IFRS 18 in Practice: The New Income Statement

CertiFi micro-credential

1 course · 5 lessons · about 3 study hours · issued 28 Nov 2026

IFRS-01

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IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 for annual periods beginning on or after 1 January 2027, with comparatives restated. Following an Abu Dhabi distributor, you will sort income and expenses into the new categories, build the two new required subtotals, decide how to present operating expenses, identify management-defined performance measures and plan the transition. This is a CertiFi certificate of completion and is not a qualification of the IFRS Foundation.

On completion, you will be able to:

- Explain what IFRS 18 changes and what it leaves alone
- Classify income and expenses into the operating, investing, financing, income taxes and discontinued operations categories
- Present the required subtotals, including operating profit and profit before financing and income taxes
- Apply the aggregation and disaggregation rules and the disclosures for expenses presented by function
- Identify management-defined performance measures and prepare a transition plan

Learning outcomes by lesson

1. What IFRS 18 changes, and what it doesn't

- State when IFRS 18 applies and which standard it replaces
- Name the three areas of change
- Explain why profit for the year does not change
- Start a transition file for the case company

2. The categories and the new subtotals

- Sort income and expenses into the five categories
- Build the required subtotals
- Classify interest, foreign exchange differences and investment income
- Recognise when a company's main business changes the classification

3. Operating expenses, aggregation and disaggregation

- Choose between presenting operating expenses by nature and by function
- List the extra disclosures when expenses are presented by function
- Apply the aggregation and disaggregation principles
- Label items clearly and limit the use of "other"

4. Management-defined performance measures

- Define a management-defined performance measure (MPM)
- Decide whether a measure is an MPM
- Prepare the MPM note
- Apply the rules to a private company

5. Cash flows, transition and your action plan

- Describe the changes to the statement of cash flows
- Explain the transition requirements
- Spot the knock-on effects on contracts and systems
- Build a transition plan