

Invitation to Comment

Call for comments on Draft Endorsement Criteria Assessment of *IFRS 18 Presentation and Disclosure in Financial Statements*

Deadline for completion of this Invitation to Comment:

Close of business, 7 October 2025

Please submit to:

IFRS18@endorsement-board.uk

Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the endorsement and adoption of *IFRS 18 Presentation and Disclosure in Financial Statements*, published by the International Accounting Standards Board (IASB) in April 2024. IFRS 18 replaced IAS 1 *Presentation of Financial Statements*. IFRS 18 sets out general presentation and disclosure requirements that apply across the primary financial statements and the notes. It has an effective date of 1 January 2027 with earlier application permitted (subject to the UKEB adoption in the UK). The information collected from this Invitation to Comment is intended to help with the endorsement assessment.

UK endorsement and adoption process

The requirements for UK adoption are set out in Statutory Instrument 2019/685¹.

The powers to formally adopt international accounting standards for use in the UK were delegated to the UK Endorsement Board in May 2021².

¹ The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019: <https://www.legislation.gov.uk/uksi/2019/685/made>

² The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021: <https://www.legislation.gov.uk/uksi/2021/609/contents/made>

Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts prepared in accordance with IFRS Accounting Standards.

How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return it to IFRS18@endorsement-board.uk by close of business on **7 October 2025**.

Brief responses to individual questions are welcome, as well as comprehensive responses to all questions.

Privacy and other policies

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS Accounting Standards for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)³.

The UKEB's policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide the UKEB with an unsigned version of your submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the "Your Details" document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other response document submitted; therefore, only information that you wish to be published should be submitted in such responses.

³ These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk>

Assessment against endorsement criteria

Our draft assessment [tentatively] concludes that:

- IFRS 18 meets the criteria of relevance, reliability, understandability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by SI 2019/685 (see Regulation 7(1)(c));
- application of IFRS 18 is not contrary to the principle that an entity's accounts must give a true and fair view as required by SI 2019/685 (see Regulation 7(1)(a)); and
- that IFRS 18 is likely to be conducive to the long term public good in the UK as required by SI 2019/685 (see Regulation 7(1)(b)), having considered:
 - whether they will generally improve the quality of financial reporting;
 - the costs and benefits that are likely to result from their use; and
 - whether they are likely to have an adverse effect on the economy of the UK, including on economic growth.

Our draft assessment also concludes that IFRS 18 is not likely to lead to a significant change in accounting practice and therefore does not meet the criteria for a post-implementation review under Regulation 11 in SI 2019/685.

Our assessment is set out in **Sections 3–6** of the [Draft] ECA.

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Questions

Technical accounting criteria assessment

1. Do you agree with the draft assessment of IFRS 18 against the technical accounting criteria? (please select one option)

Yes	☒	No	☐
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2. Please include any comments you may have in response to question 1:

The proposed changes are a step in the right direction.

The Operating Profit sub-total should help with Cash Flow preparation and reconciliation using a standard starting point.

It will also increase transparency of this number (which was otherwise being derived by analysts) and the associated operating profit margin. Standardized subtotals support benchmarking and sector comparisons.

The MPM standardisation is also a positive step. Auditability and reconciliation to IFRS figures will increase credibility and transparency. However, there is a risk of voluntary over disclosure leading to obfuscation, and therefore the discipline of containing only the required information in the MPM section will be important.

UK long term public good assessment

3. Do you agree with the initial overall assessment of the **costs** likely to arise from the implementation of IFRS 18? (please select one option).

Yes	☒	No	☐
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4. Please include any comments you may have in response to question 3 including, if applicable, any costs that may have been omitted from the analysis:

We note the (largely) survey based assessment undertaken by UKEB and do not have further comment.

The estimated direct implementation cost of c.£100m is significant and the financial benefits are harder to quantify, but we expect that on an ongoing basis, standardisation and consistency, including the potential for example for less APM's and fewer reporting categories, should also deliver savings.

5. Do you agree with the initial overall assessment of the **benefits** likely to arise from the implementation of IFRS 18? (please select one option).

Yes	☒	No	☐
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6. Please include any comments you may have in response to question 5 including, if applicable, any benefits that may have been omitted from the analysis:

As above.

Do you agree with the draft assessment that IFRS 18 is likely to be conducive to the long term public good in the UK? (please select one option)

Yes	☒	No	☐
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7. Please include any comments you may have in response to question 7 including, if applicable, any economic effects that have been omitted from the analysis:

We note the benefit methodology adopted by UKEB and derived basis points benefit scenario across market cap, cost of capital and value of debt, but think it will be difficult to isolate the impact of IFRS 18 changes on such metrics at any point. However, we expect that a step towards greater reliability, comparability and transparency on reported accounts will support capital market integrity and the UK markets competitive positioning.

8. In our assessment of implementation costs we have concluded that implementing IFRS 18 will not be disproportionately costly for listed small- and medium-cap entities. Do you agree with this assessment? (please select one option).

Yes	☒	No	☐
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9. Please include any comments you may have in response to question 9:

Your conclusion that complexity rather than size will drive cost sounds reasonable, and hence smaller firms should not be impacted. If the UKEB has any degree of doubt on this part of the assessment, an additional year of flexibility should be considered for adoption by listed SME's.
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True and fair view assessment

10. Do you agree with the draft assessment that IFRS 18 is not contrary to the true and fair view requirement? (please select one option)

Yes	☒	No	☐
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11. Please include any comments you may have in response to question 7:

We do not see any evidence that indicates the changes would contravene a true and fair approach.

Is IFRS 18 likely to lead to a significant change in accounting practice?

12. The UKEB's tentative view is that IFRS 18 is not likely to lead to a significant change in accounting practice because:
- Approximately 80% of the requirements in IAS 1 have been carried forward into IFRS 18 (or into IAS 8 *Changes in Accounting Policies, Estimates and Errors* or IFRS 7 *Financial Instruments: Disclosures*) with limited or no changes. Likewise, a few of the new requirements in IFRS 18 are based on previous requirements in IAS 1.
 - It does not include requirements on how entities recognise and measure items in the financial statements.
 - Current financial reporting practices in the UK may already align with certain aspects of the new requirements in IFRS 18. Therefore, implementing IFRS 18 is unlikely to result in a fundamental change to existing accounting practices.
13. The UKEB observes, however, that there are arguments supporting that IFRS 18 is likely to lead to a significant change in accounting practice, notably that:
- IFRS 18 introduces new requirements that extend beyond the scope of IAS 1 that are expected to affect most if not all entities, such as:
 - A new structure and newly defined subtotals, including operating profit in the statement of profit or loss, that may affect how entities present and communicate financial performance.
 - Mandatory disclosure of management defined performance measures (MPMs) in a single note. In practice there may not be much change considering that most entities already provide detailed reconciliations of their alternative performance measures (APMs). However, entities will need to reassess and potentially expand the information they disclose publicly.

- iii. New guidance on aggregation and disaggregation, which may require entities to revisit how they group, disaggregate information across the financial statements.
- b) IFRS 18 is more than a standard on presentation and disclosure. It represents a long-awaited response to user demands for more relevant, transparent and comparable information. Users have widely acknowledged that IFRS 18 will significantly impact and reshape the presentation and disaggregation of information (primarily on the statement of profit or loss).

14. Taking into consideration the arguments presented above, do you agree with the tentative assessment in the [Draft] ECA that IFRS 18 is not likely to lead to a significant change in accounting practice? (please select one option):

Yes That IFRS 18 is not likely to lead to a significant change in accounting practice (as set out in the [Draft] ECA)	☒	No That IFRS 18 is likely to lead to a significant change in accounting practice (using the arguments set out above)	☐
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15. Please provide your rationale for the answer to Question 15—namely, the reasons for concluding whether or not IFRS 18 is likely to lead to a significant change in accounting practice:

Our view is based on the current approach of larger firms, which already report under various categories, report a number of sub-totals, include APMs, and include cash flows based on one of the common routes. Accordingly, the changes should not lead to a significant change and are mostly of a “slicing and dicing” nature.

16. Do you have any **other comments** you would like to add?

We are supportive of the changes in IFRS18 as they are likely to improve consistency and comparability. The requirement for a standardised adjusted EBITDA is a good example of this.

It must also be recognised that a small minority of firms may not use the changes properly, such as illustrated below, but we expect that the standards work for the majority.

- A firm with a substantial part of its economic operations sat in investee companies could ensure these are less visible when categorised as investments
- APMs could be disclosed in a manner that contradicts or confuses the MPM's

Another example is the requirement to audit MPMs, unlike APMs, which should improve investor confidence in adjusted measures (assuming they believe that they are appropriate in the first place).

Thank you for completing this Invitation to Comment

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