

Project Initiation Plan–IFRS 18

Presentation and Disclosure in Financial Statements

Project Type	Endorsement and adoption
Project Scope	Significant

Purpose

1. This paper sets out the plan to assess whether to adopt for use in the UK¹ the forthcoming International Accounting Standards Board (IASB) standard IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will replace IAS 1 *Presentation of Financial Statements*.
2. IFRS 18 is expected to be published by the IASB in April 2024. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted (subject to the UKEB adoption in the UK).
3. The UKEB’s statutory functions mean that the Board must assess the requirements in IFRS 18 against the statutory adoption criteria before IFRS 18 can be formally adopted for use in the UK.

Background

4. The *Primary Financial Statements* (PFS) project was added to the IASB’s research agenda in July 2014 in response to investors’ concerns about the comparability and transparency of companies’ performance reporting. Following stakeholder feedback on the IASB’s 2015 Agenda Consultation², the project was added to the active standard-setting projects.

¹ The UK’s statutory requirements for adoption of international accounting standards are set out in [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019 no. 685](#) (the Regulations, or SI 2019/685)

² See the link to the [IASB’s Feedback Statement on the 2015 Agenda Consultation](#).

5. In December 2019, the IASB published the [Exposure Draft ED/2019/7 General Presentation and Disclosures \(ED\)](#). The IASB's [snapshot](#) summarises the ED's proposals. At the time the UKEB had not been established. However, the UKEB Secretariat (Secretariat) response³ to the ED was submitted in September 2020, following public consultation. The Secretariat's [feedback statement](#) (published in October 2020) summarises the outreach work undertaken, stakeholder views, and the final position on the proposals in the ED.
6. The IASB received 216 comment letters in response to the ED. It also conducted significant additional outreach activities during the development of IFRS 18. The IASB redeliberated the proposals in the ED from March 2021 to June 2023.
7. The IASB conducted targeted outreach between October 2022 and December 2022, including attending UKEB's Advisory Groups meetings⁴, to obtain feedback on specific tentative decisions made by the IASB.
8. In July 2023 the IASB began its balloting process of the forthcoming IFRS 18 and stated its intention to publish the final standard in April 2024. This included seeking views on a first draft⁵ of the forthcoming standard from International Forum of Accounting Standard Setters (IFASS) members, which includes the UKEB. The Secretariat submitted comments to the IASB staff.
9. In October and November 2023, the Secretariat held education sessions with the UKEB's Advisory Groups with the support of the IASB PFS staff⁶. The purpose was to obtain feedback on key aspects of IFRS 18 to help identify any significant endorsement concerns and start identifying any likely costs and benefits resulting from the application of the new requirements.
10. Consistent with paragraphs 4.18–4.19 of the [UKEB's Due Process Handbook](#), the Board has received regular progress reports on the PFS project, including updates of tentative decisions made by the IASB, commentary on how those decisions changed the ED proposals and the consistency with UKEB's comments.
11. As a result of this activity, the UKEB Board and Secretariat has fulsome understanding of the expected requirements of IFRS 18.

³ The [response](#) was from the Financial Reporting Council (FRC) because it was submitted before the UKEB had a Chair and a Board.

⁴ The IASB PFS team met with the Investor Advisory Group (IAG) on [3 October 2022](#); with the Preparer Advisory Group (PAG) on [31 October 2022](#); and with the Accounting Firms and Institutes Advisory Group (AFIAG) on [3 November 2022](#). The feedback received was reported back to the UKEB at its [November 2022 meeting](#).

⁵ The IASB shared this draft for editorial review in line with the requirements in paragraph 3.32 of the [IASB Handbook](#). We informed this to the Board in [agenda paper 5](#) for the 21 September 2023 meeting.

⁶ The Secretariat met with the IAG on [27 November 2023](#); with the PAG on [31 October 2023](#); and with the AFIAG on [2 November 2023](#). The feedback received was reported back to the Board at its [November 2023 meeting](#).

Description of the main requirements in IFRS 18

12. A description of the main requirements in IFRS 18 and of the expected effects derived from these requirements is presented in the table below.

Requirements in IFRS 18	Expected effects
Specific subtotals and categories in the statement of profit or loss	
<p>Presentation of two new defined subtotals in the income statement—<i>operating profit</i> and <i>profit before financing and income taxes</i> and defined categories (operating, investing and financing).</p>	<p>The new subtotals and defined categories will:</p> <ul style="list-style-type: none"> • Provide a consistent structure for the income statement, thereby improving comparability and consistency in the presentation and calculation of subtotals across entities. • Make it easier for users of financial statements to understand and compare the information entities provide.
Management-defined performance measures (MPMs)	
<p>Disclosure of MPMs—subtotals of income and expenses, other than subtotals specified by IFRS Accounting Standards, that an entity uses:</p> <ul style="list-style-type: none"> • In public communications outside financial statements. • To communicate to users of financial statements management’s view of an aspect of the entity’s financial performance. <p>An entity will be required to provide a reconciliation between these measures and totals or subtotals specified by IFRS Accounting Standards (including a requirement to disclose the effects on tax and non-controlling interests (NCI) of the adjustments made in calculating these measures). This information is disclosed in a single note in the financial statements.</p>	<p>Disclosure about MPMs will:</p> <ul style="list-style-type: none"> • Improve the transparency of an entity’s performance measures. • Provide better insights into management’s view of performance, and a better understanding of performance measures, including how and why they are calculated.
Aggregation and disaggregation	
<p>Enhanced general principles for aggregation and disaggregation and specific requirements for</p>	<p>New guidance and disclosures will:</p>

Requirements in IFRS 18	Expected effects
disaggregation of 'other' balances, presentation of operating expenses in the income statement and disclosure of specified operating expenses by nature included in each function line item.	<ul style="list-style-type: none"> • Make it easier for entities to group information. • Enhance the transparency and usefulness of the information to users of financial statements.

Project plan

13. The project plan is guided by the following factors.

Identification of required evidence

14. The Secretariat has commenced identifying issues for further consideration as part of the UKEB's endorsement work. The principal components of this work are set out below.
- Desk-based research (see paragraph 16);
 - Preliminary views of the UKEB's Advisory Groups ahead of the publication of IFRS 18 (see paragraphs 17–19);
 - User and preparer surveys (see paragraphs 20–26);
 - Subsequent consultations with UKEB Advisory Groups/UKEB Financial Instruments Working Group (FIWG) (see paragraphs 27–28);
 - Educational webcasts/webinars in coordination with IASB staff (see paragraphs 29–30); and
 - In-house research on long-term public good (see paragraphs 31–37).
15. If critical evidence emerges from the preparer and user survey responses and/or from feedback derived from other outreach activities, the Board will be asked to confirm whether additional activities should be carried out (refer to paragraph 26 and paragraphs 38–44).

Desk-based research

16. We have carried out desktop analysis of a draft version of IFRS 18 and the basis for its requirements (when a first draft version was shared with IFASS members⁷)

⁷ See paragraph 8.

and of commentaries/articles issued in advance of the publication of the standard, for example by accounting firms. The Secretariat will continue carrying out this type of analysis once IFRS 18 is published.

Preliminary views from advisory groups

17. The preliminary feedback from members of these groups during Q4 2023 indicated overall support for the presentation and disclosure requirements of IFRS 18. In their view the requirements in IFRS 18 will provide greater comparability and consistency of financial information and reduce diversity in practice.⁸
18. However, they identified three main topics requiring further detailed consideration prior to the endorsement of IFRS 18 (see table below).⁹

Issues identified by UKEB Advisory Groups	
IFRS 18 requirements	Issues raised
Associates and joint ventures accounted for using the equity method presented in the investing category	
<p>Entities are required to include income and expenses from associates and joint ventures accounted for using the equity method in the income statement:</p> <ul style="list-style-type: none"> a) after operating profit and before the subtotal profit before financing and income taxes; and b) in the investing category. 	<p>Some members considered that there could be circumstances where associates and joint ventures accounted for using the equity method are within an entity's main business activities. Therefore, in their view it would be more appropriate to allocate the relevant income and expenses to the operating category (as opposed to the investing category).¹⁰</p>
Existence of MPMs and Alternative Performance Measures (APMs) and usefulness of the required disclosure of the tax and NCI effects	
<p>Entities are required to disclose:</p> <ul style="list-style-type: none"> a) information about MPMs in a single note to the financial statements as 	<p>Some members considered that the co-existence of two sets of performance</p>

⁸ The Secretariat has organised an education session for the UKEB Financial Instruments Working Group (FIWG) with the participation of IASB staff in April 2024 to obtain views on the requirements of IFRS 18.

⁹ The information in this table is based on UKEB's advisory group meeting summary (meetings with PAG on [31 October 2023](#); and with AFIAG on [2 November 2023](#)). The [IAG](#) did not raise major concerns on the requirements.

¹⁰ The Secretariat's preliminary work indicates that industries in which associates, and joint ventures are more likely to be considered within an entity's main business activities are insurance, automobile, mining and real estate.

Issues identified by UKEB Advisory Groups	
IFRS 18 requirements	Issues raised
<p>to why and how the measure(s) communicate(s) management's view of an aspect of the entity's financial performance;</p> <p>b) a reconciliation between MPMs and the most directly comparable subtotal or total specified in IFRS Accounting Standards; and</p> <p>c) the effects of income tax and NCI for each item disclosed in the reconciliation from the requirement at b).</p>	<p>measures (i.e. MPMs and APMs) could lead to user confusion in respect of:</p> <ul style="list-style-type: none"> • The type of measures that would be included within the scope of MPMs (e.g. adjusted operating profit is an MPM but adjusted revenue is not an MPM). • Including MPMs and APMs in different locations of the annual report (i.e. MPMs are required to be included as part of the financial statements; whereas APMs are generally included outside the financial statements). <p>Some members noted that the requirements on the effects of income tax and NCI in the MPM reconciliations would lead to additional work and, in some circumstances, the allocation of these effects would not necessarily lead to useful information.</p>
Disclosure of specific expenses by nature	
<p>Entities that present one or more line items comprising expenses classified by function in the income statement are required to disclose, in a single note, the amounts of expense included in each function line item for:</p> <p>a) depreciation;</p> <p>b) amortisation;</p> <p>c) employee benefits;</p>	<p>Some members noted that the requirement to disclose the amounts of expense by nature included for each functional line item could be difficult to prepare because those amounts of expense by nature are either:</p> <ul style="list-style-type: none"> • not tracked by the current systems¹¹; • are tracked at a subsidiary level but cannot be easily identified at a consolidated level¹² because the

¹¹ For example, in the extractive industry, employee benefits could be capitalised into a drilling rig. This rig could be used to explore for oil and then be depreciated and/or impaired. This could make it very difficult for entities to keep track of the original debit. This is the reason why the IASB decided to provide application guidance to clarify that the amounts disclosed need not be the amounts recognised as an expense for the period. For example, they could include amounts that have been recognised as part of the carrying amount of an asset in the period.

¹² The nature of an operating expense could be changed or lost, for example, as a result of intercompany transactions.

Issues identified by UKEB Advisory Groups	
IFRS 18 requirements	Issues raised
<ul style="list-style-type: none"> d) impairment; and e) write-downs of inventories. 	<p>consolidation process is not designed to retain or track information on the underlying nature of some costs.</p> <p>Therefore, changes in systems may be necessary to produce the required information by nature, which some members think would be costly.</p>

19. Advisory group members were of the view that the IASB should provide additional guidance on these topics to ensure better understanding and consistency of application. These members offered further suggestions on how to improve the standard.

User and preparer surveys

20. The Secretariat is planning to carry out preparer and user surveys to obtain data on users and preparers views that would help:
- a) Gain more information on issues identified above to determine whether they continue to be concerns, and if so, how extensive they are;
 - b) Identify additional issues/concerns; and
 - c) Gather evidence on whether the requirements in IFRS 18 meet the technical accounting and the long-term public good assessment criteria (i.e. costs and benefits and wider economic effects). Particular consideration will be given to the potential effects for small and medium sized listed entities.
21. The preliminary views of the UKEB Advisory Groups will help develop these surveys. Before releasing the surveys to the wider public the Secretariat will:
- a) Test the draft surveys with the Academic Advisory Group (AAG), UKEB Board members, and senior UKEB Secretariat staff, and revise the surveys with input received; and
 - b) Pilot the surveys with the IAG and PAG.
22. The Secretariat plans to circulate the final surveys shortly after IFRS 18 is published and will give participants at least two months to respond.
23. The Secretariat will follow-up with individual or groups of stakeholders if anything needs further clarification.

24. There is a risk, however, that it may be too early for entities to determine the impact of IFRS 18 on their accounting practices and/or to quantify the costs of implementing IFRS 18. The Secretariat could either extend the deadline for the surveys and/or conduct additional engagements with stakeholders (for example to consider further 1 to 1 interviews).

Review point after obtaining survey results

25. The Secretariat will bring a summary of the survey feedback received and analysis of this feedback at a future meeting following closure of the surveys. This will include a preliminary analysis on whether the Secretariat considers that the concerns identified from the survey responses are endorsement issues¹³; or whether they are implementation¹⁴ or interpretation issues¹⁵ that have the potential to become endorsement issues.
26. There is an explicit review point in the proposed timetable (Q4 2024) to ask the Board whether additional activities should be carried out (refer to paragraphs 38–44 below).

Subsequent consultations with UKEB Advisory Groups/UKEB Financial Instruments Working Group (FIWG)

27. As noted, the Secretariat will pilot the draft survey with the IAG and PAG and ask them to flag any fatal flaws. We will also ask them to circulate the final survey through their networks.
28. The Secretariat will be subsequently meeting with UKEB advisory groups (and with the FIWG, if needed) in the following few months to ask them for feedback on the survey questions, on the preliminary survey results, and/or for any new/emerging issues since we last met them.

Educational webcasts/webinars in coordination with IASB staff

29. The Secretariat is planning to record an educational webcast with the participation of IASB staff which will set out the overall requirements of IFRS 18 for presentation and disclosures in the financial statements. The Secretariat will release the webcast shortly after IFRS 18 is published.

¹³ Endorsement issues are those that would present challenges as to whether the requirements meet the technical accounting criteria; the long-term public good criteria (e.g. they could lead to costs which greatly outweighed the benefits achieved or they would not be likely to be conducive to the long term public good in the UK); and/or the true and fair view assessment (see paragraph 45(b)).

¹⁴ For example, where the requirements in IFRS 18 are difficult to put into practice.

¹⁵ For example, where the requirements in IFRS 18 are found to be unclear and not well understood and/or where questions emerge on how they should be interpreted and applied to specific scenarios/cases.

30. The Secretariat will hold a joint webinar with the IASB (expected Q2 or Q3 2024) to promote the preparer and user surveys and also to give UK stakeholders an opportunity to ask questions on the requirements in IFRS 18. The Secretariat is also planning a webinar for small and medium-sized listed entities¹⁶ as they may not have followed the development of IFRS 18 as closely as other larger companies and may be less aware of the new requirements.

In-house research on long-term public good

31. The economics team may conduct additional in-house research activities to gain further insight on topics related to the assessment of long-term public good (costs and benefits and wider economic effects) as explained below. This work will be reflected in the Draft Endorsement Criteria Assessment (DECA).

Costs and benefits

32. Costs and benefits will be investigated in the first instance through the users and preparers surveys as discussed in paragraphs 20–24.
33. Initial feedback has been received from advisory groups, see paragraph 17–19.
34. The economics team may conduct additional activities for the evaluation of costs and benefits, such as:
- a) Further analysis on the data, for example an estimation of the total cost for IFRS reporters based on survey responses and an econometric model, an approach already taken for the endorsement of IFRS 17 *Insurance Contracts*.
 - b) Additional outreach with preparers, users and auditors.

Wider economic effects

35. Wider economic effects will be investigated in the first instance through the users and preparers surveys, as discussed in paragraph 20(c).
36. The economics team may conduct additional activities for the evaluation of wider economic effects, such as:
- a) Desk-based research;
 - b) Quantitative analyses; and

¹⁶ The Secretariat is currently liaising with Quoted Companies Alliance (QCA) for the organisation of this webinar.

- c) Outreach activities, for example, 1 to 1 interviews on specific issues.
37. The economics team will also explore ways of estimating the cost of capital model, that would allow for the quantification of cost of capital effects in different scenarios, in-house. Such a model will reduce the chance of having to conduct bespoke economic analysis in relation to cost of capital. This model will be used for other endorsement projects too but will be deployed for the first time for the endorsement of IFRS 18. The timeline for the development of the model is included in Table 1 following paragraph 66. Such a model will reduce the chance of having to conduct bespoke economic analysis in relation to cost of capital.

Additional activities in case critical evidence emerges

38. If critical evidence emerges from the preparer and user survey responses and/or from feedback derived from other outreach activities, the Board will be asked to re-assess the need to perform additional activities to progress on some issues in more depth. This additional work would lead to a longer timeframe for the adoption of IFRS 18.
39. Additional activities may include:
- a) Roundtable and/or structured interviews.
 - b) Additional outreach with preparers, users and auditors.
 - c) Any additional LTPG assessment activities. For example:
 - i. Commissioning an economic study (see paragraphs 42–44 below);
 - ii. Further analysis of the data (i.e., econometric model); and/or
 - iii. Further quantitative analyses.
40. It must be noted that, conditional on critical evidence emerging, only some of the above activities may be conducted.
41. Table 2 following paragraph 66 illustrates a scenario where additional activities are undertaken requiring a longer timeframe for the adoption of IFRS 18.

Potential for an economic study

42. An external economic study on the possible impact of the use of IFRS 18 on the UK will only be undertaken if critical evidence emerges from the preparer and user survey responses and will be focused on critical evidence only.
43. Critical evidence that may trigger further economic research would be linked to significantly higher than expected costs or unanticipated detrimental economic effects for:

- a) UK IFRS preparers as a whole;
 - b) given industries; or
 - c) smaller-sized listed entities.
44. Any findings specific to given industries/groups of companies (such as smaller-sized listed entities) may lead to additional research focusing on those industries/groups.

Approach to the analysis on the endorsement of IFRS 18

45. The Secretariat has made the following assumptions about the approach to the analysis that we will be carrying out on the endorsement of IFRS 18:
- a) **Technical accounting criteria assessment**¹⁷. This assessment will be carried out considering IFRS 18 as a whole. However, in reporting this assessment in the DECA the Secretariat will focus our analysis only on significant issues raised by UK stakeholders (an ‘exceptions-based’ approach). Initial research, together with outreach to the UKEB Advisory Groups, has identified three potentially significant issues (as described in the table following paragraph 18 of this paper). The analysis against the technical accounting criteria will specifically focus on those issues. However, if other issues are identified during the course of the project that need to be specifically assessed against the technical accounting criteria, these will be presented to the Board for its consideration. The public consultation on the DECA and potential additional outreach will provide an opportunity to gather further evidence on potential significant issues.
 - b) **True and fair view assessment**¹⁸. This assessment will consider whether IFRS 18 contains any requirement that would prevent accounts prepared using IFRS 18 from giving a true and fair view. A holistic approach will be taken for this assessment considering the impact of IFRS 18 taken as a whole, including its interaction with other UK-adopted international accounting standards.

¹⁷ SI 2019/685 requires an assessment of whether “the standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management” [regulation 7(1)(c)]. In this paper we refer to these criteria collectively as the technical accounting criteria.

¹⁸ SI 2019/685 requires an assessment of whether the standard is not contrary to the principle that an undertaking’s accounts must give a true and fair view of the undertaking’s assets, liabilities, financial position and profit or loss [regulation 7(1)(a)(i)]. Similar criteria are set out in regulation 7(1)(a)(ii) in respect of consolidated accounts.

- c) **Long-term public good assessment**¹⁹. This assessment will involve consideration of whether the use of the standard is likely to improve the quality of financial reporting, the likely costs and benefits of IFRS 18 and of whether use of IFRS 18 is likely to have an adverse effect on the UK economy, including on economic growth. This assessment will be approached considering the requirements of IFRS 18 as a whole.
46. Given the UKEB only adopts the mandatory sections of an IFRS for use in the UK, the scope of the **adoption assessment** will only comprise the mandatory sections²⁰ of IFRS 18.
47. The draft structure and outline contents of IFRS 18 DECA are set out in **Annex 1** of this Project Initiation Plan.

Other considerations

Entities in scope

48. IFRS 18 will affect all entities using IFRS Accounting Standards. There are currently approximately 1,500 entities with equity listed on the London Stock Exchange that prepare their financial statements in accordance with IFRS.²¹ In addition, UK law allows unlisted companies the option to use IFRS and approximately 14,000 such companies currently take up this option.²²

Importance to users and preparers

49. IFRS 18 is important to both users and preparers as it is intended to enhance the comparability, transparency and usefulness of financial information reported by companies.

Complexity of technical issues

50. IFRS 18 does not affect recognition and measurement requirements—it changes presentation and disclosure requirements only. Therefore, the standard is not expected to be technically complex.

¹⁹ SI 2019/685 requires an assessment of whether the standard is likely to be conducive to the long term public good in the UK [regulation 7(1)(b)].

²⁰ Mandatory pronouncements are International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations and mandatory application guidance. Non-mandatory guidance includes the basis for conclusions, dissenting opinions, implementation guidance and illustrative examples, together with the IFRS practice statements. This categorisation is set out in the introduction to the IASB yearly bound volumes.

²¹ UKEB calculation based on London Stock Exchange Group (LSEG) and Eikon data, May 2023. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).

²² UKEB estimate based on FAME (company information in the UK and Ireland produced by the Bureau Van Dijk, a Moody's analytics company), Company Watch financial analytics and other proprietary data.

51. Nevertheless, the Secretariat acknowledges that IFRS 18 will require entities to make classification or disaggregation decisions or to gather information that is not currently required by IFRS Standards and that may not be readily available. For example, some of the disaggregation requirements may require system changes to gather the information. The Secretariat's initial assessment is that the mandated effective date of 1 January 2027 should give entities sufficient time to implement these changes.
52. It is possible that small and medium sized listed companies may not have followed the development of IFRS 18 as closely and may be less aware of the new requirements. This could mean that technical or operational issues specific to those entities may arise during the UKEB's outreach.

Public consultation duration for the DECA

53. The current draft project timetable assumes a 90-day public consultation period for the DECA in accordance with paragraph 6.28 of the [UKEB's Due Process Handbook](#).
54. As noted in the 'Background section' above (refer to paragraph 6 of this paper), the IASB's due process has included extensive outreach over many years and UK stakeholders have already made extensive use of opportunities to contribute directly to the development of IFRS 18. Consequently, the Secretariat expects that some of the stakeholders would already be familiar with some of issues that are likely to be addressed in the DECA.

Urgency

55. The effective date of IFRS 18 is 1 January 2027, with early application permitted (subject to the UKEB adoption in the UK). So far, there have not been any requests to accelerate the adoption for use in the UK.

Expected interest/sensitivity

56. The Secretariat is not aware of wider political or other concerns in relation to this project.

Overview of costs and benefits

57. The initial stakeholder feedback received from UKEB Advisory Groups (refer to the table following paragraph 18 indicates overall support for the presentation and disclosure requirements of IFRS 18. However, some members of these groups cautioned that preparers may incur familiarisation costs and might need to change their internal processes and systems to gather some of the required information. IAG members did not identify any additional cost burdens from the requirements during this preliminary outreach.

58. As discussed in paragraphs 20–24, costs and benefits and wider economic effects will be investigated in the first instance through the evidence gathered from users and preparers surveys.
59. As also discussed in paragraphs 31–37, the economics team may conduct additional in-house activities to gain further insight on topics related to the assessment of long-term public good (costs and benefits and wider economic effects).

Potential for an economic study

60. As discussed in paragraph 42, if critical evidence emerges from the Secretariat's outreach activities, an external economic study will be undertaken which would result in a longer timeframe for the adoption of IFRS 18.
61. While based on the outreach already conducted it seems unlikely that the surveys will uncover sizable unanticipated economic effects, there is a possibility that this could happen.

Resources allocated

Resource capacity

62. The UKEB PFS team currently comprises a small number of technical staff, making resource constraints a challenge to timely delivery of the project. Currently one Project Director, one Project Manager and an economist, on a part-time basis, are allocated to the project. An additional project manager has been allocated to the project and is expected to be available part-time from Q2–Q3 2024.
63. The Secretariat will hire a fixed-term contract researcher with background in economics who will help with both the distribution of the surveys and the long-term public good assessment. Their contract is anticipated to start in June 2024 for the duration of six months.

Setting-up an ad-hoc advisory group is not necessary

64. The existing UKEB advisory groups are well placed to provide feedback on this project, as IFRS 18 is not technically complex, nor its application specific to a particular industry sector. Therefore, an ad-hoc advisory group specific to the endorsement of IFRS 18 is not necessary.

Project timetable

65. The proposed high-level project timetable shown below in Table 1 is based on current expectations that no critical evidence will emerge and aims to carry out

endorsement activities and make an adoption decision before the effective date of the standard. The timetable is a best estimate, therefore, the project could finish earlier.

66. Should critical evidence be uncovered, the Secretariat may have to carry out additional activities (see paragraphs 38–44) which would result in a longer timeframe for the adoption of IFRS 18. This is shown for illustration purposes in Table 2 of this paper.

Table 1: Proposed timeline for IFRS 18 endorsement

The table below illustrates the proposed timeline for IFRS 18 endorsement with an assumption that no critical evidence emerges during the endorsement assessment.

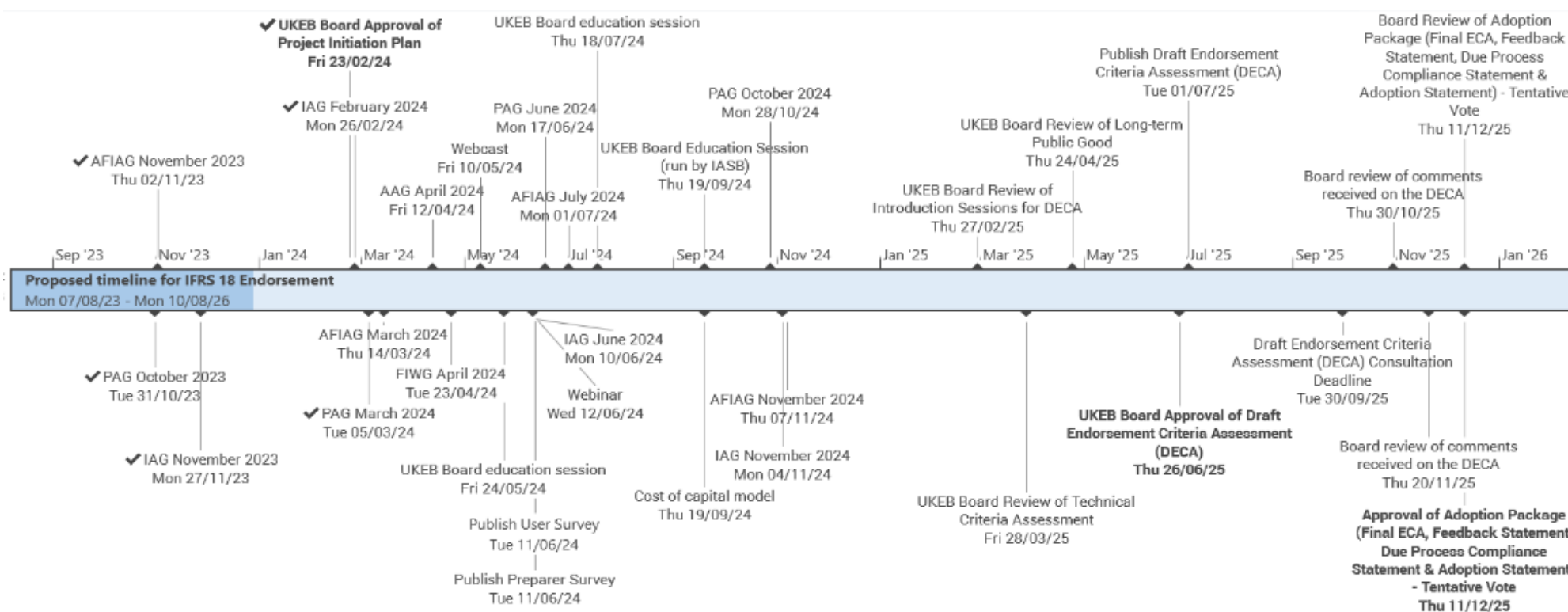
	Activities	Feb-Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov-Dec 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	
Education activities	PIP for approval and noting	PIP													
	IFRS 18		Publication												
	Board education session		Preparation	24 May	Preparation	18 Jul	Preparation	19 Sep							
	Educational webcast with IASB	Preparation		Webcast											
	Joint webinar with IASB staff to publicise the surveys	Preparation			Webinar										
	Joint UKEB/IASB/QCA webinar	Preparation				Education									
FIWG meeting: joint presentation with IASB	Preparation	FIWG													
Outreach	Preparer and user surveys. Assess both technical accounting and LTPG criteria	Drafting/feedback/piloting			Distribution/Analysis of preliminary results			Survey results discussion		Survey results discussion					
	Survey: AAG meeting - feedback on survey design	Preparation	12 Apr												
	Survey: Engagement with PAG/IAG - Piloting and additional feedback			Piloting	10 Jun 17 Jun			Preparation	28-Oct	4 Nov					
	Engagement with AFIAG	14 Mar				1 Jul			7 Nov	7 Nov					
Economics	Support from fixed-term researcher	Job specs drafting	Recruitment		Support for survey distribution and cost of capital model and other LTPG related activities										
	Cost of capital model	Preparation			Preliminary results	Finalisation	Final results	Implementation in endorsement for PFS							
DECA and ECA	DECA drafting - technical accounting criteria								Secretariat drafting		Board review and approval/ Secretariat drafting		Consultation period	Board review of comments	
	DECA drafting - LTPG assessment								Secretariat drafting and conducting analysis as appropriate						
	Engagement with advisory groups												AG sessions		
	ECA and adoption package												Review and approval		

Table 2: Illustration of extended timeline for IFRS 18 endorsement if critical evidence emerges

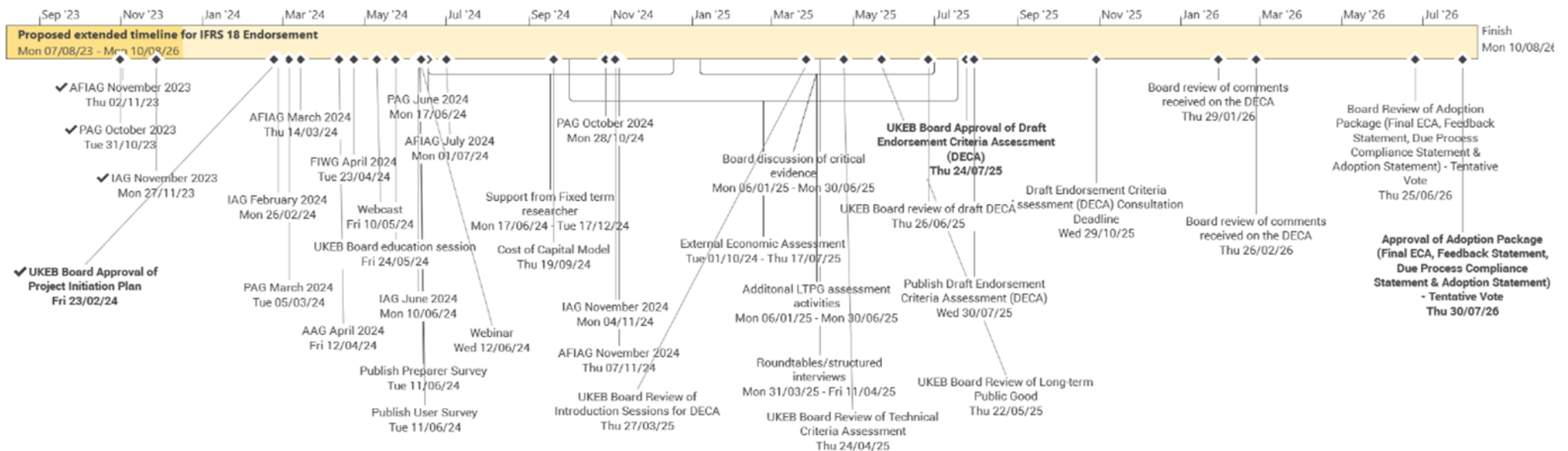
The table below illustrates a proposed extended timeline for a scenario where critical evidence emerges during the endorsement assessment of IFRS 18.

Activities		Feb-Oct 2024	Nov-Dec 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	
	PIP for approval and noting	Same as standard timetable									
	IFRS 18 publication										
	Education activities										
	Outreach										
Economics	Support from fixed-term researcher	Same as standard timetable	Same as standard timetable								
	Cost of capital model										
Additional activities	[Roundtable and/or structured interviews]		Preparation	[Roundtable and/or structured interviews]							
	[External economic assessment focusing on critical evidence only]			[External economic assessment focusing on critical evidence only]							
	[Any additional LTPG assessment activities - focused on critical evidence only]			[Additional LTPG assessment activities]							
	[Board discussion of critical evidence]			[Board discussion of critical evidence]							
DECA and ECA	DECA	Same as standard timetable	Secretariat drafting	Board review / Secretariat drafting	Board review / Secretariat drafting / Consultation period	Board review of comments					
	DECA drafting - LTPG assessment		Secretariat drafting and conducting analysis as appropriate	Board review / Secretariat drafting	Board review / Secretariat drafting / Consultation period	Board review of comments					
	Engagement with advisory groups				AG sessions						
	ECA and adoption package								Review	Approval	

IFRS 18 *Presentation and Disclosure in Financial Statements* (effective date 1 January 2027) – Proposed timeline



IFRS 18 *Presentation and Disclosure in Financial Statements* (effective date 1 January 2027) – Illustration of extended timeline



Appendix 1: [Draft] Endorsement Criteria Assessment structure and outline contents

[Draft] Endorsement Criteria Assessment: IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>—proposed structure and outline contents
Executive summary: To provide a summary of key points covered as part of the DECA
<p>Section 1: Legislative framework and our approach to the assessment</p> <ul style="list-style-type: none"> • Purpose of [Draft] Endorsement Criteria Assessment (DECA) • UK statutory requirements • Approach to the endorsement criteria: <ul style="list-style-type: none"> ○ Technical accounting criteria ○ UK long term public good ○ True and fair view principle • Scope of the adoption assessment
<p>Section 2: Description of IFRS 18</p> <ul style="list-style-type: none"> • Background, context and objectives <ul style="list-style-type: none"> ○ Overview of IASB’s project – key purpose and objectives: ○ High-level picture of current accounting in the UK under IAS 1 • Description of IFRS 18’s main accounting requirements: <ul style="list-style-type: none"> ○ High-level description of the main principles ○ Presentation requirements ○ Disclosure requirements ○ Transition requirements ○ Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>²³
<p>Section 3: Technical accounting criteria assessment</p> <ul style="list-style-type: none"> • Detailed analysis against the technical accounting criteria only in relation to significant issues (an exceptions-based approach) on a topic-by-topic basis. • ‘Significant issues’ from preliminary assessment [For each significant issue, the following is expected to be covered:

²³ IFRS 18 will change the title of IAS 8 from ‘*Accounting Policies, Changes in Accounting Estimates and Errors*’ to ‘*Basis of Preparation, Accounting Policies, Changes in Accounting Estimates and Errors*’.

[Draft] Endorsement Criteria Assessment: IFRS 18 *Presentation and Disclosure in Financial Statements*—proposed structure and outline contents

- Introduction and description of the issue
- IFRS 18 requirements
- Accounting impact
- Analysis against the technical accounting criteria]
- Overall conclusion on whether IFRS 18 meets the technical accounting criteria

Section 4: UK long term public good assessment

- Structure of the assessment: The assessment is performed at the level of IFRS 18 as a whole
- Overview of long term public good assessment—purpose and approach
- Will IFRS 18 improve the quality of financial reporting?
 - Discussion of improvements introduced by IFRS 18 and comparison with UK current practices
- Costs and benefits of applying IFRS 18
 - Overview of expected costs and benefits of IFRS 18 and explanation of the approach used for this assessment
 - Detailed costs and benefits for preparers, users, auditors, regulators and other stakeholders
 - Summary of costs and benefits for stakeholders
- Likely effect on the economy of the UK
- Consideration of the consequences of not adopting the standard
- Overall conclusion on UK long term public good

Section 5: True and fair view assessment

- Structure of the assessment: The assessment is performed at the level of IFRS 18 as a whole
- Interaction with other UK-adopted international accounting standards
- Assessment
- Overall conclusion

Conclusion

- [Draft] adoption decision

Does the Standard lead to a significant change in accounting practice?

- This Standard is likely to lead to a significant change in accounting practice and therefore meet the criteria for a post-implementation review under Regulation 11 in SI 2019/685

Glossary