



The Group of 100 Incorporated

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Mr H. Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC 4M 6Xh
UNITED KINGDOM

commentletters@ifrs.org

Dear Mr Hoogervorst

ED/2015/1 "Classification of Liabilities"

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with the purpose of advancing Australia's financial competitiveness. The G100 is pleased to provide comment on this ED.

Q1 Classification based on the entity's rights at the end of the reporting period:

The IASB proposes clarifying that the classification of liabilities as either current or non-current should be based on the entity's rights at the end of the reporting period. To make that clear, the IASB proposes:

- replacing 'discretion' in para 73 of the Standard with 'right' to align it with the requirements of para 69(d) of the Standard;*
- making it explicit in paras 69(d) and 73 of the Standard that only rights in place at the reporting date should affect this classification of a liability; and*
- deleting 'unconditional' from para 69(d) of the Standard so that 'an unconditional right' is replaced by 'a right'.*

Do you agree with the proposed amendments? Why or why not?

Subject to our concerns about securitised borrowings outlined below, the G100 supports the proposed amendments which clarify the requirements of IAS 1 and are likely to result in enhanced consistency and a reduction of diversity in practice.

Q2 Linking settlement with the outflow of resources:

The IASB proposes making clear the link between the settlement of the liability and the outflow of resources from the entity by adding 'by the transfer to the counterparty of cash, equity instruments, other assets or services' to para 69 of the Standard.

Do you agree with that proposal? Why or why not?

The G100 supports the intention of the proposed amendment. The G100 has concerns about the requirement of a right in respect of settlement in the case of securitised borrowings. For example, under some securitised debtor arrangements individual debtor amounts are 'settled' when the debtor pays and another amount is immediately drawn down from the financier against other debtor invoices.

Under current practice some of these arrangements are treated as a rollover under an umbrella loan agreement rather than as the settlement of one loan and the drawdown of a new loan. Under these arrangements the amounts borrowed are classified as non-current whereas under the proposals these borrowings are likely to be classified as current. The G100 believes that the impact of the proposals, in respect of these arrangements, needs to be clarified.

Q3 Transition arrangements:

The IASB proposes that the proposed amendments should be applied retrospectively. Do you agree with that proposal? Why or why not?

The G100 agrees that the amendments should be applied retrospectively.

Sincerely
Group of 100 Inc



Neville Mitchell
President

