

29 May 2015

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Sir,

**COMMENTS ON THE INTERNATIONAL ACCOUNTING STANDARDS BOARD'S PROPOSED AMENDMENTS TO IAS 1**

We would like to take this opportunity to comment on Exposure Draft (ED) ED/2015/1 *Proposed Amendments to IAS 1: Classification of Liabilities* issued by the International Accounting Standards Board (IASB).

**Clarification of settlement of liability**

2. Paragraph 69 of IAS 1 *Presentation of Financial Statements* sets out the criteria for classifying a liability as current or non-current. One such criteria is that an entity shall classify a liability as current when it does not have an unconditional right to defer *settlement of the liability* for at least 12 months after the reporting period.

3. The published ED/2015/1 clarifies that settlement of a liability refers to the *transfer to the counterparty* of cash, equity instruments, other assets or services that result in an extinguishment of the liability.

4. Counterparty is typically defined as the other party that participates in a contract or financial transaction. In some instances, resources may have been transferred to entities, such as factoring company or related entities within the same Group. **We would like to seek clarification from the IASB if this transfer of resources can be considered a transfer to the counterparty that results in an extinguishment of the liability.** This is because a factoring company is not a counterparty to the contract (by definition) that has been entered into between a debtor and a creditor.



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5. In view of the typical definition of counterparty and to prevent future difficulties in interpreting and applying the standard, **we would like to suggest to the IASB to consider widening the definition for the settlement of a liability to include both counterparty and any entity authorised by the counterparty.**

6. We hope that our comments will contribute to IASB's further deliberation on this ED. Should you require any clarifications, please contact the Secretariat, Advisory Committee on Accounting Standards for Statutory Boards. Thank you.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tan Boon Siong', written in a cursive style.

TAN BOON SIONG  
SECRETARIAT  
ADVISORY COMMITTEE ON ACCOUNTING STANDARDS FOR  
STATUTORY BOARDS  
for ACCOUNTANT-GENERAL