

Also refer: NZ IFRIC 2 *Members Shares in Co-Operative Entities and Similar Instruments*; NZ IFRIC 17: *Distributions of Non-Cash Assets to Owners*; NZ IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

SCOPE

NZ IAS 32 applies to all types of financial instruments except:

- Interests in subsidiaries, associates or joint ventures under accordance with NZ IFRS 10 *Consolidated Financial Statements*, NZ IAS 27 *Separate Financial Statements* or NZ IAS 28 *Investments in Associates and Joint Ventures*.
- Obligations under employee benefit plans, under NZ IAS 19 *Employee Benefits* applies.
- Contracts within the scope of NZ IFRS 17 *Insurance Contracts* except derivatives that are embedded in contracts within the scope of NZ IFRS 17, if NZ IFRS 9 requires the entity to account for them separately; and investment components that are separated from contracts within the scope of NZ IFRS 17, if NZ IFRS 17 requires such separation
- Financial instruments, contracts and obligations under share-based payment transactions to which NZ IFRS 2 *Share-based Payment* applies, except for contracts within the scope of NZ IAS 32.8-10

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

OFFSETTING

A financial asset and a financial liability are offset only when there is a legally enforceable right to offset and an intention to settle net or to settle both amounts simultaneously. The right of set-off:

- Must not be contingent on a future event
- Must be legally enforceable in all of the following circumstances:
 - The normal course of business
 - The event of default
 - The event of insolvency or bankruptcy of the entity and all of the counterparties.

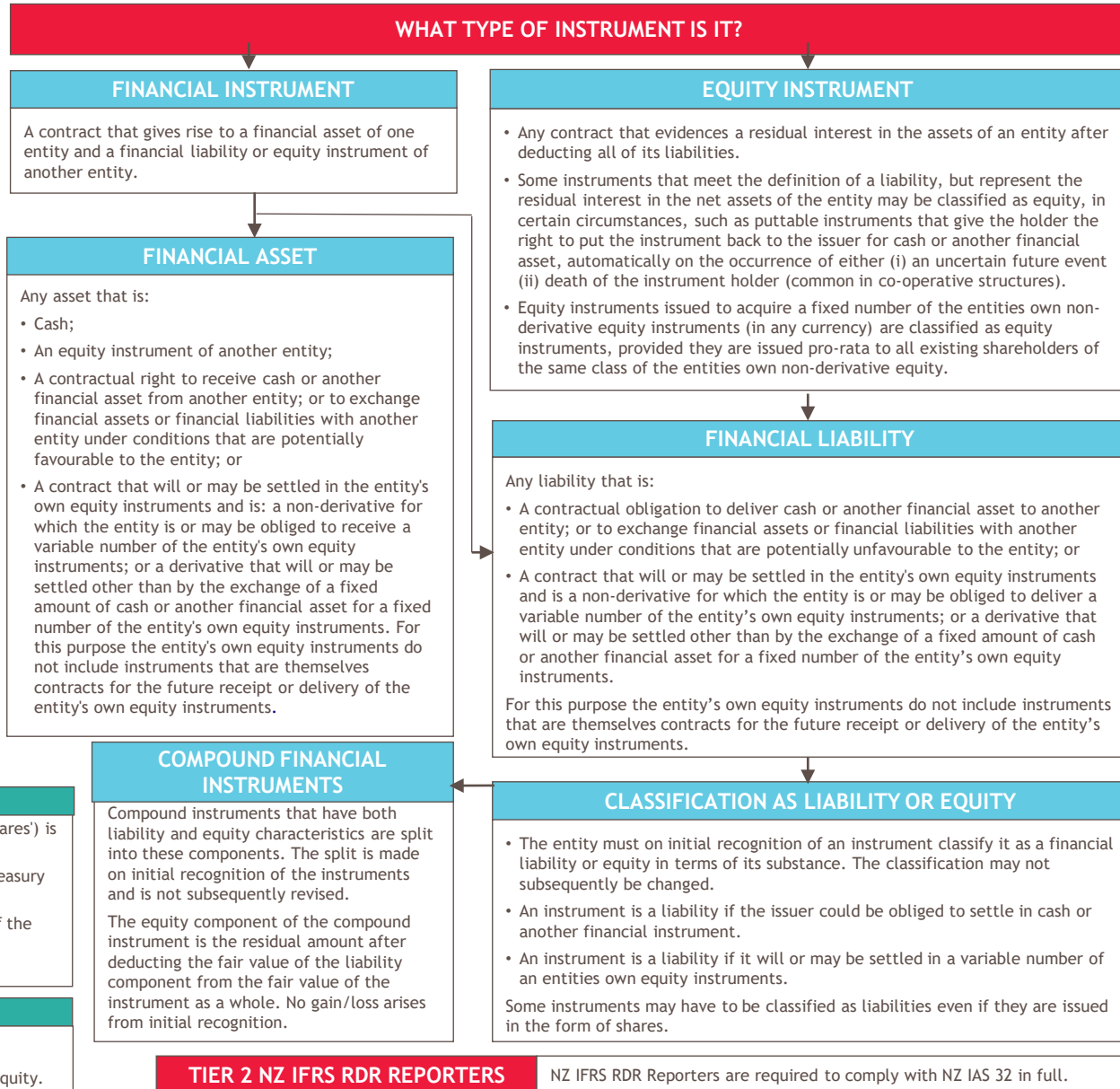
TREASURY SHARES

The cost of an entity's own equity instruments that it has reacquired ('treasury shares') is deducted from equity.

- Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares.
- Treasury shares may be acquired and held by the entity or by other members of the consolidated group (i.e. an entity and its subsidiaries)
- Consideration paid or received is recognised directly in equity.

OWNER TRANSACTIONS

- Distributions to holders of equity instruments are debited directly in equity.
- Transaction costs of equity transactions are accounted for as deductions from equity.



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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