



# Application matters: South Africa

Emerging Economies Group

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# Measurement of payables with deferred payment terms

- The Problem

- IFRS 15 deals with sellers side of significant financing:
  - it aligns the accounting for the sale (revenue) and
  - the receivable by allowing the same relief for both
- However there is no equivalent relief for the purchase side
  - the purchase must be accounted for at face value
  - the payable is recorded at fair value of the receivable
  - thus there is a day 1 ‘mismatch’
- Some questions also about terminology eg ‘normal credit terms’

# Measurement of payables with deferred payment terms

- Questions for EEG
  - Do you agree there is tension with the current requirements?
  - What payment terms are common in your jurisdiction?
  - What are current interest rates in your jurisdiction?
  - Do you believe the IASB should address the issue?

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