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# IFRS 18 *Presentation and Disclosure in Financial Statements*

## Grouping of information and other topics

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## Welcome & Introductions



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## Housekeeping

- IFRS 18 and its accompanying documents are available to premium subscribers of [ifrs.org](https://www.ifrs.org) and are available to purchase as a standalone PDF at the [IFRS shop](#). The slides used in this presentation and other educational material are available on the [implementation page for IFRS 18](#).
- The views expressed are those of the presenters, not necessarily those of the International Accounting Standards Board (IASB) or the IFRS Foundation.
- To ask a question, type it into the designated text box on your screen and click 'submit'. You can submit questions at any time during the presentation. We'll try to answer them at the end of the presentation.

## IFRS 18: *Presentation and Disclosure in Financial Statements*



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

**16 May 2024**



Disclosures about management-defined performance measures (MPMs)

**30 May 2024**



Enhanced guidance on grouping of information (aggregation and disaggregation)

**06 June 2024**

**Morning webinars:** 9:30-10:30 BST / 10:30-11:30 CEST / 17:30-18:30 JST

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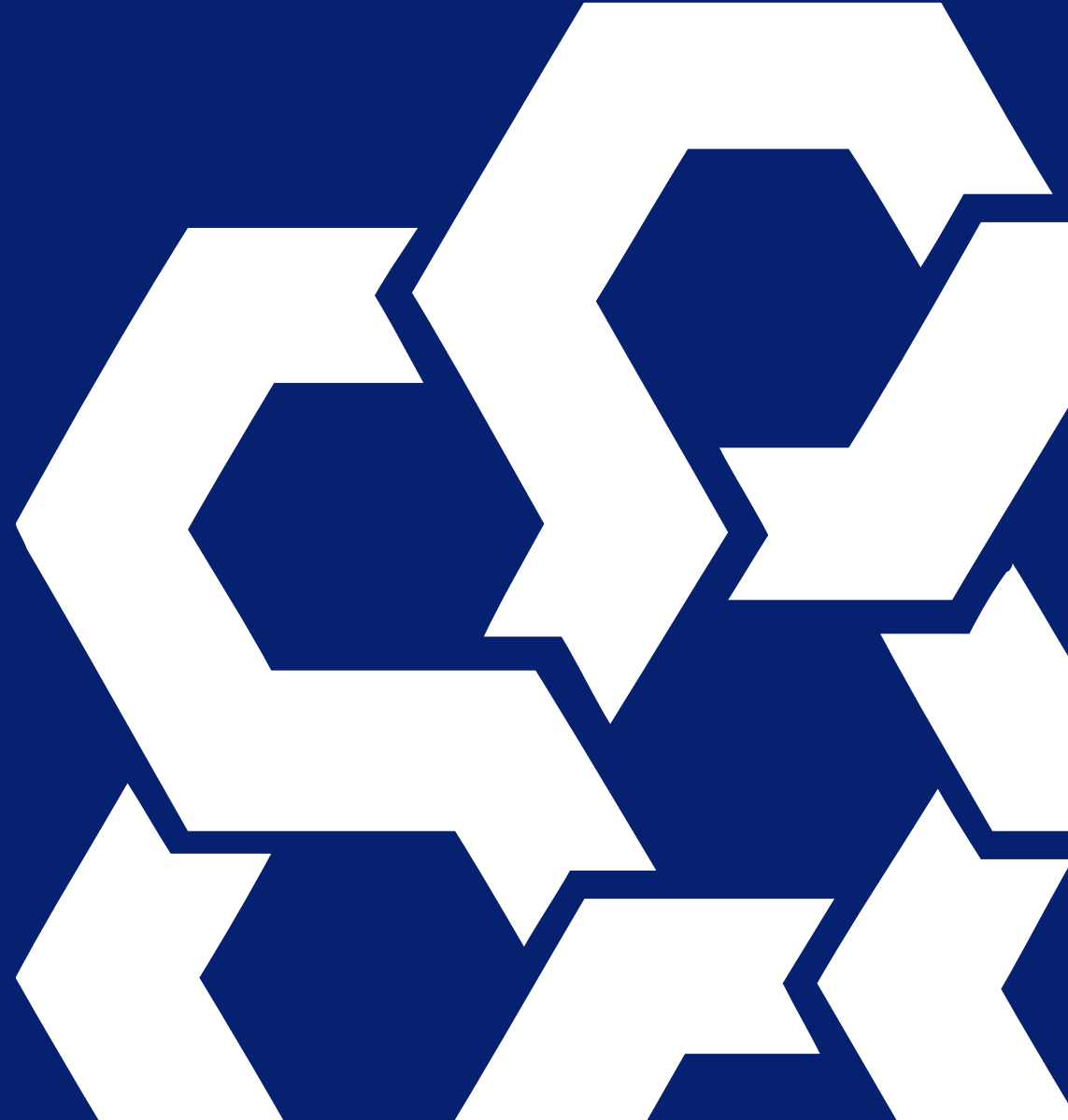
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## Grouping of information (aggregation and disaggregation)



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## Grouping – aggregation and disaggregation – of information

### **Investors' concerns**

- some companies don't provide enough detailed information
- some companies provide too much detailed information

### **IFRS 18 introduces**

- guidance on whether information should be in the primary financial statements or the notes
- enhanced requirements for grouping of information and using meaningful labels for items presented or disclosed
- specific disaggregation requirements for presenting and disclosing operating expenses

## Roles of the primary financial statements and the notes

### Primary financial statements (PFS)



Statement of  
financial  
position  
(balance sheet)



Statement of  
profit or loss  
(income  
statement)



Statement  
presenting  
comprehensive  
income (OCI)



Statement of  
changes in  
equity



Statement of  
cash flows



Notes to the  
financial  
statements

Role is to provide **useful structured summaries** of a company's  
assets, liabilities, equity, income, expenses and cash flows

Role is to  
provide further  
**material  
information** and  
supplement PFS



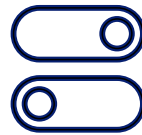
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## Role of the primary financial statements

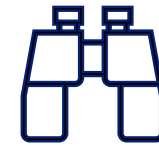
To provide ***structured summaries*** of a reporting entity's recognised assets, liabilities, equity, income, expenses and cashflows that are ***useful*** for:



Obtaining an understandable overview



Making comparisons between entities, and between reporting periods for the same entity

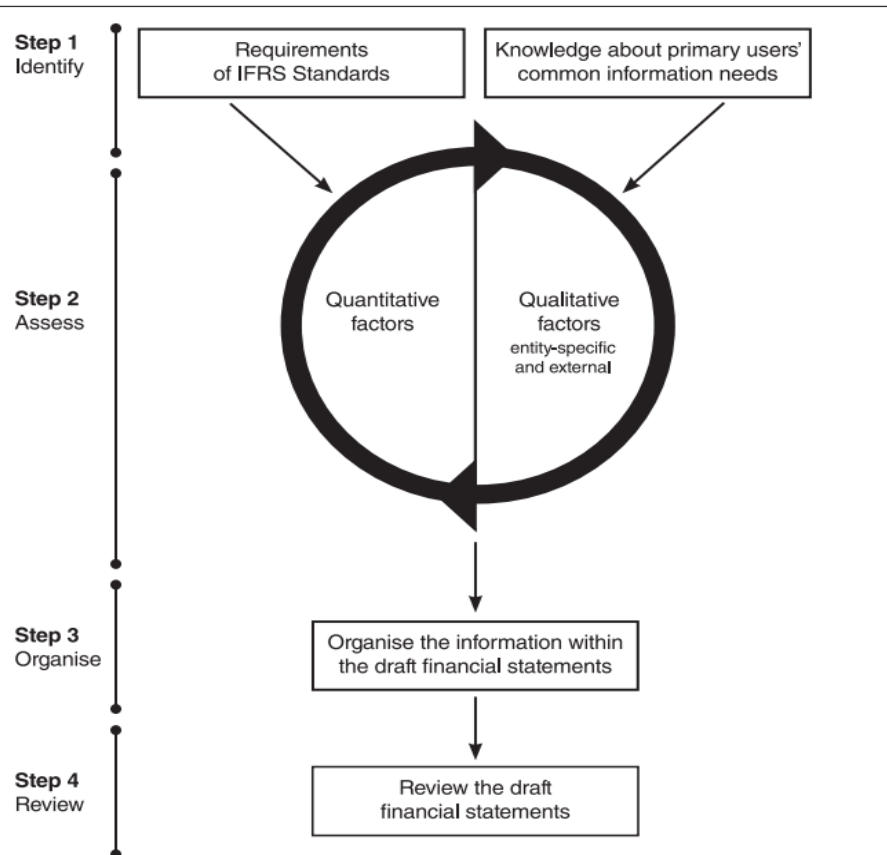


Identifying items/areas about which users wish to seek additional information in the notes

An entity will use the role of primary financial statements to determine what ***material*** information to present in the primary financial statements.

## Useful structured summary and materiality

Materiality process in IFRS Practice Statement 2  
*Making Materiality Judgements*



➔ In Step 3, the company exercises judgement and considers the different **roles of the primary financial statements and the notes**

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## Materiality and useful structured summary



A specific presentation or disclosure not needed if resulting information is **not material**



**Additional disclosures** needed to enable users to understand the effect of transactions and other events and conditions



Specified line items need not be presented if it is not necessary for the statement to provide a **useful structured summary**

- required items relating to the structure of a primary financial statement must always be presented



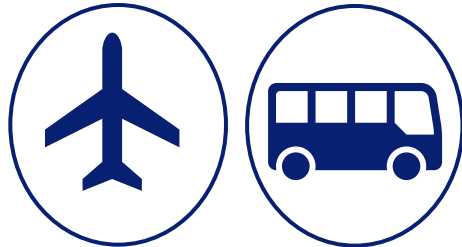
Present **additional line items and subtotals** if such presentations are necessary to provide a **useful structured summary**

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## Aggregation, disaggregation and meaningful labels



Aggregate based on shared characteristics



Single dissimilar characteristic can be enough to result in information about disaggregated items being material



Use meaningful labels

- use the label 'other' only when unable to find a more informative label
- label as precisely as possible (eg 'other operating expenses')

## Presentation of operating expenses

Companies are permitted to present some line items in the operating category by nature (for example goodwill impairment loss) and others by function

### Statement of profit or loss

Revenue

Cost of sales

Gross profit

Other operating income

Selling expenses

Research and development expenses

General and administrative expenses

Goodwill impairment loss

Other operating expenses

Operating profit or loss

Operating

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## Disclosure of specified expenses by nature

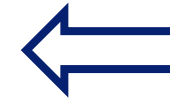
**Disclose the amounts included in each line item in the operating category of the statement of profit or loss for**

Depreciation	Amortisation	Employee benefits	Impairment of non-financial assets	Write-down of inventories
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Qualitative explanation provided if part of the amount disclosed has been included in the carrying amount of assets

## Specified expenses by nature note

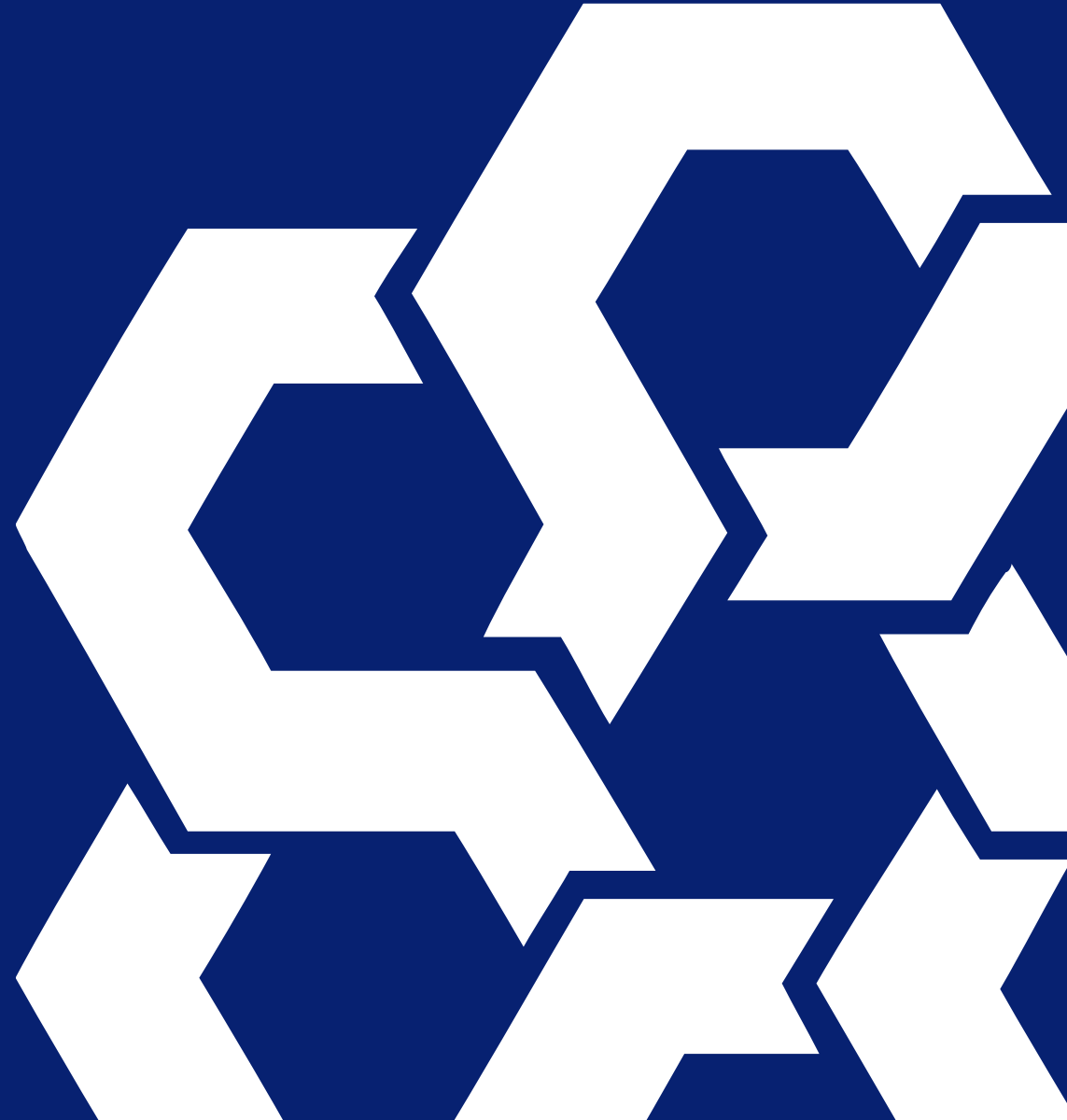
(in currency units)	20X2	20X1
Cost of sales	23,710	21,990
Research and development expenses	2,515	2,590
General and administrative expenses	4,975	4,750
<b>Total depreciation</b>	<b>31,200</b>	<b>29,330</b>
Research and development expenses	13,840	12,690
<b>Total amortisation</b>	<b>13,840</b>	<b>12,690</b>
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
<b>Total employee benefits</b>	<b>84,620</b>	<b>76,860</b>
Research and development expenses	1,600	1,500
Goodwill impairment loss	4,500	–
<b>Total impairment loss</b>	<b>6,100</b>	<b>1,500</b>
Cost of sales	2,775	2,625
<b>Total write-down of inventories</b>	<b>2,775</b>	<b>2,625</b>



The amounts disclosed are those recognised as expenses in the statement of profit or loss for the year, except for depreciation and employee benefits.

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## Statement of cash flows





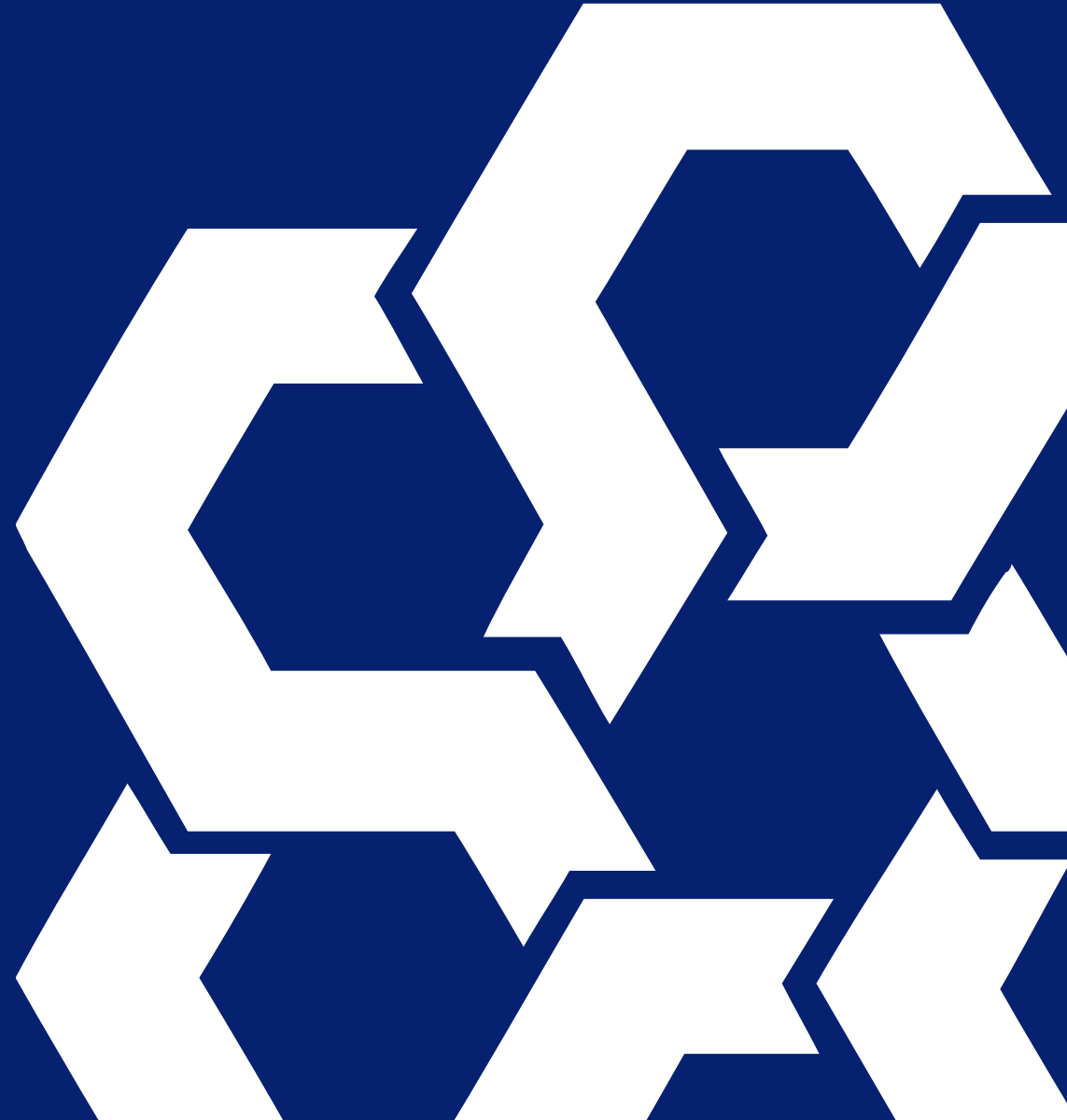
## Changes to the statement of cash flows

Operating profit or loss subtotal to be the starting point for the indirect method of reporting cash flows from operating activities

Cash flows	Entities <b>without</b> specified main business activities	Entities <b>with</b> specified main business activities
Interest received	Investing activities	Single category (either operating, investing or financing activities)
Interest paid	Financing activities	
Dividends received	Investing activities	
Dividends paid	Financing activities	Financing activities

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## Effective date and implementation support



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## When will IFRS 18 come into force?



- 1 January 2027
- Early application permitted
- Applied retrospectively and in interim financial statements

# Published materials



- IFRS 18 *Presentation and Disclosure in Financial Statements*
- Basis for Conclusions
- Illustrative Examples and supporting materials
- Effects analysis
- Project summary
- Feedback statement
- Reference material
- IFRS 18 on one page



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# Questions

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