

# Embracing IFRS 18 – Presentation and Disclosure in Financial Statements

Are you ready to implement IFRS 18 in the best possible way?



## IFRS 18 – What's new?

IFRS 18 is a new accounting standard which has a pervasive impact on the presentation and disclosures of your financial statements. Key changes include:

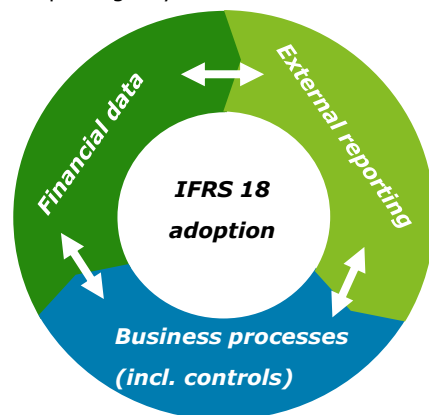
- New classification categories for income and expenses and new subtotals in P&L
- Extensive disclosure requirement regarding Management-defined Performance Measures (MPMs)
- Extended requirements for aggregation & disaggregation of information



## Not just an accounting standard

Although IFRS 18 is an accounting standard (and consequently affects your financial statements) it has a much more pervasive impact on your organization as a whole.

This is because the new accounting standard drives different recording, mapping and classification of your financial data, impacting the need for data integrity and business processes with robust internal controls to accommodate audit readiness and reliable external reporting to your stakeholders:



## Key challenges and opportunities

### Challenges

- ✓ Retroactive (01.01.2027 effective date with mandatory 2026 comparatives) and pervasive impact of standard drives need to start preparations sooner rather than later.
- ✓ New classification categories for income and expenses requires remapping of current GL accounts, potentially creation of new GL accounts and financial reporting process and controls redesign.
- ✓ Changes in the classification of income and expenses in the statement of profit or loss may affect your key performance indicators, budget and/or forecasts. This requires discussions with internal and external stakeholders, including lenders and auditors.
- ✓ Extensive disclosure requirements regarding Management-defined Performance Measures (MPM's) requires careful (re)considering what matters most and robust processes and controls to ensure integrity and reliability of external reporting.

### Opportunities

- ✓ Optimizing strategic storytelling to stakeholders by utilizing available room in IFRS 18 for management judgment in grouping transactions to either operating/investing/financing activities.
- ✓ Re-assess and re-define which MPMs are important to you to give the right context to your external reporting and inform your stakeholders in the best way possible.
- ✓ Accounting policy choice opportunities around aggregation & disaggregation of information to properly balance what is important (and what not) in your financial statements.
- ✓ Rationalizing and optimizing financial reporting process (incl. controls) to ensure data quality and integrity, supporting quality of managerial decision making, audit readiness and spillover effect with CSRD/ESRS reporting.



## How we can help

We provide end-to-end IFRS 18 assistance, from data integrity, rationalizing and optimizing business processes and controls to drafting IFRS 18 based financial statements:

### Accounting & reporting

- ✓ Identify policy choice opportunities to optimize external reporting (incl. MPMs and (dis)aggregation of information)
- ✓ Determine the adjustments required to the chart of accounts (CoA) setup, account classification and any other relevant changes
- ✓ Assistance with selecting the right MPMs and ensuring alignment with MPM definition per IFRS 18
- ✓ Draft audit ready accounting paper describing IFRS 18 implementation and compliance
- ✓ Preparation of dummy financial statement including IFRS 18 disclosure requirements
- ✓ IFRS 18 upskill workshops for finance department and auditor alignment

### Processes and controls

- ✓ Impact assessment on processes and risk & control frameworks, including support with rationalizing existing controls and designing and implementation of new (automated) controls and procedures.
- ✓ Determine impact on internal KPIs, remuneration policies, bank covenants, etc.

### Data, Systems and IT landscape

- ✓ Identifying relevant IFRS 18 data, assessment of data granularity and assess changes to ERP architecture (including transactional, consolidation and reporting systems) to support IFRS 18 requirements.
- ✓ Data mapping and reporting design for both financial data and MPM-inputs.

# Embracing IFRS 18 – Our best-practice approach\*

Ensuring a smooth IFRS 18 transition with stakeholder-oriented, audit ready financial statements

|                    | Phase 1<br>Diagnostic   | Phase 2<br>Deep-dive   | Phase 3<br>Implementation and Go-Live   |
|--------------------|---|--|---|
| Objective          | Preliminary impact assessment and implementation roadmap for IFRS 18 adoption   | Detailing and documenting IFRS 18 key IFRS topics  | Implementing IFRS 18 (incl. dry run through PY data) and ensuring audit ready, compliant financial statements   |
| Project activities | <ul style="list-style-type: none"> <li>Determine the main business activities of the Group and each (material) statutory entity (driver to reporting structure of P&amp;L and CF-statement).</li> <li>Preliminary IFRS 18 accounting policy choice opportunity identification and impact analysis with respect to presentation, (dis-) aggregation of P&amp;L and CF Statement and KPI's, bank covenants (if applicable).</li> <li>Determine the MPMs (incl. calculation basis) to be disclosed and communicated in financial statements</li> <li>Analyze current state of financial models, data, processes and controls to identify gaps and implementation changes to enable reporting under IFRS 18.</li> <li>Auditor alignment to ensure buy-in on preliminary impact assessment and implementation roadmap</li> </ul> | <ul style="list-style-type: none"> <li>Following-up on identified gaps (models, data, processes and controls) through designing and documenting updates/rationalizations/optimizations to enable IFRS 18 reporting</li> <li>Assess the granularity of data within the ERP/automated system architecture, and where required modify, to facilitate IFRS 18 reporting requirements (based on policy choices, selected MPM's etc. from phase 1)</li> <li>Remapping of the Chart of Accounts to enable reporting in accordance with IFRS 18</li> <li>Documenting IFRS 18 adoption (incl. policy choices, impact to P&amp;L structure, MPM's, (dis)aggregation of information) in audit ready accounting paper</li> <li>Auditor alignment and review</li> </ul> | <ul style="list-style-type: none"> <li>Implement required changes to policies, processes and controls around IFRS 18</li> <li>Update dummy Financial Statements/financial reporting modules for new presentational requirements (at a consolidated and statutory entity level).</li> <li>Dry run the financial reporting of the Profit and Loss, Cashflow statement and MPM calculations based on 2024 or 2025 data.</li> <li>Auditor alignment on chart of accounts, process &amp; dry run to enable smooth IFRS 18 audit.</li> <li>IFRS 18 upskill workshops for finance department</li> <li>From FY27 (01.01.2027) include IFRS 18 impacts (incl. comparatives) in financial statements</li> </ul> |
| Project output     | <ul style="list-style-type: none"> <li>Preliminary IFRS 18 impact analysis (incl. policy choice opt's, MPM-determination and gap analysis on data, controls &amp; processes to enable IFRS 18 reporting)</li> <li>IFRS 18 implementation roadmap for next phases</li> <li>Kick off with finance team</li> </ul>   | <ul style="list-style-type: none"> <li>(Re)designed and rationalized/optimized data, processes and controls</li> <li>Re-mapped chart of accounts to accommodate IFRS 18 reporting</li> <li>Audit ready IFRS 18 accounting paper</li> </ul>   | <ul style="list-style-type: none"> <li>Implemented IFRS 18 policies, governance and controls</li> <li>Dummy financial statements incl. IFRS 18 dry run on PY data</li> <li>Auditor alignment and Q&amp;A</li> <li>Finalized, audited financial statements incl. IFRS 18</li> </ul>  |

**Project management including frequent alignment with management and early involvement of the auditor**

## Your accounting & reporting experts

Our Accounting & Reporting Assurance professionals bring an audit background combined with accounting & reporting expertise. This unique combinations allows us to assist you in implementing new accounting standards, leveraging off accounting policy choice opportunities to accommodate (strategic) goals and safeguarding compliance, whilst ensuring a smooth, one-time right audit process



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\* We operate an end-to-end approach, driven by the pervasive nature and impact of IFRS 18 (data, processes, controls and accounting & reporting). Of course, we can tailor our plan of action to meet your specific needs