

International Financial Reporting Standard

**Classification of Liabilities as Current or
Non-current – Deferral of Effective Date**

July 2020

BASIS FOR CONCLUSIONS – AMENDMENTS

[IAS 1]

[Related to AASB 2020-6]

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Amendment to the Basis for Conclusions on IAS 1 *Presentation of Financial Statements*

After paragraph BC105F, a new heading and paragraphs BC105FA–BC105FC are added. These paragraphs and their related heading have not been underlined for ease of reading.

Classification of Liabilities as Current or Non-current **(Amendments to IAS 1)**

- BC105FA In January 2020 the Board issued *Classification of Liabilities as Current or Non-current* for the reasons described in paragraphs BC48A–BC48H. When issued, those amendments had an effective date of annual reporting periods beginning on or after 1 January 2022. Subsequently, the Board noted that the covid-19 pandemic has created pressures that could make it more challenging to implement any changes in classification of liabilities as current or non-current resulting from the application of these amendments. The pressures caused by the covid-19 pandemic could also delay the start and extend the duration of any renegotiation of loan covenants resulting from those changes. Consequently, the Board decided to provide entities with operational relief by deferring the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2023. Earlier application of the amendments continues to be permitted.
- BC105FB The Board noted that deferring the effective date would delay the implementation of the improvements to the classification of liabilities that the amendments intend to bring about. However, the amendments clarify the requirements for presentation of liabilities instead of fundamentally changing the required accounting; recognition and measurement requirements are unaffected by the amendments. Consequently, the Board concluded that the advantages of a deferral during a time of significant disruption would outweigh the disadvantages.
- BC105FC The Board considered whether to introduce disclosure requirements as part of the amendment but concluded that this was unnecessary because an entity is required to comply with paragraph 30 of IAS 8. Application of that paragraph requires disclosure of known or reasonably estimable information relevant to assessing the possible impact of the application of the amendments issued in January 2020 on an entity's financial statements.