



MALAYSIAN INSTITUTE
OF ACCOUNTANTS



**MALAYSIAN INSTITUTE OF ACCOUNTANTS
FINANCIAL REPORTING STANDARDS IMPLEMENTATION COMMITTEE
("FRSIC")**

FRSIC Issue No. 64 [2017]

Classification of amount due that are repayable on demand

The issue:

The issue relates to classification of amount due arising from inter-company loans that are repayable on demand.

Current accounting practice as observed by the Submitter:

The submitter observes that it is common for companies to classify amounts due from subsidiaries which are repayable on demand as current assets in the Statements of Financial Position. The submitter also observes that such classification is mainly driven by the demand feature of such loans, even in situations where such loans are not expected to be repaid within twelve months after the reporting period. In certain cases, the prolonged non-repayment of such loans provides indication that the loans are not expected to be repaid within twelve months after the reporting date.

Reasons for the FRSIC to address the issue:

FRSIC Consensus will provide guidance to ensure consistency of practices.

Submitter's proposal or recommendation to address the issue:

The classification of such loans as either current or non-current assets should be determined based on paragraph 66(c) of MFRS 101 *Presentation of Financial Statements* rather than the mere demand feature of such loans.

Submitted on:

19 January 2017

Corresponding FRSIC Consensus:

FRSIC Consensus 31 - Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand [To view, click on the [Consensus title](#)]