

STAFF PAPER

June 2020

IASB® Meeting

Project	Deferral of Effective Date of Amendments to IAS 1		
Paper topic	Due process and permission to ballot		
CONTACTS	Kensuke Okabe	kokabe@ifrs.org	+44 (0) 20 7246 6439
	Rachel Knubley	rknubley@ifrs.org	+44 (0) 20 7246 6904

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Objective and structure

1. Agenda Paper 29A for this meeting asks the Board to confirm the proposal in the Exposure Draft *Classification of Liabilities as Current or Non-current—Deferral of Effective Date* (Proposed amendment to IAS 1). If the Board agrees with the staff recommendation to defer the effective date of the amendments to IAS 1 *Presentation of Financial Statements* issued in January 2020, we will begin the balloting process for the deferral.
2. The objective of this paper is to:
 - (a) set out the steps in the [IFRS Foundation Due Process Handbook](#) (*Due Process Handbook*) that the Board has taken in developing the amendment to IAS 1;
 - (b) ask the Board to confirm that it is satisfied that it has complied with the due process requirements;
 - (c) seek the Board's permission to begin the balloting process for the amendment to IAS 1; and
 - (d) ask whether any Board member intends to dissent from issuing the amendment to IAS 1.
3. This paper should be read in conjunction with Agenda Paper 29A, which provides project background and summarises the proposed amendment to IAS 1.

4. This paper is structured as follows:
 - (a) Likely effects of the amendment (paragraphs 5–7);
 - (b) Due process steps and permission to ballot (paragraphs 8–13); and
 - (c) Staff recommendations and questions for the Board.

Likely effects of the amendment

5. The Exposure Draft proposed a one-year deferral of the effective date of the amendments to IAS 1 issued in January 2020 to annual reporting periods beginning on or after 1 January 2023. This proposal was made in response to the significant disruption caused by the covid-19 pandemic. We expect the deferral of the effective date will provide operational relief to entities that may need to reclassify debt as current or non-current as a result of these amendments.
6. Deferring the effective date will delay the implementation of the improvements to the classification of liabilities that the amendments intend to bring about. However, the staff believe that the advantages of a deferral during a time of significant disruption will outweigh the disadvantages.
7. As discussed in Agenda Paper 29A, most respondents to the Exposure Draft agree that a deferral of the effective date would provide operational relief to those affected entities.

Due process steps and permission to ballot

Re-exposure

8. As set out in Agenda Paper 29A, we recommend proceeding with the amendment proposed in the Exposure Draft to defer the effective date of the amendments to IAS 1 by one year to annual reporting periods beginning on or after 1 January 2023. We think that recommendation responds to the feedback on the Exposure Draft which supported the proposed deferral.

9. Accordingly, we recommend the Board do not re-expose the amendment. In making this recommendation, we considered the requirements in paragraphs 6.25–6.29 of the *Due Process Handbook*.

Intention to dissent

10. In accordance with paragraph 6.23 of *Due Process Handbook*, we are asking whether any Board member intends to dissent from issuing the amendment to IAS 1.

Confirmation of due process steps

11. We think the Board has undertaken all due process activities required in the *Due Process Handbook* and, thus, is able to finalise the amendment. The appendix to this paper summarises the due process steps taken in developing the amendment to IAS 1.
12. We request permission to start the balloting process if the Board is satisfied that it has been provided with sufficient analysis, and has undertaken appropriate consultation and due process, to support issuing the amendment.

Proposed timetable for balloting and publication

13. The balloting process for the amendment to IAS 1 will commence after this meeting, with the amendment planned to be issued in July 2020.

Staff recommendations and questions for the Board**Questions for the Board**

1. **Re-exposure**—does the Board agree with our recommendation in paragraph 9 of this paper not to re-expose the amendment to IAS 1?
2. **Dissent**—does any Board member intend to dissent from issuing the amendment to IAS 1?
3. **Permission to ballot**—is the Board satisfied it has complied with the applicable due process requirements and that it has undertaken sufficient consultation and analysis to begin the balloting process for the amendment to IAS 1?

Appendix—Summary of due process steps

A1. The table below summarises the required due process steps for developing a narrow-scope amendment.

Step	Actions
Consideration of information gathered during consultation	
The Board posts all of the comment letters that are received in relation to the Exposure Draft on the project pages.	All comment letters received by the Board have been posted on the project webpage .
Board and IFRS Interpretations Committee (Committee) meetings are held in public, with papers being available for observers. All decisions are made in public sessions.	The Board discussed the project in its April and June 2020 public meetings. All papers are available on the meetings webpage. The project webpage also has up-to-date information about all technical papers and decisions made relating to the project.
Analysis of likely effects of the forthcoming Standard or major amendment, for example, costs or ongoing associated costs.	See the analysis in paragraphs 5–7 of this paper.
Finalisation	
Due process steps are reviewed by the Board.	This paper asks the Board to review the due process steps for the project.
Need for re-exposure of a Standard is considered.	Paragraphs 8–9 of this paper discuss re-exposure. We recommend the Board does not re-expose the amendment.
The Board sets an effective date for the Standard, considering the need for effective implementation, generally providing at least one year.	The amendment defers the effective date of the amendments to IAS 1 issued in January 2020. Consequently, an effective date for the amendment is not required.
Drafting	
Drafting quality assurance steps are adequate.	The Translations and Editorial teams will review the document.
Publication	
Press release to announce the final Standard.	A press release will be published with the amendment.
A Feedback Statement is provided which provides high level executive summaries of the Standard and explains how the Board has responded to the comments received.	Not considered necessary because the amendment is narrow in scope. According to paragraph 6.38 of the <i>Due Process Handbook</i> , a Feedback Statement is required for all new IFRS Standards and major amendments.
Standard is issued.	The amendment will be made available on our website when issued.