

# IFRS 18 Presentation and Disclosures in the Financial Statements

Insights for the implementation journey

IFRS Symposium, Break-out session

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# Presenters



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# Agenda

## Presentation in the statement of profit or loss



- Changing to the new categories and subtotals
- Presentation of FX gains and losses

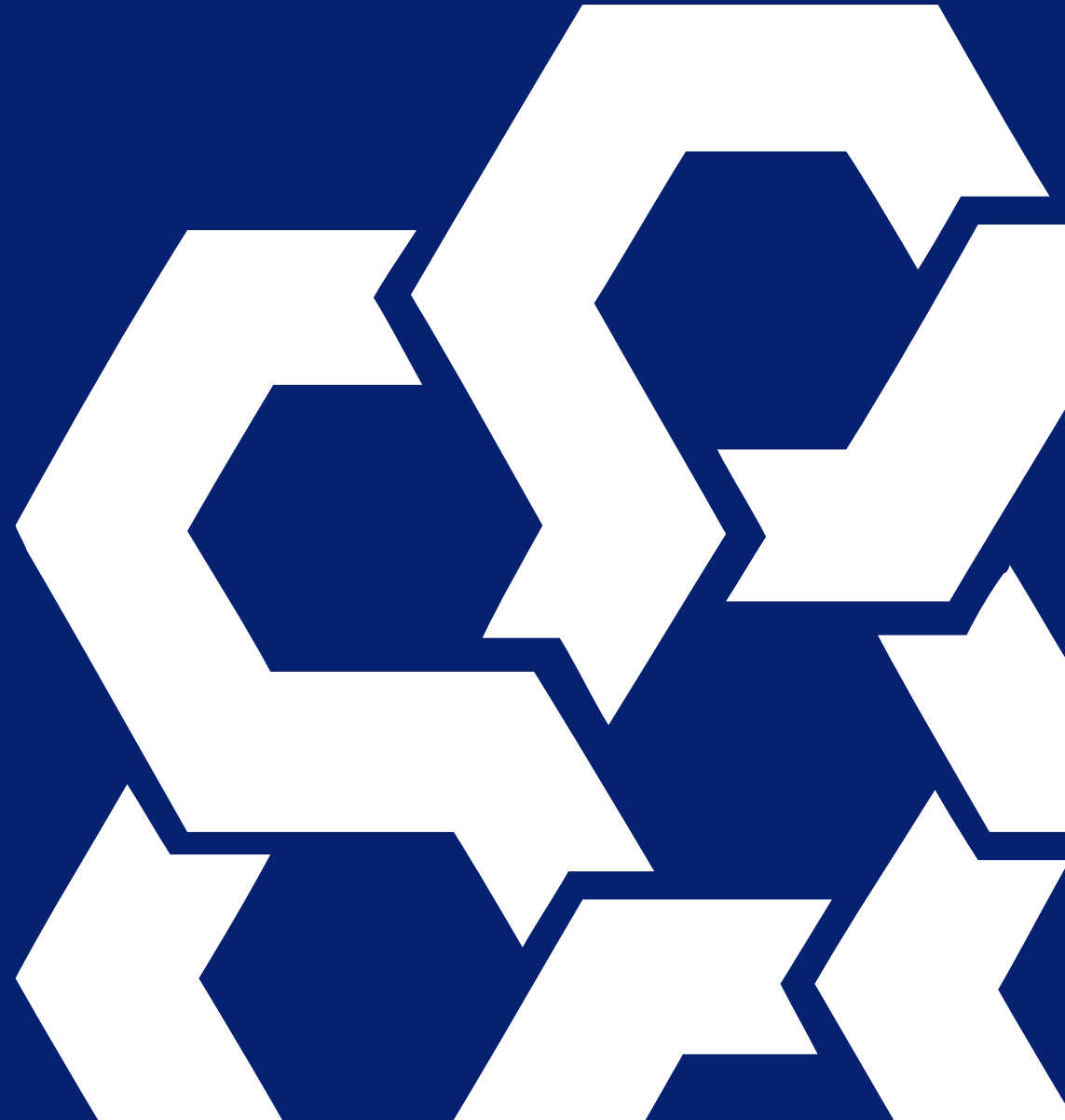
## Aggregation, disaggregation and meaningful labels



- Presentation of operating expenses
- Examples of items in the statement of financial position
- Examples of items in the statement of profit or loss

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# Categories and subtotals



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## New required subtotals

### Operating profit

Gives a complete picture of a company's operations

### Profit before financing and income taxes

Gives a picture of a company's performance before the effects of its financing

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#### Statement of profit or loss

Revenue

Cost of sales

#### Gross profit

Other operating income

Selling expenses

Research and development expenses

General and administrative expenses

Goodwill impairment loss

Other operating expenses

#### Operating profit

Share of profit or loss of associates and joint ventures

Other investment income

#### Profit before financing and income taxes

Interest expenses on borrowings and lease liabilities

Interest expenses on pension liabilities and provisions

#### Profit before income taxes

Income tax expense

#### PROFIT

Operating

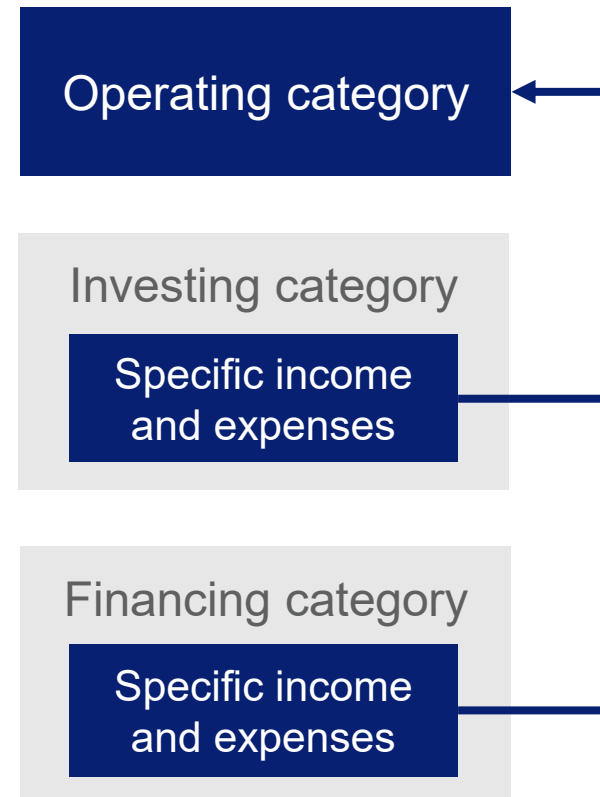
Investing

Financing

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## Requirements for specific companies

- For some companies, financing and investing activities are their main business activities – for example banks and insurers
- These companies include income and expenses in their operating profit that for other companies would be included in the investing or financing categories



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## Assessment of main business activities

The role of main business activities is limited to assessing whether a company either:

- **invests** as a main business activity; or
- **provides financing to customers** as a main business activity

A company uses **judgement** to assess its main business activities **based on evidence**. For example:

- Operating performance measures, such as net interest income and net financial result, used to explain operating performance externally
  - A reportable segment or operating segment that comprises a single business activity and performance of that segment is an important indicator of the entity's operating performance
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# Example – real estate company

## Consolidated statement of profit or loss - Current

<i>(msek)</i>	<b>2026</b>	<b>2025</b>
Rental revenue	4 932	4 493
Service revenue	219	198
<b>Revenue</b>	<b>5 151</b>	<b>4 691</b>
Property expenses	-1 282	-1 165
Property tax	-42	-36
<b>Operating surplus</b>	<b>3 827</b>	<b>3 490</b>
Central administration expenses	-252	-243
Other income	7	5
Other expenses	-2	-1
Share of profit or loss from associates and JVs	323	259
<i>Financial items:</i>		
Financial income	39	24
Financial expenses	-1 512	-1 445
<b>Profit from property management</b>	<b>2 430</b>	<b>2 089</b>
Change in fair value of investment properties, unrealised	-958	657
Change in fair value of investment properties, realised	14	-25
Change in fair value of financial holdings	-3	1
Change in fair value of derivatives	434	-593
Goodwill impairment	-98	-
Change in fair value of contingent consideration	206	-16
Remeasurement of NCI put options	45	-28
<b>Profit before tax</b>	<b>2 070</b>	<b>2 085</b>
Income tax	-530	-681
<b>Profit</b>	<b>1 540</b>	<b>1 404</b>

## Potential IFRS 18 presentation





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## Classification of foreign exchange differences

- Foreign exchange differences classified in same category as income or expenses giving rise to the gain or loss, for example:

Exchange difference on:	Classification
Receivables for the sale of goods	Operating
Cash and cash equivalents	Investing
Debt issued	Financing
Income tax payables	Income taxes
Provisions / lease liabilities	Apply judgement to determine the category

- If classifying foreign exchange differences in each category will involve undue cost or effort, they are classified in the operating category.
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# Classification of foreign exchange differences – some examples

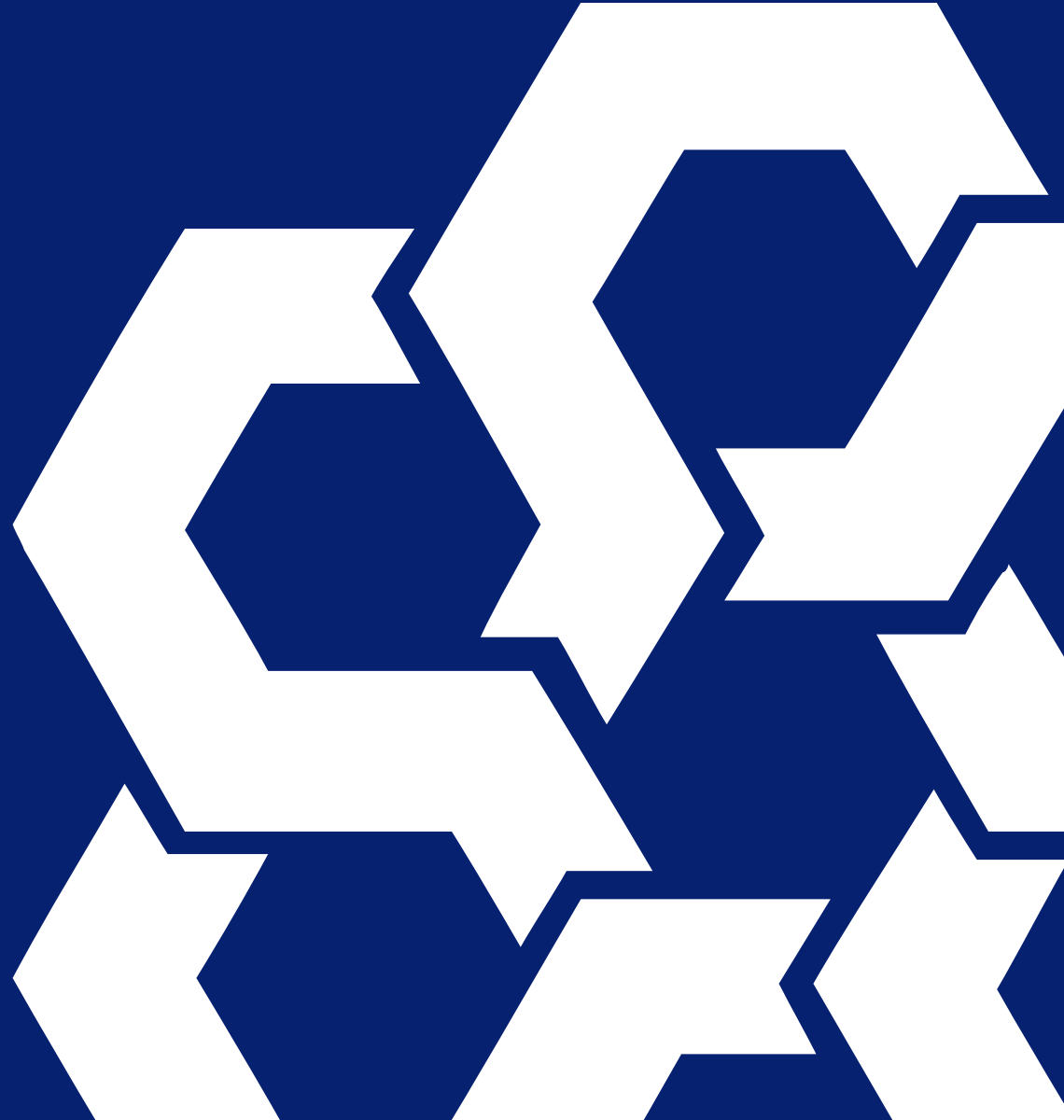
Item that generated FX gains or losses	Operating	Financing	Investing
Trade payables or trade receivables			
Borrowings in foreign currencies			
Deferred consideration to seller in a business combination			
Holdings of bonds in foreign currency at amortised cost			
Liability to non-controlling interests in foreign currency			

# Classification of foreign exchange differences – intra-group examples

Item that generated FX gains or losses	Operating	Financing	Investing
Trade payables/receivables between group entities			
Intra-group lending			

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# Aggregation and disaggregation



## Roles of the primary financial statements and the notes

### Role of primary financial statements

Provide a **useful structured summary** for:

- **obtaining an understandable overview** of company's assets, liabilities, equity, income, expenses and cash flows
- **making comparisons** between companies and reporting periods
- **identifying items or areas** about which users may wish to seek additional information in the notes

### Role of the notes

**Provide further material information** necessary to understand items in primary financial statements

**Supplement the primary financial statements** with additional information to meet the objectives of financial statements

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## Materiality and useful structured summary



A specific presentation or disclosure not needed if resulting information is **not material**



Specified line items need not be presented if it is not necessary for the statement to provide a **useful structured summary**

- required items relating to structure of a primary financial statement must always be presented



**Additional disclosures** needed to enable users to understand the effect of transactions and other events and conditions



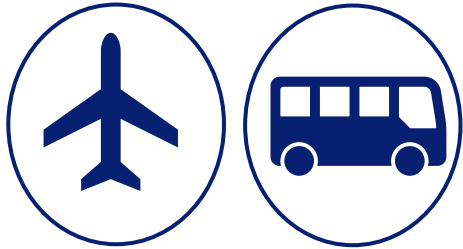
Present **additional line items and subtotals** if such presentations are necessary to provide a **useful structured summary**

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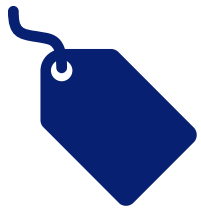
## Aggregation, disaggregation and meaningful labels



Aggregate based on shared characteristics



Single dissimilar characteristic can be enough to disaggregate if resulting information is material



Use meaningful labels

- use the label 'other' only when unable to find a more informative label
  - label as precisely as possible (eg 'other operating expenses')
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## Aggregation/disaggregation: examples of characteristics



Nature



Function (role) within business activities



Geography



Risks associated with an item (eg climate-related risk exposure)



Persistence (unusual / non-recurring) [*income or expenses*]



Timing of recovery / settlement [*assets or liabilities*]



Restrictions on use [*assets*]

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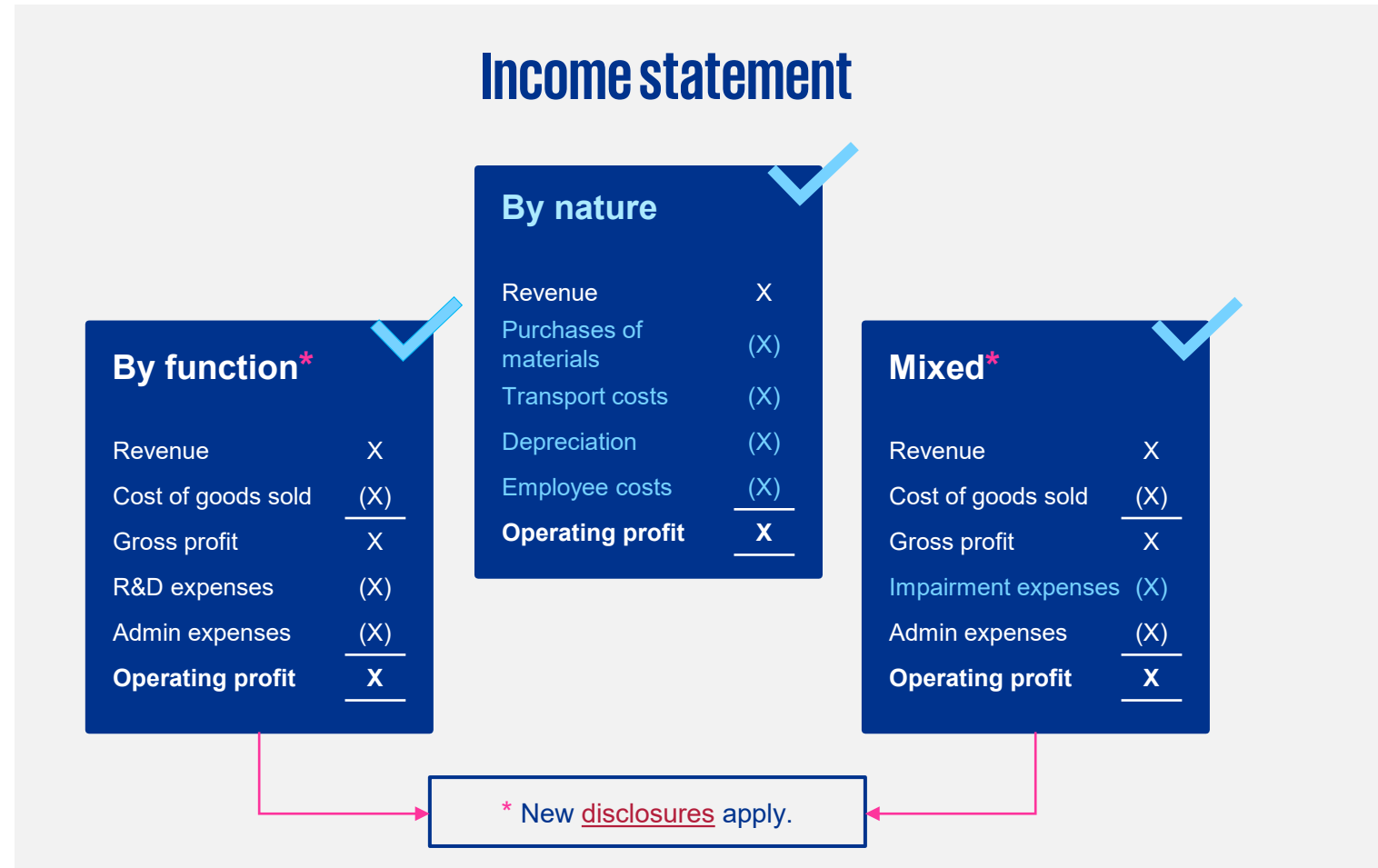
# How are operating expenses presented?

An **analysis of operating expenses is presented on the face** of the income statement.

Operating expenses are presented in a way that provides the 'most useful structured summary' of its expenses, by either:

- **nature;**
- **function;** or
- using a **mixed presentation.**

If any operating expenses are presented by function, then new disclosures apply.



# Presentation of operating expenses – example

## Before IFRS 18

### Consolidated statement of profit or loss

<i>(msek)</i>		<b>2026</b>	<b>2025</b>
Revenue	Note 2	24 750	23 420
Cost of sales		-16 335	-14 960
<b>Gross profit</b>		<b>8 415</b>	<b>8 460</b>
Other income	Note 3	2 170	140
Distribution cost		-1 578	-1 435
Administrative expenses		-5 423	-5 290
Other expenses	Note 5	-1 485	-520
<b>Operating profit</b>	Note 6	<b>2 099</b>	<b>1 355</b>
Financial income		40	15
Financial expenses		-495	-370
<b>Profit before tax</b>		<b>1 644</b>	<b>1 000</b>
Tax expense		-130	-125
<b>Profit</b>		<b>1 514</b>	<b>875</b>

	<i>(msek)</i>	<b>2026</b>	<b>2025</b>
<b>Note 3 Other income</b>			
Gain on sale of business		2 020	-
Bi-product sales		150	140
<b>Total</b>		<b>2 170</b>	<b>140</b>

	<i>(msek)</i>	<b>2026</b>	<b>2025</b>
<b>Note 5 Other expenses</b>			
Impairment of goodwill		1 075	-
Foreign exchange rate differences, net		270	385
Other		140	135
<b>Total</b>		<b>1 485</b>	<b>520</b>

	<i>(msek)</i>	<b>2026</b>	<b>2025</b>
<b>Note 6 Restructuring expenses</b>			
<i>By nature</i>			
Impairment of goodwill		1 075	-
Impairment of PPE and ROU assets		430	-
Termination benefits		56	-
<b>Total</b>		<b>1 561</b>	<b>0</b>

	<i>(msek)</i>	<b>2026</b>	<b>2025</b>
<i>By function</i>			
Cost of sales		415	-
Distribution cost		28	-
Administrative expense		43	-
Other expenses		1 075	-
<b>Total</b>		<b>1 561</b>	<b>0</b>

# Presentation of operating expenses – example

## Before IFRS 18

### Consolidated statement of profit or loss

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<b>Note 5 Other expenses</b>	<i>(msek)</i>	<b>2026</b>	<b>2025</b>
Impairment of goodwill		1 075	-
Net foreign exchange loss		270	385
Other		140	135
<b>Total</b>		<b>1 485</b>	<b>520</b>

## Potential IFRS 18 presentation

# Aggregation & disaggregation, example – statement of financial position

## Consolidated statement of financial position

<i>(msek)</i>		2026	2025
<b>Equity</b>	Note 15		
Share capital		250	250
Other contributed equity		2 500	2 500
Reserves		150	10
Retained earnings incl. profit or loss		5 400	5 150
<b>Total equity</b>		<b>8 300</b>	<b>7 910</b>
<b>Non-current liabilities</b>			
Borrowings	Note 18	7 500	7 200
Lease liabilities	Note 7	1 750	1 660
Provision for pensions	Note 9	25	15
Other provisions	Note 20	60	75
Other liabilities	Note 26	3 100	1 750
Deferred tax liability	Note 12	120	110
<b>Total non-current liabilities</b>		<b>12 555</b>	<b>10 810</b>
<b>Current liabilities</b>			
Borrowings	Note 18	1 000	1 000
Lease liabilities	Note 7	1 750	1 660
Trade payables		475	460
Advance payment from customers		35	30
Accrued expenses and deferred income	Note 25	2 250	2 120
Current tax liability	Note 12	20	15
Other liabilities	Note 26	230	210
<b>Total current liabilities</b>		<b>5 760</b>	<b>5 495</b>
<b>Total equity and liabilities</b>		<b>26 615</b>	<b>24 215</b>

## Note 18 Borrowings

	<i>(msek)</i>	2026	2025
<b>Non-current</b>			
Loans with credit institutions		3 000	3 000
Issued bonds		2 500	2 450
Profit participating debt		2 000	1 750
<b>Total</b>		<b>7 500</b>	<b>7 200</b>
<b>Current</b>			
Loans with credit institutions		600	600
Issued bonds		400	400
Profit participating debt		-	-
<b>Total</b>		<b>1 000</b>	<b>1 000</b>

## Note 25 Accrued expenses and deferred income

	2026	2025
Accrued employee benefits (excl. pensions)	1 070	995
Accrued social security contribution	335	320
Deferred income	825	790
Other	20	15
<b>Total</b>	<b>2 250</b>	<b>2 120</b>

## Note 26 Other liabilities

	<i>(msek)</i>	2026	2025
<b>Non-current</b>			
Liability for contingent consideration		1 475	365
Liability for NCI put option		890	820
Derivative liabilities		700	550
Other		35	15
<b>Total</b>		<b>3 100</b>	<b>1 750</b>
<b>Current</b>			
Derivative liabilities		200	190
Other		30	20
<b>Total</b>		<b>230</b>	<b>210</b>

# Aggregation & disaggregation, example – statement of financial position

## Consolidated statement of financial position

## Potential IFRS 18 presentation

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# Aggregation & disaggregation, example – statement of financial position

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# Aggregation & disaggregation, example – statement of profit or loss

## Consolidated statement of profit or loss

<i>(msek)</i>		2026	2025
Revenue	Note 2	16 250	15 580
Other income	Note 3,17	110	1 570
Materials and consumables expense		-1 550	-1 435
Employee benefits expense	Note 4	-10 255	-9 860
Other external expenses	Note 5,8	-1 485	-1 410
Depreciation and impairment	Note 10	-1 975	-2 460
<b>Operating profit</b>		<b>1 095</b>	<b>1 985</b>
Financial income		40	15
Financial expenses		-495	-370
<b>Profit before tax</b>		<b>640</b>	<b>1 630</b>
Tax expense		-130	-125
<b>Profit</b>		<b>510</b>	<b>1 505</b>

<b>Note 3 Other income</b>	<i>(msek)</i>	2023	2022
Gain on sale of business		-	1 520
Bi-product sales		110	50
<b>Total</b>		<b>110</b>	<b>1 570</b>

<b>Note 5 Audit firm fees</b>	<i>(msek)</i>	2026	2024
<i>Audit firm X</i>			
Audit services		x	y
Etc.		x	y
Etc.		x	y
<b>Total</b>		<b>13</b>	<b>12</b>

<b>Note 8 Leases</b>	<i>(msek)</i>	2026	2025
Low value lease expense		30	27
Short-term lease expense		45	40
Variable lease payments (not index/rate based)		20	22
<b>Total</b>		<b>95</b>	<b>89</b>

<b>Note 10 Property plant and equipment</b>	<i>(msek)</i>	2026	202
...			
...			
Depreciation		1 975	1 960
Impairment		-	500
<b>Total</b>		<b>1 975</b>	<b>2 460</b>

# Aggregation & disaggregation, example – statement of profit or loss

## Consolidated statement of profit or loss

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## Potential IFRS 18 presentation







# Thank you!

