

9 September 2026

International Accounting Standards Board
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United Kingdom
Email: commentletters@ifrs.org

Dear Sir/Madam

SAICA SUBMISSION ON TENTATIVE AGENDA DECISION: CLASSIFICATION OF INCOME AND EXPENSES FROM CASH AND CASH EQUIVALENTS (IFRS 18)

In response to your request for comments on Tentative Agenda Decision: Classification of Income and Expenses from Cash and Cash Equivalents (IFRS 18), attached is the comment letter prepared by the South African Institute of Chartered Accountants (SAICA). This comment letter results from deliberations of SAICA's Accounting Practices Committee (APC), which comprises members from reporting organisations, preparers, regulators, auditors, IFRS specialists, investment analysts and academics.

We thank you for the opportunity to provide comments on this Tentative Agenda Decision.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Blaise Colyvas
Chairperson: APC

Mulala Ratshitanga
Lead: Financial Reporting

Cc: Kedibone Sono
Head: Financial Reporting

Milton Segal
Executive: Standards





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.



SPECIFIC COMMENTS

We note the Committee's conclusion that paragraph 56(a) of IFRS 18 requires income and expenses from all cash and cash equivalents to be classified within the operating category when the entity has a main business activity of investing in financial assets within the scope of paragraph 53(c), regardless of whether the entity also has a main business activity of providing financing to customers.

While we understand the technical basis for the conclusion reached in this agenda decision, we observe a potential inconsistency when this conclusion is considered together with the agenda decision on the classification of income and expenses when an entity has a main business activity of providing financing to customers.

In this agenda decision, the accounting policy choice in paragraph 56(b)(ii) is considered unavailable because paragraph 56(a) requires all income and expenses from cash and cash equivalents to be classified in the operating category. However, the conclusion also indicates that the accounting policy choice in paragraph 65(a)(ii), relating to liabilities arising from transactions that involve only the raising of finance, remains available.

By contrast, in the agenda decision dealing with the specification of income and expenses from certain assets and liabilities, the inability to distinguish cash and cash equivalents relating to providing financing to customers from those relating to other activities appears to affect the availability of accounting policy choices for liabilities. Accordingly, when the two agenda decisions are read together, it is not immediately clear why the absence of an accounting policy choice for cash and cash equivalents would not similarly restrict the availability of the accounting policy choice for liabilities in the fact pattern addressed in this agenda decision.

Consequently, there is a risk that stakeholders may perceive different principles as being applied to similar circumstances. We therefore encourage the Committee to further explain the interaction between paragraphs 56, 57 and 65 of IFRS 18 and to clarify why the conclusions reached in the two agenda decisions are not contradictory. We also believe that additional explanation would assist preparers in understanding whether the availability of accounting policy choices should be assessed separately for cash and cash equivalents and liabilities, or whether the assessment of one category has implications for the other.

Furthermore, we note that several stakeholders found the relevant paragraphs of IFRS 18 challenging to read together and that different interpretations may arise when navigating the interaction between the requirements. We are therefore not convinced that the agenda decision, in its current form, fully resolves the underlying interpretive uncertainty. Additional explanatory wording or illustrative examples may assist in improving consistency in application.