IFRS 18: The New Income Statement

CertiFi Short Learning Series

1 course · 4 lessons · about 2 study hours · issued 28 Nov 2026

SL-19

IFRS 18: The New Income Statement

About 2 study hours · 4 lessons · pass mark 70% · AED 140

IFRS 18 replaces IAS 1 from 1 January 2027 and changes how every company using IFRS presents its income statement. Following one UAE manufacturer from its IAS 1 statement to its first IFRS 18 accounts, you will classify income and expenses into the new categories, present the required subtotals, prepare the management-defined performance measures note, and plan the systems, covenant, tax and communication work a UAE company needs.

On completion, you will be able to:

- Explain why IFRS 18 replaces IAS 1 and apply its effective date, early application and transition requirements
- Classify income and expenses into the operating, investing, financing, income taxes and discontinued operations categories and present the required subtotals
- Identify management-defined performance measures and prepare the required note, including reconciliations with tax and non-controlling interest effects
- Apply the grouping, expense presentation and cash flow changes, and plan IFRS 18 implementation for a UAE company

Learning outcomes by lesson

1. Why IFRS 18, and when it applies

- Explain why the IASB replaced IAS 1 with IFRS 18, and what stays the same
- Apply the effective date, early application and transition rules to a December year end
- Plan the restatement of comparatives and the first-year reconciliations
- Track the developments since IFRS 18 was issued

2. The new structure of profit or loss

- Classify income and expenses into the five IFRS 18 categories
- Present the required subtotals: operating profit and profit before financing and income taxes
- Apply the special rules for entities whose main business is investing or providing finance
- Restate a full income statement from IAS 1 to IFRS 18

3. Management-defined performance measures

- Decide whether a measure is a management-defined performance measure (MPM)
- Identify the subtotals that IFRS 18 excludes from the definition
- Prepare the MPM note, including the reconciliation with income tax and non-controlling interest effects
- Apply the related requirements for changes, interim reports and earnings per share

4. Grouping, expenses, cash flows and implementation

- Apply the aggregation and disaggregation principles, including the limits on "other"
- Choose between presenting operating expenses by nature or by function, and prepare the required note
- Explain the consequential changes to the statement of cash flows
- Plan IFRS 18 implementation for a UAE company