

**Organismo Italiano di Contabilità – OIC
(The Italian Standard Setter)**

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International Accounting Standards Board

30 Cannon Street
London EC4M 6XH
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Re: ED/2015/1 Classification of Liabilities (Proposed amendments to IAS 1)

Dear Sir/Madam,

We are pleased to have the opportunity to provide our comments on the exposure draft ED/2015/1 Classification of Liabilities (Proposed amendments to IAS 1).

We agree with the IASB proposed amendment. The amendment should help to clarify the requirements in IAS 1 "Presentation of Financial Statements" on classification of liabilities and remove inconsistencies in terminology used in the Standard. Moreover, we believe that the proposed amendment will contribute to improving consistency in applying the principles in IAS 1.

We observe that this amendment renews the debate as to whether the classification of liabilities set forth by IAS 1 based on the formal rights in existence at the reporting date, rather than on substantial right at that date.

In our view, a controversial issue is, for example, when an entity breaches a covenant of a long-term loan arrangement before the reporting date with the effect that the liability becomes payable on demand. Following the proposed amendment the entity classifies the liability as "current" even though the lender has issued a waiver few days after the reporting date. In this case, we note that there are different views on whether in such a case the classification that better reflect the financial position of the entity at the year end is as "current" or "non-current". Some believe that presenting the liability as current may be misleading for the users since the entity is certain that it has the ability to postpone the payment over 12 months after year end.

We understand that this amendment is meant to eliminate the wording inconsistencies within IAS 1 rather than to address the broader issue described above, which could imply a major revision of the standard. Therefore we suggest the IASB to explore further the issue described above within a research project, which could be part of the Disclosure Initiative project.

We also suggest to analyse the possible interactions between the classification approach followed from the IAS 1 and the requirements of IAS 10 "Events after the Reporting Period".

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,

Angelo Casò
(Chairman)