
IFRS 18 Presentation and Disclosure in Financial Statements

Agenda



Summary of IFRS 18 and Taxonomy proposals



Fieldwork exercise & invitation to participate



IFRS Accounting Taxonomy work plan



Questions

IFRS 18: *Presentation and Disclosure in Financial Statements*

Objective

- Improve communication in financial statements
- Focus on information included in the statement of profit or loss



New required subtotals in statement of profit or loss, including 'operating profit'



Disclosures about management-defined performance measures (MPMs)



Enhanced guidance on grouping of information (aggregation and disaggregation)

Better information for better decisions

– increases comparability, transparency and usefulness of information



Effective date: 1 January 2027

Categories and subtotals in the statement of profit or loss

IFRS 18 introduces:

- Three new defined categories (operating, investing and financing) to provide a **consistent structure** of the statement of profit or loss; and
- Two new **required subtotals** to enable analysis.

① **Operating profit**—gives a complete picture of a company’s operations

② **Profit before financing and income taxes**—gives a picture of a company’s performance before the effects of its financing

Taxonomy proposal:

- **Line-item modelling**—where the category information reflected in the element label
- **New elements** for the required subtotals.

Statement of profit or loss

Revenue

Cost of sales

Gross profit

Other operating income

Selling expense

Research and development expenses

General and administrative expenses

Goodwill impairment loss

Other operating expenses

Operating profit

Share of profit or loss of associates and joint ventures

Other investment income

Profit before financing and income taxes

Interest expenses on borrowings and lease liabilities

Interest expenses on pension liabilities and provisions

Profit before income taxes

Income tax expense

PROFIT



Management-defined Performance Measures (MPMs)

IFRS 18 introduces:

- Requirements to disclose information relating to MPMs in a single note:
 - reconciliation** of MPM back to IFRS-defined subtotal
 - explanation of **why** the MPM is reported, **how** the MPM is calculated, and any **changes** to the MPM

	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of PP&E	MPM
Other operating income		-	-	(1,800)	
Research and development expenses		1,600	-	-	
General and administrative expenses		-	3,800	-	
Goodwill impairment loss		4,500	-	-	
Operating profit / Adjusted operating profit	57,000	6,100	3,800	(1,800)	65,100
Income tax expense		-	(589)	297	
Profit from continuing operations / Adjusted profit from continuing operations	32,100	6,100	3,211	(1,503)	39,908
Profit attributable to non-controlling interests		305	161	-	

Taxonomy proposal:

- Text block element** to capture all quantitative and qualitative information on MPMs
- Dimensional modelling for the MPM reconciliation using:
 - two axes—‘MPM’ axis and ‘Reconciling items’ axis; and
 - line-item elements from the statement(s) of financial performance to reflect **IFRS-defined subtotals** and the **location for each reconciling item**.

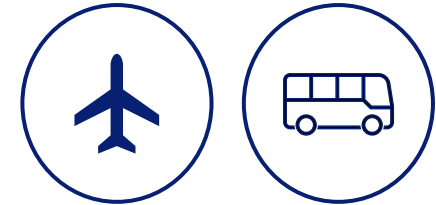
Grouping – aggregation and disaggregation – of information

IFRS 18 introduces:

- enhanced requirements for grouping of information, including requirements for presenting and disclosing operating expenses
- guidance on whether information should be in the primary financial statements or the notes
- disclosures about items labelled as ‘other’
- principles for linking information in the notes with related line items in primary financial statements.



Aggregate based on **shared characteristics**



Single dissimilar characteristic can be enough to disaggregate if resulting information is material

Present items in primary financial statements to provide **useful structured summaries** and disclose other material information in the notes

Use **meaningful labels**

- use the label ‘other’ only when unable to find a more informative label
- label as precisely as possible (e.g. ‘other operating expenses’)



Taxonomy implication:

- Preparers are encouraged to use the ‘fact-explanatoryFact’ footnoteArc mechanism to connect facts disclosed in the notes with facts presented on the primary financial statements.

Grouping of information—disclosure of specified expenses by nature

IFRS 18 requires the disclosure of:

- the amounts included in each line item in the operating category of the statement of profit or loss for specified expenses.

Taxonomy proposal:

- Text block element to capture all quantitative and qualitative information about specified expenses by nature
- Dimensional modelling using:
 - one axis with member elements representing the specified expenses by nature; and
 - line-item elements from the operating category of the statement of profit or loss

Specified expenses by nature note

(in currency units)	20X2	20X1
Cost of sales	23,710	21,990
Research and development expenses	2,515	2,590
General and administrative expenses	4,975	4,750
Total depreciation	31,200	29,330
Research and development expenses	13,840	12,690
Total amortisation	13,840	12,690
Cost of sales	61,640	57,175
Selling expenses	7,515	7,110
Research and development expenses	6,545	6,750
General and administrative expenses	8,920	5,825
Total employee benefits	84,620	76,860
Research and development expenses	1,600	1,500
Goodwill impairment loss	4,500	–
Total impairment loss	6,100	1,500
Cost of sales	2,775	2,625
Total write-down of inventories	2,775	2,625

IFRS Accounting Taxonomy 2024—Proposed Update 1 IFRS 18

A [consultation package](#), including a proposed update to the IFRS Accounting Taxonomy (PTU) reflecting the presentation and disclosure requirements in IFRS 18, was published for public comment on 23 May 2024.¹

The IASB is seeking feedback on the proposals in the PTU through comment letters, survey responses and/or fieldwork exercise.

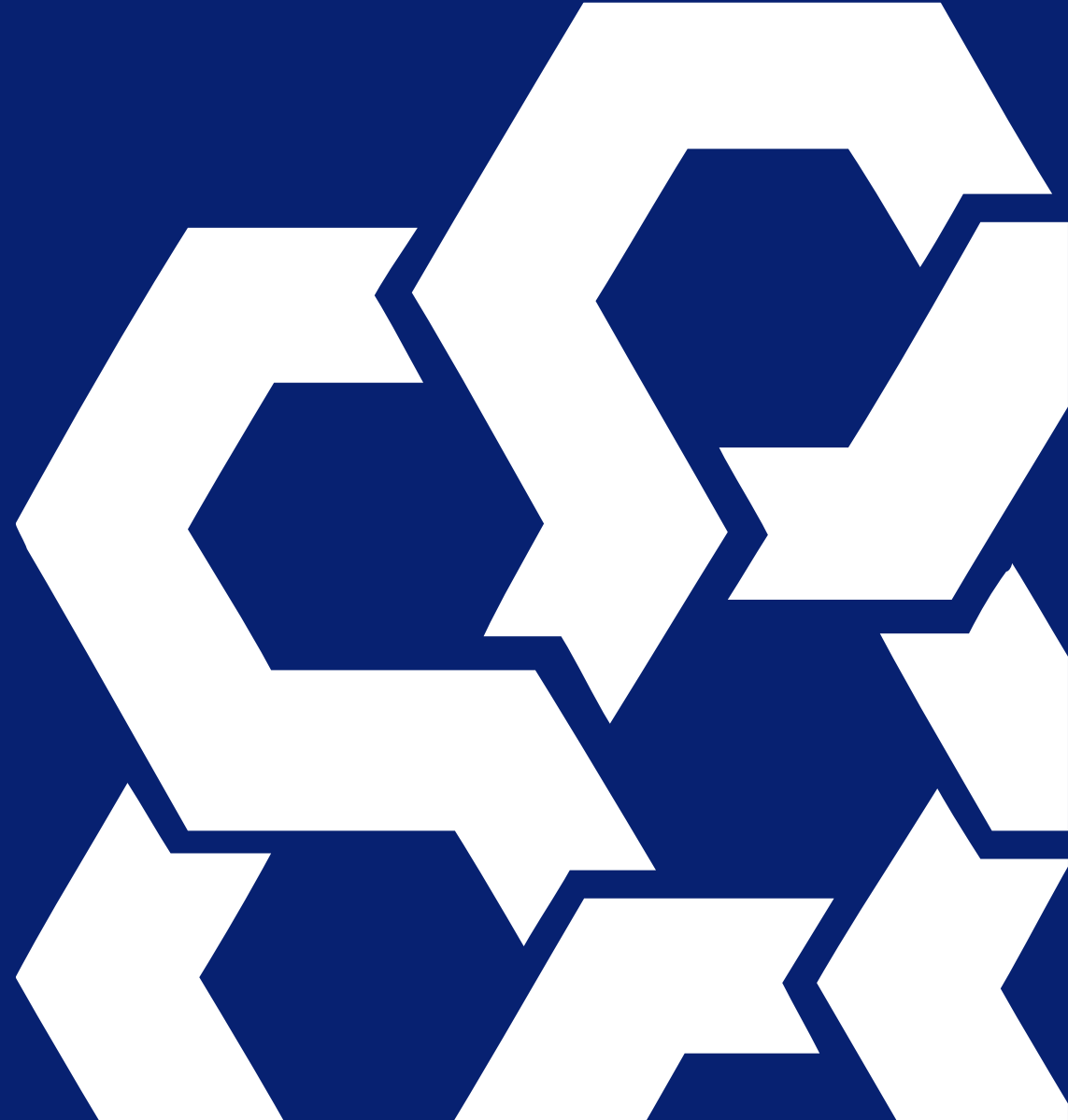
The deadline for submitting feedback is **3 September 2024**.

Likely effects of IFRS 18 on digital reporting

- ✓ Reduced diversity in reporting practices will in turn reduce diversity in tagging data
- ✓ MPMs more likely to be tagged consistently & extracted easier
- ✓ New elements will reduce need for company-specific extensions
- ✓ Enhanced comparability across companies
- ✓ Defined subtotals consistently available for all companies

¹ IFRS Accounting Taxonomy 2024—Proposed Update 1 IFRS 18 consultation page can be accessed via the following link: <https://www.ifrs.org/projects/work-plan/ifrs-accounting-taxonomy-update-primary-financial-statements/ptu-and-comment-letters-ifrs18-pdfs/>

Fieldwork exercise



Background

Objective of fieldwork exercise

- To supplement the information that we receive through comment letters
- To assess the likely effects of the proposals—specifically to identify:
 - any potential challenges in tagging of financial statements using the proposed modelling and whether more guidance is needed
 - whether information provided as a result of such tagging facilitates comparability and analysis of information
 - other practical effects of the proposals, such as implementation costs

Target participants

- Preparers of digital financial statements
- Tagging agents
- Users of digital data (likely to focus on data aggregators)

Tagging materials

- Illustrative Examples accompanying IFRS 18 (and if possible, examples provided by companies)
- Proposed IFRS 18 Taxonomy files

Focus areas for fieldwork exercise

Proposals

- Line-item modelling approach for the requirement in IFRS 18 to present **income and expenses in categories in the statement of profit or loss**—where the category of an item of income or expenses would be reflected in the element label
- Dimensional modelling approach for the requirement in IFRS 18 to disclose a reconciliation between a **management-defined performance measure (MPM)** and the most directly comparable subtotal or total defined by IFRS Accounting Standards
- Dimensional modelling approach for the requirement in IFRS 18 to disclose the amount of **specified expenses by nature** included in each line item in the operating category of the statement of profit or loss

Fieldwork exercise

- Tagging of line items in the statement of profit or loss
- Detailed tagging of disclosures on MPMs
- Detailed tagging of disclosures on specified expenses by nature

Tagging exercise to be done in conjunction with questionnaire which is intended to capture any challenges encountered by participants while tagging the examples using the proposed modelling

Other information

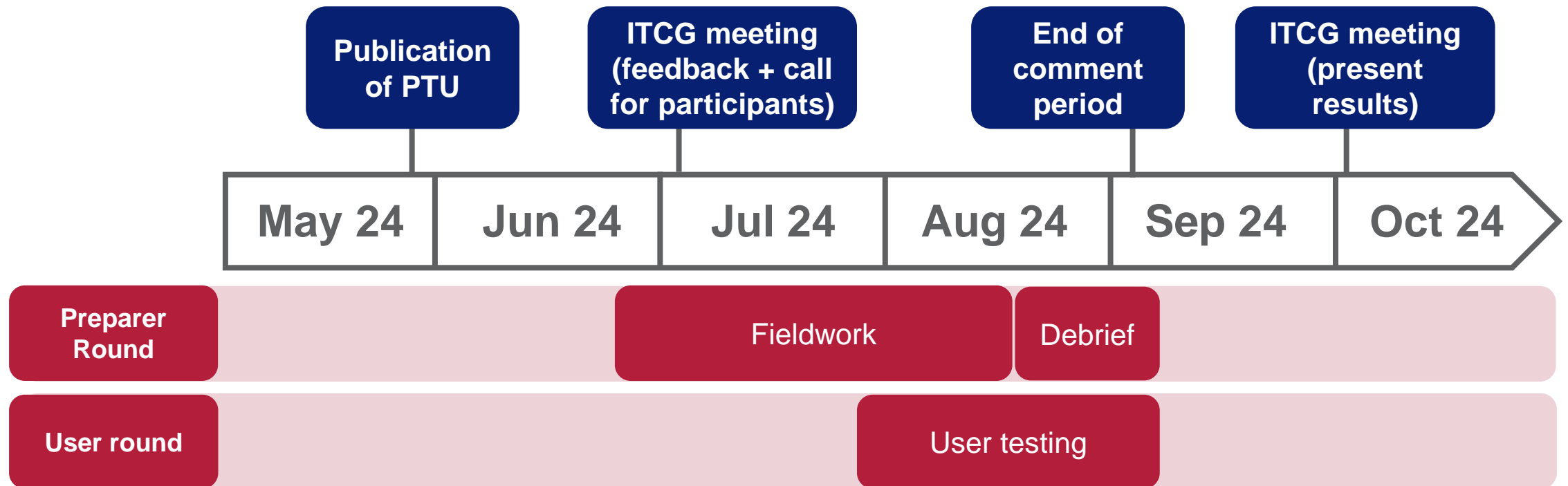
Timing and arrangements

- Fieldwork exercise to take place during public consultation period (late May to early September)
- Preparers/tagging agents to independently work on tagging examples using proposed modelling
- For exercise with users, we instead plan to conduct workshops/roundtables

Other points to note

- Kick-off and debrief meetings will be held before and after the fieldwork exercise
- Participants will be provided with instructions and a questionnaire to accompany the exercise
- To maximise learnings from the exercise and ensure a realistic tagging experience we do not intend to provide preparers/tagging agents with more guidance than:
 - instructions; and
 - guidance included in the published PTU
- **Results from the exercise will remain private and a summary of the results will be presented to the IASB at a public meeting in an anonymised form**

Timeline for fieldwork exercise



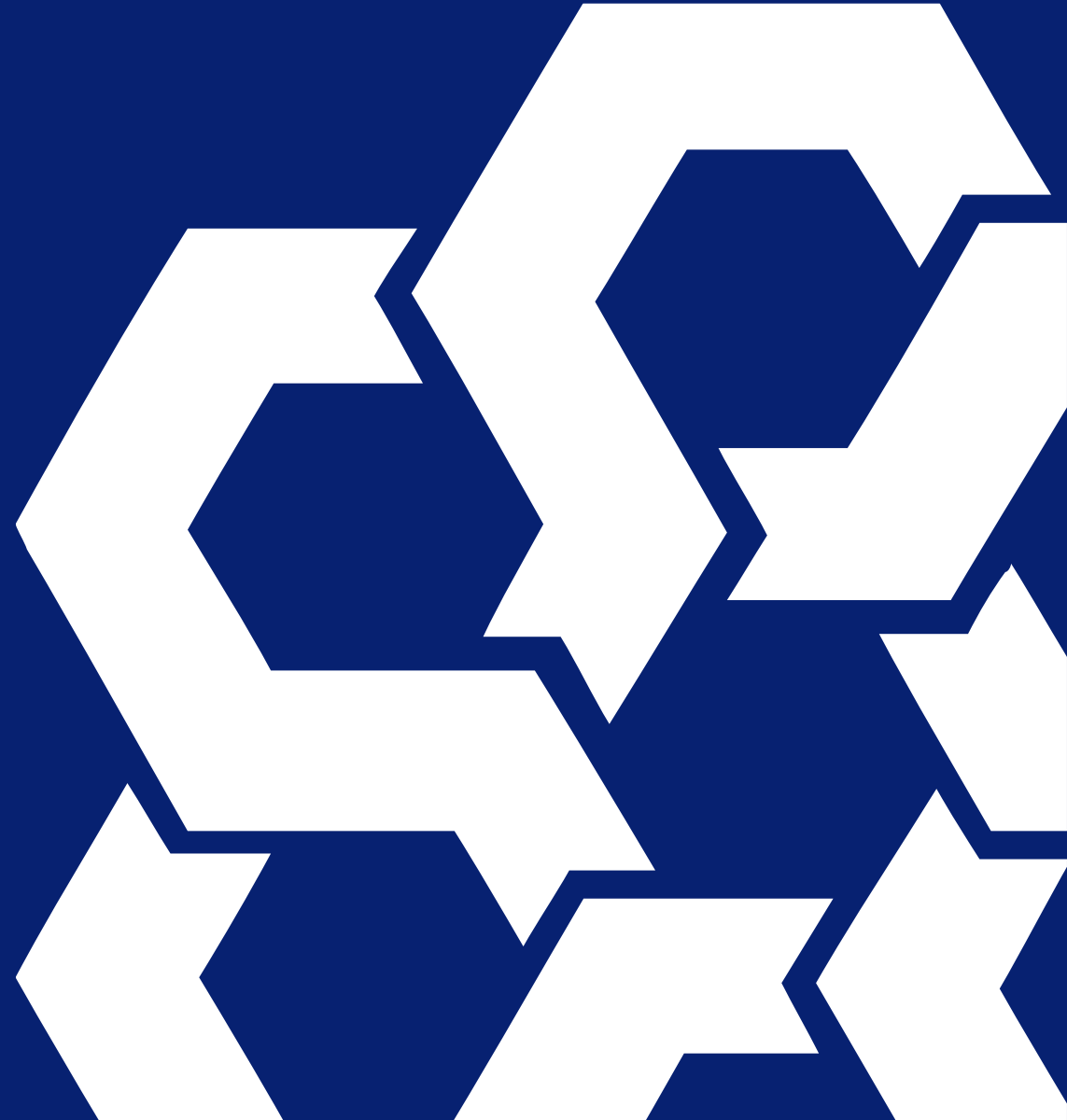
* Timeline may be subject to change

Call for participants

- For the fieldwork exercise, we would like to achieve:
 - a good balance between preparers, tagging agents and users of digital data
 - a good mix of participants from different regions/jurisdictions and industries
- We have published a request for fieldwork participants on our website: [IFRS - Request for fieldwork participants: IFRS Accounting Taxonomy 2024—Proposed Update 1 IFRS 18](#)
- We are also planning to proactively approach possible participants with whom we have interacted in the past (for example, through outreach meetings or comment letters)

Please let us know if you (or someone you know) is interested in participating in the fieldwork exercise

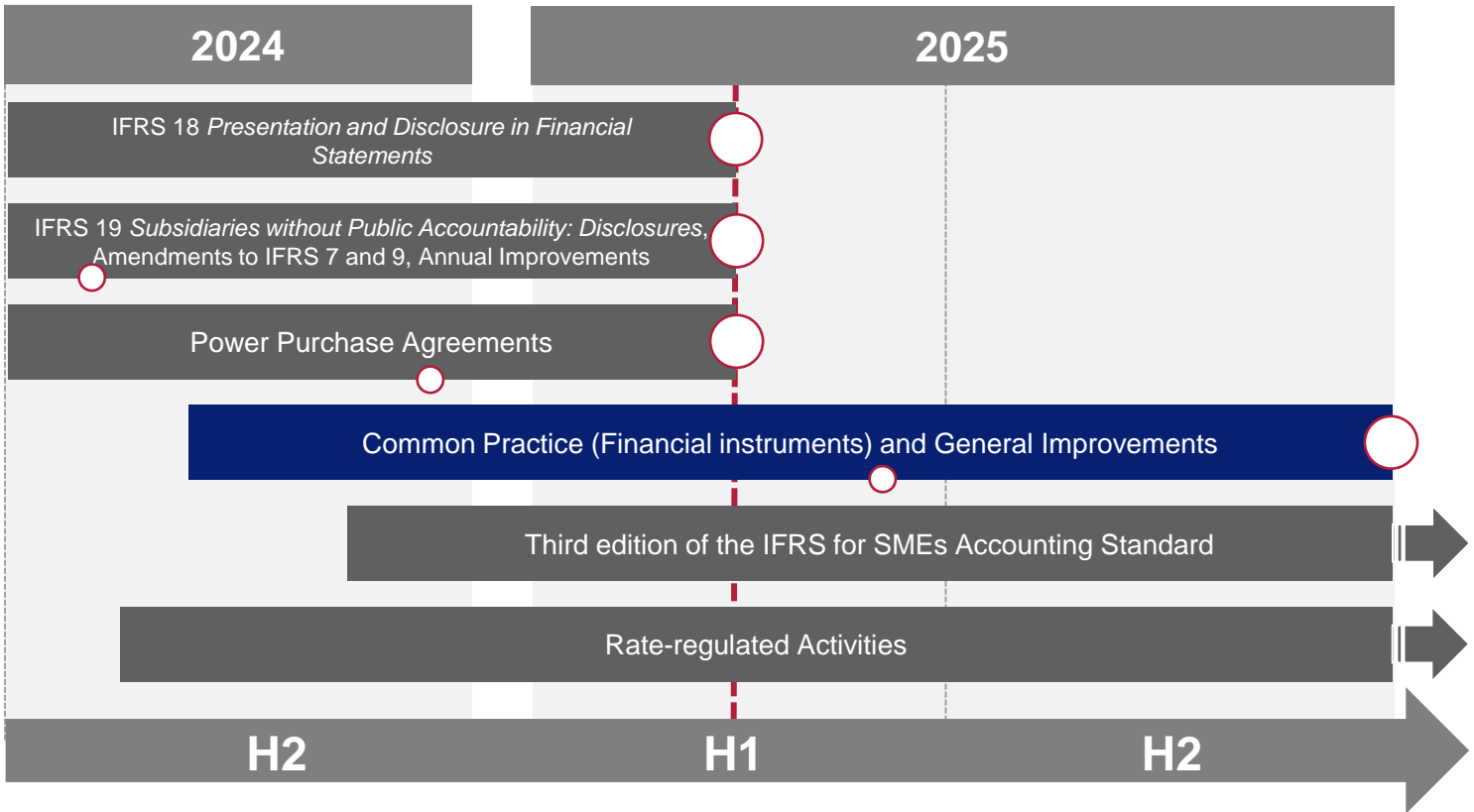
IFRS Accounting Taxonomy work plan



IFRS Accounting Taxonomy workplan

Current projects to update Taxonomy

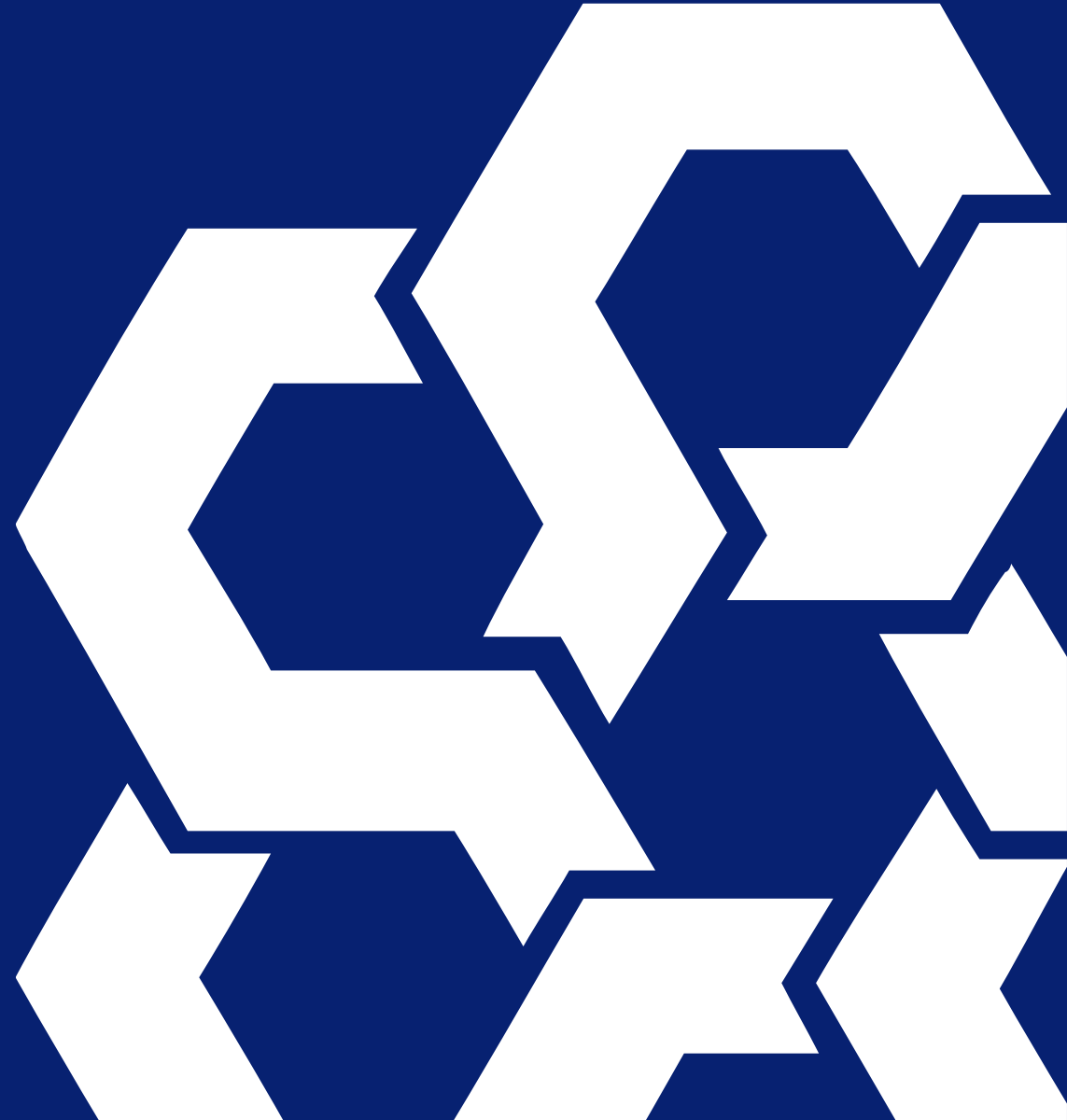
- New / amended IFRS Accounting Standards
- Common Practice / General Improvements
- Final Taxonomy Update
- Proposed Taxonomy Update
- Annual IFRS Accounting Taxonomy



Other work streams:

- Supporting development of disclosures for upcoming projects
- Development of Taxonomy modelling policies to support consistent modelling approach
- Translations of the IFRS Accounting Taxonomy
- Review of IFRS Accounting Taxonomy architecture including entry points
- Considering future updates to the formula linkbase

Questions



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