



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

May 21, 2015

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst,

Comment Letter on ED/2015/01 Presentation of Financial Statements : Classification of Liabilities

The Federation of Accounting Professions of Thailand would like to show our appreciation on the opportunity to comment on **ED/2015/01 Presentation of Financial Statements : Classification of Liabilities**. Overall, we support the clarifying of the Standard 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. Nevertheless, we note our concern to the use of the "entity' rights" in practice.

Please find our responses to the specific questions raised in **ED/2015/01 Presentation of Financial Statements : Classification of Liabilities** in an attachment. We believe that this proposed amendment will clarify the issues that may arise in the future and that our comment letter will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Federation of Accounting Professions of Thailand.

The Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Vorasak Tummanond
Chair of Thai Accounting Standards Board
Federation of Accounting Professions of Thailand
Bangkok, Thailand

Copied to:

- 1) Chairman, Accounting Standard-Setting Committee of Thailand
- 2) Chairman, Subcommittee on Monitoring of International Financial Reporting Standards
- 3) President, Federation of Accounting Professions of Thailand

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Question 1 - 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:

- (a) replacing 'discretion' in paragraph 73 of the Standard with 'right' to align it with the requirements of paragraph 69(d) of the Standard;
- (b) making it explicit in paragraphs 69(d) and 73 of the Standard that only rights in place at the reporting date should affect this classification of a liability; and
- (c) deleting 'unconditional' from paragraph 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?

FAP: We consider the deletion of 'unconditional' from the standard and replaced by 'a right' may allow all liabilities which the entity has the rights to roll over for at least twelve months after the reporting period to be classified as non-current at period. The right should be considered and also agreed by the lender, in order for the borrower to classify the liabilities as non-current.

Question 2 - 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 paragraph 69 of the Standard.

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

FAP: We agree with the proposed clarification in principle, in light of our comment in Question 1.

Question 3 - Transition arrangements

The IASB proposes that the proposed amendments should be applied retrospectively.

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

FAP: We agree with the proposed retrospective application as paragraph 41 of IAS 1 requires that, if an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable.