

Mr Bruce Mackenzie
IFRS Interpretations Committee Chair

Columbus Building
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

Levallois-Perret, 9 September 2026

Re: Tentative Agenda Decision - Classification of Income and Expenses from Cash and Cash Equivalents (IFRS 18)

Dear Bruce,

Forvis Mazars welcomes the opportunity to comment on the above IFRS Interpretations Committee Tentative Agenda Decision, published in the June 2026 IFRIC Update.

We support the Committee's initiative to address IFRS 18 application questions although the Standard is not yet applicable.

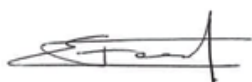
While we agree with the Committee's conclusion on the requirements of IFRS 18 regarding the classification of income and expenses from cash and cash equivalent for an entity with a SMBA of investing in financial assets, we do not believe that those requirements result in the most relevant information when the reporting entity is a conglomerate.

Additionally, it appears inconsistent that the classification requirements for income and expenses from cash and cash equivalent do not apply identically to income and expenses from investments in financial assets that do not meet the definition of cash equivalent, when those investments are not made as part of the SMBA investing. Indeed, the rationale in BC 136 would apply as well when an entity invests its available cash in financial assets that do not meet the definition of cash equivalent.

We therefore believe the IFRS IC should consider referring the matter to the IASB.

We discuss these points in more detail below. Should you have any questions regarding our comments on the Tentative Agenda Decision, please do not hesitate to contact me (+33 6 62 99 57 81).

Yours sincerely,



Edouard Fossat

Corporate Financial Reporting

IFRS 18 paragraph references in the agenda decision

1. We found the agenda decision difficult to read because of its highly technical drafting. When specific IFRS 18 requirements are referenced, it would be helpful to briefly describe the underlying requirements rather than relying solely on paragraph references. This would make the analysis more accessible and facilitate its application by stakeholders who were not closely involved in the development of IFRS 18 or directly familiar with the relevant paragraph numbering.

Interaction of paragraph 56(a) with other main business activities

2. We note that the tentative agenda decision indicates that “*paragraph 56(a) of IFRS 18 requires income and expenses from all cash and cash equivalents to be classified in the operating category, regardless of whether an entity has another specified main business activity*”. This wording appears to clarify that paragraph 56(a) applies when:
 - a. an entity only invests as a main business activity in financial assets within the scope of paragraph 53(c); or
 - b. an entity simultaneously invests as a main business activity in financial assets within the scope of paragraph 53(c) and has another specified main business activity, for example investing in other particular assets or providing financing to customers.
3. By contrast, we could understand from the current drafting that paragraph 56(a) does not apply when an entity simultaneously invests as a main business activity in financial assets within the scope of paragraph 53(c) and has also a non-specified main business activity (e.g. in the request, another business activity such as manufacturing products).
4. We understand that this was not the intention of the Committee and the Committee considers that paragraph 56(a) of IFRS 18 requires income and expenses from all cash and cash equivalents to be classified in the operating category, regardless of whether an entity has another main business activity (be it a specified main business activity or otherwise). We therefore suggest explicitly clarifying the agenda decision accordingly.
5. While this outcome appears understandable for financial institutions whose activities are predominantly the provision of financing to customers or insurance-related activities, it raises questions in the context of conglomerates and other multi-activity groups whose primary activities are industrial or service-based, but which also provide financing to customers as a main business activity or operate insurance businesses. More precisely, we note that the resulting classification from paragraph 56(a) is driven solely by the existence of a specified main business activity within the scope of paragraph 53(c), irrespective of the relative significance of that activity within the group.
6. We note that paragraph BC137 indicates that the IASB deliberately restricted the scope of the requirement to business activities of investing in financial assets because classifying income and expenses from cash and cash equivalents in the operating category would not necessarily provide useful information for all types of investing entities. Against that background, it is not immediately clear why the requirements do not consider the relative significance of the investing activity within a diversified group when determining the classification of income and expenses arising from cash and cash equivalents.
7. To illustrate the inconsistency of some of the outcomes we compare and contrast different scenarios below:

Entity	Illustrative allocation of C&CE ¹ to the entity's business activities			Classification of income and expenses from C&CE
	SMBA ² Investing*	SMBA Financing	MBA ³	
Entity A	100%			Operating
Entity B	80%		20%	Operating
Entity C	20%		80%	Operating
Entity D		20%	80%	Investing or Operating (accounting policy choice)
Entity E	10%	20%	70%	Operating

*In financial assets

For Entities C and E in particular, paragraph 56(a) results in income and expenses arising from all cash and cash equivalents being classified in the operating category. In such circumstances, the resulting presentation may not always appear to reflect the relative significance of the group's various activities.

8. This outcome appears counterintuitive given that IFRS 18, including Illustrative Example 11, generally seeks to provide a meaningful depiction of the performance of entities with multiple business activities. As a result, it is not immediately clear why income and expenses arising from cash and cash equivalents should be presented on a fully aggregated basis when the specified main business activity represents only a limited lesser portion of the group's overall activities.
9. In addition, we do not see any consistency between the mandatory classification in the operating category of all income and expenses from cash and cash equivalent, irrespective of the business activity that holds the C&CE, and the classification in the investing category of income and expenses arising from investments in financial assets made by a group entity that does not participate in the SMBA of investing in financial assets. Indeed, such group entity may use its available cash for highly liquid short-term investments that do not meet the definition of cash equivalent, with the objective of optimizing the returns from available cash. There should be no difference in classification between these income and expenses and those arising from cash and cash equivalent.

Interaction with paragraph 65(a)(ii)

10. We appreciate and concur with the Committee's analysis that, although paragraph 56(a) precludes the use of the accounting policy choice in paragraph 56(b)(ii), the accounting policy choice in paragraph 65(a)(ii) remains available for income and expenses from liabilities arising from transactions that involve only the raising of finance and not related to the specified main business activity of providing financing to customers. However, we understand that this is only because the entity has a main business activity of investing in financial assets.
11. By contrast, if the entity did not have a specified main business activity of investing in financial assets but did have a specified main business activity of providing financing to customers, the application of paragraph 57 could have resulted in a similar classification of income and expenses from cash and cash equivalent as paragraph 56(a) (operating category) but would have removed the accounting policy choice available in paragraph 65(a)(ii) and mandate a classification in the operating category (according to observation made by the Committee in its tentative agenda decision on the classification of income and expenses when an entity has a main business activity of providing financing to customers). This does not make intuitive sense to us (please refer to our comment letter on that tentative agenda decision).

¹ Cash and cash equivalent.

² Specified main business activity.

³ Non specified main business activity.