Classify the right at reporting date

MODULE 2 / GUIDE-ERA IAS 1

First recognise and measure the item. Then classify it. Use current/non-current categories unless a liquidity presentation provides reliable and more relevant information.

Current asset if an applicable test is met	Current liability in the 2022 guide context
Realised, sold or consumed in the normal operating cycle	Settled in the normal operating cycle
Held primarily for trading	Held primarily for trading
Expected to be realised within twelve months	Due for settlement within twelve months
Cash/cash equivalent, unless restricted for at least twelve months	No unconditional reporting-date right to defer settlement for at least twelve months

The dates decide

Original facts	Reasoning
Inventory sold in a normal 18-month cycle	Can be current under the operating-cycle test.
Loan 160,000: 35,000 due within twelve months; no breach or demand clause	Current 35,000; non-current 125,000.
Debt due in nine months; only a hope of refinancing	Hope is not an existing qualifying deferral right.
A June breach makes debt payable on demand; waiver only in July	The later waiver does not create a June right. Assess disclosure separately.

Deferred tax is not current when a classified statement is presented. Apply the ordinary classification principles to ROU assets; optional short-term lease exemptions do not settle classification.

Positive equity does not prove going concern. A 2:1 current ratio is not a universal ideal. Assess payment dates, accessible funding and asset quality.

These examples use the historical IAS 1 wording supporting the supplied October 2022 guide. Do not silently mix later covenant amendments into their answers.

Guide context: CPA Australia FR, sixth edition (October 2022), Module 2. Original examples, calculations and design. AASB 101 (December 2021), paragraphs 54-80A. standards.aasb.gov.au/aasb-101-dec-2021