



9 July 2025

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON IFRS INTERPRETATIONS COMMITTEE
TENTATIVE AGENDA DECISIONS**

Comments to be received by 25 August 2025

The IFRS Interpretations Committee (IC) works together with the International Accounting Standards Board to support the consistent application of IFRS Accounting Standards. They do so by, among other things, issuing narrow-scope amendments and IFRIC Interpretations, and publishing agenda decisions to address application questions.

If the IC decides that a standard-setting project should not be added to the work plan, it explains why in a tentative agenda decision, and requests comments within a period normally of 60 days. An agenda decision explains why a standard-setting project has not been added to the work plan and, in many cases, includes explanatory material. Agenda decisions cannot add or change requirements in IFRS Accounting Standards.

At its June meeting, the IC discussed the following matters and tentatively decided not to add a standard-setting project to the work plan.

- (1) [Determining and Accounting for Transaction Costs \(IFRS 9 Financial Instruments\)](#) – whether costs that are directly attributable to the origination or issuance of a financial instrument but are incurred before entering into the contractual arrangement are ‘incremental’ and, therefore, meet the definition of transaction costs in Appendix A of IFRS 9.
- (2) [Embedded Prepayment Option \(IFRS 9\)](#) – whether, for purposes of applying paragraph B4.3.5(e)(ii) of IFRS 9 to a prepayment option in a financial liability, ‘the entity’ should be read to refer to ‘the lender’ or ‘the reporting entity’ (that is, the borrower).

Additionally, the IC discussed and proposed [updates to ten agenda decisions for IFRS 18 Presentation and Disclosure in Financial Statements](#). These include: (a) replacing the references to IAS 1 *Presentation of Financial Statements* with references to the new or amended requirements in IFRS 18 for nine agenda decisions that refer to the general requirements about presentation, materiality and aggregation of information in the financial statements; and (b) explaining how an entity applies the requirements in IFRS 18 to the fact pattern addressed by the Agenda Decision *Supply Chain Financing Arrangements—Reverse Factoring*.

The Financial Reporting Standards Committee of the Hong Kong Institute of Certified Public Accountants is seeking comments on the above tentative agenda decisions by **25 August 2025** to allow your comments to be considered in developing its response. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.