
IFRS 18 *Presentation and Disclosure in Financial Statements*

Management-defined Performance Measures

Welcome & Introductions



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Housekeeping

- IFRS 18 and its accompanying documents are available to premium subscribers of [ifrs.org](https://www.ifrs.org) and are available to purchase as a standalone PDF at the [IFRS shop](#). The slides used in this presentation and other educational material are available on the [implementation page for IFRS 18](#).
 - The views expressed are those of the presenters, not necessarily those of the International Accounting Standards Board (IASB) or the IFRS Foundation.
 - To ask a question, type it into the designated text box on your screen and click 'submit'. You can submit questions at any time during the presentation. We'll try to answer them at the end of the presentation.
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New required subtotals in statement of profit or loss, including 'operating profit'

16 May 2024



Disclosures about management-defined performance measures (MPMs)

30 May 2024



Enhanced guidance on grouping of information (aggregation and disaggregation)

06 June 2024

Morning webinars: 9:30-10:30 BST / 10:30-11:30 CEST / 17:30-18:30 JST

Afternoon webinars: 15:30-16:30 BST / 10:30-11:30 EDT

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APMs and non-GAAP measures today

Investors' concerns

- Investors find MPMs useful but they have concerns about lack of transparency of how these measures are calculated

Examples of alternative performance measures (APMs) or non-GAAP measures used today

- **Adjusted operating profit**
- **Adjusted profit or loss**
- **Adjusted EBITDA**
- Free cash flow
- Return on equity

Management-defined Performance Measures (MPMs)



Subtotals of income and expenses not required or specifically exempted by IFRS Accounting Standards



Included in **public communications outside financial statements**



Measures that communicate **management's view** of a company's financial performance

Disclosures for MPMs

IFRS 18 introduces requirements to disclose in a single note

- **Reconciliation** back to IFRS-defined subtotal
- Explanation of **why** the MPM is reported
- Explanation of **how** the MPM is calculated
- Explanation of any **changes** to the MPM



What might a reconciliation look like?

	IFRS	Impairment losses	Restructuring expenses	Gains on disposal of PP&E	MPM
Other operating income		-	-	(1,800)	
Research and development expenses		1,600	-	-	
General and administrative expenses		-	3,800	-	
Goodwill impairment loss		4,500	-	-	
Operating profit / Adjusted operating profit	57,000	6,100	3,800	(1,800)	65,100
Income tax expense		-	(589)	297	
Profit from continuing operations / Adjusted profit from continuing operations	32,100	6,100	3,211	(1,503)	39,908
Profit attributable to non-controlling interests		305	161	-	

Calculating the income tax effects – possible methods

1

statutory
tax rate(s)

2

pro rata allocation
of tax

3

other method
if it gives better
information

+

Disclosures of how tax effects calculated
— required for each reconciling item if more than one method is used

Effective date and implementation support

When will IFRS 18 come into force?



- 1 January 2027
- Early application permitted
- Applied retrospectively and in interim financial statements

Published materials



- IFRS 18 *Presentation and Disclosure in Financial Statements*
- Basis for Conclusions
- Illustrative Examples and supporting materials
- Effects analysis
- Project summary
- Feedback statement
- Reference material
- IFRS 18 on one page



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