

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 when an Entity Has a Main Business Activity of Providing Financing to Customers (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 appreciate the clarifications provided regarding the application of paragraphs 65 and 66 of IFRS 18 in a consolidated group context.

Nevertheless, we have a number of observations regarding the interpretation of these requirements.

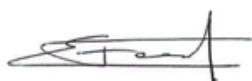
On question 1 (level at which the accounting policy choice in IFRS 18.65(a)(ii) is assessed), we agree with the Committee's analysis of IFRS 18 requirements, but we do not believe that they result in the most relevant information when the reporting entity is a conglomerate. Therefore, we encourage the Committee to refer the matter to the Board.

On question 2 (scope of liabilities to which the accounting policy choice applies when only some, but not all "specified" liabilities, can be distinguished as relating to the activity of providing financing to customers), while we acknowledge that the Committee's conclusion reflects a possible reading of paragraph 66, we believe that a reasonable alternative reading is that the reference to "such liabilities" in that paragraph could mean liabilities arising from transactions that involve only the raising of finance that are not distinguishable from those relating to providing financing to customers. Should the Committee consider its interpretation to be the only acceptable reading of paragraph 66, we believe the matter warrants referral to the IASB for standard-setting as the resulting classification outcome may not provide the most relevant information.

On question 3 (interaction between paragraphs 57, 56(b)(ii) and 65(a)(ii)), we do not believe the Committee's conclusion is the only possible interpretation of IFRS 18 and note that it may give rise to inconsistent and counterintuitive classification outcomes for entities in substantially similar circumstances, warranting further consideration by 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

Drafting of 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.
2. We believe that the notion of a "specified liability" may create confusion when considered alongside the concept of a "specified main business activity" given that an entity without a specified main business activity may still have such specified liabilities (i.e. liabilities that arise from transactions that involve only the raising of finance). We therefore recommend the finalised agenda decision uses a term other than "specified liabilities" as a shorthand for liabilities that arise from transactions that involve only the raising of finance.

Scope of the accounting policy choice in paragraph 65(a)(ii)

3. For Question 1, the Committee concluded that the accounting policy choice applies to all paragraph 59(a)¹ liabilities of a consolidated group that do not relate to providing financing to customers, irrespective of which subsidiary holds those liabilities.
4. While it appears understandable that financial institutions whose activities are predominantly financing-related would want all paragraph 59(a) liabilities to be presented in the Operating category, it raises questions in the context of conglomerates and other multi-activity groups whose primary activities are industrial or service-based, but which also operate financing businesses. More precisely, we note that the resulting classification from paragraph 65(a)(ii) is driven solely by the existence of a specified main business activity of providing financing to customers, irrespective of other activities within the group. This fact pattern is commonly observed in sectors such as the automotive industry, where manufacturing and financing activities coexist within the same group.
5. Applying the Committee's conclusion could result in such groups classifying all their income and expenses relating to paragraph 59(a) liabilities in the Operating category. This outcome appears all the more counterintuitive given that IFRS 18, including Illustrative Example 11, generally seeks to provide a meaningful presentation of the performance of entities with multiple business activities. As a result, it is not immediately clear why income and expenses arising from paragraph 59(a) liabilities should be presented on a fully aggregated basis in the operating category when the specified main business activity represents only a portion of the group's overall activities. We question the relevance of the presentation of the performance if the accounting policy choice is applied this way.

¹ Liabilities that arise from transactions that involve only the raising of finance.

Scope of application of paragraph 66

6. For Question 2, we note that the Committee concludes that the reference to "*all such liabilities*" in paragraph 66 refers to all liabilities involving only the raising of finance of the consolidated group (regardless of whether they relate or not to providing financing to customers). In our view, the reference to "all such liabilities" could be understood as only those liabilities that cannot be separately identified as relating to providing financing to customers.
7. The Committee appears to interpret it as an "all-or-nothing" approach: once an entity is unable to distinguish a subset of paragraph 59(a) liabilities that relate to providing financing to customers from those that do not, paragraph 66 is interpreted as applying to all paragraph 59(a) liabilities of the consolidated group. This interpretation may be viewed as creating a contagion effect across the group.
8. We therefore believe that the wording of paragraph 66 is not sufficiently clear to make such an interpretation self-evident. We believe that this lack of clarity provides opportunity for the Committee to allow a more granular approach.
9. We illustrate below why the "all-or-nothing" approach does not provide relevant or reliable information:

	Illustrative allocation of para. 59(a) liabilities		Forvis Mazars' observation	Outcome under the Committee's interpretation of para. 66
	Subsidiary 1 (SMBA ² Financing)	Subsidiary 2 (Other MBA ³)		
Group A	20% of the para. 59(a) liabilities of the Group	80% of the para. 59(a) liabilities of the Group	Distinction is possible (between relating to financing customers or not) for most liabilities (all liabilities from subsidiary 2 do not relate to financing customers), but not for a small subset related to subsidiary 1	All income and expenses from paragraph 59(a) liabilities classified in Operating

10. Despite the specified main business activity of providing financing to customers representing only a limited portion of the group's liabilities, and despite the entity being able to distinguish most fundraising liabilities as being related to financing customers or not, the Committee's interpretation results in all specified liabilities being classified in the Operating category. As a result, operating profit or loss may appear to reflect the performance of the group as if financing activities were predominant, whereas the group's first main business activity remains industrial or service-based. The Financing category would then contain only a limited number of residual items, such as the net interest expense on a defined benefit obligation or the unwinding of a decommissioning liability, rather than the group's core financing-related expenses.

Interaction with paragraph 57 of IFRS 18

11. The Committee concludes that when paragraph 57 requires an entity to classify income and expenses from cash and cash equivalents in the operating category because it cannot distinguish those related to providing financing to customers from those that are not, the consistency requirement between paragraphs 56(b)(ii) and 65(a)(ii) also requires income and expenses from liabilities that arise from transactions that involve only the raising of finance⁴ to be classified in the operating category. This applies regardless of

² Specified main business activity.

³ Non specified main business activity.

⁴ That do not relate to providing financing to customers.

whether the entity can distinguish between specified liabilities that relate to providing financing to customers and those that do not.

12. Whilst we agree that the tentative agenda decision is one possible interpretation of paragraph 65(a)(ii), we do not believe it is the only one. Arguably, an entity which has been forced to present income and expenses from cash and cash equivalent in the operating category through application of paragraph 57 has not made an accounting policy choice for the purposes of paragraph 56(b)(ii) but has had that policy choice removed. Consequently, in our view, it is reasonable to say that the policy choice in 65(a)(ii) is still available when the only reason for presenting income and expense from cash and cash equivalent in the operating category is through application of paragraph 57.
13. In addition, we would like to draw your attention to a perceived inconsistency between this conclusion by the Committee and the one reached in the tentative agenda decision related to the classification of income and expenses from cash and cash equivalents. Consider two entities:
 - **Entity A** has a specified main business activity of investing in financial assets and a specified main business activity of providing financing to customers.
 - **Entity B** does not have a specified main business activity of investing in financial assets but does have a specified main business activity of providing financing to customers.

Assume that neither entity is able to distinguish income and expenses arising from cash and cash equivalents that relate to providing financing to customers. However, both entities are able to distinguish income and expenses arising from “specified” liabilities that relate to providing financing to customers from those that do not.

14. In these circumstances, it is unclear why IFRS 18 would permit Entity A to apply the accounting policy choice in paragraph 65(a)(ii) (as discussed in the tentative agenda decision related to the classification of income and expenses from cash and cash equivalents), while Entity B would be precluded from doing so and instead be required to classify all income and expenses arising from specified liabilities in the operating category.