



Shape the future
with confidence

IFRS 18

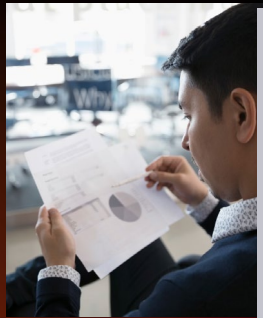
Presentation and Disclosure in Financial Statements

IFRS 18: New requirements aimed at enhancing quality of information

The IASB has issued a new disclosure standard, *IFRS 18 Presentation and Disclosure in Financial Statements*, which will replace the existing *IAS 1 Presentation of Financial Statements*. IFRS 18 will be **effective from 1 January 2027**.

- Aims to address the investor's need for more relevant, transparent and comparable information
- Narrow scope amendments have been made to other IFRS Accounting Standards such as IAS 7, IAS 33 and IAS 34
- Requires identification of specified main business activities of the entity
- Early adoption is permitted
- Retrospective application is required in both annual and interim financial statements along with reconciliations for comparative periods

What are the main changes?



New requirements for categories and subtotals in the statement of profit or loss (P&L)

- New mandatory subtotals and new categories for classifying income and expenses.

Specific guidance to classify income and expenses relating to

- Foreign exchange differences, hybrid contracts, gains and losses on derivatives and designated hedging instruments and changes to category in which income and expenses are classified, changes in use of an asset and derecognition of liabilities.



Increased transparency of management-defined performance measures (MPM)

- New disclosure requirements for MPMs, including reconciliations.



Additional guidance for aggregation and disaggregation of information

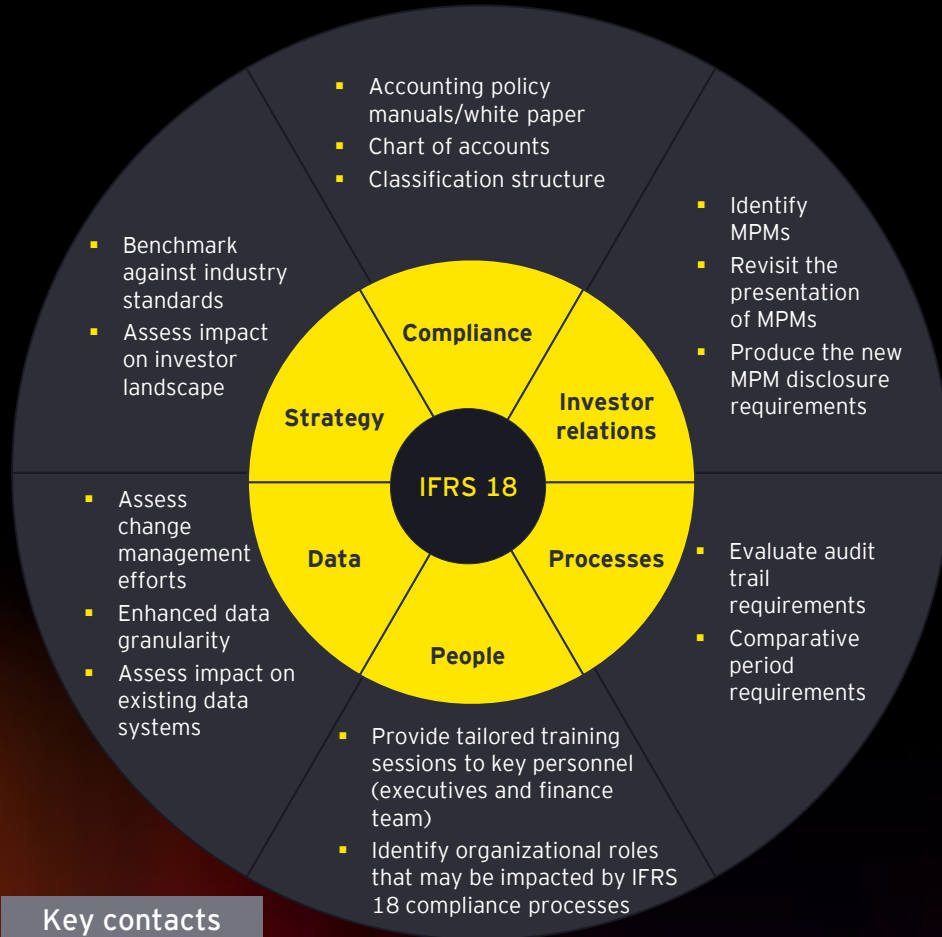
- Guidance on labelling of items and additional operating expenses disclosure requirements.

Key Takeaways

- 1 Strategic impact on investor communication, market perception and benchmarking process
- 2 Holistic changes required to the existing data management system and structure
- 3 A need for robust internal controls to ensure audit readiness of reported MPMs
- 4 Potential changes required in crucial areas such as management incentives and debt covenants
- 5 Identification of organisational roles for engagement in IFRS 18 implementation activities
- 6 Assess the impact on the current consolidation and Financial Statement Close Process (FSCP) matrix

IFRS 18: Change Management

- The new standard will require organizations to focus on the below areas for change management. Our team is ready to assist you in your IFRS 18 implementation in particular:



Our value proposition:

- EY teams combine deep knowledge in accounting and reporting, strong understanding of corporate policies and regulations and extensive sector experience to deliver strategic insights to enhance client outcomes.
- Our pragmatic delivery methodology provides a best-fit, sustainable and scalable solution to the client.
- EY teams collaborate with the global workforce to offer round-the-clock delivery, substantially reducing the implementation time.



Transition impact - FAQs

- How long will the transition take and when should you start?
- What resources and budget are required?
- Are there any other ongoing reporting projects which might overlap?
- What are the typical changes under IFRS 18 that could affect my entity?

Organizational and system impact - FAQs

- What enterprise resource planning (ERP) system reconfiguration would be required to track different expenses and cost bases, including those required for transition?
- Does IFRS 18 affect the structure of your current management remuneration policies?
- Currently, can you accurately capture the required quantitative data points?
- How does your company's implementation plan benchmark against your competitors?
- How and when will you communicate to internal and external stakeholders?
- What is the impact on audit readiness?

Key contacts



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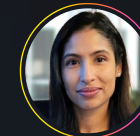
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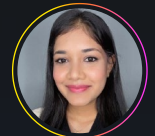
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