

# NZ IFRS 18 – Illustration of categories and subtotals in the statement of profit or loss

Mandatory from 1 January 2027

**EXRB**

Te Kaitiaki-Arahī-Pūrongo Mōwāhio  
EXTERNAL REPORTING BOARD

Category labels are not required to be presented

Operating category (para 52)	<p>Income and expenses that are not classified in other categories. This is the default category.</p> <p>If you have a <b>specified main business activity</b> (due to investing in assets or providing financing to customers) then some income and expenses that would have been classified in the investing or financing category would be classified in the operating category (refer to para 49–51).</p> <p>Refer to <b>IASB Illustrative examples II-2 to II-4</b> (pages 146–150) for specific illustrative examples of this classification.</p>	<p><b>Example statement of profit or loss</b> (Extract of IASB IFRS 18 Illustrative Example I)</p> <p>Revenue</p> <p>Cost of sales</p> <p><b>Gross profit</b></p> <p>Other operating income</p> <p>Selling expenses</p> <p>Research and development costs</p> <p>General and administrative expenses</p> <p>Goodwill impairment loss</p> <p>Other operating expenses</p>
<b>NEW MANDATORY SUBTOTAL (para 70)</b>		<b>Operating profit (loss)</b>
Investing category (para 53–54)	<p>Income and expenses from:</p> <ul style="list-style-type: none"> <li>- Investments in associates, joint ventures and unconsolidated subsidiaries.</li> <li>- Cash and cash equivalents.</li> <li>- Other assets that generate a return individually and largely independently of the entity's other resources</li> </ul>	Share of profit and gains on disposals of associates and joint ventures
<b>NEW MANDATORY SUBTOTAL (para 71)</b>		<b>Profit (loss) before financing and income taxes</b>
Financing category (para 59–61)	<p>Income and expenses relating to liabilities arising from transactions that <b>only</b> involve the raising of finance and incremental expenses directly attributable to the liability (e.g. transaction costs).</p> <p>Interest income / expenses and income / expenses arising from changes in interest rates for liabilities arising from transactions that <b>do not only</b> involve the raising of finance (<i>excluding derivatives, hedging instruments, investment contracts with participatory features and insurance finance income / expenses</i>).</p>	<p>Interest expenses on borrowings and lease liabilities</p> <p>Interest expenses on pension liabilities and provisions</p> <p><b>Profit before income taxes</b></p>
Income taxes category (para 67)	Tax expense or tax income that is included in the statement of profit or loss applying NZ IAS 12 <i>Income Taxes</i> and related foreign exchange differences.	Income tax expenses
Discontinued Operations category (para 68)	Income and expenses from discontinued operations as required by NZ IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> .	<p><b>Profit from continued operations</b></p> <p>Loss from discontinued operations</p>
<b>EXISTING REQUIRED TOTAL (para 72)</b>		<b>Total profit (loss)</b>
<ul style="list-style-type: none"> <li>• <b>Foreign exchange differences</b> are classified in the same category as the income and expenses from the items giving rise to the differences (unless undue cost or effort is involved, in which case classify in the operating category) – see para B65–B69.</li> <li>• <b>Gains and losses on derivatives and designated hedging instruments</b> follow different classification requirements – see para B70–B76.</li> </ul>		<p>Profit attributable to: (para 76)</p> <ul style="list-style-type: none"> <li>- Owners of the parent</li> <li>- Non-controlling interests</li> </ul>

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