

To: Corporate Reporting - Investments & Sustainable Finance WG
From: Philippe Angelis
cc:
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Subject: New accounting standard IFRS 18 Presentation and Disclosure in Financial Statements

Summary

On 9 April 2024, the **International Accounting Standards Board (IASB)** issued a new accounting standard titled **IFRS 18 Presentation and Disclosure in Financial Statements**, replacing the previous **IAS 1**.

This standard is aimed at providing investors with clearer, more transparent, and comparable information regarding companies' financial performance, facilitating better-informed investment decisions.

Notably, IFRS 18 introduces new sets of requirements in order to improve the following areas:

■ **Improved comparability in the statement of profit or loss (income statement)**

As there is no specific structure for income statements, IFRS 18 introduces three defined categories for income and expenses—operating, investing, and financing—to enhance the structure of the income statement. Additionally, it mandates that all companies provide new defined subtotals, including operating profit.

■ **Enhanced transparency of management-defined performance measures**

As most companies don't disclose sufficient information on their performance measures, IFRS 18 mandates companies to provide explanations for those company-specific measures relevant to the income statement, known as management-defined performance measures.

■ **More useful grouping of information in the financial statements**

IFRS 18 provides enhanced guidance on organizing information and determining whether to present it in the primary financial statements or in the notes. These changes are anticipated to offer more detailed and valuable information.

IFRS 18 will become effective for annual reporting periods **beginning on or after 1 January 2027**. Nevertheless, companies will be able to apply it before that date.

The EC is expected to request an endorsement advice from EFRAG in the coming days.

Next Steps

The secretariat will gather members' feedback on IFRS 18 and present them to EFRAG as part of the EU endorsement process for the adoption of international financial reporting standards.