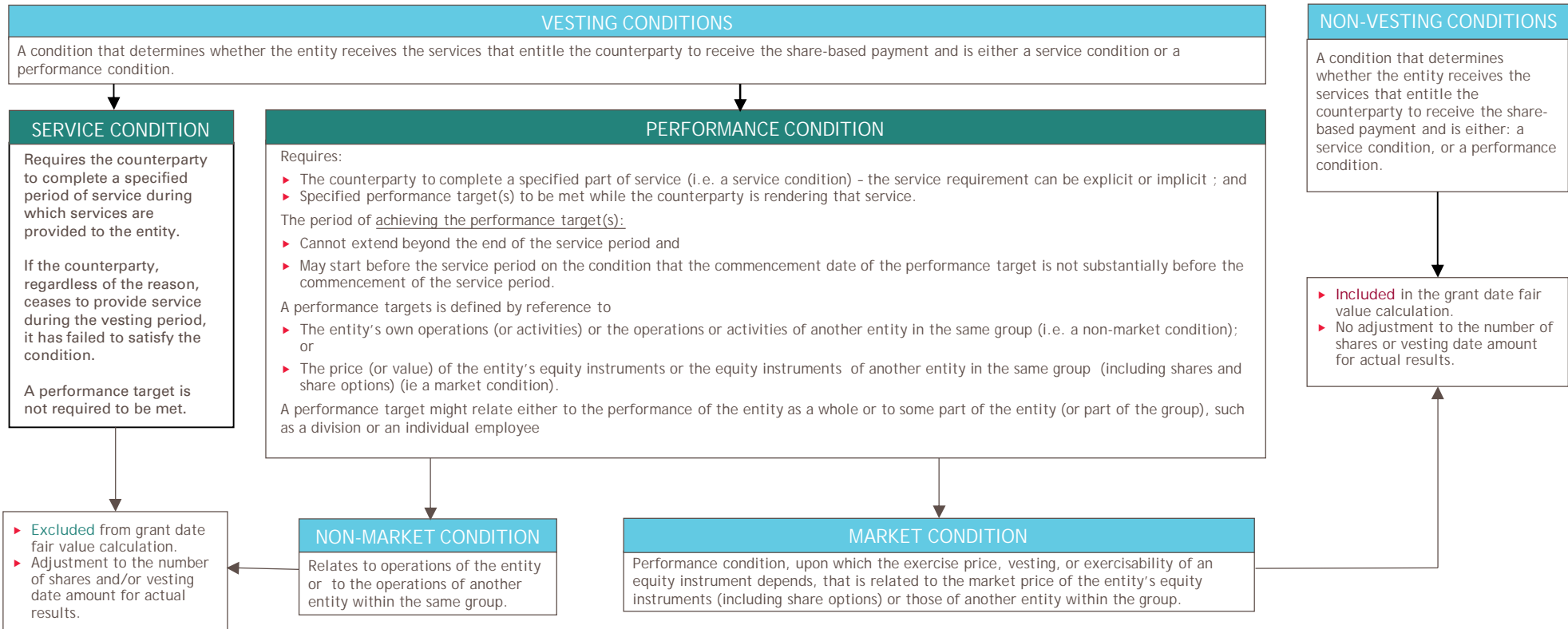


SCOPE		
<p>NZ IFRS 2 applies to all share-based payment transactions, which are defined as follows:</p> <ul style="list-style-type: none"> ▶ Equity-settled, in which the entity receives goods or services as consideration for equity instruments of the entity (including shares or share options). ▶ Cash-settled, in which the entity acquires goods or services by incurring liabilities to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity; and ▶ Transactions in which the entity receives goods or services and either the entity or the supplier of those goods or services have a choice of settling the transaction in cash (or other assets) or equity instruments. 	<p>NZ IFRS 2 also applies:</p> <ul style="list-style-type: none"> ▶ To transfers by shareholders to parties (including employees) that have transferred goods or services to the entity. This would include transfers of equity instruments of the entity or fellow subsidiaries by the entity's parent entity to parties that have provided goods and services. ▶ When an entity does not receive any specifically identifiable good/services. 	<p>NZ IFRS 2 does NOT apply to:</p> <ul style="list-style-type: none"> ▶ Transactions in which the entity acquires goods as part of the net assets acquired in a business combination to which NZ IFRS 3 <i>Business Combinations</i> applies or to the contribution of a business on the formation of a joint venture to which NZ IFRS 11 <i>Joint Arrangements</i> applies. ▶ Share-based payment transactions in which the entity receives or acquires goods or services under a contract within the scope of NZ IAS 32 - <i>Financial Instruments: Presentation</i> and NZ IFRS 9 <i>Financial Instruments</i>. ▶ Transactions with an employee in his/her capacity as a holder of equity instruments.

IDENTIFYING THE SHARE-BASED PAYMENT CONDITIONS



Although every effort is made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular facts and circumstances of the situation.
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RECOGNITION

- ▶ Recognise the goods or services received or acquired in a share-based payment transaction when the goods are obtained or as the services are received.
- ▶ Recognise an increase in equity for an equity-settled share-based payment transaction.
- ▶ Recognise a liability for a cash-settled share-based payment transaction.
- ▶ When the goods or services received or acquired do not qualify for recognition as assets, recognise an expense.

MEASUREMENT

EQUITY-SETTLED

- Transactions with employees
- ▶ Measure the fair value of the equity instruments granted at grant date.
 - ▶ The fair value is never remeasured.
 - ▶ The grant date fair value is recognised over the vesting period.

- Transactions with non-employees
- ▶ Measure at the fair value of the goods or services received at the date the entity obtains the goods or receives the service.
 - ▶ If the fair value of the goods or services received cannot be estimated reliably, measure by reference to the fair value of the equity instruments granted.

CHOICE OF SETTLEMENT

- Share-based payment transactions where there is a CHOICE of settlement
- ▶ If the counterparty has the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, the entity has granted a compound instrument (cash-settled component and an equity-settled component).
 - ▶ If the entity has the choice of whether to settle in cash or by issuing equity instruments, the entity must determine whether it has a present obligation to settle in cash and account for the transaction as cash-settled or if no such obligation exists, account for the transaction as equity-settled.

CASH-SETTLED

- Cash-settled share-based payment transactions
- ▶ Measure at the fair value of the liability.
 - ▶ Re-measure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.
 - ▶ Liability is recognised over the vesting period (if applicable).

GROUP SETTLED SHARE-BASED PAYMENTS

An entity that received goods or services ("receiving entity") in an equity-settled or a cash-settled share-based payment transaction is required to account for the transaction in its separate or individual financial statements.

In summary:

- ▶ The entity receiving the goods recognises them, regardless of which entity settles the transaction (cash or shares), this must be on an equity-settled or cash-settled basis assessed from the entity's own perspective (which may not be the same as the amount recognised by the consolidated group).
- ▶ The term "group" has the same definition as per NZ IFRS 10 *Consolidated Financial Statements* that it includes only a parent and its subsidiaries.

TIER 2 NZ IFRS RDR REPORTERS

NZ IFRS RDR Reporters must comply fully with the recognition and measurement principles of NZ IFRS 2. However, there are certain disclosure exemptions available.