Are you ready for IFRS 18?

Your guide to the new reporting standard arriving in 2027

VANTAGEPOiNT

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IFRS 18 changes how organisations present financial performance, but for many finance teams the harder work sits behind the numbers.

Successful implementation reaches well beyond the financial statements, into classification decisions, management-defined performance measures, reporting systems and comparative information. For organisations with a December year end, the clock is already running.

Understanding IFRS 18

Issued by the IASB in April 2024, IFRS 18 replaces IAS 1 as the primary standard governing the presentation and disclosure of financial statements. It applies to annual reporting periods beginning on or after 1 January 2027, with earlier adoption permitted, and has been endorsed for use in both the UK (December 2025) and the EU (February 2026).

Its aim is to improve consistency and comparability by introducing defined subtotals in the statement of profit or loss, including operating profit and profit before financing and income taxes.

The standard also introduces new disclosure requirements for management-defined performance measures (MPMs). These are performance measures used by management in public communications but not defined by IFRS. Common examples include adjusted operating profit and adjusted EBITDA. Under IFRS 18, organisations must explain these measures clearly and reconcile them to the most directly comparable IFRS subtotal or total.

Although IFRS 18 is a presentation and disclosure standard, implementing it requires organisations to review how financial information is classified and explained. Finance teams also need to ensure those judgements are documented consistently and can be supported throughout the audit process.

The deadline is closer than it looks

For organisations with a December year end, 2026 is the comparative period – the year that will be restated and presented alongside the first IFRS 18 results – and it is already underway. Decisions taken now determine how much of that work is done in a controlled way rather than retrofitted at year end.

For many finance teams, the difficulty is not the standard itself, but how the new requirements fit within existing reporting processes and controls.

Organisations with complex group structures, multiple reporting entities, extensive use of adjusted performance measures, or heavily manual reporting processes are likely to see the greatest impact. Even where the required changes appear relatively small, inconsistent classifications, undocumented judgements and manual workarounds can create risk that is hard to unwind later on. A spreadsheet workaround that works for one entity can quickly become twelve inconsistent ones at group level.

The cost of getting it wrong

The consequences of getting this wrong extend beyond an uncomfortable year end. The most immediate risk is audit: classifications that cannot be supported, judgements that were never documented and reconciliations built in haste are exactly what auditors will test first – and unresolved findings can delay sign-off or, in more serious cases, affect the audit opinion.

For listed groups the exposure goes further. Regulators review published accounts for compliance with new standards, and European and UK enforcers have already signaled that IFRS 18 will be an area of focus. Errors found after publication can mean restatement, with the investor scrutiny and reputational cost that follows. And because MPMs appear in investor communications, a measure that is poorly defined or wrongly reconciled is visible to the market, not just to the audit committee.

Even where nothing formally goes wrong, a rushed adoption carries a cost: manual rework at year end, pressure on an already tight close timetable, and a finance team spending the first year of IFRS 18 firefighting rather than embedding it.

What should finance teams be doing now?

For most organisations, the right starting point is a structured impact assessment to identify where IFRS 18 will have the greatest effect.

Preparation should include:

CLASSIFICATION POLICIES:
Define how income and expenses will be classified across the operating, investing and financing categories.

MANAGEMENT-DEFINED PERFORMANCE MEASURES:
Identify any MPMs used in external reporting and establish how they will be documented, governed and reconciled.

TRANSITION PLANNING:
Assess what is required to produce restated 2026 comparative information, including any data that must be captured before year end.

SYSTEMS AND DATA:
Determine whether existing ERP, consolidation and reporting processes can support the new requirements without relying on manual workarounds.

CONTROLS AND AUDIT READINESS:
Ensure classification decisions, judgements and reconciliations are documented in a way that is consistent, repeatable and auditable.

How VantagePoint can help

Much has been written about what IFRS 18 requires. The harder question is what it means in practice for your organisation. A structured readiness assessment answers that question: it shows what is already fit for purpose, where the gaps are, and what to tackle first.

For organisations using CCH Tagetik and Workiva, VantagePoint offers an IFRS 18 Health Check that assesses the impact across reporting, data, systems, controls and processes – looking not only at what the platform can do, but at how your organisation uses it. The outcome is a pragmatic implementation plan grounded in where you are today.

Preparing now reduces the risk of last-minute reporting changes, rework and audit findings once the standard becomes mandatory. If IFRS 18 is on your roadmap, get in touch to arrange a Health Check and find out where you stand.

About VantagePoint

VantagePoint is a finance transformation consultancy built by practitioners. We work with CFOs and their leadership teams to redesign how they operate, then implement the technology to support it: process first, tech second. As certified partners for CCH Tagetik, Workiva, Pigment, Sage Intacct, FloQast, Kyriba, and NetSuite, we stay embedded through go-live and beyond.

Founded in 2019, we've delivered 400+ transformations across 30 countries, with 120+ employees in London, New York, Singapore, and Sydney.