a net amount equal to that single amount. The insurer has elected to present the amounts recoverable from the reinsurer and an allocation of the premiums paid separately.

The subtotal 'insurance service result' represents the subtotal required by IFRS 17.

(2) As the insurer has a main business activity of investing in financial assets, all specified income and expenses from those assets that it invests in as a main business activity are classified in the operating category rather than in the investing category (excluding income and expenses from joint ventures and associates accounted for using the equity method).

Since the insurer invests in *financial* assets as a main business activity, income and expense from all its cash and cash equivalents are classified in the operating category. Refer to section D.3 below.

IFRS 18.75(b)(i) explicitly requires that entities present a specific line called, 'Interest revenue, calculated using the effective interest method' within revenue, implying that interest revenue calculated using the effective interest rate method (EIR) is differentiated from interest revenue calculated using other methods. As such, interest calculated using the EIR is presented separately for financial assets accounted for at amortised cost or fair value through other comprehensive income (OCI).

The insurer has determined, taking into account the disaggregation requirements in IFRS 18, and considering the guidance in IAS 8 *Basis of Preparation of Financial Statements* regarding accounting policies in the absence of specific requirements, not to present a line item for 'Interest income on financial assets at fair value through profit or loss', separately from 'Net gains/(losses) on financial assets at fair value through profit or loss'. The insurer considers that this is consistent with providing a useful structured summary of its income and expenses in the consolidated statement of profit or loss.

However, some entities might determine that separately presenting 'Interest income on financial assets at fair value through profit or loss' would be necessary for the consolidated statement of profit or loss to provide a useful structured summary of the insurer's income and expenses - see Question D.2-1 below.

The impairment losses on financial assets relate to the insurer's financial assets which form part of its main business activity. Therefore, these impairment losses are classified in the operating category. These impairment losses are presented within the net investment result as the insurer regards this as part of the operating performance from its investing activities. An entity might need to present impairment losses (or reversals of impairment losses) in more than one category within the statement of profit or loss, as further explained in Question D.9-3 below.

(3) IFRS 18.75(c) requires a line item for insurance finance income or expenses to be presented separately in the statement of profit or loss, for both issued contracts and reinsurance contracts held in the scope of IFRS 17. Such income and expenses arise from contracts issued, reinsurance contracts held in the scope of IFRS 17 and investment contracts with participation features in the scope of IFRS 9 *Financial Instruments*.

IFRS 17.88 provides an accounting policy choice relating to insurance finance income or expenses (IFIE). Total IFIE may either be presented in profit or loss as a whole, or it can be disaggregated between profit or loss and OCI. The amount presented in profit or loss is determined by a systematic allocation of the expected total IFIE over the duration of the group of insurance contracts.

Insurance finance income or expenses included in the statement of profit or loss applying IFRS 17 is specifically excluded from the financing category. Therefore, it is classified in the operating category under IFRS 18. An entity must also include in the operating category, the income and expenses from investment contracts with participation features in the scope of IFRS 9. See section 3.3.6 of the main publication and section D-5 below.

(4) The insurer presents additional line items and subtotals such as 'net investment result', 'insurance and investment finance result', and 'net financial result' to provide a useful structured summary of the insurer's income and expenses. The granularity of the subtotal structure depends on the relevant business activities of an insurance entity as well as the demands of the users of the financial statements and must, therefore, be carefully assessed in each case.

(5) The line item, 'fee income', includes revenue generated from the insurer's asset management activities that result in the investing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The fee income is determined applying IFRS 15 *Revenue from Contracts with Customers* and this income is presented as a separate line item.

Applying the principles of aggregation and disaggregation in IFRS 18.41, fee expenses are not disaggregated and presented separately, but are included in the line item 'other operating expenses excluding insurance service expense' as the insurer has determined this is not required for a useful structured summary. Other insurers may determine that disaggregation is necessary to achieve a useful structures summary based on their specific circumstances.

(6) The insurer aggregates other operating expenses excluded from the insurance service expense and describes this line item as 'other operating expenses excluding insurance service expense', as this label is considered by the insurer to be sufficiently explanatory; the key aspect of these items is explicitly conveyed and additional disclosure is not required. Entities can only use labels such as 'other income' or 'other expenses' if they cannot find a more informative label. Section 2.3.1 of the main publication and section D.9 below contain more guidance on the use of the label 'other'.

Operating expenses must be presented using the characteristics of either the nature or the function of expenses within the entity, although a mixed presentation is permitted. However, an individual line item can only be aggregated on the basis of one of those characteristics (see section 3.4.2 of the main publication). Insurers typically present operating expenses by function rather than nature. In that case, insurers must still disclose an analysis of each functional line item by nature in the notes to the financial statements. If the line item 'Operating expenses excluding insurance service expense' includes items that are individually material, the insurer must provide additional information on those items in the notes. See section 3.4.2.B of the main publication and Question D.9 below. Operating expenses must be classified and presented consistently from one reporting period to another, unless the conditions for a change in presentation, as set out in IFRS 18.30, apply.

(7) As explained in section 3.2.7 of the main publication, foreign exchange differences are classified in the category in which the related income and expenses from the item giving rise to the foreign exchange difference have been classified, unless doing so would involve undue cost or effort. Foreign exchange differences related to insurance contracts accounted for under IFRS 17 and investment contracts with participation features accounted for under IFRS 9 are classified in the operating category in accordance with the classification of income and expenses related to insurance contract balances. Foreign exchange differences arising from assets that the insurer invests in as a main business activity and from cash and cash equivalents are also classified in the operating category in accordance with this requirement.

Taking into account the disaggregation requirements in IFRS 18, and considering the guidance in IAS 8 for accounting policies in the absence of specific requirements, the insurer has determined to present the foreign exchange differences accounted for applying IAS 21 *The Effects of Changes in Foreign Exchange Rates* as a separate 'foreign exchange differences' line item in each profit or loss category. This is on the basis that foreign exchange differences are sufficiently dissimilar from the other income and expenses arising from the same underlying transaction to warrant separate presentation. See Question 2-2 in section 2.2.2 of the main publication for further guidance on the presentation of foreign exchange effects from insurance contracts).

(8) All entities must classify their share of profit or loss and other specified income and expenses (such as impairment losses) from equity-accounted investments in associates, joint ventures, or unconsolidated subsidiaries in the investing category, regardless of whether investing in such assets is a main business activity. Refer to section D.6 below for more information on the options available to an entity that considers its equity accounted investments to be part of its operations.

The insurer presents any gains or losses on disposal of equity-accounted investments aggregated together with the share of profit or loss from the related investments to provide a useful structured summary of the insurer's income and expenses, see Question 3-3 of the main publication.

This illustrative presentation includes the income and expenses from any associates and/or joint ventures held at fair value through profit or loss in the line item 'net fair value gains (losses) on financial assets at fair value through profit or loss' within the operating category as the investments in associates and/or joint ventures are invested in as part of the insurers main business activity of investing in assets.

(9) As the insurer does not provide financing to customers as a main business activity, income and expenses from liabilities that arise only from the raising of finance (Type 1 liabilities), are classified in the financing category. If the insurer provides financing to customers as a main business activity, further consideration on the presentation of income and expenses related to borrowings are necessary. See section D.6 below).

(10) The insurer presents the interest income and expenses from liabilities with the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, IAS 19 *Employee Benefits* and IFRS 16 *Leases* ('Type 2 liabilities') in 'Interest expense on other liabilities'. Interest income and expenses on Type 2 liabilities, including income and expenses arising from changes in interest rates, identified for the purpose of applying other requirements in IFRS accounting standards, are classified in the financing category for all entities, irrespective of their main business activities. Income or expenses from all other changes in the carrying amount of Type 2 liabilities, such as changes in estimates of cash flows, are classified in the operating category. Refer to Question section D.5 below.

(11) Income and expenses classified in either the income taxes or discontinued operations categories are not subject to the requirements for classifying income and expenses in the operating, investing and financing categories. See sections 3.2.4 and 3.2.5 of the main publication for more information.

(12) An insurer, or an entity that includes insurance activities such as a financial conglomerate, may identify both specified main business activities (i.e., investing in assets and providing financing to customers) in its consolidated financial statements. If a reporting entity has both specified main business activities, judgement is needed to determine how to present the requirements under IFRS 18 related to its business activities through an appropriate useful structured summary. IFRS 18.24 requires the use of additional subtotals, if necessary, to provide a useful structured summary. Financial conglomerates will need to decide which additional subtotals to use, and consider issues such as different presentation of expenses, and the specific requirements and options of the standard necessary to achieve the most useful structured summary (for example, through a mixture of a by-nature and by-function presentation of operating expenses, accommodating the insurance-specific required line items together with amounts related to other main business activities).

Since main business activities are identified at the reporting entity level, the assessment and presentation may differ between a subsidiary's own financial statements versus the consolidated group reporting. Individual subsidiaries may not have one or both of the specified main business activities that are identified at the conglomerate level, or may have a specified main business activity at the individual financial statements level that is not a specified main business activity at the (consolidated) conglomerate level. Refer to section D.3 below for further considerations the identification of main business activities.

Frequently asked questions

Question D.2-1: Can the interest accrual or settlement on financial instruments measured at fair value through profit or loss be disaggregated and presented separately from other fair value movements in the statement of profit or loss under IFRS 18?

The change in fair value of debt instruments measured at fair value through profit or loss (FVTPL) applying IFRS 9 can be due to interest accruals, foreign exchange differences and changes in market interest rates, amongst other components. Neither IFRS 9 nor IFRS 7 *Financial Instruments: Disclosures* provide explicit guidance on whether entities are required to, or are prohibited from, disaggregating the fair value movements into their components on the face of the income statement, although IFRS 7 requires disclosure of the net gain or loss on financial instruments at FVTPL and disclosure, in the accounting policies, of whether this net gain or loss includes interest or dividends. *[IFRS 7.20(a)(i), IFRS 7.B5(e)]*.

As mentioned in Question 2-1 in section 2.1.1.B of the main publication, an accounting policy appropriately developed under IAS 8 is not in conflict with the requirement in IFRS 18.24(a) for additional line items to be amounts recognised and measured in accordance with IFRS accounting standards.

How we see it

An entity could disaggregate the interest accrual or settlement on financial instruments measured at FVTPL and present it in a separate line item from (but in the same profit or loss category as) the other components of the fair value movement, provided this additional line item is necessary for the statement of profit or loss to provide a useful structured summary.

Therefore, entities can, as an accounting policy, determine net gains or losses on financial instruments at FVTPL exclusive of interest income or expense for presentation purposes, if such presentation is necessary to provide a useful structured summary. This could be the case when the interest accruals or settlements are useful for providing an understandable overview of the entity's income and expenses or for making comparisons between entities, for example, when net interest income is recognised as a key measure of an entity's performance in a specific industry. The entity would then disaggregate and present the interest income or expense component separately from the other components of the total net gain or loss recognised applying IFRS 9 (but still within the same profit or loss category).

The accounting policy must be by class of financial instrument, determined by the entity and distinct from the IFRS 9 measurement categories, taking into account the characteristics of the financial instruments. *[IFRS 7.6, IFRS 7.B1-B3]*. The accounting policy cannot, therefore, be at the level of all financial instruments at FVTPL, but must be more granular, e.g., interest bearing derivative financial instruments (i.e., swaps) and interest bearing non-derivative financial instruments (i.e., debt). The same accounting policy must be applied to all financial assets and financial liabilities of the same class.

See section 3.4 of the main publication for information on specified line items to be presented in the statement of profit or loss, section 2.1.1.B of the main publication for information on additional line items and section 2.2 of the main publication for information on the principles of aggregation and disaggregation.

Question D.2-2: Can the interest disaggregated from other fair value movements on financial instruments measured at FVTPL be aggregated with 'interest revenue calculated using the effective interest method'?

The interest component disaggregated from the other components of the fair value movement on financial instruments measured at FVTPL (as discussed in Question D.2-1 above), could also be aggregated with another line item within the same profit or loss category for presentation purposes, provided the principles of aggregation are followed (see section 2.2 of the main publication). *[IFRS 18.41]*.

However, IFRS 18 prescribes requirements for line items to be included on the face of the statement of profit or loss and these include the line item 'interest revenue calculated using the effective interest method'. *[IFRS 18.75(b)(i)]*. The IFRS Interpretations Committee (IFRS IC) clarified in March 2018 that only interest on financial assets measured at amortised cost or on debt instruments measured at fair value through other comprehensive income are permitted to be included in the amount of interest revenue presented separately for items calculated using the effective interest method. At this meeting, it was also concluded that the separate interest revenue line would encompass the effect of a qualifying hedge of interest rate risk, applying the hedge accounting requirements.[1]

D.3 Main business activity assessment

The identification of a specified main business activity of:

- Investing in assets impacts the classification of income and expenses specified in IFRS 18.54 arising from those assets (see section 3.3.1 of the main publication.)
- Investing in *financial* assets impacts the classification of income and expenses from cash and cash equivalents (see section D.4 below)

  And
- Providing financing to customers impacts the classification of income and expenses from both cash and cash equivalents (see section D.4 below) and liabilities that arise from transactions that involve only the raising of finance (see section D.5 below)

Entities with a specified main business activity, therefore, classify certain income and expenses in the operating category that entities without such a specified main business activity would classify in the investing or financing categories. For example, all the income and expenses from an investment property that the entity invests in as a main business activity will be included in the operating, rather than investing, category – see section 3.3.1 of the main publication.

An insurer would generally be expected to identify 'investing in assets' as a main business activity. It may be less straightforward to determine whether an insurer (also) identifies 'providing financing to customers' as a main business activity.[2] *[IFRS 18.B31, IFRS 18.B32]*. It should be noted that determining whether the entity invests in assets as a main business activity is only relevant for investments other than equity accounted investments, as the classification of the income and expenses from ***equity*** accounted investments does not change, whether they are invested in as a main business activity or not. *[IFRS 18.55(a), IFRS 18.B38]*. Income and expenses from equity accounted investments are classified in the investing category.

The classification of income and expenses from cash and cash equivalents in the case of a specified main business activity of investing in financial assets is discussed in section D.4 below.

The standard provides the following two indicators entities can consider to determine whether or not an entity has either or both of the above specified main business activities:

- The entity uses a particular type of subtotal, similar to gross profit, as an important indicator of operating performance, and that subtotal includes income and expenses that would have been classified in the investing or financing categories if the entity did not have one, or both, of the above specified main business activities *[IFRS 18.B34]*. For example, investment

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1 *IFRIC Update*, March 2018, available on the IFRS Foundation's website. While this IFRS IC agenda decision was under IAS 1, it has been carried forward by the IASB substantially unchanged, with only the reference to IAS 1 being updated to the equivalent requirement in IFRS 18.

2 Further discussion on the main business activity of providing financing to customers by a financial institution can be found in Appendix C to the main publication – Additional considerations for banks. *Applying IFRS: A closer look at IFRS 18 (Updated April 2026)*

returns are an important indicator of operating performance if investing in assets is an entity's main business activity. *[IFRS 18.BC145]*.

- The entity applies IFRS 8 *Operating Segments*, and:
  - A reportable segment comprises a single business activity, this indicates that the performance of the reportable segment is an important indicator of the entity's operating performance and that the business activity of the reportable segment is a main business activity of the entity. *[IFRS 18.B36(a)]*. For example, where a reportable segment of an insurer comprises only activities relating to providing financing to customers.

    And
  - An operating segment comprises a single business activity, and the performance of the operating segment is an important indicator of the entity's operating performance (as described in IFRS 18.B34), this indicates that the business activity of the operating segment might be a main business activity of the entity *[IFRS 18.B36(b)]*. For example, where an operating segment of an insurer that is included in a reportable segment, comprises only activities related to providing financing to customers, and the returns from this operating segment are used by the insurer as an important indicator of its operating performance.

The identification of a main business activity is a relatively high bar and judgement is required.

The identification of a main business activity requires the use of judgement. Not all activities which an entity conducts on a regular basis are necessarily 'main' business activities, as some may constitute ancillary activities. Although the standard provides the two above-mentioned indicators for when an activity is a 'main business activity', other factors could also be relevant, depending on an entity's specific circumstances. Refer to section 3.3.1.B of the main publication for more information on the indicators and other evidence that entities can use in their assessment of specified main business activities.

The main business activity assessment for investing in assets is performed by individual asset or groups of assets with shared characteristics. *[IFRS 18. B38, IFRS 18.B40]*. When the assessment is performed for a group of investments in associates, joint ventures and unconsolidated subsidiaries not accounted for using the equity method, and the entity prepares separate financial statements, it must group those assets according to the categories the entity used in choosing the measurement basis for those investments applying paragraph 10 of IAS 27 *Separate Financial Statements*. (see International GAAP® 2026, Chapter 9 *Separate and Individual Financial Statements* at section 2 for a discussion on identifying these categories). *[IFRS 18.B38, IFRS 18.BC147]*. When the assessment is performed for a group of other financial assets, the groups must be consistent with the classes of financial instruments used for disclosure by class under IFRS 7. *[IFRS 18.B40, IFRS 18.BC147]*.

Entities are not precluded from identifying both a main business activity of investing in financial assets and a main business activity of investing in non-financial assets. For example, an insurer may have a significant portfolio of rental properties as part of its investing strategy. The insurer may determine that it has a main business activity of investing in investment property (non-financial assets), in addition to a main business activity of investing in financial assets (such as debt and equity instruments).

Identifying whether investing in assets and/or providing financing to customers is a main business activity of the reporting entity is a matter of fact, rather than merely an assertion, and is based on evidence, using judgement and considering both qualitative and quantitative evidence.

In assessing whether a specified main business activity exists at the reporting entity level, the entity considers indicators mentioned above, for example, the subtotal and the segment reporting as indicators of operating performance.

Even though judgement is required in performing such an assessment, an insurer would typically have a main business activity of investing in assets based on the insurer having subtotals similar to gross profit that are monitored for operating performance of the insurance business ('net insurance finance result' or a similar subtotal that reflects the net result from investment income and insurance finance income or expenses). Such subtotals would include amounts that would have been included outside of operating if a main business activity was not identified.

An insurer may, in addition, also have a main business activity of providing financing to customers. If, for example, subtotals similar to gross profit are monitored for operating performance for both insurance operations (e.g., 'net financial result) and banking operations (e.g., "net interest income") or the reporting entity has its banking operations as a reportable segment under IFRS 8, these are indicators that providing financing to customer might be a main business activity. Similarly, a financial institution conglomerate that involves both banking and insurance businesses may also identify both investing in assets and providing financing to customers as a main business activity. The assessment of which main business activities exist at the reporting entity level requires judgement. See Question D.3-2 below.

How we see it

Disclosure of the individual asset, or groups of assets that the entity invests in as a main business activity, along with the disclosure required by IFRS 18.51(a) of the fact that the entity invests in assets as a main business activity, helps users to better understand the structure of the entity's statement of profit or loss.

[IFRS 18.51(a), IFRS 18.BC100}

IFRS 18 requires an entity to make the assessment of main business activities for the reporting entity as a whole, rather than 'carrying -over' the assessment made at the subsidiary level. Thus, it is possible for a reporting entity that is a consolidated group and a reporting entity that is a subsidiary within that group, to have differing conclusions about its main business activities. *[IFRS 18.B37]*.

Frequently asked questions

Question D.3-1: How does a main business activity identified only at a subsidiary level of an insurance group impact the classification of income and expenses in the consolidated group accounts?

(This Question is related to Question 3-22 in section 3.3.1.A of the main publication.)

As noted above, it is possible for a consolidated group, and one of the subsidiaries within that group, to have different main business activities. As such, the classification of income and expenses for the group may differ from that of the subsidiary. *[IFRS 18.B37, IFRS 18.BC98]*.

For example, an insurance group has a large insurance business operated through several subsidiaries in the group. The conglomerate group also has a non-insurance subsidiary that performs service activities. At a consolidated level, the group has identified the insurance activities as resulting in a main business activity of investing in *financial* assets. As a result, the income and expenses from all cash and cash equivalents held by the group must be classified in the operating category, including those relating to the non-insurance subsidiary.

The non-insurance subsidiary has not identified a main business activity of investing in assets for the purpose of its own financial statements. Therefore, it will classify income or expenses from cash and cash equivalents in the investing category in its own financial statements. See section Question D.4-1 below for further detail on the treatment of income and expenses from cash & cash equivalents.

If an insurer has issued loans to customers but has not identified a specified main business activity of providing financing to customers at the reporting entity level, the insurer has to determine whether other specific requirements result in classification of the related income and expenses in the operating category. See section 3.2.1.D of the main publication.

Frequently asked questions

Question D.3-2: In which category is interest income from a loan to a customer classified by an insurer with only a specified main business activity of investing in assets?

(This Question is related to Question 3-39 in section 3.3.5 of the main publication.)

Insurance finance income and expenses included in profit or loss for the period applying IFRS 17 will be classified in the operating category applying IFRS 18.64(b). Therefore, if financing is provided to a customer as part of a contract that is within the scope of IFRS 17, the related income or expenses from this loan will be included in the IFRS 17 insurance finance income and expenses and will be classified in the operating category accordingly.

However, insurance finance income or expenses do not include income or expenses related to financial assets or liabilities within the scope of IFRS 9.[3] Therefore, if a loan to a customer, such as a policyholder loan, is within the scope of IFRS 9, the general requirements in IFRS 18 will apply.

For an insurer without a main business activity of providing financing to customers, the classification of the income and expenses from loans that are in the scope of IFRS 9, will depend on whether those loans:

- Generate a return individually and largely independently of the entity's other resources (see section 3.2.1.D of the main publication.)

  And, if so,

- Are held as part of the insurer's main business activity of investing in assets

Income and expenses from such loans that do not generate both individual and largely independent returns are classified in the operating category. Income and expenses from such loans that generate returns individually and largely independently are classified in the investing category, unless the insurer holds the loans as part of a main business activity of investing in assets. In the latter case, the income and expenses must be classified in the operating category.

An insurer that also has a main business activity of providing financing to customers, would classify the income and expense from the related loans provided to customers as part of that main business activity in the operating category, see section 3.3.3.F of the main publication. This is the case since a loan to a customer, when the entity provides financing to customers as a main business activity, is an example of an asset that does not generate individually and largely independent returns.

3 See International GAAP® 2026, Chapter 51 at section 15.3. Available on ey.com/IFRS

D.4 Income and expenses from cash and cash equivalents

Income and expenses from cash and cash equivalents are classified in the investing category by default, unless the entity has a main business activity of investing in *financial* assets within the scope of IFRS 18.53(c) (i.e., financial assets other than cash and cash equivalents, associates, joint ventures and unconsolidated subsidiaries, that generate a return individually and largely independently of the entity's other resources), or of providing financing to customers. *[IFRS 18.B39]*. This is explained in more detail in the following question:

Insurers will typically be required to classify the income and expenses from all cash and cash equivalents in the operating category.

Frequently asked questions

Question D.4-1: How are income and expenses from cash and cash equivalents held by an insurance conglomerate classified in profit or loss?

(This Question is related to Question 3-35 in section 3.3.4 of the main publication.)

IFRS 18 requires a reporting entity (e.g., a consolidated group) to assess whether it has either, or both, specified main business activities. *[IFRS 18.B30]*. In a group for which investing in ***financial*** assets, within the scope of IFRS 18.53(c), is a specified main business activity, IFRS 18.56(a) requires income and expenses from cash and cash equivalents to be classified in the operating category. *[IFRS 18.56(a); IFRS 18.BC137; IFRS 18.BC138]*. The question arises as to whether the income and expenses from cash and cash equivalents held in other parts of the group which are not involved in the specified main business activities are also required to be classified in the operating category.

How we see it

In our view, where a group, for example a conglomerate financial institution, has identified a main business activity of investing in *financial* assets, the income and expenses from all cash and cash equivalents held by the group must be classified in the operating category.

Since IFRS 18.56(a) applies whenever the reporting entity invests in *financial* assets as a specified main business activity, the same requirements would apply to a conglomerate that has *both* a specified main business activity of investing in *financial* assets and a specified main business activity of providing financing to customers.

Insurers typically invest as a main business activity in *financial* assets (other than cash and cash equivalents, associates, joint ventures and unconsolidated subsidiaries) that generate a return individually and largely independently of the entity's other resources. In that case, in the consolidated financial statements, insurers are required to classify the income and expenses from all cash and cash equivalents in the operating category.

This will be in contrast to the treatment in the individual financial statements of a subsidiary without the specified main business activity of investing in *financial* assets. The individual statements will apply either the specific guidance for a specified main business activity of providing financing to customers, if that applies, or the general requirements for the classification of income and expenses from cash & cash equivalents.

Refer to section 3.2.1C of the main publication for the general requirements and section 3.3.4 of the main publication for the specific guidance that applies to entities that only have a main business activity of providing financing to customers.

D.5 Income and expenses from liabilities

Insurance finance income and expenses included in the statement of profit or loss applying IFRS 17 is classified in the operating category. *[IFRS 18.64(b)]*. Such income and expenses arise from issued insurance contracts, reinsurance contracts held and investment contracts with participation features in the scope of IFRS 17 (i.e., investment contracts with discretionary participation features). IFRS 18 also specifies that income or expense from investment contracts with participation features in the scope of IFRS 9 are excluded from the financing category and must be classified in the operating category, see section 3.2.2 of the main publication. *[IFRS 18.64(a)]*.

Frequently asked questions

Question D.5-1: Under IFRS 18, how are the income and expenses from investment contract liabilities *without* participation features classified?

(This Question is related to Question 3-41 in section 3.3.6 of the main publication.)

Some entities, like insurers, also issue investment contracts *without* participation features. However, the exclusion discussed above does not extend to investment contracts *without* participation features. Therefore, any liability recognised under such a contract is assessed applying the usual requirements for liabilities – see sections 3.2.2 and 3.2.3 of the main publication. *[IFRS 18.BC194]*.

The classification of income and expenses from liabilities depends on whether the liabilities arise from transactions that involve only the raising of finance (referred to as 'Type 1 liabilities' within this publication) or from other transactions (referred to as 'Type 2 liabilities'). See section 3.2.2 of the main publication.

For an entity that does not have a specified main business activity of providing financing to customers, all income and expenses from Type 1 liabilities are classified in the financing category. *[IFRS 18.60]*.

Frequently asked questions

Question D.5-2: Does the identification of a main business activity of investing in assets impact the classification of the income and expenses from a liability incurred to fund some of these investments?

If an entity incurs a liability to fund the investment in the asset, the classification of income and expenses from that liability, unless capitalised, follows the general rules for income and expenses from liabilities – see section D.5 below. Thus, the requirements for entities with a main business activity of investing in assets do not permit income and expenses from financing that main business activity to be classified in the operating category.

However, different requirements apply to an entity that also has a main business activity of providing financing to customers, which could result in some or all of the income and expenses on its Type 1 liabilities being included in operating as explained in section D.5 below.

The identification of a main business activity of providing financing to customers impacts the classification of income and expenses related Type 1 liabilities (see section 3.3.3 of the main publication). If a main business activity of providing financing to customers is identified, the related income and expenses are classified, as follows:

- Income and expenses arising on Type 1 liabilities that *relate* to the main business activity of providing financing to customers are classified in the operating category. *[IFRS 18.65(a)(i)]*.
- Income and expenses arising on Type 1 liabilities that *do not relate* to the main business activity of providing financing to customers can be classified, as an accounting policy choice, either in the operating or the financing category. *[IFRS 18.65(a)(ii)]*. This accounting policy choice must be consistent with, if applicable, the accounting policy choice made for income and expenses from cash and cash equivalents (discussed in section 3.3.4 of the main publication).

How we see it

The policy choices available to entities whose main business activity is providing financing to customers provide a practical option for preparers who are unable to distinguish easily between income and expenses that relate to the provision of finance to customers.

However, the availability of an accounting policy choice may create diversity in practice among insurers, which will result in some loss of comparability between similar entities.

The requirements for entities with a main business activity of providing financing to customers are needed because the difference between the interest revenue from that main business activity and the interest expense incurred to finance that activity is an important measure of such entity's operating performance. Without the requirements, the interest expense would be classified in the financing category, thus preventing presentation of that measure. *[IFRS 18.BC180]*.

However, if an entity cannot distinguish between its Type 1 liabilities that relate to providing financing to customers and those that do not, it is required to classify income and expenses from all such liabilities in the operating category. *[IFRS 18.66]*. For example, entities with a central treasury function might not be able to identify, in a non-arbitrary way, income and expenses from liabilities that relate to providing financing to customers. *[IFRS 18.BC182]*.

As explained in section 3.3.3.A of the main publication, if any income and expenses from Type 1 liabilities that do not relate to providing financing to customers are classified in the operating category, the entity is not permitted to present the subtotal 'profit or loss before financing and income tax', because the subtotal already includes financing costs. However, if the operating category does not contain income or expenses from Type 1 liabilities that do not relate to providing financing to customers, the entity is required to present this subtotal. *[IFRS 18.73]*.

For Type 2 liabilities, regardless of an entity's main business activities, only the interest income and expenses identified for the purposes of applying other requirements in IFRS accounting standards are classified in the financing category.

For Type 2 liabilities, regardless of an entity's main business activities, only the interest income and expenses (including those arising from changes in interest rates) identified for the purposes of applying other requirements in IFRS accounting standards (i.e., interest income and expenses that are required to be separately recognised from other changes in the carrying amount of the liability) are classified in the financing category. *[IFRS 18.61, IFRS 18.B54]*. All other income and expenses from Type 2 liabilities are classified in the operating category. *[IFRS 18.B55]*. Refer to section 3.2.2.B in the main publication for more information.

Illustration 3-10 in section 3.3.3.E of the main publication explains the classification of income and expenses arising from a range of liabilities

(Type 1 and Type 2) for an entity with a main business activity of providing financing to customers. Illustration D.5-1 below explains the classification of income and expenses arising from a range of Type 1 liabilities for a financial conglomerate entity (such as a bancassurer) with both a main business activity of both investing in assets and providing financing to customers.

Illustration D.5-1: Determining which Type 1 liabilities are in the scope of the accounting policy choice in IFRS 18.65

Financial conglomerate A, with main business activities of both investing in assets (relating to the activities of its insurance subsidiary) and providing financing to customers (relating to the activities of its banking subsidiary), entered into three Type 1 liabilities in the current period:

- Liability 1 - Entered into by the banking subsidiary specifically to on-lend that financing to customers
- Liability 2 - Taken out by the banking subsidiary to fund the bank's own operations (e.g., to finance a business acquisition) as opposed to providing financing to customers
- Liability 3 - A general purpose fixed rate liability entered into by the treasury function of the insurance subsidiary to fund the insurer's operations

In the consolidated financial statements of financial conglomerate A, it applies the accounting policy choice in IFRS 18.65 to Liability 2 and Liability 3 only (see Question D.5-1 above). This is because the accounting policy only applies to liabilities unrelated to providing financing to customers. *[IFRS 18.BC184]*.

The income and expenses from Liability 1 are classified in the operating category by financial conglomerate A since income and expenses from liabilities that relate to a main business activity of providing financing to customers are always classified in the operating category. Therefore, there is no optionality for this liability.

The requirement to apply the accounting policy choice at the reporting entity level based on the circumstances of that reporting entity could create a different classification between the consolidated financial statements of the conglomerate and the insurance subsidiary's own financial statements. For example, in the consolidated financial statements of the conglomerate group, the income and expenses from the borrowings issued by the insurance subsidiary are classified in the operating category by applying the accounting policy choice. However, in the insurance subsidiary's own financial statements, which does not have a main business activity of providing financing to customers, the income and expenses from the borrowings are classified in the financing category.

Frequently asked questions

Question D.5-3: For a financial conglomerate, does the accounting policy in IFRS 18.65(a)(ii) apply to the Type 1 liabilities in the group that are unrelated to the overall main business activity of providing financing to customers?

(This Question is related to Question 3-32 in section 3.3.3.E of the main publication.)

For example, a financial conglomerate has identified a main business activity of providing financing to customers at a consolidated level. Consequently, IFRS 18.65(a) will apply. However, the group has an insurance subsidiary whose activities are unrelated to providing financing to customers (rather, the insurance subsidiary has a specified main business activity of investing in assets). As discussed above, entities with a main business activity of providing financing to customers have an accounting policy choice to classify the income and expenses from Type 1 liabilities unrelated to providing financing to customers in the operating category

(the accounting policy must be consistent with that made for income and expenses from cash and cash equivalents in IFRS 18.56(b)(ii)).
[IFRS 18.65(a)(ii)].

This raises the question whether this accounting policy choice also applies to the activities within an entity that do not relate to providing financing to customers, i.e., can the policy choice be applied to Type 1 liabilities in the consolidated accounts arising from a subsidiary whose activities are unrelated to providing financing to customers?

How we see it

In our view, the accounting policy choice in IFRS 18.65 is applied at the reporting entity level (i.e., at the level of the consolidated accounts for the conglomerate and the individual accounts for the subsidiary). This means that if, at the consolidated level, it is determined that there is a main business activity of providing financing to customers, then the accounting policy choice in IFRS 18.65(a)(ii) must be applied to all Type 1 liabilities that do not relate to providing financing to customers, irrespective of their origin within the group. This is in contrast to the insurance subsidiary's individual financial statements; because it does not provide financing to customers as a main business activity, the accounting policy choice is not available for the same income and expenses in its own financial statements.

Question D.5-4: Can the accounting policy choice in IFRS 18.65 be applied on a liability-by-liability basis to Type 1 liabilities not related to providing financing to customers?

(This Question is related to Question 3-33 in section 3.3.3.E of the main publication.)

The accounting policy choice in IFRS 18.65(a)(ii) applies to all Type 1 liabilities that the entity can distinguish as unrelated to providing financing to customers as a group. Therefore, an entity is not permitted to classify the income and expenses from some Type 1 liabilities unrelated to providing financing to customers in the operating category and the income and expenses from other Type 1 liabilities, also unrelated to providing financing to customers, in the financing category.

Question D.5-5: Can income and expenses from a single Type 1 liability be allocated between the operating and financing categories?

Entities with a main business activity of providing financing to customers (e.g., banks or financial conglomerates) might choose, applying the accounting policy choice in IFRS 18.65, to present the income and expenses from Type 1 liabilities unrelated to providing financing to customers in the financing category, to avoid distorting a key performance measure (e.g., 'net interest income') with unrelated interest expenses.

This raises the question of whether such an entity is allowed to allocate the interest expense on a single Type 1 liability that partially relates to providing financing to customers between the operating and financing categories in the statement of profit or loss? That is, is an entity permitted to classify income and expenses from such a single liability partly in the operating category and partly in the financing category?

For example, a bancassurer enters into a loan liability for CU100m and can determine, in a non-arbitrary way, that CU60m of the loan directly relates to its main business activity of providing financing to customers, and the remaining CU40m relates to other funding requirements (e.g., its insurance business). The entity has chosen, applying IFRS 18.65, to present the interest on Type 1 liabilities unrelated to providing financing to customers in the financing category. Can the relevant portion of the income and expenses arising from this single liability which are unrelated to providing financing to customers (i.e., the interest on the CU40m) be classified in the financing category?

How we see it

We believe that if the portion of the loan relating to providing financing to customers can be identified in a non-arbitrary way, it is acceptable for the entity to apply its chosen IFRS 18.65 accounting policy choice to the income and expenses from the remaining portion of the loan and so classify those income and expenses unrelated to providing financing to customers in the financing category.

Making such an allocation in a non-arbitrary way could be challenging in practice and will require the use of judgement based on the particular facts and circumstances. Where an entity is unable to make that judgement in a robust way, the income and expense on the entire loan must be classified in the operating category. *[IFRS 18.66]*.

Question D.5-6: How would an insurer classify the interest expenses on its borrowings?

An insurer needs to first determine whether the financial instrument is classified as a financial liability or equity applying IAS 32 *Financial Instruments: Presentation*. Only financial liabilities, or the financial liability portion of a compound instrument, will result in interest expense being recognised in the statement of profit or loss. Thereafter, an insurer will need to determine whether its financial liabilities are Type 1 or Type 2 liabilities, to determine the classification of the income and expenses from these liabilities for the purposes of applying IFRS 18.

Generally, insurers' financial liabilities from borrowings are expected to be Type 1 liabilities, as they typically relate only to the raising of finance. Therefore, the income and expenses from these liabilities are classified in the financing category unless they relate to a main business activity of providing financing to customers. If the insurer has identified a main business activity of providing financing to customers and the Type 1 liabilities do not relate to providing financing to customers, the insurer has an accounting policy choice to classify the related income and expenses in the operating category. *[IFRS 18.65]*. If the insurer cannot distinguish, in a non-arbitrary way, whether the liabilities relate to its main business activity of providing financing to customers, the insurer is required to classify the income and expenses from all such liabilities in the operating category. *[IFRS 18.66]*.

Question D.5-7: How does the classification of income and expenses under IFRS 18 differ for liabilities measured at amortised cost from those measured at fair value through profit or loss?

The classification of income and expenses from liabilities depends firstly on whether the liability is a Type 1 or Type 2 liability (see section 3.2.2 of the main publication), and secondly on whether or not the entity has a main business activity of providing financing to customers. The IFRS 9 measurement category (amortised cost, fair value through profit or loss) can only impact the classification of income and expenses from Type 2 liabilities.

For Type 1 liabilities, the IFRS 9 measurement category does not impact the classification of its income or expenses. For example, both the interest expense on issued bonds measured at amortised cost and the fair value change on issued credit linked notes measured at fair value through profit or loss are classified in either the operating or financing category, as explained above in this section.

The IFRS 9 measurement category only impacts the classification of the income or expenses from Type 2 liabilities if the IFRS accounting standards that apply to them require interest income and expenses to be identified. *[IFRS 18.61; IFRS 18.BC168]*. Accordingly, for Type 2 liabilities, only interest income and expenses, including the effects of changes in interest rates, that are recognised in profit or loss as a result of applying other requirements in IFRS accounting standards will be classified in the financing category, with all other income and expenses from such liabilities being included in the operating category. *[IFRS 18.65(b)(ii), IFRS 18.B55]*. For example, the fair value changes on contingent consideration payable, measured at FVTPL under IFRS 9, are classified in the operating category because neither IFRS 9 nor IFRS 7 requires interest to be recognised on the liability. However, the interest expense recognised on a trade payable with a significant financing component, measured at amortised cost under IFRS 9, is classified in the financing category because IFRS 9 requires interest to be recognised on the liability.

Question D.5-8: For an entity that has both main business activities of providing financing to customers and investing in assets, does the accounting policy choice in IFRS 18.65(a)(ii), need to be consistent with the classification of income and expenses from cash and cash equivalents?

(This question is related to Question 3-36 in section 3.3.4 of the main publication.)

Yes, the accounting policy choices for income and expenses from cash and cash equivalents and Type 1 liabilities, unrelated to providing financing to customers, must be consistent, i.e., classifying the income and expenses from both in the operating category, or in the investing and financing categories, respectively. *[IFRS 18.56(b)(ii); IFRS 18.65(a)(ii)]*. However, if the entity invests, as a main business activity, in *financial* assets (other than investments in associates, joint ventures and unconsolidated subsidiaries and cash and cash equivalents) that generate a return individually and largely independently of the entity's other resources, the entity does not have an accounting policy choice and must classify the income and expenses from all cash and cash equivalents in the operating category. *[IFRS 18.56(a)]*. Therefore, since no accounting policy choice in IFRS 18.56(b) has been made, the entity can exercise its accounting policy choice in IFRS 18.65(a)(ii) and classify the income and expenses from Type 1 liabilities, which are not related to providing financing to customers in the operating or financing category, irrespective of the classification of income and expenses from its cash and cash equivalents.

However, if an entity only has investments in *non-financial* assets, it does have an accounting policy choice for the classification of income and expense from its cash and cash equivalents, and this choice is required to be consistent with the entity's choice for classifying the income and expense from its Type 1 liabilities that are unrelated to providing financing to customers. *[IFRS 18.56(b)(ii)]*. Refer to sections 3.3.3 and 3.3.4 of the main publication for further guidance.

Question D.5-9: How are income and expenses from liabilities that arise from transactions that do *not* involve only the raising of finance (e.g., lease liabilities and defined benefit obligations) classified under IFRS 18?

Income and expenses from Type 2 liabilities are classified in the financing or the operating category, as explained above, regardless of the entity's main business activity. There is no accounting policy choice available to entities with a specified main business activity to classify these income and expenses in the operating category.

This will change existing practice for entities that currently classify interest expenses on lease liabilities or defined benefit obligations in net interest income, i.e., in the operating category. Such entities will be required to change their classification of interest expenses from Type 2 liabilities to the financing category under IFRS 18. The requirement to classify these specific income and expenses in the financing category is intended to ensure consistent presentation for all entities. *[IFRS 18.BC188]*

D.6 Income or expenses from investments in associates, joint ventures and unconsolidated subsidiaries

Section 3.2.1.B explains that the specified income and expenses from investments in associates, joint ventures or unconsolidated subsidiaries that are equity accounted, are classified in the investing category, irrespective of whether the reporting entity invests in these assets as a main business activity. This is because the reporting entity does not control the activities of these investees, and many users analyse the income and expenses from equity accounted investees separately from the income and expenses of the reporting entity's operations. *[IFRS 18.BC114]*. Where these investments are not accounted for using the equity method, the specified income and expenses from them are classified in the investing category, unless the reporting entity invests in these assets as a main business activity, in which case the specified income and expenses are classified in the operating category.

Frequently asked questions

Question D.6-1: What are the options available to an insurer that considers its equity accounted investments to be part of its operations?

As noted above, the specified income and expenses from equity accounted investments are classified in the investing category for all entities, irrespective of their main business activity. *[IFRS 18.53(a), IFRS 18.55(a)]*. However, the transition rules in IFRS 18 and the rules on the presentation of additional subtotals and management-defined performance measures (MPMs), create the following options:

1) The transition rules in IFRS 18.C7 permit entities eligible to apply paragraph 18 of IAS *28 Investments in Associates and Joint Ventures* to change their election from measuring investments in associates and joint ventures using the equity method to measuring these investments at FVTPL. Eligible entities include: an entity that is a venture capital organisation; a mutual fund; unit trust; or a similar entity, with 'similar entities' including those that have a main business activity of investing in particular types of assets, as described in IFRS 18.49(a).[4] *[IAS 28.18]*. Notwithstanding the eligibility criteria for the option to measure an investment in an associate or joint venture at FVTPL, an entity would only report the income and expenses from a FVTPL-measured associate or joint venture in the operating category if the entity invests in it as a main business activity. *IFRS 18.55]*.
2) Entities can present an additional subtotal within the investing category to show the results of operating profit plus the results of the equity accounted investments which relate closely to the entity's main business activity. Refer to Question 3-40 in section 3.3.5.A of the main publication, where this is illustrated.

4 In June 2026, the IASB published *Amendments to IAS 28 - Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*, which clarifies which entities are eligible entities. See our related *IFRS Developments* Issue 251, July 2026, publication for further information.

As noted in that question, such an additional subtotal would meet the definition of an MPM, unless it includes the income and expenses from *all* equity accounted associates and joint ventures. *[IFRS 18.BC367]*.

3) If the entity does not use either of the above options, it can use a non-IFRS measure such as operating profit plus the results of investments in *certain* associates, joint ventures and unconsolidated subsidiaries as a measure to communicate the financial performance of the entity outside the financial statements. This measure would meet the definition of an MPM, unless the income and expenses from *all* equity accounted associates and joint ventures are included in this performance measure. *[IFRS 18.118]*. Refer to section 4 of the main publication for detailed guidance on MPMs.

   In addition, an entity will need to consider whether any regulatory requirements in the relevant jurisdiction exist that would restrict the use of such an alternative performance measure.

How we see it

Insurers often see investments in associates and joint ventures as directly related to their operating activities when they are backing insurance contracts accounted for under IFRS 17. As such, the income and expenses from the investments in associates and joint ventures held to service those liabilities are part of an insurer's subtotal similar to gross profit (e.g., 'net financial result'), which typically is an important indicator of an insurer's operating performance.

The requirements of IFRS 18 create a difference with the existing practice under IAS 1 *Presentation of Financial Statements*, where they typically classify income and expenses from these investments in the operating category; under IFRS 18, insurers will be required to classify income and expenses from investments in associates, joint ventures and unconsolidated subsidiaries in the investing category, unless they are measured at FVTPL under IAS 28 and invested in as part of a main business activity.

D.7 Foreign exchange differences

As explained in section 3.2.7 of the main publication, foreign exchange differences are classified in the category in which the related income and expenses from the item giving rise to the foreign exchange difference have been classified, unless doing so would involve undue cost or effort. When that is the case, the foreign exchange differences are classified in the operating category. *[IFRS 18.B68]*. As explained in section 3.2.7, the disaggregation of foreign exchange differences arising on a Type 2 liability into more than one category is prohibited and an entity has to use judgement to determine in which category the foreign exchange difference as a whole is classified. This assessment is made on a case-by-case basis and must be consistent for Type 2 liabilities of a similar nature.

As explained in Question 2-2 in section 2.2.2 of the main publication, determining whether it is appropriate to present foreign exchange differences in the same line item as the income or expense from the transaction that gave rise to those differences, or as a separate 'foreign exchange differences' line item, is a judgemental area.

Frequently asked questions

Question D.7-1: How are IAS 21 foreign exchange differences related to insurance contracts accounted for under IFRS 17 classified?

As explained in section 3.2.7 of the main publication, foreign exchange differences included in profit or loss applying IAS 21 are classified in the category in which the related income and expenses from the item giving rise to the foreign exchange have been classified, unless doing so would involve undue cost and effort. As the insurance finance income and expenses recognised in profit or loss from insurance contracts accounted for under IFRS 17 are classified entirely in the operating category, IAS 21 foreign exchange differences from such insurance contracts will also be classified in the operating category. Determining the effects of foreign exchange differences related to insurance contracts, particularly regarding multi-currency groups of insurance contracts, requires consideration of the requirements in IFRS 17 and IAS 21. See International GAAP® 2026, Chapter 51, section 8.3 for further explanation.

Question D.7-2: What does 'undue cost or effort' mean in the context of IFRS 18.B68?

'Undue cost or effort' is not defined in IFRS 18 or in other IFRS accounting standards. Although not directly applicable, it is worth noting that IFRS 9 and *International Financial Reporting Standard for Small and Medium-sized entities* (IFRS for SMEs) use the same wording:[5]

- IFRS 9.B5.5.49 states that "Information that is available for financial reporting purposes is considered to be available without undue cost or effort." This includes data from risk management systems.
- Under a different framework and, therefore, not direct guidance, section 2.29 of the IFRS for SMEs standard also states that what constitutes 'undue cost or effort' depends on the entity's specific circumstances and management's judgement of the costs and the benefits from applying the requirement. This section and paragraph BCZ2.11 of IFRS for SMEs further states that what constitutes 'undue cost or effort' is not intended to be a low hurdle and would be higher for a publicly accountable entity compared to an entity without public stakeholders.

What is available without 'undue cost or effort' is subject to management judgement in balancing the costs of obtaining the information and the associated benefits it provides to users of the financial statements.

The type of information that is subject to the 'undue cost or effort' assessment and its importance to users of the financial statements is relevant in determining its benefit. The more important the information, the higher the hurdle to justify 'undue cost or effort'. Insurers, therefore, have to exercise judgement in determining how important it is to their users to have foreign exchange differences presented separately in the different categories of the income statement.

This assessment is performed for each item that gives rise to a foreign exchange difference, or for items with the same facts and circumstances, and the exemption taken only for those items that are assessed to involve undue cost or effort. *[IFRS 18.B68]*.

The 'undue cost or effort' assessment is made on a transaction-by-transaction basis. An entity is, therefore, required to make the assessment as new transactions occur which give rise to foreign exchange differences, and at each reporting date, to consider the current year remeasurements of monetary items applying IAS 21.

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5 For further guidance on the meaning of 'undue cost or effort', see International GAAP® 2026, Chapter 47 at section 5.9.1. Available on ey.com/IFRS.

D.8 Gains and losses on derivatives

IFRS 18 contains specific requirements for the classification of gains or losses on derivative financial instruments, which are explained in more detail in section 3.2.8 of the main publication. For derivatives used to manage exposures to identified risks, the principle is that gains or losses on both derivatives designated as hedging instruments and those that are not designated as such, are classified in the same category as the income and expenses affected by the risk the derivative is used to manage.

However, if applying this principle leads to grossing up the gains or losses in different categories (for example, the derivatives hedge a group of items with offsetting risk positions and the hedged items are classified in more than one category of the statement of profit or loss), all the gains or losses on those derivatives are classified in the operating category. *[IFRS 18.B70, IFRS 18.B74]*.

Additionally, when derivatives are not designated as hedging instruments but are used to manage exposure to identified risks, if classifying those gains or losses involves undue cost or effort, all gains or losses on those derivatives are classified in the operating category. *[IFRS 18.B72]*. The considerations mentioned in Question D.7-2 in section D.7 above could be used to determine what constitutes undue cost or effort in the context of classifying gains or losses on derivatives not designated as hedging instruments.

Refer to section 3.3.3.I of the main publication for guidance on the classification of income and expenses from derivatives not used to manage exposures to identified risks.

Frequently asked questions

Question D.8-1: Where should gains and losses from derivatives held by insurers to mitigate their exposure to financial risks be classified?

Interest rate risk and other financial exposures are managed by insurers based on the aggregate position of the insurance liabilities and the financial and other assets backing those liabilities. The income and expenses from both these assets and liabilities are typically classified in the operating category, and if so, the gains and losses on the derivatives held to mitigate the risks from these exposures will also be classified in the operating category.

Question D.8-2: Can the interest accrual or settlement on interest rate swaps be disaggregated and presented in a separate line item from the fair value movements on the derivatives?

Similar to Question D.2-1 in section D.2 above, an entity would be permitted to disaggregate the interest accrual or settlement on a derivative and present it in a separate line item from (but in the same profit or loss category as) the fair value movement, provided this additional line item is necessary for the statement of profit or loss to provide a useful structured summary.

In addition, as discussed in Question D.2-2 in section D.2 above, the interest disaggregated from the fair value movement, could also be aggregated with another line item in the same profit or loss category for presentation purposes, provided the principles of aggregation are followed (see section 2.2 of the main publication). *[IFRS 18.41]*. Note that these principles only permit items of income to be aggregated with other items of income, and items of expense with other items of expense.

D.9 Other classification and disclosure questions

In addition to the questions above, insurers may also have the following questions relating to the classification and disclosure of income and expenses

Frequently asked questions

Question D.9-1: Are insurers required to change their aggregation and disaggregation basis selected under IFRS 17 to comply with the updated guidance on aggregation and disaggregation of information under IFRS 18?

IFRS 17 includes the following examples of aggregation bases that might be appropriate for information disclosed about insurance contracts: type of contract (e.g., major product lines); geographical area (e.g., country or region); and reportable segment, as defined in IFRS 8. *[IFRS 17.96]*.

IFRS 18 includes more restrictive guidance on aggregation and disaggregation of information in respect to that previously included in IAS 1. Entities are required to aggregate and disaggregate information with reference to similar and dissimilar characteristics, while keeping in mind
the roles of the primary financial statements to provide a useful structured summary and the role of the notes to provide further information necessary to understand items included in primary financial statements. Examples of characteristics for aggregating balance sheet items and income statement items are: nature; function within the entity's activities; measurement basis; uncertainty about valuation or outcome; size; geographical location or regulatory environment; and tax effects. *[IFRS 18.B19]*.

How we see it

Since the adoption of IFRS 17, there have been different approaches in the way insurers aggregated information for the purpose of disclosing the (re-)insurance contracts roll-forward tables required by IFRS 17.100-101 and other information regarding (re-)insurance contracts.

The most common bases for aggregation include lines of business, IFRS 17 measurement models, geography and IFRS 8 segments. Some insurers do not disaggregate information and present it for the whole business, for example, under "Life insurance contracts".

With the introduction of IFRS 18, insurers will need to assess whether the requirements of IFRS 18 affect their aggregation and disaggregation approach applied under IFRS 17. Insurers need to apply judgement in determining disaggregation of information based on dissimilar characteristics to achieve a useful structured summary in the primary financial statements. Additional material information, not presented in the primary financial statements, must be disclosed in the notes.

Question D.9-2: Can the expenses related to expected credit losses (or income related to reversals of expected credit losses) under IFRS 9 be presented outside the operating category of an insurer?

Whether or not expenses related to expected credit losses (or income related to reversals of expected credit losses) under IFRS 9 can be presented outside of the operating category of an insurer depends on which assets the expected credit losses arise, and whether those assets are part of the insurer's main business activities. Therefore, entities might need to present impairment losses (or reversals of impairment losses) in more than one category within the statement of profit or loss, as explained below. *[IFRS 18.B77]*.

(a) Entities with a main business activity of investing in financial assets:

Financial assets that generate a return individually and largely independently of the entity's other resources in the scope of IFRS 18.53(c) (i.e., financial assets other than cash and cash equivalents, associates, joint ventures or unconsolidated subsidiaries) typically include debt or equity investments. *[IFRS 18.B46]*. Income and expenses from such assets include, among others, impairment losses (or reversals of impairment losses). *[IFRS 18.54; IFRS 18.B47]*. Where these assets are invested in as a main business activity, impairment losses (or reversals of impairment losses) are classified in the operating category. *[IFRS 18.58]*

(b) Entities with a main business activity of providing financing to customers:

For insurers that (also) provide financing to customers as a main business activity, impairment losses (or reversals of impairment losses) from loans to customers are classified in the operating category as the loans do not generate a return individually and largely independently of the insurer's other resources. *[IFRS 18.B48; IFRS 18.B49]*. The classification of impairment losses (or reversals of impairment losses) on other financial assets, depends on whether they are invested in as a main business activity, as explained below.

(c) Entities without a specified main business activity:

Impairment losses could arise on receivables for goods and services, as well as on financial assets that generate a return individually and largely independently of the entity's other resources. Such impairment losses (or reversals of impairment losses) recognised by an entity without a specified main business activity would be classified in the operating or investing categories, depending on whether the related assets generate a return individually and largely independently of the insurer's other resources. *[IFRS 18.B48(b); IFRS 18.B46; IFRS 18.B77]*.

Question D.9-3: How does the classification of income and expense in the statement of profit or loss impact the classification of the related cash flows in the statement of cash flows?

The statement of profit or loss and the statement of cash flows have different objectives and the International Accounting Standards Board (IASB) did not seek alignment of the categories between the two statements. *[IFRS 18.BC86]*. For entities with a specified main business activity, the classification of cash flows from dividends received, interest paid and interest received follows the classification of the related income and expenses in the statement of profit or loss. *[IAS 7(2027).34B]*. Where the income and expenses are classified into more than one category in the statement of profit or loss, the entity must apply a 'single category' approach in the statement of cash flows. The entity makes an accounting policy choice to classify the total related cash flows in one of the associated categories in the statement of cash flows. *[IAS 7(2027).34D]*. Dividends received, interest received and interest paid are assessed separately and the total of each of them, respectively, is classified in one, but not necessarily the same, category in the statement of cash flows.

Cash flows from dividends paid must be included in financing activities, irrespective of whether or not the entity has a specified main business activity. *[IAS 7(2027).33A; IAS 7(2027).BC49]*.

Question C.9-3, in section C.9 of Appendix C of the main publication provides further considerations for entities with significant banking operations.

Question D.9-4: What does an insurer need to disclose for operating expenses presented by function to meet the requirements of IFRS 18.83?

(This Question is related to Question 3-43 in section 3.4.2.B of the main publication.)

An entity must classify and present expenses in a way that provides the most useful structured summary of its expenses by either nature, function or both *[IFRS 18.78]*. If reporting expenses by function in the operating category, IFRS 18.83 requires additional disclosure of expenses by nature including totals for: depreciation, amortisation, employee benefits, impairment losses and reversals, write-downs of inventories and reversals. The disclosures must show for these totals, the amounts related to each profit or loss line item in the operating category, and additional qualitative and quantitative information about where these by nature amounts are included in the primary financial statements.

Insurers usually present their operating expenses by function, for example, 'insurance service expense' and 'allocation of reinsurance premiums paid' (or, if presented as a single amount, 'income or expenses from reinsurance held') as determined under IFRS 17 is viewed as a presentation by function. Under IFRS 18, this will, therefore, require additional quantitative and qualitative disclosures by nature for the mentioned categories of expenses, on top of the required IFRS 17 disclosures.

In April 2026[6], the IFRS IC published an Agenda Decision: *Scope of the Requirement to Disclose Expenses by Nature*, which concluded that paragraph 83 of IFRS 18 applies to all expenses classified by function in the operating category "including expenses classified by function listed in paragraph 75(b)–(c) of IFRS 18" (i.e., the amounts required by IFRS 9 and IFRS 17.)

The following simplified illustration shows a reconciliation of expenses by nature for each of the by function line items included in the operating category of the income statement:

	Included within:			
Expenses by Nature	**Insurance service expense**	**Operating expenses excluding expenses attributable to insurance service**	**Total**	***Reference***
Employee benefit expense	624	54	**678**	*IFRS 18.83(a)(i)*
Depreciation	25	4	**29**	*IFRS 18.83(a)(ii)*
Amortisation	13	2	**15**	*IFRS 18.83(a)(iii)*
Impairment losses and reversals	-	4	**4**	*IFRS 18.83(a)(iv)*
Write-downs and reversals of write-downs of inventory	-	-	**-**	*IFRS 18.83(a)(v)*

The above table reflects the minimum requirements; entities may choose to include more detail (including reconciling back to total expense items by function in the statement of profit or loss). The income or expense from a group of reinsurance contracts held would also represent a 'by function' line item. Therefore, the entity must also show in this reconciliation any of

6 IFRIC Update, April 2026, available on the IFRS Foundation's website.

these 'by nature' operating expenses that are included the income or expense from a group of reinsurance contracts held.

How we see it

These additional requirements for disclosure of operating expenses by nature may result in increased disclosures for an entity that, under previous practices (IAS 1), provided a split by nature that was only made for the total of expenses (rather than for both the insurance services expenses and the total other operating expenses). Entities will, therefore, need to evaluate their existing practices and systems and adjust them accordingly.

D.10 Management-defined performance measures

The definition of an MPM is limited to subtotals of income and expenses in order not to go beyond the scope of reporting of financial performance in the statement of profit or loss or the notes.

As explained in section 4, many entities disclose financial measures in their financial communications outside the financial statements that are not required or defined by IFRS accounting standards. To improve the transparency of these management-defined measures, IFRS 18 introduces disclosure requirements for MPMs. *[IFRS 18.BC326]*. These disclosures include information about the MPMs' purpose and their relationship to totals and subtotals defined by IFRS accounting standards.

An MPM is defined as a subtotal of income and expenses that an entity uses in public communications outside the financial statements to communicate to users management's view of an aspect of the financial performance of the entity as a whole (see section 4.2 of the main publication). Subtotals specifically required by IFRS accounting standards (including IFRS 18, see section 4.2.4.A of the main publication) and subtotals specified in IFRS 18.118, which are well understood by the users of financial statements, are excluded from the definition of an MPM. Subtotals that are considered to be well understood are those whose relationship to totals or subtotals defined by IFRS Accounting Standards are generally known, or would usually be apparent from their presentation in the statement(s) of financial performance (see section 4.2.4.B of the main publication). The definition of an MPM is limited to subtotals of income and expenses, in order not to go beyond the scope of reporting of financial performance in the statement of profit or loss or the notes. *[IFRS 18.BC333]*. Therefore, measures of assets, liabilities, equity, liquidity or cash flows are not MPMs. Financial ratios are also not MPMs, however, a subtotal of income and expenses that is the numerator or denominator of a financial ratio could be an MPM if it met the definition of an MPM, had the subtotal not been part of a ratio. *[IFRS 18.B117]*. Such numerators or denominators are subject to the MPM disclosure requirements.

Frequently asked questions

Question D.10-1: Which non-IFRS measures often used by insurers could meet the definition of an MPM?

(This Question is related to Question 4-2 in section 4.2.1 of the main publication.)

The following non-IFRS measures often used by insurers could meet the 'subtotal of income and expenses' requirement and, if so, may be MPMs if the other requirements of the definition of an MPM, mentioned above, are met:

- 'Adjusted operating profit': under existing practice, insurers often disclose a non-IFRS measure labelled as 'operating profit', which represents management's view of the operating performance of the entity. IFRS 18 specifies the content for the 'operating profit' subtotal, but insurers may want to continue presenting management's view of the performance of the entity by disclosing an 'adjusted operating profit'. This could also apply to a 'what if'-type of non-IFRS measure, see Question 4-3 in section 4.2.1 of the main publication.

- 'Adjusted insurance service result' and 'adjusted net financial result': these adjusted measures are not excluded subtotals per IFRS 18.118.

The following non-IFRS measures often used by insurers would not typically meet the 'subtotal of income and expenses' element as they are: 1) financial ratios; and 2) their numerators or denominators are not subtotals of income *and* expenses, or are specifically excluded by IFRS 18.118:

- 'Insurance service result' and 'net financial result': subtotals similar to gross profit excluded by IFRS 18.118 *[IFRS 18.B123]*
- 'Adjusted insurance revenue': is a subtotal of *only* income
- 'Gross written premiums' and 'gross earned premiums': measures of revenue
- 'Embedded value' and 'Solvency II surplus': measures of liquidity or cash flows
- 'Adjusted equity (based on equity plus contractual service margin (CSM)': measure that combines equity and liability
- 'New business CSM' and 'Adjusted CSM': measures of liability

Capital, liquidity, asset and funding ratios do not typically include a subtotal of income and expenses as either the numerator or the denominator. Therefore, these measures are not likely to meet the definition of an MPM under IFRS 18.

Financial ratios typically provided by non-life insurers like 'combined ratio', 'loss ratio' and 'expense ratio' (discounted and undiscounted) are not MPMs under IFRS 18 themselves, but the numerator and/or the denominator may be (see Question D.10-2 below).

Another element of the definition of an MPM is that the measure must be" an aspect of the financial performance of the entity as a whole." *[IFRS 18.117]*. Section 4.2.3.B of the main publication contains more guidance on this element, and Question 4-4 in the main publication explains that it appears unlikely that segmental measures will provide information about the reporting entity as a whole, but in certain circumstances, they could.

Frequently asked questions

Question D.10-2 Are the numerator and/or denominator of a combined ratio MPMs?

(This Question is related to Question 4-1 in section 4.2.1 of the main publication.)

Insurers typically provide the "combined ratio" (and similar ratios like the loss ratio and expense ratio) as key metric of underwriting profitability for non-life (Property & Casualty) business, typically calculated based on incurred insurance claims and expenses costs of underwriting as a percentage of insurance revenue.

IFRS 18 is clear that, while the combined ratio is not an MPM (as it does not represent a subtotal of income or expense), the numerator and/or denominator in such a ratio could be an MPM if it would have met the definition of an MPM had it not been used in a ratio. *[IFRS 18.B117]*. Therefore, an entity is required to assess the numerator and denominator against the definition of an MPM and can ignore the requirement that the numerator or denominator is used by itself in public communications outside the financial statements. It is sufficient that the ratio (in which the numerator and denominator are included) is used in public communications outside the financial statements to communicate management's view of an aspect of the entity as a whole.

How we see it

Determining whether the numerator and/or the denominator of a combined ratio meet the definition of an MPM requires consideration of all relevant factors of an MPM.

In some cases, this assessment will be straight-forward. This may be the case, for example, if a non-life entity has a single combined ratio that uses a subtotal of income and expense such as 'gross' amounts for insurance service expense (numerator) and insurance revenue (denominator) less amounts for reinsurance recoveries and allocated reinsurance premiums respectively, and covers all insurance business of the non-life insurer.

However, in other cases, the assessment may be less straightforward, and significant judgement would be required. One particular area of judgement would be a situation where the non-life business, to which the combined ratio relates, does not represent the entirety of the activities of the reporting entity, and the non-life business would be an operating segment under IFRS 8. In such a situation, careful consideration is required about whether the combined ratio is reflecting an aspect of performance of the entity 'as a whole'. See also the consideration set out in Question 4-4 in section 4.2.3.B of the main publication.

IFRS 18 requires an entity to disclose information about all of its MPMs in a single note to the financial statements that also includes a statement that MPMs provide management's view and are not necessarily comparable with measures provided by other entities that have a similar label or description. *[IFRS 18.122]*. Determining whether it is appropriate to include alternative performance measures, which are not also MPMs, within the notes to the financial statements, will require significant judgement; the considerations that must be taken into account are discussed in more detail in section 4.2 of the main publication.

Entities are not prohibited from presenting MPMs on the face of the statement(s) of financial performance (the term used in IFRS 18 to refer to the single statement of profit or loss and other comprehensive income or the separate statement of profit or loss and separate statement of comprehensive income - see section 1.2 of the main publication). However, in doing so, the additional line items or subtotals need to be necessary for the statement to provide a useful structured summary and they must comply with the requirements in IFRS 18.24. The entity that presents an MPM in the statement(s) of financial performance would also need to disclose all the information required for MPMs in a single note, even if this results in duplication. *[IFRS 18.BC375]*. See sections 4.3 and 4.4 of the main publication for detailed guidance on the disclosure and presentation requirements of MPMs.

D.11 Consequential amendments to other IFRS accounting standards

See section 5 of the main publication for guidance on the effect of consequential amendments on other IFRS accounting standards. Two consequential amendments to highlight for insurers are the amendments to IAS 7 *Statement of Cash Flows* and IAS 33. The amendments to IAS 7 are discussed in section 5.1 and the impact on the classification of cash flows from dividends and interest for an entity with a specified main business activity, is discussed in Question D.9-3 above. The amendments to IAS 33 limit the additional amounts per share, using a measure of performance as a numerator, an entity can disclose to: *[IAS 33(2027).73B]*

- A total or subtotal identified in IFRS 18 (in paragraphs 69, 86 and 118 of IFRS 18.)

  Or

- An MPM.

The additional amounts per share can only be disclosed in the notes, rather than presented in the income statement. Basic and diluted amounts per share, if disclosed, must be disclosed with equal prominence. *[IAS 33(2027).73C].*

D.12 Index of Frequently asked questions

The following frequently asked questions are answered in the main publication and may also be relevant to insurers:

Presentation:

Question 2-1:	Is it acceptable to present separately realised and unrealised gains and losses on financial instruments at fair value through profit or loss?
Question 3-3:	Can an entity present gains or losses on disposal of an equity accounted investment in the same line item as the share of profit or loss from an equity accounted investment?

Classification:

Question 3-9:	How are transaction costs incurred in acquiring investments in other entities classified in profit or loss?
Question 3-12:	Is it acceptable to voluntarily disaggregate the 'time value' element from the remeasurement of a Type 2 liability for the purpose of determining the appropriate category?
Question 3-16:	Where are gains and losses arising from the remeasurement of contingent consideration in a business combination classified?
Question 3-21:	How are foreign exchange differences on intercompany loans, eliminated on consolidation, classified in profit or loss?
Question 3-24:	In separate financial statements, where does a parent classify the income and expenses from its investments in subsidiaries accounted for at cost?
Question 3-28:	How are transaction costs incurred in acquiring an equity investment (without control, joint control or significant influence) in other entities classified in profit or loss?
Question 3-40:	Can an entity present an additional subtotal for the income of only some equity accounted investments within the investing category?

Management-defined performance measures:

Question 4-1:	Can the numerator of a ratio be an MPM, even if the numerator is never communicated by itself outside the financial statements?
Question 4-3:	Can a 'what if' income and expense based alternative performance measure be an MPM?
Question 4-4:	When would a reportable segment profit measure represent 'an aspect of the financial performance of the entity as a whole'?
Question 4-5:	Can additional subtotals included in in profit or loss applying IFRS 18.24, meet the definition of an MPM?
Question 5-1:	Can an entity disclose an additional earnings per share measure based on a numerator that does not comply with IAS 33.73B?
Question 5-2:	Can an IFRS 18.B117 MPM be the basis for an additional earnings per share measure?

For a full list of all the frequently asked questions that are answered in the main publication, refer to Appendix B of that publication.

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