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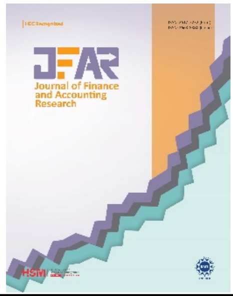

Title: **IFRS 18 and the Future of Financial Performance Reporting: Challenges, Implications, and Roadmap for Implementation**

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IFRS 18 and the Future of Financial Performance Reporting: Challenges, Implications, and Roadmap for Implementation

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Abstract

The current study examined the introduction of International Financial Reporting Standard 18 (IFRS 18) and its implications for the future of financial performance reporting globally, with a focus on emerging economies, such as Nigeria. IFRS 18 represents a pivotal shift from previous reporting standards by mandating standardized presentation formats. This includes defined subtotals, such as operating profit and requiring disclosures of Management Performance Measures (MPMs). These changes aim to enhance transparency, comparability, and decision-usefulness of financial statements for investors and stakeholders. However, the implementation of IFRS 18 presents considerable challenges, including the need for extensive capacity building among preparers, auditors, and regulators, as well as the integration of new reporting technologies and systems. This study explored the conceptual foundations of IFRS 18 within accounting theory. Moreover, it also reviewed the practical challenges faced by firms and analysed the broader implications for corporate governance and investor confidence. Comparative insights from jurisdictions with advanced IFRS adoption provided valuable lessons for Nigeria and similar emerging markets. The study further proposed a roadmap for effective implementation, emphasizing regulatory support, professional training, and stakeholder engagement as critical success factors. Ultimately, IFRS 18 offered an opportunity to elevate financial reporting quality and foster sustainable economic development through improved corporate accountability and transparency. This article contributed to scholarly discourse by linking theoretical perspectives with practical solutions to facilitate the transition to IFRS 18.

Keywords: accounting standards, financial performance, international financial reporting standard, management performance measures,

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transparency

Introduction

The last two decades have seen the accounting reporting standards change profoundly, mainly as a result of the world-wide push for increased transparency, comparability, as well as relevance of financial information (Barth, 2018; IFRS Foundation, 2024). The developments have resulted from the complexifying of the business environment, the globalization of the worlds capital markets, the anticipation of investors, as well as the growing regulatory interest. In Nigeria, the failure of Oceanic Bank as well as Intercontinental Bank in 2009 brought to the fore weaknesses in the transparency as well as disclosure of the banks finances, thus spurring the regulatory reforms as well as calling into sharp focus the requirement to achieve strong, world-wide aligned reporting regimes (Mudel, 2015; Sanusi, 2010). Against this background, the International Accounting Standards Board (IASB) has continually enhanced the frameworks, the most recent landmark being International Financial Reporting Standard (IFRS) 18: Presentation as well as Disclosure in Financial Statements, issued during April 2024 as applicable from 1st January 2027 (IFRS Foundation, 2024).

IFRS 18 achieves a paradigm shift in the reporting of financial performance. It corrects long-standing inconsistencies and incomparability that arose under IAS 1, Presentation of Financial Statements, where varied presentation practices made analytical difficulties the bane of the users of the financial statements (Samuel et al., 2024). Fundamental to IFRS 18 is the requirement to introduce mandatory defined subtotals, such as operating profit that offers standardized yardsticks across industries as well as across jurisdictions. For Nigerians, especially those quoted on the Nigerian Exchange Group (NGX), this would enable them to achieve, with greater significance, peer-to-peer as well as cross-border comparisons, aiding investors to better compare companies, such as Dangote Cement, Zenith Bank, as well as MTN Nigeria that belong to different industries but compete globally for funds. Moreover, the obligation of entities to present Management Performance Measures (MPMs), entity-specific measures that capture management's view of performance, allows companies to reconcile uniform reporting with contextual stories of their strategies as well as their operating activities (PricewaterhouseCoopers, 2025).

However, IFRS 18 presents major conceptual as well as operational challenges. Successful implementation would necessitate increased technical competence among financial statement preparers, auditors, regulators, and users (Agoglia et al, 2011). In Nigeria, though adoption of IFRS since 2012 has generally been welcomed, there still exist sectoral variations in capacity as well as compliance. Multinational oil and gas companies, such as Total Energies and Seplat had stronger reporting capacities as compared to numerous Small and Medium Enterprises (SMEs) that still grapple with the technical know-how as well as cost implications of compliance with IFRS (Ofoegbu & Odoemelam, 2018). With IFRS 18, the gap could increase unless capacity building activities, continuing professional development, as well as stronger corporate governance frameworks, are introduced. Furthermore, regulators, such as the Financial Reporting Council of Nigeria (FRCN), the Securities as well as Exchange Commission (SEC) would be required to strengthen oversight mechanisms in order to ensure consistent application across sectors, thus maintaining investor confidence locally and internationally.

Thus, the current study conducted a detailed analysis of the objectives, prospective challenges, and wider repercussions of IFRS 18 for financial reporting in Nigeria and other emerging markets. Moreover, as a description of the standard's technical provisions, it located IFRS 18 within the intellectual development of international financial reporting and discussed its strategic importance to corporate disclosure and investor confidence. The study then offers a practical toolkit to help Nigerian companies, regulators, and accounting practitioners negotiate the transition. As the largest African economy, successful adoption of the new IFRS 18 could set a precedent among other emerging markets. Therefore, it is crucial that the interests of different parties be clarified both in terms of the theoretical foundations of the new standard as well as the practical obstacles that lie ahead (Samuel et al., 2024).

The study is structured is as follows: Section 2 offers the background and the extent of IFRS 18 in the general evolution of IFRS. Section 3 discusses its intellectual foundations. Section 4 discusses practical challenges of implementation along with Nigerian stakeholders, such as preparers, regulators, investors, and auditors. Section 5 offers comparative experience from elsewhere as a basis of reference, with section 6 drawing the final conclusions with recommendations that may be put into practice to facilitate easy transition. The ultimate objective of the current study was to arm the Nigerian financial reporting professionals with both intellectual understanding as well as practical advisability of this transformative regulatory evolution.

Literature Review

IFRS 18, *Presentation and Disclosure in Financial Statements*, was issued by the IASB in April 2024 and replaces IAS 1. It is effective for annual reporting periods beginning on or after 1 January 2027 (comparatives required for 2026). The new standard responds to investor demand for more decision-useful and comparable information about financial performance by prescribing new categories, subtotals, and disclosure requirements, including formal rules for management-defined performance measures (MPMs).

Conceptual Framework

The theoretical basis of IFRS 18 is based on prevailing accounting principles and theories that value transparency, comparability, and decision usefulness in accounting disclosures. At the centre is the concept of accruals, whereby economic events are recognized at the time of occurrence as opposed to the timing of the resulting cash flows (Scott, 2015). This offers a better representation of the financial position of the entity through the matching of revenues and expenses in the same period. IFRS 18 strengthens this through standardized subtotals and enhanced classifications of incomes and expenses, promoting predictive as well as confirmatory value to users (IFRS Foundation, 2024).

Related to accrual accounting is the decision usefulness view which states that the financial statements need to facilitate the economic decisions of investors, creditors, and regulators (Schipper, 2007). By mandating required defined subtotals, such as operating profit and adding MPMs, IFRS 18 seeks to minimize information asymmetry as well as facilitate comparability across entities as well as jurisdictions (PricewaterhouseCoopers, 2025).

Moreover, IFRS 18 is consistent with the IASB's conceptual framework (IASB, 2025), specifically the qualitative characteristics of relevance and faithful representation. Relevance facilitates that information disclosed affects decision-making, whilst faithful representation necessitates completeness, neutrality, and freedom from consequential error. Through dictating consistent formats and additional disclosures, IFRS 18 constrains over-abundant managerial discretion and fortifies the credibility of the accounts (IFRS Foundation, 2024).

Additionally, the matching principle supports the performance-measurement approach of IFRS 18 in connecting costs with the revenues that they help to generate during the same reporting period (Hendriksen & Breda, 1992). This is particularly relevant in the Nigerians' finance industry, where banks and insurers present their complex multi-component contracts. These include combined loan plus ensure products that hitherto caused inconsistency in the recognition of income (Oyedokun et al., 2021).

Eventually, the standard is also responsive to the current business realities. IFRS 18 accounts for the effect of the forces of globalization, technological innovation, and virtual revenue streams. The case of the African fintechs, such as Flutterwave and Paystack that carry out multi-sided platform transactions defying conventional reporting procedures is one such case. IFRS 18 offers the direction necessary to account for them such that the comparability is maintained amidst the fast-changing economy (Deloitte, 2024).

Theoretical Review

The intellectual foundations of IFRS 18 borrow from some influential positions that justify its rationale as well as anticipated impact on the company's reporting practice. Positive Accounting Theory (PAT), proposed by Watts and Zimmerman (1986), states that the accounting methods are selected based on economic incentives as well as pressures from the stakeholders. IFRS 18 limits the accounting opportunities by implementing standardized measures of financial performance, so that earnings management is limited (Nobes & Parker, 2016). More recent research supports that the tighter disclosure framework implemented during 2024 minimized discretionary adjustments as well as maximized market faith in the financial statements (KPMG, 2024).

Agency Theory (Jensen & Meckling, 1976) accordingly adds to the spotlight on the governance value of IFRS 18. Through the insistence on more prominent operating profit subtotals as well as MPM disclosure, the standard minimizes information asymmetry between shareholders and managers. In Nigeria, where corporate scandals, headed by Cadbury Nigeria Plc's accounting scandals during the mid-2000s exposed the risk of weak disclosure, IFRS 18 offers a disclosure mechanism that can curb agency costs (Uwaigbe et al., 2012).

From the view of the Decision Usefulness Theory (DUT), IFRS 18 puts the IASB's stress on relevance and comparability into practice (IASB, 2025). As a case in point, Nigerian capital market investors and pension fund administrators use clear operating profit measures to evaluate investee companies. Research demonstrates that standardized subtotals promote comparability, lowering investor uncertainty in emerging economies (Abdelghani & Aziz, 2025)

Legitimacy Theory (Suchman, 1995) offers some explanation as to why companies in Nigeria use international standards. Conformity with IFRS 18 makes companies look better in terms of their reputation and compliance with international standards. The latter is important to gain foreign portfolio investment, among others, because Nigeria depends on the international capital market (Elliott & Elliott, 2008).

Stakeholder Theory (Freeman, 2010) extends accountability to beyond shareholders. The requirement of comprehensive disclosure in IFRS 18 serves the regulators (like the Financial Reporting Council of Nigeria), creditors, and employees who need credible information to aid decision-making. This broaden of basis is a mirror of the socio-economic context of Nigeria, in that various stakeholders determine corporate survival as well as growth (Ofoegbu & Odoemelam, 2018).

Conclusively, Institutional Theory (DiMaggio & Powell, 1983) accounts for the adoption of IFRS 18 due to coercive forces exerted by regulators, mimetic forces emanating from international peers, as well as normative forces emanating from professional groups. Nigerian companies, especially listed entities, align with such institutional needs with the aim to win international investors and stay legit in cross-border activities (International Sustainability Standards Board, 2023). Overall, the conceptual and theoretical frameworks of IFRS 18 value transparency, comparability, accountability, as well as stakeholder inclusivity. Reducing managerial discretion, building stronger monitoring systems, and converging with international standards, the new framework offers a strong basis to address the issues of limited financial reporting in the emerging economies of Nigeria among others.

Empirical Review

The empirical literature examining the adoption and impact of IFRS standards, particularly those relating to financial performance reporting akin to IFRS 18, provides critical insights into both the benefits and challenges of implementing such complex reporting frameworks. Although IFRS 18 itself is a relatively recent development, research on similar standards, such as IFRS 15 on revenue recognition and other comprehensive income standards helps illuminate the practical implications for preparers, auditors, regulators, and investors globally and in emerging markets like Nigeria.

A consistent finding across diverse jurisdictions is that IFRS adoption generally enhances the transparency, comparability, and reliability of financial statements. Barth et al. (2008) conducted a seminal study comparing firms across countries that adopted IFRS to those that did not. This reveals significantly higher earnings quality and reduced earnings management among adopters. This outcome aligns with the fundamental objectives of IFRS 18, which standardizes the recognition and measurement of income and expenses to reduce managerial discretion and improve the comparability of financial performance across entities and time periods. For Nigerian companies, which have historically faced criticism for inconsistent and non-comparable financial disclosures, IFRS 18 offers a pathway to elevate the quality and credibility of financial reports, thus enhancing investor confidence and decision-making efficacy.

However, the empirical research also highlights that the adoption of IFRS benefits is contingent upon contextual variables, such as strength of enforcement, institutional quality, and preparer sophistication. Callao et al. (2007), for instance, and Mongrut and Winkelried (2019) document that in Latin American nations, the positive impact of IFRS adoption on reporting quality is moderated by the strength of regulatory oversight as well as the ability of preparers to handle sophisticated standards. The findings are no different in Nigerian context where enforcement deficits, limited capacity among auditors, as well as weak adequacy of professional training, pose major barriers to the effective implementation of IFRS 18. Okike's (2007) study in Nigeria in the year 2007 corroborates Egbunike et al. (2018) study that although the adoption of IFRS enhanced disclosure levels, the prevalence of enforcement challenges along with institutional inadequacy constrains the full potential of the adoption of the IFRS. This necessitates the imperative that the regulators and professional bodies in Nigeria intensify the adequacy of professional building, monitoring systems, as well as compliance enforcement to derive the best potential impact of the 18th version of the IFRS.

Cost considerations in implementing IFRS standards, especially those with comprehensive disclosures and elaborate measurement, such as IFRS 18, are the other salient empiricist research themes. Armstrong et al. (2010) established that adopting IFRS typically leads towards growing audit costs together with compliance costs, particularly for companies that convert from local accounting systems with minimalistic standards. This is a matter of utmost importance to the Nigerian entities since most of the entities are SMEs that mainly operate within the constraints of resources. Without proper preparatory assistance as well as stepped implementation strategies, the cost of compliance might prevent timely compliance along with accuracy. Cascino et al. (2021) observed that companies with effective governance and professional service access take the cost issues in a better manner, yet this supports the view that institutional development should be undertaken alongside the implementation of the IFRS 18 in the context of Nigeria.

From the view of investors and the capital markets, the evidence from experience is that the adoption of IFRS facilitates deeper market liquidity, diminished information asymmetry, and enhanced investor confidence. Li (2010) illustrated that the adoption of IFRS in the Asian markets correlates with larger Foreign Direct Investments (FDIs) and superior market efficiency. Accordingly, Nigerian research conducted by Ezejelue (2012) indicated that the augmented disclosures of the financials under IFRS have resulted in increased investor participation along with enhanced attitudes towards company transparency within the Nigerian Stock Exchange. The better, more uniform presentation of the company’s financial performance in IFRS 18 would advance similar results by providing investors better understanding of the profitability, operating efficiencies, as well as the quality of earnings. This would spur the infusion of capitals, decrease the cost of funds, as well as facilitate wider economic development objectives.

However, a persistent caution in empirical studies is that the adoption of IFRS in isolation would not lead towards reporting quality improvement without effective enforcement and supportive institutional framework. Leuz and Wysocki (2016) stressed that without proper regulatory control, cultural approval, and professional integrity, the benefit of IFRS gets diluted. This situation in Nigeria, though the Financial Reporting Council (FRC) has made notable efforts enforcing IFRS adoption, the quality of audit remains a problem, together with the prevalence of corruption and regulatory resource constraints still putting the system to stress (Egbunike et al., 2018). Such weaknesses in enforcement threaten to negate the potential value of IFRS 18, with the implication that such value would require supplementarily reform in the area of audit regulation, corporate governance, as well as professional education.

Finally, the empirical literature on disclosure quality and market impact strongly supports the substantive reporting obligations inherent in IFRS 18. Hail et al. (2010) presented evidence that disclosure quality is high in firms that pay lower costs of capital and attract higher analyst following, helping to capture market efficiency. Okpala (2021) in Nigeria featured evidence that the better IFRS disclosures have perfected the accuracy of analyst forecasts and decreased earnings surprises, helping to engender market confidence. The evidence supports the argument that the rigorous disclosure framework in IFRS 18 is not a regulatory formality but a strategic device to enhance the functioning of the capital market as well as facilitate sustainable company growth.

In summary, international and Nigerian field evidence cumulatively highlights that as promising as IFRS 18 is to enhance the reporting of financial performance, the success would be contingent on enforcement, preparer ability, as well as institutional support. Policymakers as well as regulators should accordingly accompany adoption of the IFRS 18 with specific reform measures and stakeholder communication towards the maximization of the standard's potential to improve the distribution of financial transparency, investor confidence, and economic growth.

Methodology

The current study used a qualitative research strategy to explore the conceptual underpinnings, implementation issues, and practicalities of IFRS 18, with particular reference to the Nigerian reporting environment but with some comparative learning from other jurisdictions. A qualitative research approach is suitable because quantitative methods are incapable of capturing rich descriptions of rich complex regulatory systems and professional practice that can be obtained with quantitative procedures

(Creswell & Poth, 2018). The research strategy enables the interpretive understanding of the interaction between normative accounting standards and their practical use across different socio-economic and institutional conditions.

Research Design

The research design was analytical-descriptive, combining both doctrinal and empirical qualitative research methods:

Doctrinal Method

The doctrinal aspect involves the meticulous examination and explanation of primary legal and regulatory documents that guide the reporting of finances. This comprises the standard of IFRS 18, connected pronouncements of the International Accounting Standards Board (IASB), the FRCN guidelines, as well as most statutory reporting of finances. This approach facilitates the strict exploration of the legal basis of the IFRS 18 and compliance with prevailing Nigerian reporting of finances regulations.

Empirical Qualitative Approach

As a complement to the doctrinal analysis, the empirical qualitative analysis relies on secondary data from literature, professional accounting reports, and case studies. The empirical aspect seeks to locate IFRS 18 in practice in the real world, recognize the obstacles to implementation, as well as derive international experience-derived lessons.

This twin strategy ensures that the research is both conceptually-based and contextually-applicable, such that a subtle analysis may abridge intellectual frameworks and professional experiences.

Sources of Data

The research is based mostly on secondary data gathered from credible and authoritative places, such as:

Main Regulative Sources

IFRS 18 that the IFRS Foundation (IFRS Foundation, 2024) issued; Nigerian regulative pronouncements, such as FRCN circulars, provision of Companies and Allied Matters Act (CAMA) with regard to financial reporting, as well as the Securities and Exchange Commission (SEC) guidance.

Research Literature

Peer-reviewed articles, research books, and theoretical accounting standards studies, financial reporting theories, and standard-setting procedures (Barth, 2018; Nobes & Parker, 2016).

Industry and Professional Reports

Reports issued by the big four accounting and auditing firms, including PricewaterhouseCoopers (2025), Deloitte (2024), and Chan (2024), that interpret the contents of IFRS 18 and sustainability-related disclosures.

Comparative Case Analysis

Reports and studies of adoption and early adoption of IFRS 18 or comparable standards in other legal systems to ascertain best practices and learning applicable to the Republic of the Niger. The sources were chosen with the help of relevance, credibility, and recency to guarantee that the findings capture the latest regulatory and professional attitudes.

Data Collection Procedure

A systematic desk review was undertaken with a systematic search strategy. Academic literature was obtained from electronic databases, such as Scopus, Web of Science (WoS), and Google Scholar, whilst professional firm sites and official sites of the IFRS Foundation, FRCN, and SEC were searched for professional guidance and regulatory. Sources were screened according to predefined inclusion criteria (relevance to IFRS 18, being within the last five years, and scholarly/professional credibility).

Data Analysis

The data were analysed using thematic content analysis to identify, compare, and synthesize key themes relating to:

- The conceptual basis of IFRS 18.
- Anticipated implementation challenges in Nigeria.
- Comparative insights from other jurisdictions.
- Practical implications for preparers, auditors, and regulators.

This process involved coding textual data into thematic categories and iteratively refining these categories until a coherent framework emerged. Cross-comparison across sources helped ensure that conclusions were grounded in a wide evidence base and that divergent views were captured and critically assessed.

Validity and Reliability

To enhance the credibility of the findings, triangulation was applied by cross-referencing insights from academic literature, professional practice reports, and regulatory sources. Additionally, transparency in data collection and analysis was maintained by documenting the inclusion criteria and analytical steps taken. While member-checking (e.g., interviews with practitioners) was not conducted due to the scope of the study, the reliance on authoritative secondary sources mitigates this limitation.

Limitations

This study is subject to two primary limitations:

- *Limited Empirical Data in Nigeria:* Given that IFRS 18 is newly issued and has not yet been implemented, empirical evidence from Nigerian companies is scarce.
- *Reliance on Secondary Data:* The study did not incorporate primary data collection through interviews or surveys, which could have enriched the analysis with first-hand practitioner perspectives.

Future research could address these limitations by employing mixed-methods approaches, including structured interviews or Delphi studies with Nigerian accounting professionals, regulators, and standard-setters to validate and extend the findings presented here.

Discussion on IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 represents a material shift in how entities present profit and loss and disclose performance measures. Practitioner literature is rich with implementation guidance and warnings; academic literature is only beginning to examine the standard's economic consequences. There is a clear opportunity for empirical and theoretical work on MPMs, comparability, and sectoral impacts as first IFRS 18 reports appear.

Background and Scope of IFRS 18

The introduction of IFRS 18 *Presentation and Disclosure in Financial Statements* marks a major milestone in the IASB's effort to improve the comparability, transparency, and decision-usefulness of financial statements (IFRS Foundation, 2024). Feedback from stakeholders revealed that IAS 1 gave entities considerable discretion in presenting subtotals, categories, and line items, leading to inconsistency across firms and industries (Deloitte, 2024; PricewaterhouseCoopers, 2025). Resultantly, analysts and investors often had to adjust reported figures to derive comparable metrics, reducing transparency and the usefulness of financial data (Chan, 2024).

To address this, IFRS 18 introduces a standardized structure for the statement of profit or loss, requiring key subtotals, such as operating profit and profit before financing and income tax. It also mandates greater disaggregation of line items (International Accounting Standards Board, 2025). The standard further introduces disclosure requirements for MPMs, ensuring that non-GAAP indicators are reconciled with IFRS-defined totals. Its scope is broad, covering all entities preparing general-purpose financial statements and replacing key sections of IAS 1 (International Accounting Standards Board, 2025).

Conceptual Foundations of IFRS 18

IFRS 18 is grounded in the *decision usefulness principle*, which states that financial information should help users make informed economic decisions by minimizing information asymmetry (International Accounting Standards Board, 2025). By prescribing defined subtotals and disaggregation rules, IFRS 18 aligns with the IASB's qualitative characteristics of *relevance* and *faithful representation*.

A core philosophical basis is the *communication perspective* of financial reporting, which sees financial statements as a medium for conveying management's insights rather than mere compliance tools (Barker & Schulte, 2017). Mandatory subtotals, such as operating profit, establish a common reporting language, improving comparability. The disaggregation requirements also meet users' growing demand for detailed insights into the nature, function, and measurement of income and expenses (IFRS Foundation, 2024).

Regarding MPMs, IFRS 18 balances standardization and managerial flexibility. Managers may still use non-GAAP measures, but these must be transparently disclosed and reconciled with IFRS-defined totals, enhancing stewardship and investor trust (Chan, 2024). For emerging economies, such as Nigeria, these conceptual underpinnings support greater reporting consistency while respecting local context (Apochi & Mustapha, 2022).

Challenges in Implementation

Despite its advantages, IFRS 18 presents several practical challenges. Entities must revamp internal systems, chart-of-accounts structures, and reporting processes to accommodate new subtotals and disaggregation rules (PricewaterhouseCoopers, 2025). In Nigeria, particularly among SMEs, limited technological infrastructure could increase compliance costs (Apochi & Mustapha, 2022). The disclosure of MPMs poses another challenge, as companies must reconcile these measures with IFRS-defined subtotals and explain their calculation methods, potentially exposing them to regulatory scrutiny (Deloitte, 2024). Complex industries, such as banking, oil and gas, and telecommunications face additional implementation difficulties since industry-specific metrics may not align perfectly with IFRS 18 categories (Chan, 2024).

Moreover, the successful rollout of IFRS 18 depends heavily on auditor and regulator capacity. Auditors must assess both the accuracy of figures and the appropriateness of classifications and MPM disclosures, while regulators, such as Nigeria's Financial Reporting Council—must build oversight capacity to enforce compliance (IFRS Foundation, 2024).

Implications for Stakeholders

The implications of IFRS 18 are extensive and explained as follows:

- *Preparers* must redesign reporting systems and processes, incurring technology, training, and compliance costs (PricewaterhouseCoopers, 2025).
- *Investors and analysts* gain improved comparability and transparency but face a learning curve in interpreting new formats and reconciled MPMs (Chan, 2024).
- *Auditors* assume greater responsibility to ensure consistent application, which may increase audit risk and assurance costs (IFRS Foundation, 2024).
- *Regulators* must issue localized guidance, provide training, and ensure consistent oversight, particularly in emerging economies, such as Nigeria (Apochi & Mustapha, 2022).

Ultimately, IFRS 18 presents both opportunities and challenges, requiring cooperation among all stakeholders to ensure compliance is meaningful rather than superficial.

Roadmap for Effective Adoption in Nigeria

For Nigeria, effective IFRS 18 adoption requires a coordinated strategy involving:

- *Capacity building and training* for preparers, auditors, and regulators through professional bodies, such as ICAN and ANAN (Deloitte, 2024).
- *Regulatory guidance* from the FRCN, tailored to Nigeria's specific context and sectoral challenges (IFRS Foundation, 2024).
- *Technological readiness,* including investments in modern accounting software, ERP systems, and cybersecurity infrastructure (PricewaterhouseCoopers, 2025).
- *Investor education* to enhance understanding of new subtotals and MPMs (Chan, 2024).
- *Phased implementation* and transitional reliefs for complex industries, such as financial services and oil and gas (Deloitte, 2024).

Comparative Analysis of IAS 1 and IFRS 18

IFRS 18 marks a departure from IAS 1's flexible, principles-based approach towards a more structured and standardized framework. While IAS 1 allowed companies to determine presentation formats, IFRS 18 introduces mandatory categories, operating, investing, financing, income taxes, and discontinued operations, and standardized subtotals, such as operating profit (IFRS Foundation, 2024; International Accounting Standards Board, 2025).

A major advancement is the regulation of MPMs, which IAS 1 did not address. IFRS 18 mandates reconciliation between MPMs and IFRS-defined subtotals, ensuring more disciplined use of alternative performance measures (Deloitte, 2024). The new standard also introduces more prescriptive disaggregation requirements, demanding greater detail when items differ in nature, function, or measurement basis (IFRS Foundation, 2024).

Although the transition entails costs, such as staff retraining, system upgrades, and template redesign, the long-term benefits include improved transparency, investor confidence, and global alignment (Chan, 2024). For Nigerian firms, the challenge lies in balancing compliance demands with operational realities but IFRS 18 offers a transformative opportunity to modernize reporting and strengthen investor trust.

Conclusion

The adoption of IFRS 18 marks a critical evolution in global financial reporting, setting new benchmarks for transparency, consistency, and comparability. Unlike IAS 1, the standard requires a more structured presentation of income and expenses, mandatory MPM disclosure and reconciliation, and enhanced disaggregation of financial data. Collectively, these reforms improve the relevance and reliability of financial statements, empowering stakeholders to make better-informed decisions (IFRS Foundation, 2024).

In Nigeria, IFRS 18 introduces both challenges, such as skill shortages, technological limitations, and regulatory constraints and opportunities, including enhanced investor trust, financial transparency, and stronger integration with global capital markets (Apochi & Mustapha, 2022; Deloitte, 2024).

Beyond compliance, IFRS 18 carries important implications for corporate governance and accountability. By limiting managerial discretion and aligning reporting with investor needs, it may reduce earnings manipulation and bolster governance frameworks. Achieving these outcomes would require strategic planning, capacity development, and collaboration across sectors.

Recommendations

The study hereby proposed following recommendations:

- *Capacity Building:* Develop targeted training for accountants, auditors, and regulators to ensure proper understanding and consistent application.
- *Regulatory Support:* Strengthen oversight through revised guidelines, interpretative notes, and enhanced supervisory capacity.
- *Technological Upgrades:* Encourage investment in modern accounting systems capable of supporting IFRS 18's requirements.

- *Phased Implementation:* Roll out IFRS 18 gradually for complex sectors (e.g., oil & gas, finance, telecoms) to manage compliance risks and costs.
- *Stakeholder Engagement:* Facilitate collaboration between regulators, industry associations, and academia to address emerging issues.
- *Public Awareness:* Educate investors and the general public to enhance understanding of IFRS 18's benefits and ensure proper interpretation of new financial formats.

Author's Contribution

Godwin Emmanuel Oyedokun: conceptualization, methodology, Formal analysis, project administration, supervision, visualization. **Ismaila Olotu Abdullahi:** writing – original draft. **Phillip Oyesola Oyedokun:** validation, writing – review & editing.

Conflict of Interest

The author of the manuscript has no financial or non-financial conflict of interest in the subject matter or materials discussed in this manuscript.

Data Availability Statement

The data associated with this study will be provided by the corresponding author upon request.

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