

# IFRS 18 Presentation and Disclosure in Financial Statements

## Practical checklist

# 1

## Objective & Scope

- ☐ Are you preparing general-purpose financial statements under IFRS?
- ☐ Are you applying IFRS 18 to all primary statements except the statement of cash flows (which remains under IAS 7)?
- ☐ Are you aware that only selected paragraphs (41–45, 117–125) apply to interim reports?
- ☐ Have you adapted labels or line items if you're a not-for-profit or don't have equity?
- ☐ Does the overall presentation aim for relevance and faithful representation?

# 2

## General Requirements for Financial Statements (Part 1)

### 2.1 Complete Set of Financial Statements

- ☐ Does your set include all of the following:
  - ☐ Statement(s) of financial performance
  - ☐ Statement of financial position
  - ☐ Statement of changes in equity
  - ☐ Statement of cash flows (IAS 7)
  - ☐ Notes
  - ☐ Comparative information
  - ☐ Third statement of financial position (if required)?

### 2.2 Presentation Format and Terminology

- ☐ Have you used either:
  - ☐ A single statement for profit or loss and OCI, or
  - ☐ Separate statements for P/L and OCI?
- ☐ Are all statements equally prominent?
- ☐ If using alternative labels (e.g. "Balance Sheet"), do they reflect substance?

### Primary financial statements:

- ☐ Are line items and subtotals:
  - ☐ Structured and comparable?
  - ☐ Grouped by shared characteristics (beyond being assets/liabilities)?
  - ☐ Clearly assigned to statements or notes?

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### General Requirements for Financial Statements (Part 2)

#### Notes:

- ☐ Do notes:
  - ☐ Disaggregate primary statement items?
  - ☐ Include all material info?
  - ☐ Link clearly to primary statements?

#### 2.3 Materiality and Aggregation

- ☐ Only material items shown?
- ☐ Items aggregated/disaggregated by nature, function, or measurement?
- ☐ "Other" labels explained if material?
- ☐ Avoid vague labels, scattered info, or hiding key details?

#### 2.4 Identification of Financial Statements

- ☐ Do statements clearly show:
  - ☐ Name of the reporting entity (and changes)?
  - ☐ Group/single entity status?
  - ☐ Reporting period/date covered?
  - ☐ Presentation currency?
  - ☐ Level of rounding?

#### 2.5 Frequency of Reporting

- ☐ Are financial statements prepared at least annually?
- ☐ If the reporting period is irregular:
  - ☐ Have you disclosed the reason?
  - ☐ Is comparability with prior periods explained?

#### 2.6 Consistency of Presentation

- ☐ Is classification/presentation consistent with prior periods?
- ☐ If changed:
  - ☐ Was it due to operational or structural change?
  - ☐ Is it more useful and expected to continue?
  - ☐ Are comparatives restated with disclosure?

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### General Requirements for Financial Statements (Part 3)

#### 2.7 Comparative information

- ☐ Have you included:
  - ☐ Comparative figures for all amounts?
  - ☐ Narrative where needed?
- ☐ For reclassifications:
  - ☐ Are restated comparatives and reasons disclosed?
  - ☐ If impracticable, is that fact explained?
- ☐ For restated opening balances: is a third statement of financial position presented?

#### 2.8 Offsetting

- ☐ Have you avoided offsetting unless required/permitted by another IFRS?
- ☐ Are offsetting decisions clearly disclosed and justified?
- ☐ If you presented net results from related transactions (e.g. foreign exchange gains/losses, trading instruments), did you:
  - ☐ Ensure the transactions are similar in nature?
  - ☐ Disclose material components separately in the notes?

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### Statement of Profit or Loss (Part 1)

#### 3.1 General

- ☐ Are all income and expenses included unless IFRS says otherwise?
- ☐ Is classification based on **5 mandatory categories**?
  - ☐ Operating
  - ☐ Investing
  - ☐ Financing
  - ☐ Income taxes
  - ☐ Discontinued operations
- ☐ Have you included **mandatory subtotals**?
  - ☐ Operating profit or loss
  - ☐ Profit or loss before financing and income taxes
  - ☐ Profit or loss
- ☐ Have you included **mandatory line items**: revenue, operating expenses, share of P/L of associates and JV by equity method, income tax, discontinued operations result, amounts required by IFRS 9 and by IFRS 17?

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### Statement of Profit or Loss

(Part 2)

#### 3.2 Main Business Activity of an Entity

- ☐ Have you assessed whether the entity's main business activity qualifies as:
  - ☐ Investing in financial or non-financial assets?
  - ☐ Providing financing to customers?

➔ If the entity's main business activity is **investing**:

- ☐ Have you classified:
  - ☐ Income/expenses from investments in assets (e.g. dividends, interest, fair value changes) in the operating category?
  - ☐ Related costs in the operating category too?

➔ If the entity's main business activity is **financing**:

- ☐ Have you classified:
  - ☐ Interest income from customers, fees, and related expenses in the operating category?
  - ☐ Expected credit losses and similar items in the operating category?
  - ☐ Ensure the transactions are similar in nature?
  - ☐ Disclose material components separately in the notes?

#### 3.3 Operating Category (all entities)

- ☐ Does it include income/expenses not elsewhere classified?
- ☐ For entities without a specified main business activity, have you excluded:
  - ☐ Investing-related gains/losses?
  - ☐ Financing income/expenses (e.g. interest)?

#### 3.4 Investing Category

- ☐ Does it include:
  - ☐ Gains/losses from associates/JVs (unless equity-accounted)?
  - ☐ Returns from surplus cash?
  - ☐ Disposal/revaluation gains from investing assets?



Be careful with entities with specified main business activities (please see 3.2)


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### Statement of Profit or Loss (Part 3)

#### 3.5 Financing Category

- ☐ Does it include:
  - ☐ Interest on borrowings?
  - ☐ Gains/losses on loan extinguishment or modification?
-  Be careful with entities with specified main business activities (please see 3.2)

#### 3.6 Income Taxes and Discontinued Operations

- ☐ Are income taxes shown in a separate category?
- ☐ Are results from discontinued operations separately classified?

#### 3.7 Foreign Exchange and Derivatives

- ☐ Are foreign exchange differences and derivative results classified based on functional purpose ?
  - ☐ Expected credit losses and similar items in the operating category?
  - ☐ Ensure the transactions are similar in nature?
  - ☐ Disclose material components separately in the notes?

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### Statement of Comprehensive Income

- ☐ Are totals shown for:
  - ☐ Profit or loss?
  - ☐ Other comprehensive income (OCI)?
  - ☐ Total comprehensive income?
- ☐ Is allocation between NCI and owners presented?
- ☐ Is other comprehensive income split into:
  - ☐ Items that may be reclassified to P/L?
  - ☐ Items that will not be reclassified?
- ☐ Have you presented:
  - ☐ OCI share of equity-accounted investments?
  - ☐ Each significant component (e.g. DB plans, FX)?
- ☐ Are reclassification adjustments and tax effects presented properly?

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### Statement of Financial Position

#### 5.1 Classification

- ☐ Are assets/liabilities classified as current or non-current unless liquidity format is more useful?
- ☐ If liquidity format is used, is that choice disclosed?
- ☐ **Current assets:**
  - ☐ Realized in the operating cycle?
  - ☐ Held for trading?
  - ☐ Realized within 12 months?
  - ☐ Unrestricted cash or equivalent?
- ☐ **Current liabilities:**
  - ☐ Settled in the operating cycle?
  - ☐ Held for trading?
  - ☐ Due within 12 months?
  - ☐ Unconditionally deferrable?
- ☐ For items with both short/long elements, is expected long-term portion disclosed?

#### 5.2 Line Items and Disclosure

- ☐ Are all required line items (IFRS 18.103) included?  
(property, plant and equipment / investment property / intangible assets / goodwill / financial assets (with exclusions) / insurance contract assets (IFRS 17) / investments by equity method / biological assets (IAS 41) / inventories / trade and other receivables / cash and cash equivalents / total of assets under IFRS 5 / trade and other payables / provisions / financial liabilities (with exclusions) / insurance contract liabilities (IFRS 17) / current income tax assets and liabilities (IAS 12) / deferred tax assets and liabilities (IAS 12) / total of liabilities under IFRS 5)
- ☐ Are items disaggregated where necessary?
- ☐ Are covenant risks and classification of breached liabilities disclosed appropriately?

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### Statement of Changes in Equity

- ☐ Have you presented total comprehensive income for the period, clearly showing amounts attributable to:
  - ☐ Owners of the parent?
  - ☐ Non-controlling interests?
- ☐ For each component of equity, have you presented:
  - ☐ The effects of retrospective changes in accounting policies and corrections of errors (per IAS 8)?
  - ☐ A reconciliation from opening to closing balances, showing: profit or loss / OCI / transactions with owners (e.g. dividends)?
- ☐ Have you either in the statement or in the notes:
  - ☐ Disclosed a breakdown of OCI by item for each equity component?
  - ☐ Disclosed dividends declared and paid during the period, including the amount per share?
- ☐ Have you clearly identified each equity component (e.g. share capital, retained earnings, OCI reserves) and presented changes separately?

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### Notes

#### 7.1 General Structure

- ☐ Are accounting policies disclosed under IAS 8?
- ☐ Are all notes cross-referenced to primary FS?
- ☐ Are disclosures complete, material, and clearly structured?

#### 7.2 Management-Defined Performance Measures (MPM)

- ☐ Are MPMs identified and explained?
- ☐ Are reconciliations provided to IFRS subtotals?
- ☐ Are tax/NCI impacts shown?
- ☐ Are changes to MPMs disclosed and comparatives restated?

#### 7.3 Capital and Equity Disclosures

- ☐ Are capital objectives, policies, and compliance disclosed?
- ☐ Are share capital/equity components fully disclosed?

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### Transition and Effective Date

#### 8.1 Effective Date

- ☐ Apply IFRS 18 from 1 January 2027 (with comparatives)
- ☐ If applied earlier, disclose the fact

#### 8.2 Transition Rules

- ☐ Is retrospective application under IAS 8 followed (with exceptions)?
- ☐ Have you disclosed reconciliations between restated and original P/L line items?

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### Bonus: Common Implementation Challenges

- ☐ Understanding and applying the new profit or loss categories correctly
- ☐ Identifying whether the entity has a specified main business activity
- ☐ Revising internal reports and systems to track subtotals and reclassifications
- ☐ Updating financial statement formats, labels, and disclosures
- ☐ Handling comparative period reconciliations under the transition rules
- ☐ Ensuring consistent application of management-defined performance measures (MPMs)
- ☐ Training staff on new requirements and terminology

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