



18 November 2025

Mr. Bruce Mackenzie
Chair of the IFRS Interpretations Committee
Columbus Building, 7 Westferry Circus
Canary Wharf, London, E14 4HD
United Kingdom

Comments on the Tentative Agenda Decision Relating to
Classification of a Foreign Exchange Difference
from an Intragroup Monetary Liability (or Asset)
(IFRS 18 Presentation and Disclosure in Financial Statements)

1. The Accounting Standards Board of Japan (the “ASBJ” or “we”) welcome the opportunity to provide our comments on the IFRS Interpretations Committee (“the Committee”)’s tentative agenda decision relating to the “Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset) (IFRS 18 *Presentation and Disclosure in Financial Statements*)” in the September 2025 IFRIC Update.
2. Stakeholders in our jurisdiction are of the view that it would be preferable that neither View I nor View II in the tentative agenda decision (TAD) be rejected from a practical perspective, considering that the effective date of IFRS 18 is imminent.
3. We agree with both View I and View II in the TAD, because we acknowledge that there are various ways to prepare consolidated financial statements. However, we have the following concerns if only View I is accepted.
 - (1) For transactions in which the lender classifies the foreign exchange differences in the investing category and the borrower classifies the foreign exchange differences in the financing category in their separate statements of profit or loss, respectively, View I would lead to reclassifying the foreign exchange differences that are not fully eliminated in the consolidation procedures in the operating

category (the default category) in the consolidated statement of profit or loss. We have significant concerns about the usefulness of such information.

- (2) In our jurisdiction, consolidated financial statements are generally prepared by consolidating separate financial statements. Therefore, requiring reporting entities to reclassify foreign exchange differences from the category in which they arise and are classified in each individual statement of profit or loss to a different category (the operating category, the default category) in the consolidated statement of profit or loss would impose unnecessary costs on preparers of consolidated financial statements, when the usefulness of such information is limited.
4. Consequently, taking into consideration the preceding two paragraphs, we agree with the conclusion in the TAD deciding not to add a standard-setting project on this issue to the work plan.
5. We note that paragraph 5.19 of the Due Process Handbook requires that, if the Committee decides not to add a standard-setting project to the work plan to address a question submitted, it explains why in an agenda decision. Nevertheless, we think that the reason a standard-setting project on this issue was not added to the work plan is not sufficiently explained in the TAD. Therefore, the rationale for not adding it to the work plan should be clarified in the final agenda decision.
6. We hope our comments are helpful for the Committee's and the IASB's consideration in the future. If you have any questions, please feel free to contact us.

Yours sincerely,



Yasunobu Kawanishi

Chair

Accounting Standards Board of Japan