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IFRS 18

Presentation and Disclosure in Financial Statements

International and Advanced Accounting
179009-ENG

Master Degree in
ACCOUNTING, GOVERNANCE AND
SUSTAINABILITY

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IAS 1 – *Overview*

IAS 1 *Presentation of Financial Statements* sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction.

The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

IAS 1 was reissued in September 2007 and applies to annual periods beginning on or after 1 January 2009.

IAS 1 will be substituted by the IFRS 18 which will be effective from the 1st of January 2027.



IAS 1 – *Objective*

par. 1

This Standard **prescribes** the **basis for presentation of general purpose financial statements** to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

It sets out overall **requirements for the presentation** of financial statements, **guidelines for their structure** and **minimum requirements for their content**.

[IAS 1.1]

IFRS 18 – *Objective*

par.1

This Standard **sets 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]

Substantially the same meaning



IAS 1 – *Scope*

par. 2-6

An entity shall apply this Standard in **preparing** and presenting
general purpose financial statements

in accordance with International Financial Reporting Standards (IFRSs). [IAS 1.2]

Other IFRSs set out the recognition, measurement and disclosure requirements for specific transactions and other events. [IAS 1.3]

IFRS 18 – *Scope*

par. 2-8

An entity shall apply this Standard in presenting and **disclosing**
information in financial statements prepared

in accordance with IFRS Accounting Standards.[IFRS 18.2]

Other IFRSs set out the recognition, measurement, presentation and disclosure requirements for specific transactions and other events [IFRS 18.4].

Substantially the same meaning



IAS 1 – *Purpose of financial statements*

par .9

Financial statements are a structured representation of the **financial position** and **financial performance** of an entity. The objective of financial statements is to **provide information** about the *financial position, financial performance* and *cash flows* of an entity that is **useful to a wide range** of users in making economic decisions.

To meet this objective, financial statements provide information about an entity's: *assets, liabilities, equity, income and expenses, including gains and losses, contributions by and distributions to owners in their capacity as owners; and cash flows.*

[IAS 1.9]

This information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

Cont'd



IFRS 18 – *Objective and of financial statements*

par. 9

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.

Substantially the same meaning of [IAS 1.9]



IAS 1 – *Complete set of financial statements*

A complete set of financial statements comprises: [IAS 1.10]

- a) a **statement of financial position** as at the end of the period
- b) **a statement of profit or loss and other comprehensive income** for the period **a statement of changes in equity** for the period
- c) a **statement of cash flows** for the period
- d) **notes**, comprising material accounting policy information and other explanatory information.
- ea) **comparative information** in respect of the preceding period as specified in paragraphs 38 and 38A; and
- f) a **statement of financial position as at the beginning of the preceding period** when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D.

IFRS 18 – *Complete set of financial statements*

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

- (a) **a statement (or statements) of financial performance** for the reporting period (see paragraph 12);
- (b) a **statement of financial position** as at the end of the reporting period;
- (c) a **statement of changes in equity** for the reporting period;
- (d) a **statement of cash flows** for the reporting period;
- (e) **notes** for the reporting period;
- (f) **comparative information** in respect of the preceding period as specified in paragraphs 31–32; and
- (g) a **statement of financial position as at the beginning of the preceding period** if required by paragraph 37.

The complete set of financial statements remains the same



IAS 1 – *Complete set of financial statements*

par. 10-14

An entity may use **titles for the statements other than those used in this Standard.**

For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’. [IAS 1.10]

An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the **profit or loss section presented first followed directly by the other comprehensive income section**. An entity may present the profit or loss section in a **separate statement of profit or loss**. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss. [IAS 1.10A]

IFRS 18 – *Complete set of financial statements*

par. 10-14

An entity shall present its statement(s) of financial performance as either: a **single statement of profit or loss and other comprehensive income**, with profit or loss and other comprehensive income presented in **two sections**—if this option is chosen, an entity shall present the **profit or loss section first followed directly by the other comprehensive income section**; or a **statement of profit or loss and a separate statement presenting comprehensive income** that shall begin with profit or loss—if this option is chosen, the statement of profit or loss shall immediately precede the statement presenting comprehensive income. [IFRS 18.12]

(Same meaning)



IAS 1 – *Complete set of financial statement*

par. 10-14

Many entities present, **outside** the financial statements, a **financial review by management** that describes and explains the **main features of the entity's financial performance and financial position**, and the principal **uncertainties** it faces. Such a report may include a review of:

- a) the *main factors and influences determining financial performance*, including changes in the environment in which the entity operates, the entity's response to those changes and their effect, and the entity's policy for investment to maintain and enhance financial performance, including its dividend policy;
- b) the *entity's sources of funding and its targeted ratio of liabilities to equity*; and
- c) the *entity's resources not recognised in the statement of financial position in accordance with IFRSs*. [IAS 1.13]

Cont'd



IFRS 18 – *Scope*

par. 2-8

Many entities provide a **financial review by management**, which is **separate** from the financial statements (see paragraph 10), that **describes and explains the main features of the entity's financial performance and financial position**, as well as the principal **uncertainties** it faces.

Such a review is outside the scope of IFRS Accounting Standards.

[IFRS 18.8]

Same meaning of [IAS 1.13]



IAS 1 – *Complete set of financial statements*

par. 10-14

Many entities also present, outside the financial statements, reports and statements
such as **environmental reports** and **value added statements**,
particularly in industries in which environmental factors are significant and
when employees are regarded as an important user group.

**Reports and statements presented outside the financial statements are outside
the scope of IFRSs.**

[IAS 1.14]



IAS 1 – *Fair presentation and compliance with IFRSs* par. 15-24

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and **conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Conceptual Framework for Financial Reporting*.**

The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation. [IAS 1.15]

An entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes.

An entity shall not describe financial statements as complying with IFRSs unless they **comply with all the requirements of IFRSs.** [IAS 1.16]

IFRS 18 - *Basis of preparation – General matter* par. 6A-6N

[IFRS 18.6A] and [IFRS 18.6B] - *Exactly the same content*



IAS 1 – *Fair presentation and compliance with IFRSs* par. 15-24

An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material. [IAS 1.18]

In the extremely rare circumstances in which management may concludes that **compliance with a requirement in an IFRS would be so misleading** that it would conflict with the objective of financial statements set out in the *Conceptual Framework*, the entity shall depart from that requirement in the manner set out in paragraph 20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.

[IAS 1.19]

IFRS 18 - *Basis of preparation* – *General matter* par. 6A-6N
[IFRS 18.6D] and [IFRS 18.6E] - *Exactly the same content*



IAS 1 – *Fair presentation and compliance with IFRSs* par. 15-24

When an entity departs from a requirement of an IFRS in accordance with paragraph 19, it shall disclose: [IAS 1.20]

- a) *that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;*
- b) *that it has complied with applicable IFRSs, except that it has departed from a particular requirement to achieve a fair presentation;*

IFRS 18 - *Basis of preparation – General matter* par. 6A-6N

When an entity departs from a requirement of an IFRS in accordance with paragraph 6E, it shall disclose: [IFRS 18.6F]

- a) *that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;*
- b) *that it has complied with applicable IFRSs, except that it has departed from a particular requirement to achieve a fair presentation;*

Exactly the same content

Cont'd



IAS 1 – *Fair presentation and compliance with IFRSs* par. 15-24

- c) *the title of the IFRS from which the entity has departed, the nature of the departure, including the treatment that the IFRS would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Conceptual Framework, and the treatment adopted; and*
- d) *for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.*

IFRS 18 - Basis of preparation – General matter par. 6A-6N

- c) *the title of the IFRS from which the entity has departed, the nature of the departure, including the treatment that the IFRS would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Conceptual Framework, and the treatment adopted; and*
- d) *for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.*

Exactly the same content



IAS 1 – *Fair presentation and compliance with IFRSs* par. 15-24

When an entity has departed from a requirement of an IFRS in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph 20(c) and (d). [IAS 1.21]

IFRS 18 - *Basis of preparation – General matter* par. 6A-6N

When an entity has departed from a requirement of an IFRS in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraphs 6F(c)–6F(d). [IFRS 18.6G]

Same content



Conceptual Framework - *Going concern*

The *Conceptual Framework* notes that financial statements are normally **prepared on the assumption that the reporting entity is a going concern and will continue in operation for the foreseeable future**. [Conceptual Framework, paragraph 3.9]



IAS 1 – *Going concern*

par. 25-26

When preparing financial statements, **management shall make an assessment of an entity's ability to continue as a going concern.**

An entity shall prepare financial statements on a going concern basis **unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.**

When management is aware, in making its assessment, of **material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.**

When an entity does not prepare financial statements on a going concern basis, it shall **disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.** [IAS 1.25]

IFRS 18.6K – *Going concern*

par. 6K-6L

Exactly the same content



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IAS 1 – *Accrual basis of accounting*

par. 27-28

An entity shall prepare its financial statements,
except for cash flow information,
using the accrual basis of accounting. [IAS 1.27]

IFRS 18.6M – *Accrual basis of Accounting*

par. 6M-6N

[IFRS 18.6M] *has exactly the same content*



IAS 1 – *Consistency of presentation*

par 45-46

An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless: [IAS 1.45]

- a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in IAS 8; or
- b) an IFRS requires a change in presentation.

IFRS 18 – Consistency of presentation, disclosure and classification par. 45-46

An entity shall retain the presentation, **disclosure** and classification of items in the financial statements from one reporting period to the next unless: [IFRS 18.45]

- a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation, disclosure or classification would be more appropriate having regard to the criteria for selecting and applying accounting policies in IAS 8 Basis of Preparation of Financial Statements (see paragraph B12); or
- b) an IFRS Accounting Standard requires a change in presentation, disclosure or classification.

Same meaning



IAS 1 – *Materiality and aggregation*

par. 29-31

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. [IAS 1.7]

IFRS 18 – *Materiality*

par. B1-B5

[IFRS 18.B1] *kept the same definition*



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IAS 1 – *Materiality and aggregation*

par. 29-31

An entity shall present separately each material class of similar items.

An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

[IAS 1.29]



Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

[IFRS 18.B4]

IAS 1 – *Materiality and aggregation*

par. 29-31

Some IFRSs specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements.

An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. [IAS 1.31]



IFRS 18 – *Information presented in the primary financial statements or disclosed in the notes*

par. 19-20

Some IFRS Accounting Standards specify information that is required to be presented in the primary financial statements or disclosed in the notes. An entity need not provide a specific presentation or disclosure required by IFRS Accounting Standards if the information resulting from that presentation or disclosure is not material. This is the case even if IFRS Accounting Standards contain a list of specific requirements or describe them as minimum requirements. [IFRS 18.19]

An entity shall consider whether to provide additional disclosures when compliance with the specific requirements in IFRS Accounting Standards is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and financial performance.

[IFRS 18.20]

Same meaning of [IAS 1.31]



IAS 1 – *Offsetting*

par 32-35

An entity **shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.**

[IAS 1.32]

IFRS 18 – *Offsetting*

par 44-45

An entity **shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS Accounting Standard (see paragraphs B27–B28).**

[IFRS 18.44]

Same meaning



IAS 1 – *Comparative information*

par. 38-38D

Except when IFRSs permit or require otherwise, an entity shall present **comparative information** in respect of the preceding period **for all amounts reported in the current period's financial statements**. An entity shall include comparative information **for narrative and descriptive information** if it is **relevant** to understanding the current period's financial statements. [IAS 1.38]

IFRS 18 – *Comparative information*

par. 31-32

Except when IFRS Accounting Standards permit or require otherwise, an entity shall provide **comparative information** (that is, information for the preceding reporting period) **for all amounts reported in the current period's financial statements**. An entity shall include comparative information for **narrative and descriptive information** if it is **necessary** for an understanding of the current period's financial statements (see paragraph B13). [IFRS 18.31] *Same meaning*



IAS 1 – *Comparative information*

par. 38-38D

An entity shall present, as a minimum: [IAS 1.38A]

- *Two statements of financial position*
- *Two statements of profit or loss and other comprehensive income*
...or Two separate statements of profit or loss (if presented)
- *Two statements of cash flows*
- *Two statements of changes in equity*
- *and related notes.*

IAS 1 – *Comparative information*

par. 31-32

An entity shall present a current reporting period and preceding period in each of its primary financial statements and in the notes. Paragraphs B14–B15 set out requirements relating to additional comparative information. [IFRS 18.32]

Same meaning



IAS 1 – *Change in accounting policy, retrospective restatement or reclassification*

par. 40A-44

An entity shall **present a third statement of financial position** as at the beginning of the preceding period in addition to the **minimum** comparative financial statements required in paragraph 38A if:

- a) **it applies an accounting policy retrospectively**, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
- b) **the retrospective application**, retrospective restatement or the reclassification **has a material effect on the information** in the statement of financial position at the beginning of the preceding period. [IAS 1.40A]

Cont'd



IFRS 18 – *Change in accounting policy, retrospective restatement or reclassification*

par. 33-40

An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the comparative information required in paragraphs 31–32 if:

- a) **it applies an accounting policy retrospectively**, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
- b) **the retrospective application**, retrospective restatement or reclassification **has a material effect on the information** in the statement of financial position as at the beginning of the preceding period. [IFRS 18.37]

Same meaning of [IAS 1.40]



IAS 1 – Change in accounting policy, retrospective restatement or reclassification

par. 40A-44

If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable.

When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):

- a) the nature of the reclassification;*
- b) the amount of each item or class of items that is reclassified; and*
- c) the reason for the reclassification. [IAS 1.41]*

IFRS 18 – Change in accounting policy, retrospective restatement or reclassification

par. 33-

40

[IFRS 18.33] *kept the same content*



IAS 1 – *Structure and content of financial statements - Identification of the financial statements*

par. 49-53

An entity shall clearly identify the financial statements and distinguish them from other information in the same published document. [IAS 1.49]

IFRSs apply only to financial statements, and not necessarily to other information presented in an annual report, a regulatory filing, or another document.

Therefore, it is important that users can distinguish information that is prepared using IFRSs from other information that may be useful to users but is not the subject of those requirements.

[IAS 1.50]

IFRS 18 – *Identification of the financial statements* *par. 25-27*

[IFRS 18.25] and [IFRS 18.26] *has the same exact content*



IAS 1 – *Structure and content of financial statements - Identification of the financial statements*

par. 49-53

An entity shall clearly identify each financial statement and the notes. In addition, **an entity shall display the following information prominently**, and repeat it when necessary for the information presented to be understandable: [IAS 1.51]

- a) the name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period;*
- b) whether the financial statements are of an individual entity or a group of entities;*
- c) the date of the end of the reporting period or the period covered by the set of financial statements or notes;*
- d) the presentation currency, as defined in IAS 21; and*
- e) the level of rounding used in presenting amounts in the financial statements.*

Cont'd



IFRS 18 – *Identification of the financial statements*

par. 25-27

An entity shall clearly identify each primary financial statement and the notes. In addition, an **entity shall disclose prominently**, and repeat when necessary for the information **provided** to be understandable: [IFRS 18.27]

- a) **the name of the reporting entity** or other means of identification, and any change in that information from the end of the preceding reporting period;
 - b) **whether the financial statements are of an individual entity or a group of entities**;
 - c) **the date of the end of the reporting period** or the period covered by the financial statements;
 - d) **the presentation currency**, as defined in IAS 21 *The Effects of Changes in Foreign Exchange Rates*; and
 - e) **the level of rounding used for the amounts** in the financial statements (see paragraph B11).
- It has the same meaning of* [IAS 1.51]



IAS 1 – *Frequency of reporting*

par. 36-37

An entity shall **present** a complete set of financial statements (including comparative information) at least annually. **When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements: [IAS 1.36]**

- a) the reason for using a longer or shorter period, and
- a) the fact that amounts presented in the financial statements are not entirely comparable.

Cont'd



IFRS 18 – *Frequency of reporting*

par. 28-29

An entity shall **provide** a complete set of financial statements at least annually. When **an entity changes the end of its reporting period and provides financial statements for a period longer or shorter than one year, the entity shall disclose, in addition to the period covered by the financial statements:** [IFRS 18.28]

- a) **the reason for using a longer or shorter period; and**
- a) **the fact that amounts included in the financial statements are not entirely comparable.**

Same meaning of [IAS 1.36]



IAS 1 – *Statement of financial position*

par. 54-80A

Current and non-current distinction

An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position [...] except when a presentation based on liquidity *provides information that is reliable and more relevant*. When that exception applies, an entity shall present all assets and liabilities in order of liquidity. [IAS 1.60]

Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

- a) no more than 12 months after the reporting period, and
- b) more than 12 months after the reporting period. [IAS 1.61]

Cont'd



IFRS 18 – *Statement of financial position*

par. 96-106

Current and non-current distinction

An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position [...] except when a presentation based on liquidity *provides a more useful structured summery*. When that exception applies, an entity shall present all assets and liabilities in order of liquidity. [IAS 1.60]

Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

- a) no more than 12 months after the reporting period, and
- b) more than 12 months after the reporting period. [IAS 1.61]

Same meaning of [IAS 1.60] *and* [IAS1.61]



IAS 1 – *Statement of financial position*

par. 54-80A

Current assets

An entity shall classify *an asset as current* when: [IAS 1.66]

- it expects to realise the asset, or intends to sell or consume it, **in its normal operating cycle**;
- it holds the asset **primarily for the purpose of trading**;
- it expects **to realise the asset within 12 months** after the reporting period; or
- the asset **is cash or a cash equivalents** (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

IFRS 18 – *Statement of financial position*

par. 96-106

[IFRS 18.99] *has the same exact content*



IAS 1 – *Statement of financial position*

par. 54-80A

Current assets

An entity shall classify *all other assets as non-current*. [IAS 1.66]

IFRS 18 – *Statement of financial position*

par. 96-106

Current assets

An entity shall classify *all assets other than those specified in paragraph 99 as non-current*. [IFRS 18.100]

Same meaning



IAS 1 – *Statement of financial position*

par. 54-80A

Current liabilities

An entity shall classify *a liability as current* when: [IAS 1.69]

- it expects to settle the liability in **its normal operating cycle**;
- it holds the liability **primarily for the purpose of trading**;
- the liability is **due to be settled within 12 months** after the reporting period; or
- it **does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period** (see paragraph 73). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify *all other liabilities as non-current*.

IFRS 18 – *Statement of financial position*

par. 96-106

Current liabilities

An entity shall classify *a liability as current* when: [IAS 1.69]

- it expects to settle the liability in **its normal operating cycle**;
- it holds the liability **primarily for the purpose of trading**;
- the liability is **due to be settled within 12 months** after the reporting period; or
- it **does not have the right to defer settlement of the liability for at least twelve months after the reporting period** (see paragraph 73).

An entity shall classify *all other liabilities as non-current*.

Slight changes



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IAS 1 – *Statement of financial position*

par. 54-80A

Current liabilities

If an entity expects, and **has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility,**

it classifies the obligation as non-current,

even if it would otherwise be due within a shorter period.

However, **when** refinancing or rolling over the obligation is **not at the discretion of the entity** (for example, there is no arrangement for refinancing),

the entity does not consider the potential to refinance the obligation

and classifies the obligation as current.

[IAS 1.73]

Cont'd



IFRS 18 – *Statement of financial position – Appendix B*

par. B96-B108

Current Liabilities

If an entity **has the right**, at the end of the reporting period, **to roll over an obligation for at least 12 months after the reporting period under an existing loan facility**,
it classifies the obligation as non-current,
even if it would otherwise be due within a shorter period.

If the entity has **no such right**,
the entity does **not consider the potential to refinance the obligation**
and classifies the obligation as current.

[IFRS 18.B101]

Same meaning of [IAS 1.73]



IAS 1 – *Statement of financial position*

par. 54-80A
Current liabilities

When an entity breaches a **provision** of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date. [IAS 1.74]

IFRS 18 – *Statement of financial position – App. B* *par. B96-B108* **Current liabilities**

When an entity breaches a **covenant** of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The entity classifies the liability as current because, at the end of the reporting period, it does not have the right to defer its settlement for at least 12 months after that date.

[IFRS 18.B112]

Same meaning



IAS 1 – *Statement of financial position*

par. 54-80A
Current liabilities

However, the liability is classified as non-current if the lender agreed by the reporting date to provide a period of grace ending at least 12 months after the end of the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment. [IAS 1.75]

IFRS 18 – *Statement of financial position – Appendix B*

par. B96-B108
Current liabilities

However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment. [IFRS 18.B103]

Same meaning



IAS 1 – *Statement of financial position*

par. 54-80A
Current liabilities

In respect of loans classified as current liabilities, if the following **events occur between the end of the reporting period and the date the financial statements** are authorised for issue, those events are **disclosed as non-adjusting** events in accordance with IAS 10 Events after the Reporting Period: [IAS 1.76]

- a) refinancing on a long-term basis;
- b) rectification of a breach of a long-term loan arrangement; and
- c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement ending at least twelve months after the reporting period.

Cont'd



IFRS 18 – *Statement of financial position* – Appendix B

par. B96-B108
Current liabilities

If the following events occur between the end of the reporting period and the date the financial statements are authorised for issue, those events are disclosed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period: [IFRS 18.B105]

- a) refinancing on a long-term basis of a liability **classified as current** (see **paragraph B98**);
- b) rectification of a breach of a long-term loan arrangement **classified as current** (see **paragraph B102**);
- c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement **classified as current** (see **paragraph B103**); and
- d) **settlement of a liability classified as non-current** (see **paragraph B104**).

(Changes with respect to [IAS 1.76])



IAS 1 – *Statement of financial position*

Current and non-current classification

On 23 January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* **providing a more general approach to the classification of liabilities** under IAS 1 *Presentation of Financial Statements* based on the contractual arrangements in place at the reporting date.



IAS 1 – *Statement of financial position*

Current and non-current classification

The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* **affect only the presentation of liabilities in the statement of financial position** – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “*right*” to defer settlement by at least twelve months and make explicit that only rights in place “*at the end of the reporting period*” should affect the classification of a liability;
- **clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;**
- and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.



IAS 1 – *Statement of financial position*

Current and non-current classification

In **October 2022**, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*. The amendments clarify that **only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current**. The combined impact of the 2020 amendments and the 2022 amendments will impact practice. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. The amendments apply retrospectively **for annual reporting periods beginning on or after 1 January 2024**, with early application permitted. They also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments.



IAS 1 – *Statement of financial position*

par. 54-80A
Line items

The statement of financial position shall include line items that present the following amounts: [IAS 1.54]

- | | |
|-----|--|
| a) | <i>Property, plant and equipment</i> |
| b) | <i>Investment property</i> |
| c) | <i>Intangible assets</i> |
| d) | <i>Financial assets</i> (excluding amounts shown under (e), (h), and (i)) |
| da) | <i>Portfolios of contracts within the scope of IFRS 17 that are assets, disaggregated as required by paragraph 78 of IFRS 17</i> |
| e) | <i>Investments accounted for using the equity method</i> |
| f) | <i>Biological assets</i> within the scope of IAS 41 <i>Agriculture</i> |
| g) | <i>Inventories</i> |
| h) | <i>Trade and other receivables</i> |
| i) | <i>Cash and cash equivalents</i> |
| j) | <i>The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations</i> |
| k) | <i>Trade and other payables</i> |
| l) | <i>Provisions</i> |
| m) | <i>Financial liabilities</i> (excluding amounts shown under (k) and (l)) |
| ma) | <i>Portfolios of contracts within the scope of IFRS 17 that are liabilities, disaggregated as required by paragraph 78 of IFRS 17</i> |
| n) | <i>Liabilities and assets for current tax</i> , as defined in IAS 12 <i>Income Taxes</i> |
| o) | <i>Deferred tax liabilities and deferred tax assets</i> , as defined in IAS 12 |
| p) | <i>Liabilities included in disposal groups classified as held for sale in accordance with IFRS 5</i> |
| q) | <i>Non-controlling interests, presented within equity</i> |
| r) | <i>Issued capital and reserves attributable to owners of the parent.</i> |



IFRS 18 — *Items to be presented in the statement of financial position or disclosed in the notes* *par. 103 -106*

The statement of financial position shall include line items that present the following amounts: [IFRS 18.103]

- | | |
|----|---|
| a) | <i>Property, plant and equipment</i> |
| b) | <i>Investment property</i> |
| c) | <i>Intangible assets</i> |
| d) | <i>Goodwill</i> |
| e) | <i>Financial assets (excluding amounts shown under (g), (j) and (k))</i> |
| f) | <i>Portfolios of contracts within the scope of IFRS 17 that are assets disaggregated as required by paragraph 78 of IFRS 17;</i> |
| g) | <i>Investments accounted for using the equity method;</i> |
| h) | <i>Biological assets within the scope of IAS 41 Agriculture</i> |
| i) | <i>Inventories</i> |
| j) | <i>Trade and other receivables</i> |
| k) | <i>Cash and cash equivalents</i> |
| l) | <i>The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS 5</i> |
| m) | <i>Trade and other payables</i> |
| n) | <i>Provisions</i> |
| o) | <i>Financial liabilities (excluding amounts shown under (m) and (n))</i> |
| p) | <i>Portfolios of contracts within the scope of IFRS 17 that are liabilities, disaggregated as required by paragraph 78 of IFRS 17</i> |
| q) | <i>Liabilities and assets for current tax, as defined in IAS 12</i> |
| r) | <i>Deferred tax liabilities and deferred tax assets, as defined in IAS 12; and</i> |
| s) | <i>Liabilities included in disposal groups classified as held for sale in accordance with IFRS 5</i> |

Cont'd



IFRS 18 — *Items to be presented in the statement of financial position or disclosed in the notes* *par. 103 -106*

An entity shall present in the statement of financial position:

[IFRS 18.104]

- a) *Non-controlling interests; and*
- b) *Issued capital and reserves attributable to owners of the parent*

Same items in [IAS 1.54] but different structure



IAS 1 – *Statement of financial position*

par. 54-80A

An entity shall present additional line items
(including by disaggregating the line items listed in paragraph 54),
headings and subtotals in the statement of financial position
when such presentation is relevant to an understanding of the entity's financial
position.

[IAS 1.55]

IFRS 18 – *Information presented in the primary financial statements*

par. 15-24

An entity shall present additional line items and subtotals
if such presentations are necessary for a primary financial statement
to provide a useful structured summary.

[IFRS 18.24]

Same meaning but presented in different sections



IAS 1 – *Statement of financial position*

par. 54-80A

When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:

- a) be comprised of line items made up of amounts recognised and measured in accordance with IFRS;
- b) **be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;**
- c) be consistent from period to period, in accordance with paragraph 45; and
- d) not be displayed with more prominence than the subtotals and totals required in IFRS for the statement of financial position. [IAS 1.55A]

IFRS 18 – *Information presented in the primary financial statements* par. 15-24

When an entity presents additional line items or subtotals, those line items or subtotals shall (see paragraph B9):

- a) comprise amounts recognised and measured in accordance with IFRS Accounting Standards;
- b) **be compatible with the statement structure created by the requirements listed in paragraph 22;**
- c) be consistent from period to period, in accordance with paragraph 30; and
- d) be displayed no more prominently than the totals and subtotals required by IFRS Accounting Standards. [IFRS 18.24]

Point b) is different



IAS 1 – *Statement of financial position*

par. 54-80A

An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations. [IAS 1.77]

[...], for example: [IAS 1.78]

- a) items of property, plant and equipment are disaggregated into classes in accordance with IAS 16;
- b) receivables are disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts;

IFRS 18 – *Items to be presented in the statement of financial position or disclosed in the notes*

par. 103 -106

Assets, liabilities and items of equity that might have sufficiently dissimilar characteristics that presentation in the statement of financial position is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include:

- a) property, plant and equipment disaggregated into classes in accordance with IAS 16;
- b) receivables disaggregated into amounts receivable from trade customers, amounts receivable from related parties, prepayments and other amounts;



IAS 1 – *Statement of financial position*

par. 54-80A

- c) inventories are disaggregated, in accordance with IAS 2 Inventories, into classifications such as merchandise, production supplies, materials, work in progress and finished goods;
- d) provisions are disaggregated into provisions for employee benefits and other items; and
- e) equity capital and reserves are disaggregated into various classes, such as paid-in capital, share premium and reserves.

In [IFRS 18.B111] there is an additional point (point d))

IFRS 18 – *Items to be presented in the statement of financial position or disclosed in the notes*

par. B109 -111

- c) inventories disaggregated, applying IAS 2, into items such as merchandise, production supplies, materials, work in progress and finished goods;
- d) trade payables disaggregated, applying IAS 7, to provide separately the amounts of those payables that are part of supplier finance arrangements;**
- e) provisions disaggregated according to their nature, such as, provisions for employee benefits, decommissioning liabilities, or other items; and
- f) equity capital and reserves disaggregated into various classes, such as paid-in capital, share premium and reserves.



IAS 1 – *Statement of financial position*

par. 54-80A

FORMAT OF STATEMENT

**This Standard does not prescribe the order or format
in which an entity presents items.**

[IAS 1.57]

IFRS 18 – *Items to be presented in the statement of financial position or disclosed in the notes*

par. 103-106

FORMAT OF STATEMENT

**This Standard does not prescribe the order or format
in which an entity presents items in the statement of financial position.**

[IFRS 18.106]

Same meaning



Format of statement

Assets can be presented current then non-current, or vice versa, and liabilities and equity can be presented current then non-current then equity, or vice versa. A net asset presentation (assets minus liabilities) is allowed.

The long-term financing approach used in UK and elsewhere

<i>Fixed assets</i>	+	<i>Current assets</i>	-	<i>Short term payables</i>	=	<i>Long-term debt plus equity</i>
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is also acceptable.



IAS 1 – *Statement of financial position (balance sheet)*

Share capital and reserves

An entity shall disclose the following, either in the statement of financial position or the statement of changes in equity, or in the notes: [IAS 1.79]

a) **for each class of share capital:**

- *the number of shares authorised;*
- *the number of shares issued and fully paid, and issued but not fully paid;*
- *par value per share, or that the shares have a par value;*
- *a reconciliation of the number of shares outstanding at the beginning and the end of the period;*
- *the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;*
- *shares in the entity held by the entity or by its subsidiaries or associates; and*
- *shares reserved for issue under options and contracts for the sale of shares, including terms and amounts; and*

b) a description of the nature and purpose of each reserve within equity.



IAS 1 - Statement of financial position

par. 54-80A

An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 79(a), showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest. [IAS 1.80]

Cont'd



IAS 1 - Statement of financial position

par. 54-80A

If an entity has reclassified: [IAS 1.80-80A]

- a) a puttable financial instrument classified as an equity instrument, or
- b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification.

Same meaning but expressed differently

IFRS 18 - Statement of financial position

par. 19A-19B

If an entity has reclassified any of the following financial instruments between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification: [IFRS 18.19B]

- a) a puttable financial instrument classified as an equity instrument applying paragraphs 16A–16B of IAS 32; or
- b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument applying paragraphs 16C–16D of IAS 32.



IAS 1 – *Statement of profit or loss and other comprehensive income*

Profit or loss is defined as “*the total of income less expenses, excluding the components of other comprehensive income*”.

Other comprehensive income is defined as comprising “*items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs*”.

Total comprehensive income is defined as “*the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners*”.

Same definitions found in IFRS 18 - Appendix A – Defined terms IFRS 18

Comprehensive income for the period	=	Profit or loss	+	Other comprehensive income
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IAS 1 – *Financial statements*

par. 9-14

Statement of profit or loss and other comprehensive income

An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section.

An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss.

[IAS 1.10A]

IFRS 18 – *General requirements for financial statements*

par. 9-14

Statement of profit or loss and other comprehensive income

[IFRS 18.12]

Same meaning but explained differently, check next slide

Cont'd



IFRS 18 – *Statement of profit or loss and other comprehensive income*

par. 10-14

Choice in presentation and basic requirements

An entity shall present its statement(s) of financial performance as either:

- (a) a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections—if this option is chosen, an entity shall present the profit or loss section first followed directly by the other comprehensive income section; or
- (b) a statement of profit or loss and a separate statement presenting comprehensive income that shall begin with profit or loss—if this option is chosen, the statement of profit or loss shall immediately precede the statement presenting comprehensive income.



IAS 1 – *Statement of profit or loss and other comprehensive income*

Concepts of profit or loss and comprehensive income

An entity shall recognise all items of income and expense in a period in profit or loss unless an IFRS requires or permits otherwise. [IAS 1.88]

Some IFRSs specify circumstances when an entity recognises particular items outside profit or loss in the current period. [IAS 1.89]



IAS 1 – *Statement of profit or loss and other comprehensive income*

Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs

Examples of items recognised outside of profit or loss

- a) changes in revaluation surplus (see IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets);
- b) remeasurements of defined benefit plans (see IAS 19 Employee Benefits);
- c) gains and losses arising from translating the financial statements of a foreign operation (see IAS 21 The Effects of Changes in Foreign Exchange Rates);
- d) gains and losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9 Financial Instruments;
- da) gains and losses on financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2 A of IFRS 9;
- e) the effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9 (see Chapter 6 of IFRS 9);

Cont'd



IAS 1 – *Statement of profit or loss and other comprehensive income*

Examples of items recognised outside of profit or loss (cont'd)

- f) for particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 5.7.7 of IFRS 9);
- g) changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see Chapter 6 of IFRS 9);
- h) changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see Chapter 6 of IFRS 9)
- i) insurance finance income and expenses from contracts issued within the scope of IFRS 17 Insurance Contracts excluded from profit or loss when total insurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation applying paragraph 88(b) of IFRS 17, or by an amount that eliminates accounting mismatches with the finance income or expenses arising on the underlying items, applying paragraph 89(b) of IFRS 17; and
- j) finance income and expenses from reinsurance contracts held excluded from profit or loss when total reinsurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation applying paragraph 88(b) of IFRS 17

Cont'd



IFRS 18 – *Other comprehensive income*

par. B86-B89

[IFRS 18.B87] *kept the same content but with different alphabetical order*



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81-105

Concepts of profit or loss and comprehensive income

IAS 8 specifies two such circumstances:

- *the correction of errors and*
- *the effect of changes in accounting policies.*

Other IFRSs require or permit components of other comprehensive income that meet the Conceptual Framework's definition of income or expense to be excluded from profit or loss. [IAS 1.89]

Cont'd



IFRS 18 – *Other comprehensive income*

par. B86-B89

IAS 8 specifies two such circumstances:

- **the correction of errors and**
- **the effect of changes in accounting policies.**

Other IFRS Accounting Standards require or permit an entity to exclude from profit or loss components of other comprehensive income that meet the Conceptual Framework for Financial Reporting's definition of income or expenses (see paragraph B87)

Same meaning of [IAS 1.89]



IAS 1 – *Statement of profit or loss and other comprehensive income*

Choice in presentation and basic requirements

The statement of profit or loss and other comprehensive income (*statement of comprehensive income*) shall present, in addition to the profit or loss and other comprehensive income sections: [IAS 1.81A]

- **profit or loss**
- **total other comprehensive income**
- **comprehensive income for the period, being the total of profit or loss and other comprehensive income**

If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income.

Not found in IFRS 18



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81A-105

Choice in presentation and basic requirements

An entity shall present the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period:

a) profit or loss for the period attributable to:

- *non-controlling interests*, and
- *owners of the parent*.

b) comprehensive income for the period attributable to:

- *non-controlling interests*, and
- *owners of the parent*.

If an entity presents profit or loss in a separate statement it shall present (a) in that statement. [IAS 1.81B]

Cont'd



IFRS 18 – *Statement of profit or loss and other comprehensive income*

[IFRS 18.76] - Items to be presented in the statement of profit or loss or disclosed in the notes and

[IFRS 18.87] – Statement presenting comprehensive income

kept the same content but in separate paragraphs.

An entity shall present in the statement of profit or loss (outside all the categories described in paragraph 47) an allocation of profit or loss for the reporting period attributable to: [IFRS 18.76]

- a) non-controlling interests; and
- b) owners of the parent

An entity shall present an allocation of comprehensive income for the reporting period attributable to: [IFRS 18.87]

- a) non-controlling interests; and
- b) owners of the parent.



IAS 1 – *Statement of profit or loss and other comprehensive income*

Profit or loss section or statement

In addition to items required by other IFRSs, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period: [IAS 1.82]

a) **revenue, presenting separately:**

- *interest revenue calculated using the effective interest method; and*
- *insurance revenue (see IFRS 17)*

aa) gains and losses arising from the derecognition of financial assets measured at amortised cost

ab) insurance service expenses from contracts issued within the scope of IFRS 17 (see IFRS 17)

ac) income or expenses from reinsurance contracts held (see IFRS 17)

b) **finance costs**

ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of IFRS 9

bb) insurance finance income or expenses from contracts issued within the scope of IFRS 17 (see IFRS 17)

bc) finance income or expenses from reinsurance contracts held (see IFRS 17)



IAS 1 – *Statement of profit or loss and other comprehensive income*

Profit or loss section or statement

c) **share of the profit or loss of associates and joint ventures accounted for using the equity method**

ca) *if a financial asset is reclassified out of the amortised cost measurement category* so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in IFRS 9)

cb) *if a financial asset is reclassified out of the fair value through other comprehensive income measurement category* so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss

d) **tax expense**

ea) **a single amount for the total of discontinued operations** (see IFRS 5).

Cont'd



IFRS18 – Items to be presented in the statement of profit or loss or disclosed in the notes

par. 75-77

An entity shall present in the statement of profit or loss line items for (see paragraph B77):

a) amounts required by this Standard, namely:

- (i) revenue, presenting separately the line items described in (b) (i) and (c)(i);**
- (ii) operating expenses, presenting separately line items as required by paragraphs 78 and 82(a)**
- (iii) share of the profit or loss of associates and joint ventures accounted for using the equity method;**
- (iv) income tax expense or income; and**
- (v) a single amount for the total of discontinued operations (see IFRS 5);**

Cont'd



IFRS18 – Items to be presented in the statement of profit or loss or disclosed in the notes

par. 75-77

b) amounts required by IFRS 9, namely:

- (i) interest revenue calculated using the effective interest method;
- (ii) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of IFRS 9;
- (iii) gains and losses arising from the derecognition of financial assets measured at amortised cost;
- (iv) 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; and
- (v) 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; and

Cont'd



IFRS18 – Items to be presented in the statement of profit or loss or disclosed in the notes

par. 75-77

c) amounts required by IFRS 17, namely:

- (i) insurance revenue;
- (ii) insurance service expenses from contracts issued within the scope of IFRS 17;
- (iii) income or expenses from reinsurance contracts held;
- (iv) insurance finance income or expenses from contracts issued within the scope of IFRS 17; and
- (v) finance income or expenses from reinsurance contracts held.

[IFRS 18.75]

There are differences compared to [IAS 1.82]

Cont'd



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81A-105

An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either **their nature** or **their function within the entity**, whichever provides information that is reliable and more relevant. [IAS 1.99]

IFRS 18 — *Items to be presented in the statement of profit or loss or disclosed in the notes* *par. 75-85*

In the operating category of the statement of profit or loss, an entity shall classify and present expenses in line items in a way that provides the most useful structured summary of its expenses, using one or both of these characteristics

(see paragraphs B80–B85):

(a) the nature of expenses; or

(b) the function of the expenses within the entity. [IFRS 18.78]

Same meaning



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81A-105

An entity classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortization expense and employee benefits expense.

[IAS 1.104]

Cont'd



IFRS 18 – Statement of profit or loss and other comprehensive income

par. 75-85

In classifying expenses by nature (‘nature expenses’), an entity provides information about operating expenses related to the nature of the economic resources consumed to accomplish the entity’s activities without reference to the activities in relation to which those economic resources were consumed. Such information includes information about raw material expense, employee benefit expense, depreciation and amortisation. In classifying expenses by function within the entity, an entity allocates and aggregates operating expenses according to the activity to which the consumed resource relates.

Cont’d



IFRS 18 – *Statement of profit or loss and other comprehensive income*

par. 75-85

For example, cost of sales is a function line item that combines expenses relating to an entity's production or other revenue generating activities such as: raw material expense, employee benefit expense, depreciation and amortisation. Therefore, when classifying expenses by function, an entity might:

- (a) allocate to several function line items (such as cost of sales and research and development) expenses relating to economic resources of the same nature (such as employee benefit expense); and
- (b) include in a single function line item an allocation of expenses relating to economic resources of several natures (such as raw material expense, employee benefit expense, depreciation and amortisation).

[IFRS 18.81]

Same meaning of [IAS 1.104] but explained with more details



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81A-105

Other comprehensive income section

The other comprehensive income section shall present line items for the amounts for the period of:

- a) items of other comprehensive income (excluding amounts in paragraph (b)), classified by nature and grouped into those that, in accordance with other IFRSs:
 - *will not be reclassified subsequently to profit or loss; and*
 - *will be reclassified subsequently to profit or loss when specific conditions are met.*
- b) the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other IFRSs:
 - *will not be reclassified subsequently to profit or loss; and*
 - *will be reclassified subsequently to profit or loss when specific conditions are met.*

[IAS 1.82A]



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81A-105

Other comprehensive income section

When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:

- *be comprised of line items* made up of amounts recognised and measured in accordance with IFRS;
- be presented and labelled in a manner that makes the line items that constitute the subtotal *clear and understandable*;
- *be consistent from period to period*, in accordance with paragraph 45; and
- *not be displayed with more prominence* than the subtotals and totals required in IFRS for the statement(s) presenting profit or loss and other comprehensive income.

An entity shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with paragraph 85 with the subtotals or totals required in IFRS for such statement(s). [IAS 1.85A-85B]



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81A-105

Other requirements

An entity shall present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance. [IAS 1.85]

An entity shall not present any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income or in the notes. [IAS 1.87]



IAS 1 – *Statement of profit or loss and other comprehensive income*

par. 81A-105

Other requirements

Circumstances that would give rise to the separate disclosure of items of income and expense include: [IAS 1.98]

- *write-downs of inventories* to net realizable value *or of property, plant and equipment* to recoverable amount, as well as reversals of such write-downs
- *restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring*
- *disposals of items of property, plant and equipment*
- *disposals of investments*
- *discontinued operations*
- *litigation settlements*, and
- *other reversals of provisions.*



IFRS 18 — *Items to be presented in the statement of profit or loss or disclosed in the notes* *par. 75-85*

Income and expenses that might have sufficiently dissimilar characteristics that presentation in the statement of profit or loss is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include:

- (a) write-downs of inventories, as well as reversals of such write-downs; [IFRS 18.B79]
- (b) impairment losses for property, plant and equipment, as well as reversals of such impairment losses;
- (c) income and expenses from restructurings of an entity's activities and reversals of any provisions for restructuring;
- (d) income and expenses from disposals of property, plant and equipment;
- (e) income and expenses from disposals of investments;
- (f) income and expenses from litigation settlements;
- (g) reversals of provisions; and
- (h) non-recurring income and expenses not included in (a)–(g).

There are differences compared to [IAS 1.98]



IAS 1 – *Statement of cash flows*

Rather than setting out separate requirements for presentation of the statement of cash flows, IAS 1.111 refers to IAS 7 *Statement of Cash Flows*.

“Cash flow information provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilize those cash flows. IAS 7 sets out requirements for the presentation and disclosure of cash flow information”.



IFRS 18 – *Statement of cash flows*

IFRS 18 refers to IAS 7 to disclose the requirements of the Statement of Cash Flows.

“IAS 7 Statement of Cash Flows sets out requirements for the presentation and disclosure of cash flow information. However, the general requirements for financial statements in paragraphs 9–43 and 113–114 apply to the statement of cash flows”.

[IFRS 18.3]

Additionally, IFRS 18 presents the paragraphs of IAS 7 that were amended.



IAS 1 – *Statement of changes in equity*

par. 106-110

IAS 1 requires an entity to present a separate statement of changes in equity. **The statement of changes in equity includes the following information:** [IAS 1.106]

- *total comprehensive income for the period*, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
- *for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with IAS 8, and*
- *for each component of equity, a reconciliation between the carrying amounts at the beginning and the end of the period, separately* (as a minimum) disclosing changes resulting from:
 - ☐ profit or loss;
 - ☐ other comprehensive income; and
 - ☐ transactions with owners in their capacity as 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.

IFRS 18 – *Statement of changes in equity*

par. 107-112

[IFRS 18.107] *remained the same*



IAS 1 – Information to be presented in the statement of changes in equity or in the notes

par. 106A-110

For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item

[IAS 1.106A]

IFRS 18 – Information to be presented in the statement of changes in equity or in the notes

par. 109-112

For each component of equity an entity shall either present in the statement of changes in equity or disclose in the notes an analysis of other comprehensive income by item (see paragraph 107(c)(ii)).

[IFRS 18.109]

It remained the same



IAS 1 – Information to be presented in the statement of changes in equity or in the notes *par. 106A-110*

An entity shall present, either in the statement of changes in equity or in the notes:

- **the amounts of dividends recognised as distributions to owners during the period, and**
- **the related amount of dividends per share [IAS 1.107]**

IFRS 18 – Information to be presented in the statement of changes in equity or in the notes *par. 109-112*

An entity shall either present in the statement of changes in equity or disclose in the notes:

- **the amount of dividends recognised as distributions to owners during the reporting period, and**
- **the related amount of dividends per share. [IFRS 18.110]**

Same content



IAS 1 – *Notes to the financial statements*

par. 112-138

The notes shall: [IAS 1.112]

- present information about **the basis of preparation of the financial statements and the specific accounting policies**;
- **disclose the information required by IFRSs** that is not presented elsewhere in the financial statements; and
- **provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.**

IFRS 18 – *Notes to the financial statements*

par. 113-132

An entity shall disclose in the notes: [IFRS 18.113]

- information about **the basis of preparation of the financial statements and the specific accounting policies used**;
- **information required by IFRS Accounting Standards** that is not presented in the primary financial statements; and
- **other information that is not presented in the primary financial statements, but is necessary for an understanding of any of them**

Same meaning explained differently



IAS 1 – *Notes to the financial statements*

par. 112-138

An entity shall, as far as practicable, **present notes in a systematic manner**. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the **statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows** to any related information in the notes. [IAS 1.113]

IFRS 18 – *Notes to the financial statements*

par. 113-132

An entity shall, as far as practicable, **present notes in a systematic manner** (see paragraph B112). In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the **primary financial statements** to any related information in the notes. **If amounts disclosed in the notes are included in one or more line items in the primary financial statements, an entity shall disclose in the note the line item(s) in which the amounts are included.** [IFRS 18.114]
An additional sentence was added in [IFRS 18.114]



IAS 1 – *Notes to the financial statements*

par. 112-138

Examples of systematic ordering or grouping of the notes include: [IAS 1.114]

- a) **giving prominence to the areas of its activities that the entity considers to be most relevant** to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
- b) **grouping together information about items measured similarly** such as assets measured at fair value; or

Cont'd



IAS 1 – *Notes to the financial statements*

par. 112-138

c) following the order of the line items in the *statement(s) of profit or loss and other comprehensive income and the statement of financial position*, such as:

- **statement of compliance with IFRSs (see paragraph 16);**
- **material accounting policy information (see paragraph 117 *);**
- **supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and**
- **other disclosures, including**
 - 1) **contingent liabilities (see IAS 37) and unrecognised contractual commitments; and**
 - 2) **non-financial disclosures, eg the entity's financial risk management objectives and policies (see IFRS 7).**

Cont'd



IFRS 18 – *Appendix B - Notes – Structure*

par. B112

Examples of systematic ordering or grouping of the notes include:

[IFRS 18.B112]

- a) **giving prominence to the areas of its activities that the entity considers to be most relevant** to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
- b) **grouping together information about items measured similarly** such as assets measured at fair value; or

Cont'd



IFRS 18 – *Appendix B - Notes – Structure*

par. B112

- c) following the order of the line items in *the statement(s) of financial performance and the statement of financial position*, such as:
- (i) statement of compliance with IFRS Accounting Standards (see paragraph 6B of IAS 8);
 - (ii) material accounting policy information (see paragraph 27A of IAS 8);
 - (iii) supporting information for items presented in the statement of financial position, the statement(s) of financial performance, the statement of changes in equity and the statement of cash flows, in the order in which each statement is provided and each line item is presented; and
 - (iv) other disclosures, including:
 - 1) contingent liabilities (see IAS 37) and unrecognised contractual commitments; and
 - 2) non-financial disclosures—for example an entity's financial risk management objectives and policies (see IFRS 7).

Same meaning of [IAS 1.112]



IAS 1 – Terminology

Term before 2007 revision of IAS 1	Term as amended by IAS 1 (2007)
balance sheet	statement of financial position
cash flow statement	statement of cash flows
income statement	statement of comprehensive income (income statement is retained in case of a two-statement approach)
recognised in the income statement	recognised in profit or loss
recognised [directly] in equity (only for OCI components)	recognised in other comprehensive income
recognised [directly] in equity (for recognition both in OCI and equity)	recognised outside profit or loss (either in OCI or equity)
removed from equity and recognised in profit or loss ('recycling')	reclassified from equity to profit or loss as a reclassification adjustment
Standard or/and Interpretation	IFRSs
equity holders	owners (exception for 'ordinary equity holders')
balance sheet date	end of the reporting period
reporting date	end of the reporting period



IFRS 18 – *Defined Terms*

Appendix A

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.

Other comprehensive income

Items of income and expense (including reclassification adjustments) that are recognised outside profit or loss as required or permitted by other IFRS Accounting Standards



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.

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.

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