

IFRS 18 vs. IAS 1: Key Differences for Investment Fund Financial Statements

AREA	IAS 1	IFRS 18 IMPACT FOR INVESTMENT FUNDS
Structure of profit or loss	No defined categories or operating profit subtotal. Funds typically present investment income, expenses, and net investment income, followed by realized and unrealized gains and losses.	Five categories, with operating profit, profit before financing, and income taxes required. Investment income, transaction costs, and realized and unrealized gains and losses are presented within operating profit, not after a net investment income subtotal.
Main business activity	No equivalent	A fund that invests in assets as a main business activity classifies its investment returns in operating and discloses that fact. The IASB gives investment entities as an example.
Income from cash and cash equivalents	Usually, within investment income	Operating, where the main business activity is investing in financial assets
Management, performance, and administration fees	Analysis by nature or function	Operating, presented in the statement in a way that provides the most useful, structured summary
Interest on subscription lines, credit facilities, and margin borrowing	Within expenses or finance costs	Financing, below profit before financing and income taxes
Redeemable units classified as liabilities	Presentation adapted for unitholders' interests	Classification under IAS 32 unchanged; adapted presentation retained. Presentation of distributions and unitholder-related items requires assessment.
Withholding tax on dividends	Often netted against dividend income	Income taxes category only if within IAS 12; otherwise, outside that category. Amendments proposed in July 2026 for taxes that substitute for income taxes.

Foreign exchange and derivatives	No specific requirements	Follow the category of the related items; mostly operating for a fund. Share-class hedges require separate assessment.
Equity-accounted associates and joint ventures	Equity method or IAS 28 fair value election	Equity-accounted results classified in investing; option to change to fair value on transition
Net investment income and other fund measures	Not addressed	A subtotal, such as net investment income, used in investor communications may be an MPM. NAV, total return, and expense ratios are not subtotals of income and expenses.
Statement of financial position and changes in net assets	Net assets attributable to unitholders	Minimal change; aggregation and labeling principles apply
Statement of cash flows	Choices for interest and dividends	Starts from operating profit; interest and dividends received follow their operating classification; interest paid on borrowings is financing.
Notes	IAS 1 disclosures	New: main business activity disclosure, MPM note, limits on "other" labels. Capital disclosures carried forward.
Transition	Not applicable	2026 comparatives restated with a line-item reconciliation from IAS 1; IAS 34 interims restructured in the first year; pre-adoption disclosure required now

