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Dear EFRAG TEG,

Exposure Draft ED/2015/1 – Classification of Liabilities – Proposed amendments to IAS 1

The Danish Accounting Standards Committee set up by FSR – danske revisorer considered EFRAG's Draft Comment Letter during its May meeting.

The purpose of the exposure draft is to clarify the requirements in IAS 1 on classification of liabilities and remove some inconsistencies in IAS 1.

<u>Re. Question 1 – Classification based on the entity's rights at the end of the reporting period</u>

We sympathise with the proposed changes which clarify when a liability should be classified as current versus non-current and clarify that assessment should be made with reference to the circumstances at the end of the reporting period.

However, in our experience, the proposed changes only deal with part of the issues connected with the lending conditions – especially termination conditions - set by financial institutions like banks. It is our practical experience that many banks includes some general terms, i.e. terms that applies in general to a borrowing including amongst other conditions on early termination of a loan agreement. These general terms can make it difficult to determinate whether the loan is in fact current or non-current, even if the dates of instalment payments would indicate a classification as non-current.

<u>Re. Question 2 – Linking settlement with the outflow of resources</u>

We find that the proposed addition to paragraph 69 to clarify the term "settlement" seems to be sensible.

EFRAG raises some questions regarding “unintended outcomes”. Therefore, we think it would be helpful if EFRAG and/or IASB elaborate on and explain such “unintended outcomes” further.

Re. Question 3 – Transition arrangements

We agree with the proposal on retrospectively application since the proposed changes only deals with classification, i.e. do not affect recognition and measurement, and seem to be quite limited and do not impose additional burdens for the preparers.

We think, however, that it could have been considered whether such limited changes should rather have been proposes as part of (other) annual improvements instead of a separate exposure draft.

Kind regards

Jan Peter Larsen
Chairman of the Danish Accounting Standards Committee

Ole Steen Jørgensen
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