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《REVIEW NEW IFRS 2024》

IFRS 18 and Your Business

Overview

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. IFRS 18 was issued in April 2024 and applies to an annual reporting period beginning on or after 1 January 2027.

IFRS 18 sẽ thay thế IAS 1, với một số thay đổi đáng kể. Áp dụng từ kỳ báo cáo bắt đầu vào hoặc sau ngày 1/1/2027.

On 9 April 2024 the IASB released IFRS 18 Presentation and Disclosure in Financial Statements, the most significant change to the requirements on financial statements' presentation in the last 20 years.The new standard supersedes IAS 1 Presentation of Financial Statements and is mandatory for reporting periods beginning on or after 1 January 2027, with early application available.	Vào ngày 9 tháng 4 năm 2024, IASB ban hành IFRS 18 Trình bày và công bố báo cáo tài chính, thay đổi quan trọng nhất đối với các yêu cầu về trình bày báo cáo tài chính trong 20 năm qua. Chuẩn mực mới thay thế IAS 1 Trình bày báo cáo tài chính và là bắt buộc đối với các kỳ báo cáo bắt đầu vào hoặc sau ngày 1 tháng 1 năm 2027, có thể nộp đơn sớm.
The changes introduced by IFRS 18 aim to help investors make better decisions, by providing more transparency and comparability of information from entities about their financial performance. While significant sections of the new standard are consistent with the requirements in IAS 1 they replace, there are three key areas of difference to be aware of.	Những thay đổi do IFRS 18 đưa ra nhằm mục đích giúp các nhà đầu tư đưa ra quyết định tốt hơn bằng cách cung cấp thông tin minh bạch và có thể so sánh hơn từ các đơn vị về hiệu quả tài chính của họ. Mặc dù các phần quan trọng của tiêu chuẩn mới nhất quán với các yêu cầu trong IAS 1 mà chúng thay thế, nhưng có **ba ĐIỂM khác biệt** chính cần lưu ý.
Statement of Profit or Loss The most significant change introduced by the IFRS 18 is the disaggregation of the statement of profit and loss into five different categories. This will result in a presentation not dissimilar to the cash flow statement that is broken into three different categories. The required categories are:	**Statement of Profit or Loss** Thay đổi quan trọng nhất mà IFRS 18 đưa ra là việc phân chia báo cáo lãi lỗ thành 5 loại khác nhau. Điều này sẽ dẫn đến việc trình bày không khác với báo cáo lưu chuyển tiền tệ được chia thành ba loại khác nhau. Các danh mục bắt buộc là:
• Operating – results from a specified mainbusiness activity. • Investing – income and expenses from assets thatgenerate returns separately from a company'sbusiness activities. This includes results frominvestments in associates, JVs and unconsolidatedsubsidiaries accounted for using the equitymethod and cash and cash equivalents.	• Hoạt động – kết quả từ một hoạt động kinh doanh chính được chỉ định. • Đầu tư – thu nhập và chi phí từ tài sản tạo ra lợi nhuận tách biệt với hoạt động kinh doanh của công ty. Điều này bao gồm kết quả từ các khoản đầu tư vào công ty liên kết, liên doanh và các công ty con chưa hợp nhất được hạch toán theo phương pháp vốn chủ sở hữu và tiền và các khoản tương đương tiền. • Tài chính – kết quả liên quan đến việc huy động vốn, lãi từ các khoản

• Financing – results related to the raising offinance, interest on other liabilities such as leases,and defined benefit pensions. • Income Taxes. • Discontinued operations.	nợ khác như hợp đồng thuê và lương hưu phúc lợi xác định. • Thuế thu nhập. • Ngừng hoạt động
There are specific rules for those entities with 'specified main business activities' such as providing financing to customers, and investing in specific types of assets, which permits items that would typically be classified as investing or financing being classified as operating.	Có các quy tắc cụ thể dành cho những DN có 'hoạt động kinh doanh chính được chỉ định' như cung cấp tài chính cho khách hàng và đầu tư vào các loại tài sản cụ thể, cho phép các hạng mục thường được phân loại là đầu tư hoặc tài trợ được phân loại là hoạt động.
In addition, guidance is provided for various types of income and expenses, such as requiring foreign exchange differences to be split between categories based on the underlying items to which they relate. Entities will also be required to present two new subtotals:	Ngoài ra, hướng dẫn còn được cung cấp cho các loại thu nhập và chi phí khác nhau, chẳng hạn như yêu cầu phân chia chênh lệch tỷ giá hối đoái giữa các loại dựa trên các khoản mục cơ bản mà chúng liên quan. Các DN cũng sẽ được yêu cầu trình bày hai tổng phụ mới:
• Operating Profit • Profit before Financing and Income Taxes (effectively EBIT)	- Lợi nhuận hoạt động - Lợi nhuận trước thuế tài chính và thuế thu nhập (EBIT thực tế)
The additional subtotals required by IFRS 18 aim to give investors a consistent starting point when analysing and comparing companies' performance and formalises subtotals such as profit before financing and income taxes, that investors often demand.	Các tổng các bổ sung mà IFRS 18 yêu cầu nhằm mục đích cung cấp cho các nhà đầu tư một điểm khởi đầu nhất quán khi phân tích và so sánh hiệu quả hoạt động của các công ty và chính thức hóa như lợi nhuận trước thuế tài chính và thuế thu nhập mà các nhà đầu tư thường yêu cầu.
Management-Defined Performance Measures Entities will now be required to disclose Management-Defined Performance Measures (MPMs). MPMs are any subtotal of income and expenses not listed elsewhere in IFRS. These are used to communicate Management's view of an aspect of the financial performance to investors and the public outside of the financial statements, for example in investor presentations or earnings analysis.	**Management-Defined Performance Measures** Giờ đây, các DN sẽ được yêu cầu trình bày các Biện pháp thực hiện do quản lý xác định (MPM). MPM là bất kỳ tổng thu nhập và chi phí nào không được liệt kê ở nơi khác trong IFRS. Chúng được sử dụng để truyền đạt quan điểm của Ban Giám đốc về một khía cạnh của kết quả hoạt động tài chính tới các nhà đầu tư và công chúng bên ngoài báo cáo tài chính, chẳng hạn như trong các bài thuyết trình với nhà đầu tư hoặc phân tích thu nhập.
Entities must explain why MPMs are reported and how they are calculated and reconcile these to the most directly comparable IFRS-defined subtotal. This will extend to earnings per share calculations when alternative Earnings Per Share (EPS) may be calculated based on an MPM.	Các đơn vị phải giải thích lý do MPM được báo cáo cũng như cách tính toán và đối chiếu chúng với tổng các bổ sung do IFRS xác định có thể so sánh trực tiếp nhất. Điều này sẽ mở rộng sang tính toán thu nhập trên mỗi cổ phiếu khi Thu nhập trên mỗi cổ phiếu

	(EPS) thay thế có thể được tính toán dựa trên MPM.
Previously, if entities presented alternative profit measures, there was criticism that they did not provide sufficient information on how such measures were calculated and connected to the Statement of Profit or Loss. The new requirements for MPMs are intended to improve the discipline and transparency around calculating these alternative profit measures. Including them within IFRS will also make them subject to audit in many jurisdictions, further enhancing their quality.	Các yêu cầu mới đối với MPM nhằm cải thiện tính kỷ luật và tính minh bạch trong việc tính toán các biện pháp lợi nhuận thay thế này. Việc đưa chúng vào IFRS cũng sẽ khiến chúng trở thành đối tượng kiểm toán ở nhiều khu vực pháp lý nâng cao hơn nữa chất lượng của chúng.
Aggregation and Disaggregation	**Tổng hợp và phân chia**
IFRS 18 gives more guidance on how to aggregate or disaggregate information in order to address situations where financial statements are too detailed or too summarised.	IFRS 18 cung cấp thêm hướng dẫn về cách tổng hợp hoặc phân tách thông tin nhằm giải quyết các tình huống trong đó báo cáo tài chính quá chi tiết hoặc quá tóm tắt.
This guidance has been introduced due to complaints from users about the inconsistent level of aggregation historically and to provide greater clarity about what should be included in the primary financial statements, what details should be included in the notes, and when information can be excluded altogether.	Hướng dẫn này được đưa ra do có khiếu nại của người dùng về mức độ tổng hợp không nhất quán trong lịch sử và để cung cấp sự rõ ràng hơn về những gì cần đưa vào báo cáo tài chính cơ bản, những chi tiết nào cần được đưa vào thuyết minh và khi nào thông tin có thể được loại trừ hoàn toàn.
While it may result in significant changes for preparers of financial statements, the increased clarity and guidance should lead to more consistency of disclosures and greater clarity for preparers.	Mặc dù điều này có thể dẫn đến những thay đổi đáng kể đối với người lập báo cáo tài chính, nhưng sự rõ ràng và hướng dẫn ngày càng tăng sẽ dẫn đến tính nhất quán hơn của các thông tin công bố và sự rõ ràng hơn cho người lập báo cáo.
Implementation Challenges	**Những thách thức thực hiện**
While IFRS 18 undoubtedly brings significant benefits to stakeholders, we see some potential challenges ahead:	Mặc dù IFRS 18 chắc chắn mang lại lợi ích đáng kể cho các bên liên quan nhưng chúng tôi nhận thấy một số thách thức tiềm ẩn phía trước:
1. Performance measures to increase variety as opposed to comparability	**1. Các biện pháp thực hiện nhằm tăng tính đa dạng thay vì khả năng so sánh**
As MPMs are not listed in the standard, it is unlikely that comparable information is going to be presented by entities. The lack of comparability will be an interesting challenge for investors and other users to navigate until sector practices develop.	Vì MPMs không được liệt kê trong tiêu chuẩn nên khó có khả năng các thông tin có thể so sánh được sẽ được các đơn vị trình bày. Việc thiếu khả năng so sánh sẽ là một thách thức thú vị đối với các nhà đầu tư và những người sử dụng khác cho đến khi các thông lệ trong ngành phát triển.

In preparing MPMs, further engagement may be required with tax teams in the entity, if the tax calculations are prepared by a different team to the financial statements. Entities are required to disclose how the entity determined the income tax effect of MPMs which might add to a list of annual calculations to be performed by the tax teams.	Khi chuẩn bị MPM, có thể cần phải có sự tham gia sâu hơn của nhóm thuế trong đơn vị nếu việc tính thuế được chuẩn bị bởi một nhóm khác đối với báo cáo tài chính. Các DN được yêu cầu tiết lộ cách DN xác định ảnh hưởng của MPM đến thuế thu nhập, điều này có thể bổ sung vào danh sách các phép tính hàng năm do đội thuế thực hiện.
2. More judgement may lead to reduced comparability	**2. Phán xét nhiều hơn có thể làm giảm khả năng so sánh**
More judgement will be required by Management to establish what information is material to investors and other stakeholders, not only about accounting policies, but also specific line items in the primary financial statements and corresponding disclosure notes. Once these decisions have been made, presentation needs to be consistent from one period to the next unless a change is justified. As we saw with the recent change in IAS 1 from significant to material accounting policies, there are significant differences between jurisdictions and even individual companies within the same jurisdiction as to what is considered a 'material accounting policy'. Similarly, making a judgement on what disclosures and sub-totals are material for stakeholders may also result in entities producing significantly different financial statements. However, it is likely that within a couple of years of implementation, there will more consistency as more entities report and refine their disclosures.	Ban Giám đốc sẽ cần có nhiều phán xét hơn để xác định thông tin nào là quan trọng đối với nhà đầu tư và các bên liên quan khác, không chỉ về chính sách kế toán mà còn về các khoản mục cụ thể trong báo cáo tài chính cơ bản và các thuyết minh công bố tương ứng. Khi những quyết định này đã được đưa ra, việc trình bày cần phải nhất quán từ giai đoạn này sang giai đoạn tiếp theo trừ khi có sự thay đổi hợp lý. Như chúng ta đã thấy với sự thay đổi gần đây trong IAS 1 từ chính sách kế toán quan trọng sang chính sách kế toán trọng yếu, có sự khác biệt đáng kể giữa các khu vực pháp lý và thậm chí cả các công ty riêng lẻ trong cùng khu vực pháp lý đối với những gì được coi là 'chính sách kế toán trọng yếu'. Tương tự, việc đưa ra đánh giá về những thông tin công bố và tổng phụ nào là quan trọng đối với các bên liên quan cũng có thể dẫn đến việc các đơn vị đưa ra các báo cáo tài chính khác biệt đáng kể. Tuy nhiên, có thể trong vòng vài năm triển khai, sẽ có sự nhất quán hơn khi có nhiều đơn vị báo cáo và cải tiến thông tin công bố của họ.
3. The speed of technology could dictate the speed of adoption	**3. Tốc độ của công nghệ có thể quyết định tốc độ áp dụng**
Many companies now use specialised software to prepare their financial statements. Entities that manually prepare financial reports can implement IFRS 18 at their own timing, however most entities will be reliant on software providers providing updates before they can adopt the new standard. Once the updated software is available, all adopters may require significant resources and effort to implement the new standard due to the need to remap the Statement of Profit or Loss and consider MPMs.	Hiện nay nhiều công ty sử dụng phần mềm chuyên dụng để lập báo cáo tài chính. Các đơn vị lập báo cáo tài chính theo cách thủ công có thể triển khai IFRS 18 theo thời gian riêng của mình, tuy nhiên, hầu hết các đơn vị sẽ phụ thuộc vào các nhà cung cấp phần mềm cung cấp bản cập nhật trước khi họ có thể áp dụng tiêu chuẩn mới. Sau khi có sẵn phần mềm cập nhật, tất cả những người áp dụng có thể yêu cầu nguồn lực và nỗ lực đáng kể để triển khai tiêu chuẩn mới do cần phải sắp xếp lại Báo cáo lãi hoặc lỗ và xem xét MPM **Bước tiếp theo**

## Next Steps Implementing IFRS 18 will require a significant investment by entities. Accordingly, it is important that you start thinking about the implementation of this standard now to ensure that there is a smooth transition, before mandatory implementation starting from 2026. Finance teams need to ensure that even with competing priorities, including implementing projects such as sustainability reporting, that this project is given sufficient attention. We recommend that you consider the following activities now: • Educate your Board or governing body aboutthe potential implications.•Begin discussions on what MPMs might need tobe included and refine their definition. • Develop a project plan for implementationincluding identifying who is responsible for anychanges that are required in reporting softwareand understand the length of this project. • Consider the need to engage with investors andbroader stakeholders on the impacts of the changes.	Việc triển khai IFRS 18 sẽ đòi hỏi các đơn vị phải đầu tư đáng kể. Theo đó, điều quan trọng là bạn phải bắt đầu nghĩ đến việc triển khai tiêu chuẩn này ngay bây giờ để đảm bảo rằng quá trình chuyển đổi diễn ra suôn sẻ, trước khi **bắt đầu triển khai bắt đầu từ năm 2026.** Nhóm tài chính cần đảm bảo điều đó ngay cả với các ưu tiên cạnh tranh, bao gồm cả việc triển khai các dự án như báo cáo phát triển bền vững rằng dự án này được quan tâm đầy đủ. Chúng tôi khuyên bạn nên xem xét các hoạt động sau ngay bây giờ: • Hướng dẫn Hội đồng quản trị hoặc cơ quan quản lý của bạn về những tác động tiềm ẩn. • Bắt đầu thảo luận về những gì MPM có thể cần được đưa vào và hoàn thiện định nghĩa của chúng. • Xây dựng kế hoạch thực hiện dự án, bao gồm xác định ai chịu trách nhiệm về bất kỳ thay đổi nào được yêu cầu trong phần mềm báo cáo và hiểu độ dài của dự án này. • Xem xét nhu cầu tham gia của các nhà đầu tư và các bên liên quan ở quy mô rộng hơn về tác động của những thay đổi.

Moore AISC is strongly placed to help with all these steps, from planning through to final implementation. For more information please contact Moore AISC member Moore Global.

https://www.moore-global.com/news/tags?tagname=IFRS&groupid=1

History of IFRS 18

Date	Development	Comments
April 2016	Project initially discussed by the Board	
May 2019	The Board decides that the next due process document will be an exposure draft, not a discussion paper	
17 December 2019	ED/2019/7 *General Presentation and Disclosures* published	Comments requested by 30 June 2020
17 April 2020	Comment period on the exposure draft extended until 30 September 2020	

9 April 2024	IFRS 18 *Presentation and Disclosure in Financial Statements issued*	Effective for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2027

Superseded Standards

IFRS 18 replaces the following standards and intepretations:

- IAS 1 *Presentation of Financial Statements*

Summary of IFRS 18

Objective

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. [IFRS 18.1]

Scope

IFRS 18 applies to all financial statements that are prepared and presented in accordance with International Financial Reporting Standards (IFRSs). [IFRS 18.2] Standards for recognising, measuring, and disclosing specific transactions are addressed in other Standards and Interpretations. [IFRS 18.4]

Key definitions

[IFRS 18: Appendix A]

Aggregation	The adding together of assets, liabilities, equity, income, expenses or cash flows that share characteristics and are included in the same classification.
Classification	The sorting of assets, liabilities, equity, income, expenses and cash flows based on shared characteristics.
Disaggregation	The separation of an item into component parts that have characteristics that are not shared.
General purpose financial reports	Reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about: (a) buying, selling or holding equity and debt instruments; (b) providing or selling loans and other forms of credit; (c) exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources.

	General purpose financial reports include—but are not restricted to—an entity's general purpose financial statements and sustainability-related financial disclosures.
General purpose financial statements	A particular form of *general purpose financial reports* that provide information about the reporting entity's assets, liabilities, equity, income and expenses.
Management-defined performance measure	A subtotal of income and expenses that: (a) an entity uses in public communications outside financial statements; (b) an entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole; and (c) is not listed in paragraph 118 of IFRS 18, or specifically required to be presented or disclosed by IFRS Accounting Standards.
Material information	Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
Notes	Information in financial statements provided in addition to that presented in the primary financial statements.
Operating profit or loss	The total of all income and expenses classified in the operating category.

General requirements for Financial Statements

The objective of financial statements is to provide financial information about a reporting entity's assets, liabilities, equity, income, and expenses that is useful to users of financial statements in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic resources. [IFRS 18.9]

A complete set of financial statements comprises: [IFRS 18.10]

- a statement (or statements) of financial performance for the reporting period (presented as either a single statement or by presenting a statement of profit or loss immediately followed by a separate statement presenting comprehensive income beginning with profit and loss);
- a statement of financial position as at the end of the reporting period;
- a statement of changes in equity for the reporting period;
- a statement of cash flows for the reporting period;
- notes for the reporting period;
- comparative information in respect of the preceding period as specified by the standard;
- a statement of financial position as at the beginning of the preceding period if the entity applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements (given that this results in material information). [IFRS 18.37]

IFRS 18 identifies the statements listed above as "primary financial statements" and they all are required to be presented with equal prominence. [IFRS 18.14]. Regards the statements' titles, an entity may use other than those stated above. [IFRS 18.11]

IFRS 18 assigns distinct and complementary roles to the primary financial statements as well as to the notes: The primary financial statements offer structured summaries of an entity's recognized assets, liabilities, equity, income, expenses, and cash flows, assisting users in understanding the entity's financial status, making comparisons across entities and reporting periods, and identifying areas requiring further information. The notes, on the other hand, supplement these primary financial statements by providing additional, necessary material information to ensure comprehension of line items and advance the overall objective of financial reporting. [IFRS 18.15-17]

Some IFRS Accounting Standards mandate specific information to be included in the primary financial statements or notes. However, an entity is not required to provide such presentation or disclosure if the resulting information is immaterial, even if the standards list them as specific or minimum requirements. [IFRS 18.19] On the other hand, an entity should evaluate whether extra disclosures are necessary when adhering to the specific guidelines in IFRS Accounting Standards doesn't sufficiently allow financial statement users to understand the impact of transactions and other events on the entity's financial position and performance. [IFRS 18.20]

To provide a useful structured summary in a primary financial statement, the specific requirements in IFRS 18 that determine the structure of the statement need to be complied with. [IFRS 18.22] Although some IFRS Accounting Standards require specific line items to be presented separately in the primary financial statements, an entity does not need to do so if this is not necessary for the statement to provide a useful structured summary, even if the standards list certain line items as specific or minimum requirements. [IFRS 18.23] Additional line items and subtotals need to be presented if such presentations are necessary for a primary financial statement to provide a useful structured summary. However, such additional line items or subtotals need to fulfill specific conditions as listed in the standard. [IFRS 18.24]

The standard requires an entity to clearly identify the financial statements, which must be distinguished from other information in the same published document, as well as each primary financial statement and the notes to the financial statements. [IFRS 18.25-27]

In addition, the following information must be displayed prominently, and repeated as necessary: [IFRS 18.27]

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by IAS 21 The Effects of Changes in Foreign Exchange Rates)
- the level of rounding used (e.g., thousands, millions).

There is a presumption that a complete set of financial statements will be prepared at least annually. If the annual reporting period changes and financial statements are prepared for a different period, the entity must disclose the reason for the change and state that amounts are not entirely comparable. [IFRS 18.28]

An entity is required to retain the presentation, disclosure, and classification of items in the financial statements from one period to the next unless a change is justified either by a change in circumstances or a requirement of a new IFRS. [IFRS 18.30]

Comparative information needs to be disclosed in respect of the previous period for all amounts reported in the financial statements, both on the face of the primary financial statements and in the notes, unless another Standard requires otherwise. Comparative information is provided for narrative and descriptive information where it is necessary to understanding the current period's financial statements. [IFRS 18.31] In each of the primary financial statements and in the notes, an entity needs to present a current and a preceding period. [IFRS 18.32] Where comparative amounts are changed or reclassified, various disclosures are required. [IFRS 18.33]; disclosures are also required when it is impracticable to reclassify comparative amounts. [IFRS 18.34]

Aggregation and disaggregation

An entity is required to aggregate or disaggregate information in the primary financial statements and accompanying notes. Items should be aggregated based on shared characteristics and disaggregated based on characteristics that are not shared. The process should enable primary financial statements and notes to fulfill their roles and must not obscure material information. [18.41]

It is specifically required to label and describe items presented in the primary financial statements (that is, totals, subtotals and line items) or items disclosed in the notes in a way that faithfully represents the characteristics of the item, i.e., by providing all descriptions and explanations necessary for a user of financial statements to understand the item. [18.43]

Assets and liabilities, and income and expenses, may not be offset unless required or permitted by an IFRS. [18.44]

Specific requirements for the individual primary financial statements

Statement of Profit or Loss

All items of income and expense in a reporting period are required to be included in the statement of profit or loss unless an IFRS Accounting Standard requires or permits otherwise. [IFRS 18.46] They then need to be classified in one of five categories in the statement of profit or loss: [IFRS 18.47]

1. the operating category where an entity is required to classify all income and expenses that are not classified in the other categories ([IFRS 18.52]);
2. the investing category;
3. the financing category;
4. the income taxes category; and
5. the discontinued operations category.

To classify income and expenses in the operating, investing, and financing categories, an assessment is needed whether an entity has a specified main business activity—that is a main business activity of investing in particular types of assets or providing financing to customers. [IFRS 18.49] If this is the case, the entity classifies in the operating category some income and expenses that would have been classified in the investing or financing category if the activity were not a main business activity. [IFRS 18.50]

An entity that does not have a specified main business activity is required to classify in the investing category income and expenses (e.g., income generated by the assets etc.) from: [IFRS 18.53-54]

- (a) investments in associates, joint ventures and unconsolidated subsidiaries;
- (b) cash and cash equivalents; and
- (c) other assets if they generate a return individually and largely independently of the entity's other resources.

When an entity however invests in assets as a main business activity, it will classify in the operating category the income and expenses that arise from those assets that would otherwise be classified in the investing category. [IFRS 18.53] There are two exceptions to this principle with respect to income and expenses from investments in associates, joint ventures and unconsolidated subsidiaries accounted for using the equity method and cash and cash equivalents are excluded from the assessment. [IFRS 18.53-54]

For an entity that does not provide financing to customers as a specified main business activity, the financing category comprises income and expenses from liabilities arising from transactions that involve only the raising of finance (e.g., debentures, loans, notes, bonds and mortgages) and interest income and expenses and the effects of changes in interest rates from liabilities arising from transactions that do not involve only the raising of finance (e.g., payables for goods or services, lease liabilities, defined benefit pension liabilities) but only if the entity identifies those amounts when applying another IFRS Accounting Standard. [IFRS 18.59-61]

Those entities that provide financing to customers as a main business activity will classify in the operating category income and expenses from liabilities that arise from transactions that involve only the raising of finance related to the provision of financing to customers and make an accounting policy choice to classify in the operating category or financing category income and expenses from liabilities that arise from transactions that involve only the raising of finance not related to the provision of financing to customers. [IFRS 18.65]

An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, profit or loss before financing and income taxes and profit or loss. [IFRS 18.69]

Presentation of line items in the statement of profit or loss is required for: [IFRS 18.75]

- (a) revenue, presenting separately interest revenue calculated using the effective interest method and insurance revenue;
- (b) operating expenses whereby further separate line items could be required depending on the selected presentation of operating expenses;
- (c) share of the profit or loss of associates and joint ventures accounted for using the equity method;
- (d) income tax expense or income;
- (e) a single amount for the total of discontinued operations;
- (f) impairment losses (including reversals of impairment losses or impairment gains) determined according to Section 5.5 of IFRS 9;
- (g) gains and losses arising from the derecognition of financial assets measured at amortised cost;
- (h) any gain or loss arising from the difference between the fair value of a financial asset and its previous amortised cost at the date of reclassification from amortised cost measurement to measurement at fair value through profit or loss;

- (i) any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss at the date of reclassification of a financial asset from measurement at fair value through other comprehensive income to measurement at fair value through profit or loss;
- (j) insurance service expenses from contracts issued within the scope of IFRS 17;
- (k) income or expenses from reinsurance contracts held;
- (l) insurance finance income or expenses from contracts issued within the scope of IFRS 17;
- (m) finance income or expenses from reinsurance contracts held.

An allocation of profit or loss for the reporting period attributable to non-controlling interests and owners of the parent needs to be included in the statement of profit or loss. [IFRS 18.76]

Regards the operating category of the statement of profit or loss, an entity must classify and present expense line items in a way that provides the most useful structured summary of them, by either the nature or function of the expenses. If any expense line items are classified by function, a single note should also disclose total amounts for depreciation, amortization, employee benefits, impairment losses and their reversals, and inventory write-downs and their reversals. [IFRS 18.78 and .83]

Statement presenting Comprehensive Income

An entity is required to present in the statement presenting comprehensive income totals for profit or loss, other comprehensive income (grouped between those items that will or will not be reclassified to profit and loss in subsequent periods [IFRS 18.88]) and comprehensive income, being the total of profit or loss and other comprehensive income. [IFRS 18.86]

An allocation of comprehensive income for the reporting period attributable to non-controlling interests and owners of the parent also needs to be presented [IFRS 18.87] as well as in each of the categories of the statement presenting comprehensive income, line items for the share of other comprehensive income of associates and joint ventures accounted for using the equity method and other items of other comprehensive income [IFRS 18.89].

An entity needs to either present in the statement presenting comprehensive income or disclose in the notes, reclassification adjustments relating to components of other comprehensive income and the amount of income taxes relating to each item of other comprehensive income, including reclassification adjustments. [IFRS 18.90; IFRS 18.93]

Statement of Financial Position

An entity is required to present a classified statement of financial position, separating current and non-current assets and liabilities, unless presentation based on liquidity a more useful structured summary. [IFRS 18.96] In either case, if an asset (liability) category combines amounts that will be received (settled) after 12 months with assets (liabilities) that will be received (settled) within 12 months, note disclosure is required that separates the longer-term amounts from the 12-month amounts. [IFRS 18.97] Deferred tax assets (liabilities) are to be classified as current assets (liabilities) when the classification separating current and non-current assets and liabilities is used for presentation. [IFRS 18.98]

Current assets are assets that are: [IFRS 18.99]

- expected to be realised in the entity's normal operating cycle

- held primarily for the purpose of trading
- expected to be realised within 12 months after the reporting period
- cash and cash equivalents (unless restricted).

All other assets are non-current. [IFRS 18.100]

Current liabilities are those: [IFRS 18.101]

- expected to be settled within the entity's normal operating cycle
- held for purpose of trading
- due to be settled within 12 months after the reporting period
- for which the entity does not have the right at the end of the reporting period to defer settlement beyond 12 months after the reporting period.

All other liabilities are non-current. [IFRS 18.102]

The line items to be included on the face of the statement of financial position are: [IFRS 18.103]

- (a) property, plant and equipment
- (b) investment property
- (c) intangible assets
- (d) goodwill
- (e) financial assets (excluding amounts shown under (g), (j), and (k))
- (f) portfolios of contracts within the scope of IFRS 17 that are assets
- (g) investments accounted for using the equity method
- (h) biological assets
- (i) inventories
- (j) trade and other receivables
- (k) cash and cash equivalents
- (l) total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS 5
- (m) trade and other payables
- (n) provisions
- (o) financial liabilities (excluding amounts shown under (m) and (n))
- (p) portfolios of contracts within the scope of IFRS 17 that are liabilities
- (q) current tax liabilities and current tax assets, as defined in IAS 12
- (r) deferred tax liabilities and deferred tax assets, as defined in IAS 12
- (s) liabilities included in disposal groups classified as held for sale in accordance with IFRS 5
- (t) non-controlling interests
- (u) issued capital and reserves attributable to owners of the parent.

Statement of Changes in Equity

A separate statement of changes in equity needs to be presented that must show: [IFRS 18.107]

- total comprehensive income for the period, showing separately amounts attributable to owners of the parent and to non-controlling interests

- the effects of any retrospective application of accounting policies or restatements made in accordance with IAS 8, separately for each component of equity
- reconciliations between the carrying amounts at the beginning and the end of the period for each component of equity, separately disclosing:
    - profit or loss
    - other comprehensive income*
    - transactions with owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control

* An analysis of other comprehensive income by item is required to be presented either in the statement or in the notes. [IFRS 18.109]

The amount of dividends recognised as distributions and the related amount per share may also be presented on the face of the statement of changes in equity, or they may be presented in the notes. [IFRS 18.110]

Notes

Structure

The notes must: [IFRS 18.113]

- present information about the basis of preparation of the financial statements and the specific accounting policies used whereby this can be done in a separate section in the notes
- disclose any information required by IFRSs that is not presented in the primary financial statements and
- provide additional information that is not presented elsewhere in the primary financial statements but is relevant to an understanding of any of them.

Notes are presented in a systematic manner and cross-referenced from the face of the primary financial statements to the relevant note. [IFRS 18.114]

The following disclosures are required by IFRS 18 if not disclosed elsewhere in information published with the financial statements: [IFRS 18.116]

- domicile and legal form of the entity, country of incorporation, address of registered office or principal place of business;
- description of the entity's operations and principal activities;
- if it is part of a group, the name of its parent and the ultimate parent of the group; and
- if it is a limited life entity, information regarding the length of the life.

Management-defined performance measures (MPMs)

IFRS 18 requires an entity to identify its management-defined performance measures as detailed disclosures need to be included in the notes for them. This should enable user of financial statements to understand the aspect of financial performance that in management's view is communicated by a MPM and how the MPM compares with measures defined by IFRS Accounting Standards. [IFRS 18.121]

A MPM is a subtotal of income and expenses that: [IFRS 18.117]

- is used in public communications outside financial statements;
- is used to communicate to investors management's view of an aspect of the financial performance of the entity as a whole; and
- is not listed in IFRS 18 or specifically required by IFRS Accounting Standards.

Generally, an entity should presume that any subtotal of income and expenses shared in public communications reflects management's perspective of the overall financial performance of the entity. However, this presumption may be rebutted if necessary. [IFRS 18.119]

An entity will disclose information about its MPMs in a single note to the financial statements. The note will include a statement that the MPMs provide management's view of an aspect of the financial performance of the entity as a whole and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities. [IFRS 18.122] The note will also include for each MPM: [IFRS 18.123-124]

- a description of the aspect of financial performance that it communicates, including why management believes the MPM provides useful information about the entity's financial performance;
- a description of how the MPM is calculated;
- a reconciliation between the MPM and the most directly comparable subtotal listed in IFRS 18 or total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation; and
- a description of how the entity determined the income tax effect;
- explanations on changes made regards the calculation of a MPM or alike.

Capital

An entity discloses information about its objectives, policies, and processes for managing capital. [IFRS 18.126] To comply with this, the qualitative and quantitative disclosures [IFRS 18.127-129] include what the entity considers as capital, how external requirements are met, changes from the previous period, compliance status, and impacts of non-compliance.

Other disclosures

An entity needs to either present in the statement of financial position or the statement of changes in equity or to disclose in the notes details for each class of shares including the number of shares authorized and issued as well as a description of each reserve within equity [IFRS 18.130]. In addition, information about not recognised dividends proposed or declared before the financial statements were authorized for issue needs to be disclosed in the notes. [IFRS 18.132]

Effective date and transition

Retrospective application of the standard is mandatory for annual reporting periods starting from 1 January 2027 onwards but earlier application is permitted provided that this fact is disclosed. [IFRS 18.C1]

Reconciliations for each line item in the statement of profit or loss regards the comparative period immediately preceding the year of initial application need to be disclosed showing how its restated amount (prepared under IFRS 18) reconciles to the amount disclosed in the previous financial statements in accordance with IAS 1. [IFRS 18.C2-3]

For the interim financial statements in the year of first-time application of IFRS 18, specific requirements relating to the totals and subtotals prescribed for the statement of profit or loss as well as to the reconciliations to the amounts previously recognised in accordance with IAS 1 are included. [IFRS 18.C5]

A further transitional provision relates to the measurement of investments in associates or joint ventures held by an entity that is a venture capital organisation or certain other entities. Such an entity can change to measuring its investment at fair value through profit or loss when applying IFRS 18 for the first time if the equity method was previously used to measure the shares. [IFRS 18.C7]