

# Opening Remarks and Updates

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## Extract, IFRS® Discussion Group Report on the Meeting – December 12, 2023

### Financial Instruments with Characteristics of Equity

The IASB issued the Exposure Draft, "[Financial Instruments with Characteristics of Equity](#)." The Exposure Draft proposes amendments to:

- (a) [IAS 32](#) *Financial Instruments: Presentation* to clarify the requirements and underlying principles for classifying financial instruments;
- (b) [IFRS 7](#) *Financial Instruments: Disclosures* to require disclosure about financial liabilities and equity instruments within the scope of [IAS 32](#); and
- (c) [IAS 1](#) *Presentation of Financial Statements* to require separate presentation of amounts attributable to ordinary shareholders.

Canadians are encouraged to submit their comments to the IASB by March 29, 2024.

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

#### Climate-related Commitments (IAS 37)

The Interpretations Committee received a request asking it to clarify:

- (a) whether an entity's commitment to reduce or offset its GHG emissions creates a constructive obligation for the entity;
- (b) whether a constructive obligation created by such a commitment meets the criteria in [IAS 37](#) for recognizing a provision; and
- (c) if a provision is recognized, whether the expenditure required to settle it is recognized as an expense or as an asset when the provision is recognized.

The Interpretations Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine:

- (a) the circumstances in which an entity recognizes a provision for the costs of fulfilling a commitment to reduce or offset its GHG emissions; and
- (b) if a provision is recognized, whether the costs are recognized as an expense or as an asset when the provision is recognized.

Consequently, the Interpretations Committee tentatively decided not to add a standard-setting project to the work plan.

## Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)

The Interpretations Committee received a request about how an entity applies the requirements in [paragraph 23](#) of IFRS 8 to disclose for each reportable segment specified amounts related to segment profit or loss. The Interpretations Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to apply the disclosure requirements in [paragraph 23](#) of IFRS 8 and tentatively decided not to add a standard-setting project to the work plan.

### PRIVATE SESSION

The Group's mandate includes assisting the AcSB in influencing the development of IFRS Accounting Standards (e.g., providing advice on potential changes to the standards). The Group's discussion of these matters supports the Board in undertaking various activities that ensure Canadian perspectives are considered internationally. Since these discussions do not relate to assisting interested and affected parties in applying issued IFRS Accounting Standards, this portion of the Group's meeting is generally conducted in private (consistent with the Board's other advisory committees).

At its December 2023 meeting, the Group provided input on the following document for comment to assist in the development of the AcSB's response letter:

- IASB's Exposure Draft, "[Financial Instruments with Characteristics of Equity](#)."