



**IFRS Technical Committee**

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Jean-Paul Gauzès  
EFRAG Board President  
35 Square de Meeûs  
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Berlin, 11 January 2021

Dear Jean-Paul,

**EFRAG's Draft Letter regarding Endorsement of the *Classification of Liabilities as Current or Non-current* and *Deferral of Effective Date* (Amendments to IAS 1)**

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to comment on EFRAG's Draft Letter to the European Commission Regarding Endorsement of the *Classification of Liabilities as Current or Non-current* and *Deferral of Effective Date* (Amendments to IAS 1).

We support EFRAG's assessment to recommend *Classification of Liabilities as Current or Non-current* and *Deferral of Effective Date* (Amendments to IAS 1) for endorsement.

Like EFRAG, we consider that the Amendments meet the qualitative characteristics of relevance, reliability, comparability and understandability required to support economic decisions and the assessment of stewardship, lead to prudent accounting, and that they are not contrary to the true and fair view principle. We also agree that the Amendments are conducive to the European public good.

We note, that the IFRS Interpretations Committee discussed in its December 2020 meeting how an entity applies the IAS 1 amendments to particular fact patterns. The IFRS IC concluded that the principles and requirements in IFRS Standards provide an adequate basis for the entity to determine how to classify the loan as current or non-current in the three fact patterns described in the tentative agenda decision.

Like the IFRS Interpretations Committee, we believe that paragraphs 72A and 75 of IAS 1 are clear as regards the classification of liabilities as current or non-current, when the liability is subject to a condition (such as covenants) and the borrower's compliance with the condition is tested at dates after the end of the reporting period. Although the application of the principles and requirements of the IAS 1 Amendment may lead to counter-intuitive results with regard to the classification of liabilities, we are of the opinion that paragraphs 72A and 75 of IAS 1 are clear. Therefore, we support EFRAG's assessment to recommend *Classification of Liabilities*

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DRSC

*as Current or Non-current and Deferral of Effective Date (Amendments to IAS 1) for endorsement.*

If you would like to discuss our comments further, please do not hesitate to contact me (morich@drsc.de).

Yours sincerely,

*Sven Morich*

Executive Director