



# Accounting Alert

## The IASB defers the effective date of the IAS 1 Amendments

### Executive summary

The International Accounting Standards Board (IASB) has issued an amendment to defer the effective date of the 'Classification of Liabilities as Current or Non-current' which amends IAS 1 'Presentation of Financial Statements' by one year.

### The Amendment

The amendment to IAS 1 entitled 'Classification of Liabilities as Current or Non-current' (the Amendments) was issued in January 2020, to clarify the Standard's guidance on whether a liability should be classified as either current or non-current. Specifically, the Amendments:

- clarify that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period;
- state that management's expectations around whether they will defer settlement or not does not impact the classification of the liability;
- add guidance about lending and how these can impact classification; and,
- include requirements for liabilities that can be settled using an entity's own instruments.

The Amendments were effective for reporting periods on or after January 1, 2022. As a result of the COVID-19 pandemic, the IASB has decided to give entities more time to implement any classification changes that may result from the Amendments. As such, the Amendments are now effective from January 1, 2023.

No other changes have been made to the Amendments other than the effective date.



### Our thoughts

We welcome the change to the effective date in order to enable entities to have more time to consider the impact of the Amendments.

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