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

The IFRS Interpretations Committee (Committee) discussed the following matter and tentatively decided not to add a standard-setting project to the work plan. The Committee will reconsider this tentative decision, including the reasons for not adding a standard-setting project, at a future meeting. The Committee invites comments on the tentative agenda decision. All comments will be on the public record and posted on our website unless a respondent requests confidentiality and we grant that request. We do not normally grant such requests unless they are supported by good reason, for example, commercial confidence.

Tentative Agenda Decision

Open for comment until 9 September 2026

The Committee received a request about how an entity classifies income and expenses from cash and cash equivalents in its consolidated statement of profit or loss if the entity has, alongside other business activities, a main business activity of:

a. investing in financial assets within the scope of paragraph 53(c) of IFRS 18; and
b. providing financing to customers.

Paragraph 56(a) of IFRS 18 requires an entity that invests as a main business activity in financial assets within the scope of paragraph 53(c) of IFRS 18 to classify income and expenses from cash and cash equivalents in the operating category of the statement of profit or loss.

The request asked whether the requirement in paragraph 56(a) applies to the income and expenses from all cash and cash equivalents even if income and expenses from some of the cash and cash equivalents relate to providing financing to customers and some relate to another business activity such as manufacturing products.

Applying the requirements in IFRS 18

Paragraph B37 of IFRS 18 requires an entity to assess whether investing in assets or providing financing to customers is a main business activity for the reporting entity as a whole.

The Committee observed that:

a. 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.
b. although the entity described in the fact pattern also has a main business activity of providing financing to customers, the accounting policy choice described in paragraph 56(b)(ii) of IFRS 18 is not available to the entity and the requirement in paragraph 57 of IFRS 18 is not applicable. However, the accounting policy choice set out in paragraph 65(a)(ii) of IFRS 18, relating to liabilities that arise from transactions that involve only the raising of finance, remains available to the entity.
c. Figure 3.3 of the Illustrative Examples on IFRS 18 illustrates the application of the requirements set out in paragraphs 55–57 of IFRS 18.

Conclusion

The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for the entity described in the fact pattern to determine how to classify income and expenses from cash and cash equivalents in its statement of profit or loss. Consequently, the Committee [decided] that a standard-setting project is not needed to address the request.

The deadline for commenting on the tentative agenda decision is **9 September 2026**. The Committee will consider all comments received in writing by that date; agenda papers analysing comments received will include analysis only of comments received by that date.

Note: Please ensure you upload your comment letter as an editable PDF (at least one file must be uploaded). We do not accept Word documents, which will fail to upload. Please also ensure there are no periods or other reserved characters in the file name because these will cause an error.

All comment letters will be on the public record and posted on our website unless the respondent requests confidentiality. Such requests will not normally be granted without a good reason—for example, commercial confidence. If you would like to request confidentiality, please contact us before submitting your letter.

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