This table summarises the key differences between IAS 1 (current) and IFRS 18 (effective 1 January 2027). Use this as a reference in client conversations and impact assessment work.

Topic	IAS 1 — Current	IFRS 18 — From 1 January 2027
P&L; Categories	No defined categories. Management has discretion over line items and structure.	Five defined categories: Operating, Investing, Financing, Income taxes, Discontinued operations. All items must be classified.
Mandatory Subtotals	Profit before tax and profit for the period only.	Three new mandatory subtotals: (1) Operating profit; (2) Operating profit + integral associates/JVs; (3) Profit before financing and tax.
Definition of Operating Profit	Not defined in IAS 1. Each entity uses its own definition, creating comparability issues.	Defined as all items in the Operating category. Provides a consistent, comparable subtotal across IFRS reporters.
Associates & Joint Ventures	Share of results typically shown as a single line item. No required split between types of associate.	Must split: integral associates/JVs (included in Subtotal 2) vs non-integral (classified in Investing category).
Alternative Performance Measures	No specific IFRS requirements. Subject to market guidance (ESMA, FRC) and regulatory requirements only.	MPMs formally regulated in IFRS. Must be disclosed in notes with reconciliation to IFRS 18 subtotal, explanation, and tax/NCI effect.
Unusual Items	No definition. Extraordinary items prohibited since IAS 1 (Revised 2003).	Defined concept: income/expenses from events clearly distinct from ordinary activities. Separately disclosed when material — on face or in notes.
Cash Flow Classification	IAS 7 allows a policy choice: interest paid can be Operating or Financing; interest received can be Operating or Investing.	Must align with income statement classification. Policy choice eliminated — interest/dividends follow their IFRS 18 category consistently.
Aggregation/Disaggregation	Based on materiality and nature/function. Limited specific guidance.	Strengthened principles: must disaggregate items with different characteristics. Specific guidance on when to aggregate line items.
Expense Classification	Choice between nature (materials, staff, depreciation) or function (cost of sales, selling, admin). Notes disclosure if function used.	Same choice retained. If function format used, certain expenses by nature must be disclosed in notes (unchanged).
Profit or Loss Statement Format	Single statement of profit or loss, or two-statement approach (separate OCI). Both permitted.	Same options retained. New mandatory subtotals must appear in whichever format is used.
IFRS 19 Subsidiaries	No reduced disclosure framework in IFRS for non-publicly accountable subsidiaries of IFRS groups.	New IFRS 19 provides reduced disclosure framework for eligible subsidiaries. Recognition/measurement unchanged — notes only.

Topic	IAS 1 — Current	IFRS 18 — From 1 January 2027
Transition	N/A — IAS 1 is current standard.	Retrospective application required. Prior period comparatives must be restated. Limited practical expedient for MPMs in first year only.

Source: IFRS 18, Presentation and Disclosure in Financial Statements (IASB, April 2024) and IAS 1, Presentation of Financial Statements. This comparison is for general informational purposes only. Always refer to the authoritative text before advising clients.