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International Accounting Standards Board
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

[XX March 2022]

Dear Mr Barckow,

Re: Non-current Liabilities with Covenants Proposed amendments to IAS 1

On behalf of ~~the European Financial Reporting Advisory Group (EFRAG)~~, EFRAG, I am writing to comment on the exposure draft proposed amendments to IAS 1, *Non-current Liabilities with Covenants*, issued by the IASB on 19 November 2021 (the 'ED').

This letter is intended to contribute to the IASB's due process and does not necessarily indicate the conclusions that would be reached by EFRAG in its capacity as advisor to the European Commission on the endorsement of definitive IFRS Standards in the European Union and European Economic Area.

EFRAG supports the IASB's efforts to address the concerns of constituents that have emerged in the context of the IFRS Interpretations Committee's agenda decision of December 2020 and ~~accepts~~ supports that liabilities should be classified as either current or non-current based on the situation as at the end of the reporting period. While EFRAG supports the finalisation of the amendment, EFRAG is also cognisant that the amendment will leave unsolved a grey area of conditional settlement terms other than covenants. Thus, EFRAG recommends the IASB considers a broader review of the current/non-current classification in the primary financial statements, including on a conceptual view.

EFRAG disagrees with the proposal to require a separate presentation on the face of the statements of financial position of the liabilities classified as non-current for which the entity's right to defer settlement for at least twelve months after the reporting period is subject to compliance with specified conditions within twelve months after the reporting period, as this proposal contradicts the principles-based nature of IFRSs.

EFRAG encourages the IASB not to use the notion of "*unaffected by the entity's future actions*", as there is a substantial risk that the proposed wording will not preclude a ~~divergent~~ diverse interpretation based on facts and circumstances faced by different entities. As Instead, EFRAG recommends to delete paragraph 72C(b) while maintaining 72C(a possible way forward). EFRAG also recommends to the IASB ~~could consider~~ to clarify ~~that~~:

- (a) ~~obligations to repay as a consequence of a discrete event occurring after the end of the reporting period do not affect the presentation at the end of the reporting period and~~

- ~~(b) items such as financial guarantees would be classified as current, as the underlying contractual agreements do not provide a fixed payment schedule after 12 months.~~
- (a) the requirement in paragraph 72A of IAS 1 that a right to defer must have “substance”; and
- (b) the interaction between paragraphs 72B(b) and 75 of IAS 1.

EFRAG is concerned that the targeted scope of the disclosure requirements may ~~be~~ in practice be too broad and ~~suggests~~recommends to the IASB to ~~elaborate on the application of materiality for such disclosures, especially with regard to the significance of the impact on the entity’s liquidity. Furthermore, EFRAG suggests to~~ add in paragraph 76ZA(b) that disclosures should only be made in case of significant uncertainties on whether the specified conditions are will be met within twelve months after the end of the reporting period. EFRAG is sympathetic with the concerns about providing forward-looking information with respect to future compliance with covenants as also expressed in the ED’s alternative view and ~~is proposing~~proposes an alternative wording for paragraph 76ZA(b)(iii). EFRAG recommends the IASB to specify that the facts and circumstances up to the date of the issuance of the financial statements should be considered when forward-looking information about “whether” to comply in future is disclosed.

~~{Some EFRAG members questioned the usefulness of the disclosure and EFRAG is seeking specific input by constituents on 76ZA (b)}.~~

EFRAG’s detailed comments and responses to the questions in the ED are set out in the Appendix.

If you would like to discuss our comments further, please do not hesitate to contact Sebastian Weller or me.

Yours sincerely,

Jean-Paul Gauzès
President of the EFRAG Board

Appendix - EFRAG's responses to the questions raised in the ED

Notes to constituents—Summary of proposals in the ED

Question 1 - Classification and disclosure

Question 1— Classification and disclosure (paragraphs 72B and 76ZA(b))

The Board proposes to require that, for the purposes of applying paragraph 69(d) of IAS 1, specified conditions with which an entity must comply within twelve months after the reporting period have no effect on whether an entity has, at the end of the reporting period, a right to defer settlement of a liability for at least twelve months after the reporting period. Such conditions would therefore have no effect on the classification of a liability as current or non-current. Instead, when an entity classifies a liability subject to such conditions as non-current, it would be required to disclose information in the notes that enables users of financial statements to assess the risk that the liability could become repayable within twelve months, including:

- (a) the conditions (including, for example, their nature and the date on which the entity must comply with them);
- (b) whether the entity would have complied with the conditions based on its circumstances at the end of the reporting period; and
- (c) whether and how the entity expects to comply with the conditions after the end of the reporting period.

Paragraphs BC15–BC17 and BC23–BC26 of the Basis for Conclusions explain the Board's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

EFRAG's response

Classification

- 1 EFRAG supports the IASB's efforts to address the concerns of constituents that have emerged in the context of the IFRS Interpretations Committee's December 2020 tentative agenda decision.
- 2 The proposals in this ED will improve the clarity of the classification of liabilities that have to comply with specified conditions (commonly referred to as covenants) within twelve months after the end of the reporting period.
- 3 EFRAG ~~accepts~~supports that such liabilities should be classified based on the situation ~~as~~ at the end of the reporting period and is sympathetic with the reasons supporting the classification approach proposed in this ED presented in BC16. Although EFRAG acknowledges that this is a solution for the issue submitted to the IFRS IC, EFRAG also notes that the amendment will not solve the underlying issue's root cause of the difficulties encountered in classifying liabilities with conditionalities.
- ~~4 EFRAG acknowledges that paragraph 72B and the subparagraphs (a) and (b) of the ED provide a conventional dividing line for specified condition the entity must comply with on the one hand before or on the reporting period end and on the other hand after the reporting period end. Nevertheless, EFRAG questions whether paragraph 72B(b) allows to capture the economic substance of the entities rights when testing of compliance is done based on conditions shortly after the end of the reporting period.~~
- 4 EFRAG assesses that the concept that an entity's right to defer settlement must have substance (as expressed in paragraph 72A of IAS 1 – which was introduced

as part of the 2020 amendments) would benefit from additional guidance and/or examples on how to apply the “substance” requirement. As an illustration, the IASB could leverage on how the same concept is used in other IFRSs, in the context of other terms like “genuine”, “enforceable” and the guidance on substance or “substantive rights” (like paragraph B22 and the examples in paragraph B23 of IFRS 10). In addition, it is not clear how the term interacts with paragraph 72B(b) in situations where conditions are to be tested based on situation shortly after the reporting period, and whether the use of the term has consequences if an entity in its disclosures according to paragraph 76ZA(iii) states that it has no or low expectations of complying with a condition after the end of the reporting period.

5 EFRAG notes that the relationship between ~~paragraph~~paragraphs 72B(b) and 72C(b) of the ED is not clear. Of note, a liability with a specified condition will not be classified as current if compliance is only required within the next 12 months after the end of the reporting period ~~end~~ (paragraph 72B(b)), whereas per paragraph 72C(b) the liability must be classified as current if it could become payable as a result of an “*uncertain future event*” (that may arise with the next 12 months after the end of the reporting period ~~end~~) that is unaffected by the entity’s future actions.

6 In addition, EFRAG has reservations on the wording “*unaffected by the entity’s future ~~actions~~actions*”, as it does not help to clearly differentiate covenants in the scope of ~~paragraph~~paragraphs 72B(b) and 72C(b). EFRAG considers that in a number of relevant fact-~~patterns~~ there is a risk of different interpretation, as, it will be difficult to differentiate between future events or outcomes that either are, or are not, affected by the entity’s future actions. ~~For examples EFRAG Secretariat refers to Annex 1 to this letter. It~~Examples of such difficult situations may not always be as simple as in the case include change-of-payments related to disasters or weather conditions.-control clauses. EFRAG further considers it is difficult to differentiate between those events or outcomes that are affected by the entity’s past or present actions as opposed to future actions.

7 Paragraph 72C(b) is supported by additional information given in paragraph 19 of Basis for Conclusion of the ED. The paragraph, which is not part of the main body of the standard, explains that in paragraph 72C:

“there are no conditions with which the entity must or could comply in order to avoid settlement of a liability within twelve months after the reporting period.”

EFRAG considers that the clarification does not fully solve the interpretation issue. ~~Therefore, EFRAG suggests to not base the main explanation for differentiation in paragraph 72C(b) on the words “affected” or “unaffected”, but instead to clarify that~~

8 ~~obligations to repay as~~ As a consequence, EFRAG recommends deleting subletter (b) of a discrete event occurring after paragraph 72C. EFRAG acknowledges that this will not solve all the enddifficulties encountered when classifying a liability with conditional settlement terms other than covenants.

9 ~~Furthermore, paragraph 69(d) of IAS 1 and paragraphs 72B and 72C of the reporting period do not affect~~ED focus on the presentation at right of the entity to defer settlement. Paragraph 61 focuses on the expected timing of settlement. end of the reporting period andIn EFRAG’s view the root cause of the problem, that the IASB is working to solve through the 2020 amendment and the current ED, is paragraph 69(d) of IAS 1. Based on the proposed amendments, users will not have a clear view on the liquidity position of the entity – except if they are looking into the disclosures. While being aware that the project is a narrow-scope amendment and recommending IASB to finalise the current proposed amendment subject to EFRAG’s recommendations, EFRAG also recommends to the IASB to start discussing the root cause of the underlying issue located in paragraph 69.

- ~~(a) that items such as financial guarantees would be classified as current, as the underlying contractual agreement do not provide a fixed payment schedule after 12 months.~~
- ~~10 EFRAG has reservations with regard to the example of This would include also providing additional guidance on how to classify liabilities with conditional settlement terms other than covenant, as well as assessing the interaction of disclosures based on expectations and classification based on legal rights is considered further by the IASB. EFRAG does not consider insurance liabilities, which seems a relevant example to imply that financial quote in 72C(b) as insurance liabilities are to would typically be classified as current in all circumstances, as depending on presented using the specific characteristics order of the contract the underlying insured event may liquidity. Such liabilities also cover events (cash outflows) that will arise after 42 in the longer term (above twelve months-). Moreover, EFRAG questions has doubts about the information value of insurance liabilities classified as current as pointed out in paragraph 72C(b) and the interaction between these as insurance liabilities are mostly accounted for as a portfolio. Moreover, EFRAG also has concerns regarding the relation of the requirements and for insurance liabilities under the proposals to IFRS 17 Insurance Contracts.~~
- ~~11 Furthermore, EFRAG proposes to relocate paragraph 72C(b) to paragraph 72B, consequently 72C would concentrate on the statement made in subparagraph (a).~~
- ~~1210 Paragraph 69(d) of IAS 1 and paragraph 72B and 72C of the ED focuses on the right of the entity to defer settlement. Paragraph 61 focuses on the expected timing of settlement. EFRAG proposes that the interaction of paragraph 61 as the guidance there requires a maturity analysis and paragraph 69(d) is considered further by the IASB. EFRAG proposes that the IASB should clarify other disclosures that the guidance in paragraph 72B and 72C does not impact the order of liquidity if presentation by order of liquidity in paragraph 60 and 64 is applied. would contradict the outcome of the classification so that the information derived from the classification would have little value for users.~~
- ~~1311 EFRAG suggest recommends to the IASB to clarify the interaction between paragraph 72B(b) and paragraph 75 for situations where of IAS 1. EFRAG is aware that paragraph 75 of IAS 1 is not part of this amendment but requests the IASB to closely investigate the interaction of both paragraphs and whether their outcomes are consistent. In particular, it is common to observe that an entity agrees to defer the testing of a condition before the entity is contractually obliged to test that condition. Consequently, at the end of the reporting period an, the entity has received a waiver and is not in breach of any condition. However, the grace period ending within is normally less than twelve months and thus the entity can be seen to be within the scope of both paragraphs 72B(b) and paragraph 75. There seems to be diversity in practice related to the outcome of the classification as current or non-current in such cases.~~

Question to Constituents

- ~~14 Do Constituents agree with issues identified by EFRAG?~~
- ~~15 Do Constituents agree with the EFRAG proposed alternative wording for 72C(b) proposed in paragraph 15 above, as a way to address the risk of possible different interpretations for the term 'unaffected by the entity's future actions'?~~
- ~~16 Do Constituents agree that covenants to be complied with based on conditions (even shortly) after the end of the reporting period should not cause presentation as current? Does this reflect the economic substance of covenants?~~
- ~~17 IAS 1 paragraph 69(d) focuses on right to defer settlement as opposed to assumptions about timing of cashflows as used in the measurement of the~~

~~liabilities. Some stakeholders observe that this may lead to misalignments between presentation and measurement. They note that this ED is a narrow scope amendment to IAS 1, it gives some clarification on presentation but does not solve the driver for the misalignment. At the same time, other stakeholders note that solving the concerns of constituents that have emerged in the context of the IFRS Interpretations Committee's December 2020 tentative agenda decision should be the priority of this IASB project, therefore they accept the proposals in this ED as a solution. Do Constituents agree with EFRAG position to support the decision to clarify but not amend the principle in paragraph 69(d) of IAS 1?~~

Disclosures

~~4812~~ EFRAG acknowledges that information about conditions, which may affect the payment terms of outstanding liabilities is of great importance to users of financial reporting. EFRAG agrees with the direction of the proposed disclosure requirements, but has some concerns related to the targeted scope of the disclosure requirements. EFRAG expects that the proportion of liabilities subject to specified conditions will be significant, if when compared with liabilities not subject to such conditions. Thus, the proportion of non-current liabilities that will be subject to the disclosure requirements in paragraph 76ZA(b) will be significant. ~~Nevertheless, EFRAG agrees to the scope, but~~ EFRAG has a concern that a rather broad target population for the disclosure requirements leads to a higher workload by preparers and contains a risk of the disclosures being boilerplate.

~~13~~ ~~Therefore, EFRAG proposes to the IASB to elaborate on the application of materiality for such disclosures, especially with regard to the significance of the impact on the entity's liquidity. Furthermore, EFRAG suggests to add~~ EFRAG would like to point out that the disclosure requirements could leverage information about covenants that may add to liquidity risk as disclosed under paragraph 31 et seq. of IFRS 7 (nature and extent of risks). The IASB should consider how to effectively leverage those requirements.

~~4914~~ ~~Furthermore, EFRAG recommends adding~~ in paragraph 76ZA(b) that disclosures should be made in case of significant uncertainties on whether conditions are met within twelve months after the end of the reporting period.

~~2015~~ EFRAG is sympathetic with the concerns mentioned in the alternative view paragraph AV5 of the ED about providing forward-looking information with respect to "how" future compliance with covenants will be achieved. For this reason, EFRAG proposes to redraft paragraph 76ZA(b)(iii) as follows:

"whether the entity expects to comply with the conditions after the end of the reporting period based on facts and circumstances ~~known~~ up to the date of issuance of the financial statements."

~~2416~~ EFRAG considers it not to be useful, especially in the light of the large scope, to explain the reasons why the specified conditions would be met or the means to achieve compliance in the following period. Additionally, such kinds of behavioural disclosures that explain "how" something will be achieved by the entity's management are not common in IFRS standards and not appropriate as this goes beyond the role of stewardship of financial statements. Nevertheless, EFRAG expresses the view that entities should illustrate the context of their assessment and support users to understand how they have exercised judgement.

~~22~~ ~~EFRAG recommends the IASB to clarify whether disclosures would be required in situations where the entity presents the balance sheet in order of liquidity.~~

~~23~~ ~~EFRAG would like to point out that the disclosure requirements could leverage information about covenants that may add to liquidity risk as disclosed under~~

~~paragraph 31 et seq. of IFRS 7 (nature and extent of risks). The IASB should consider how to effectively leverage on those requirements.~~

~~24 Finally, some EFRAG members questioned the usefulness of the disclosure required by 76ZA (b), as:~~

- ~~(a) the disclosure requirements should follow a more principles-based approach, i.e. focusing on liquidity risk instead of on single liability becoming payable within 12 months. These members concur with the view above that the IASB should leverage on the disclosure requirements that already exist in IAS 1 (going concern) and IFRS 7 (liquidity risk);~~
- ~~(b) the information proposed in 76ZA (b) has already informed the classification on balance sheet (including the expectation to fulfil the covenant).~~

Question to Constituents

~~25 What are the Constituent's views on additional disclosure requirements in IAS 1 with regard to specified conditions? Do you think that IFRS 7 already requires the preparer to make such disclosures? If yes, do you think that there is a problem to enforce possible disclosures under IFRS 7? If not, do you consider that those disclosures would be better off as part of IFRS 7?~~

~~26 Two IASB Board members voted against the publication of the ED. Paragraph AV5 of the ED illustrates that they (in addition to being contrary to the separate presentation proposal) disagree with the requirement proposed in paragraph 76ZA(b)(iii) to disclose whether and how an entity expects to comply with conditions after the reporting date. They disagree because, in their view, entities should not be required to provide forward-looking information with respect to future compliance with covenants.~~

- ~~(a) Do Constituents have particular concerns related to the provision on such forward-looking information? Please explain.~~
- ~~(b) Do Constituents agree to change 76ZA(b)(iii) as proposed by EFRAG in paragraph 27 above?~~
- ~~(c) Some EFRAG members questioned the usefulness of the disclosure required by 76ZA (b). Do constituents agree with the usefulness of such disclosure?~~
- ~~(d) Do Constituents consider that the proposed disclosures are needed in cases where the company expects to comply with the covenant after the reporting year end?~~

Notes to constituents – Summary of proposals in the ED

Question 2 - Presentation

Question 2 – Presentation (paragraph 76ZA(a))

The Board proposes to require an entity to present separately, in its statement of financial position, liabilities classified as non-current for which the entity's right to defer settlement for at least twelve months after the reporting period is subject to compliance with specified conditions within twelve months after the reporting period.

Paragraphs BC21–BC22 of the Basis for Conclusions explain the Board's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, do you agree with either alternative considered by the Board (see paragraph BC22)? Please explain what you suggest instead and why.

EFRAG's response

~~EFRAG's response~~

~~2717~~ EFRAG disagrees with the requirement to separately present on the face of the balance sheet the liabilities classified as non-current for which the entity's right to defer settlement for at least twelve months after the reporting period is subject to compliance with specified conditions within twelve months after the reporting period: (paragraph 72B(b) of IAS 1). EFRAG instead recommends ~~to require to disclose~~requiring the disclosure of this information in the notes.

~~2818~~ The disagreement is based on the proposal's contradiction with the principle-based nature of IFRS Standards. Because of the principle-based nature, rules should only be set out in rare cases. We concur with the statement under paragraph AV3 of the ED that the proposed presentation does not represent such a compelling case. Moreover, ~~to present when making~~ information available entities should ~~prioritize~~prioritise that the most relevant information to users will be presented in the financial statements and that other information will be presented in the notes. Given this principle of information grading as explained in paragraph AV3 of the ED, EFRAG suggests, also referring to the large population of liabilities concerned, to not contradict the principle by introducing a new category that probably includes almost all liabilities.

~~2919~~ As stated before, EFRAG has reservations about the scope of liabilities with the right to defer settlement subject to compliance with specified conditions. EFRAG considers that in practice, also having in mind the potential wider scope of the proposals (e.g., for provisions and other liabilities with specified conditions), it will not result in more useful information, as too many liabilities will be captured. There is no definition of what constitutes a specified condition, ~~so consequently~~, Consequently, there is a risk that the entire population of liabilities arising from arrangements might only be presented under a different heading (relabelled). A separate presentation of a small group of non-current liabilities that would not be subject to specific conditions would not be useful for investors, ~~and furthermore create~~, Furthermore, it creates a risk of obscuring relevant information.

~~3020~~ Finally, EFRAG concludes that the implementation of a third category of classification on the liability side as a consequence of the ED's proposals would undermine the differentiation between non-current and current liabilities as required by paragraph 60 of IAS 1 and be in conflict with the alternative presentation using the "order of liquidity".

Question to Constituents

~~31 Do Constituents agree with the position of not recommending a separate presentation, irrespective of the scope of the separate presentation?~~

~~Notes to constituents – Summary of proposals in the ED~~

Question 3 – Other aspects of the proposal

Question 3 – Other aspects of the proposals

The Board proposes to:

(a) clarify circumstances in which an entity does not have a right to defer settlement of a liability for at least twelve months after the reporting period for the purposes of applying paragraph 69(d) of IAS 1 (paragraph 72C);

(b) require an entity to apply the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with earlier application permitted (paragraph 139V); and

(c) defer the effective date of the amendments to IAS 1, Classification of Liabilities as Current or Non-current, to annual reporting periods beginning on or after a date to be decided after exposure, but no earlier than 1 January 2024 (paragraph 139U).

Paragraphs BC18–BC20 and BC30–BC32 of the Basis for Conclusions explain the Board’s rationale for these proposals.

Do you agree with these proposals? Why or why not? If you disagree with any of the proposals, please explain what you suggest instead and why.

EFRAG’s response

~~EFRAG’s response~~

~~3221~~ EFRAG supports the IASB efforts to improve the guidance with regard to the current and non-current classification of liabilities with specified conditions. Nevertheless, EFRAG – as expressed in paragraphs ~~43-45~~ 7 of this [Draft] Final Comment Letter – finds it challenging to differentiate between specified conditions in the scope of ~~paragraph~~ paragraphs 72B(b) and 72C(b).

~~3322~~ EFRAG supports the proposed retrospective application as suggested in the amendment of IAS 1 with earlier application permitted. EFRAG considers classifying a liability as either current or non-current should happen on the same basis for the current and the prior year, as this supports comparability, and enhances the usefulness of reported information. EFRAG agrees with the IASB conclusion in BC30(b) of the ED that this requirement will not lead to significant disadvantages for entities.

23 EFRAG recommends to the IASB to clarify in the standard that both amendments (the 2020 amendment and the 2021 ED) shall be applied together as a package and to align the effective dates for these two amendments.

~~34~~ EFRAG supports the proposed effective date of the amendment to IAS 1 to be for annual reporting periods beginning on or after ~~the~~ 1 January 2024.

Question to Constituents

~~35~~ Do Constituents agree with the EFRAG’s comments on the other topics?

~~36~~ Do Constituents would like to raise additional questions or issues that should be highlighted by EFRAG?

Annex 1 - Notes to constituents

~~37— This annex has been prepared by EFRAG Secretariat to support constituents to get an understanding of how the definition of ‘specified conditions’ in the ED would work in practice when applied to some frequently used covenants. The list of examples is not exhaustive.~~

Examples of conditions/covenants

~~38— The list below present covenants commonly used for which there is a risk of different interpretation when assessing whether the covenant is ‘unaffected’ by the entity’s future actions.~~

- ~~• Change of control~~
- ~~• Change of management~~
- ~~• IPO (the liability may become subject to repayment on an IPO or if an IPO does not occur before a specified date)~~
- ~~• De-listing event~~
- ~~• Accounting key ratios / financial covenants~~
- ~~• Default / cross default~~
- ~~• Cross default in subsidiaries~~
- ~~• Cross default in group entity not controlled by the entity~~
- ~~• Expected default~~
- ~~• Loss of control over pledged asset~~
- ~~• Subject of sanctions~~
- ~~• Change of law~~
- ~~• Dividend control~~
- ~~• ESG condition~~
- ~~• Weather condition~~
- ~~• Commodity conditions~~

~~39— Paragraph 69(d) including paragraph 72B and 72C applies to all liabilities (which among others include liabilities in IFRS 2, IFRS 9, IFRS 15, IFRS 16, IFRS 17, IAS 12, IAS 19 IAS 26, and IAS 37)~~

Annex 2 – Summary of responses

~~EFRAG supports this ED as it addresses the concerns of constituents.~~

~~EFRAG suggests to not base the main explanation for differentiation in paragraph 72C(b) on the words “unaffected”, but instead to clarify that (a) payments as a consequence of a discrete event occurred after the balance sheet date do not affect the classification; and (b) items such as financial guarantees would be classified as current.~~

~~EFRAG proposes that the interaction of paragraph 61 and paragraph 69(d) of IAS 1 is considered further by the IASB. EFRAG proposes that the IASB should clarify that the guidance in paragraph 72B and 72C does not impact the order of liquidity if presentation by order of liquidity in paragraph 60 and 64 is applied.~~

~~EFRAG has a concern that the rather broad target population for the disclosure requirements contains a risk of the disclosures being boilerplate and proposes to the IASB to elaborate on the application of materiality for such disclosures, especially with regard to the significance of the impact on the entity’s liquidity.~~

~~EFRAG suggests to add in paragraph 76ZA(b) that disclosures should be made in case of significant uncertainties on whether conditions are met.~~

~~EFRAG also proposes to redraft paragraph 76ZA(b)(iii).~~

Question 2—Presentation (paragraph 76ZA(a))

~~EFRAG disagrees with the separate presentation on the face of the balance sheet of the liabilities classified as non-current for which the entity’s right to defer settlement is subject to compliance with specified conditions within twelve months after the reporting period.~~

Question 3—Other aspects of the proposals

~~EFRAG supports the other aspects of the ED.~~