Bazaar Accounting and Management Advisors LLC
BAM Tax Advisors LLC

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IFRS 18

Presentation and Disclosure in Financial Statements

Effective for annual periods beginning 1 January 2027



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Replaces IAS 1 Presentation of Financial Statements

WHAT DECISION MAKERS NEED TO KNOW

A NEW PRESENTATION STANDARD

IFRS 18 replaces IAS 1 and reshapes how performance is Communicated highlighting information on Statement of Profit and Loss.

THREE MAJOR REFORMS

- Improved grouping and labelling.
- Defined profit subtotals.
- Management defined performance measures.

BUSINESS-WIDE READINESS

Finance reporting, investor communications and comparative figures may need changes.

PILLARS OF IFRS 18

STRUCTURE

FIVE PROFIT OR LOSS CATEGORIES

- Operating
- Discontinued
- Financing
- Operations
- Investing
- Income Taxes

TWO SPECIFIED NEW SUBTOTALS

- Operating Profit
- Profit before Financing and Income Taxes.

transparency



MANAGEMENT-DEFINED PERFORMANCE MEASURES

- Explains how the management views the company's financial performance.
- Subtotals of income and expenses that the company applies, other than those specified in IFRS 18.
- Disclosures explaining qualifying management defined performance measures and reconcile them to IFRS totals.

Clarity



Enhanced aggregation, disaggregation and labelling help make material information easier to find.

IAS 1 VS IFRS 18

IAS 1		IFRS 18
No five - category framework	01 Profit or loss categories	Five defined categories
No, universally defined subtotal	02 Operating profit	Specified subtotal required
Not a specified subtotal	03 Profit before financing & tax	Specified subtotal required
No dedicated MPM note requirement	04 Management - defined measures	MPM disclosures and reconciliations
General materiality / presentation guidance	05 Grouping and labelling	Enhanced aggregation / disaggregation
Existing IAS 1 reporting	06 Transition	Retrospective application, comparatives

ILLUSTRATIVE INCOME STATEMENT: BEFORE AN

	IFRS 1	IFRS 18
Revenue	100	100
Cost of Sales	30	30
Other Operating Expenses	15	15
Operating Profit	Option: 55	55
Investment Income	(5)	(5)
Profit before financing and income taxes	Not required: 60	60
Finance costs	(8)	(8)
Profit before tax	52	52
Income tax	(5)	(5)
Profit for the year	47	47

IMPACT ON BUSINESSES

FINANCE & REPORTING

Standardized categories, updates on disclosures, clearer presentation of financial performance

COMPARABILITY

Comparison of financial performance across companies made easier through reclassification of income/expenses

CREDIBILITY

Transparent explanations and reconciliations for qualifying Management defined Performance Measures.

STAKEHOLDERS

Explain changed KPIs to boards and investors improve analysis, forecasting and discussions



KEY TAKEAWAYS

- IFRS 18 is primarily a presentation and disclosure reform—not a new measurement basis.
- Its effectiveness lies in improved comparability, transparency and communication.
- Applicable for annual reporting periods beginning on or after 1 January 2027. Companies may elect to adopt IFRS 18 prior to its mandatory effective date.

IFRS Foundation—IFRS 18 standard overview

IFRS Foundation—IFRS 18 effects analysis

IFRS Foundation—IFRS 18 project summary

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