

Opening Remarks and Updates

Extract, IFRS® Discussion Group Report on the Meeting – December 5, 2022

Recent Amendments Made to the IFRS Accounting Standards

Lease liability in a sale and leaseback (amendments to IFRS 16)

The amendment to [IFRS 16 Leases](#) specifies how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in a sale and leaseback transaction. The amendments are effective January 1, 2024, with early application permitted.

Non-current liabilities with covenants (amendments to IAS 1)

The amendments to [IAS 1 Presentation of Financial Statements](#) aim to improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current. The amendments are effective January 1, 2024, with early application permitted.

Recently Published IFRS Interpretations Committee Agenda Decisions

In October 2022, the IFRS Interpretations Committee (Interpretations Committee) published the following three final agenda decisions:

Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)

In October 2022, the IFRS Interpretations Committee (Interpretations Committee) published the following three final agenda decisions:

This agenda decision is in response to a request about a lessor's application of [IFRS 9 Financial Instruments](#) and [IFRS 16](#) 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 concluded that the lessor accounts for the rent concession described in the request by applying:

- the derecognition requirements in IFRS 9 to forgiven lease payments that the lessor has recognized as an operating lease receivable; and
- the lease modification requirements in IFRS 16 to forgiven lease payments that the lessor has not recognized as an operating lease receivable.

Multi-currency groups of insurance contracts (IFRS 17 and IAS 21)

This agenda decision is in response to a question about how an entity accounts for insurance contracts with cash flows in more than one currency. The agenda decision explained:

- Because paragraph 14 of IFRS 17 Insurance Contracts refers to “similar risks” without specifying any particular types of risk, an entity is required to consider all risks – including currency exchange rate risks – when identifying portfolios of insurance contracts. However, “similar risks” does not mean “identical risks”. Therefore, an entity could identify portfolios of contracts that include contracts subject to different currency exchange rate risks. What an entity considers to be “similar risks” will depend on the nature and extent of the risks in the entity’s insurance contracts.
- In measuring a multi-currency group of insurance contracts, an entity:
 - applies all the measurement requirements in IFRS 17 to the group of insurance contracts, including the requirement in paragraph 30 to treat the group – including the contractual service margin – as a monetary item;
 - applies IAS 21 The Effects of Changes in Foreign Exchange Rates to translate at the end of the reporting period the carrying amount of the group – including the contractual service margin – into the entity’s functional currency at the closing rate(s); and
 - uses its judgment to develop and apply an accounting policy that determines on initial recognition the currency or currencies in which the group – including the contractual service margin – is denominated (currency denomination). The entity could determine that the group – including the contractual service margin – is denominated in a single currency or in the multiple currencies of the cash flows in the group.

SPAC: Accounting for warrants

This agenda decision addressed a request on how an entity accounts for warrants on acquiring a SPAC. The Interpretations Committee 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 Financial Instruments: Presentation](#) in accounting for instruments issued to acquire cash and assume any liabilities related to the SPAC warrants as these instruments were not issued to acquire goods or services and are not in the scope of IFRS 2.

Primary Financial Statements

At its December 2022 meeting, the Group provided input to the IASB staff on selected tentative decisions the IASB made that change the proposals in the 2019 [Exposure Draft, “General Presentation and Disclosures.”](#)