

Opening Remarks and Updates

Extract, IFRS® Discussion Group Report on the Meeting – May 19, 2022

OTHER MATTERS

Recent IFRS® Interpretations Committee (the Interpretations Committee) Tentative Agenda Decisions

Special purpose acquisition companies (SPACs): Classification of public shares as financial liabilities or equity

The Interpretations Committee received a request about applying [IAS 32 *Financial Instruments: Presentation*](#) in relation to the classification of shares issued by a SPAC as financial liabilities or equity. The Interpretations Committee tentatively concluded that the matter described in the request is, in isolation, too narrow for the International Accounting Standards Board (IASB) or the Interpretations Committee to address. The Interpretations Committee noted that this matter is better suited to be addressed as part of the IASB's discussion on the Financial Instruments with Characteristics of Equity project. The Interpretations Committee nonetheless noted the importance of the SPAC disclosing information in the notes to its financial statements about the classification of its public shares.

SPACs: Accounting for warrants at acquisition

The Interpretations Committee received a request about an entity's acquisition of a SPAC. The request asked how the entity accounts for warrants on acquiring the SPAC. The Interpretation Committee tentatively concluded that the entity applies [IFRS 2 *Share-based Payment*](#) in accounting for instruments issued to acquire the stock exchange listing service and [IAS 32](#) in accounting for instruments issued to acquire cash and assume any liabilities related to the SPAC warrants.

Quantity of the benefits provided under a group of annuity contracts

The Interpretations Committee received a request about a group of annuity contracts. The request asked how an entity determines the amount of the contractual service margin to recognize in profit or loss in a period because of the transfer of insurance coverage for survival in that period. The request included two methods of determining, for each contract in the group, the quantity of the benefits of insurance coverage provided in the current period and expected to be provided in the future.

The Interpretations Committee tentatively concluded that, in applying [IFRS 17 *Insurance Contracts*](#) to determine the quantity of the benefits of insurance coverage for survival provided under each annuity contract, a method based on

- (a) the amount of the annuity payment the policyholder is able to validly claim (method 1) meets the principle in [paragraph B119](#) of IFRS 17 of reflecting the insurance coverage provided in each period
- (b) the present value of expected future annuity payments (method 2) does not meet the principle in paragraph B119 of IFRS 17 of reflecting the insurance coverage provided in each period

Rent concessions: Lessors and lessees

The Interpretations Committee received a request about a lessor's application of [IFRS 9](#) *Financial Instruments* and [IFRS 16](#) *Leases* in accounting for a particular rent concession. The rent concession is one for which the only change to the lease contract is the lessor's forgiveness of lease payments due from the lessee under that contract.

The Interpretations Committee tentatively concluded that the lessor accounts for the rent concession described in the request by applying:

- (a) the impairment requirements in [IFRS 9](#) to the operating lease receivable before the rent concession is granted, during the period in which it would consider whether and when to grant the concession;
- (b) the derecognition requirements in [IFRS 9](#) to forgiven lease payments that the lessor had included in an operating lease receivable on the date the rent concession is granted; and
- (c) the lease modification requirements in [IFRS 16](#) to forgiven lease payments that the lessor had not included in an operating lease receivable.

International Sustainability Standards Board's (ISSB) Exposure Drafts

The ISSB has published two Exposure Drafts for comment:

["IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information"](#) (General Requirements Exposure Draft) sets out the overall requirements for an entity to disclose sustainability-related financial information about all its significant sustainability-related risks and opportunities, to provide the market with a complete set of sustainability-related financial disclosures.

["IFRS S2 Climate-related Disclosures"](#) (Climate Exposure Draft) builds upon the recommendations of the Task Force on Climate-Related Financial Disclosures and incorporates industry-based disclosure requirements derived from Sustainability Accounting Standards Board Standards.

Canadian stakeholders are encouraged to submit their comments to the ISSB by July 29, 2022.