



**The Institute of
Chartered Accountants
in Australia**

Jenny Lee
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IFRS 2 Amendment
International Accounting Standards Board
30 Cannon Street
London EC4M6XH
United Kingdom

cc David Boymal Chairman AASB

Dear Madam

Amendments to IFRS 2 Share Based payments vesting conditions and cancellations

AASB ED 146

The Institute of Chartered Accountants in Australia (ICAA) welcomes the opportunity to make a submission on the above exposure draft and our views on the matters raised are as follows

We are supportive of the changes proposed in the ED and our detailed responses to the questions raised in the Invitation to comment are set out below.

Question 1 - Vesting conditions

The Exposure Draft proposes that vesting conditions should be restricted to performance conditions and service conditions.

Do you agree? If not, what changes do you propose, and why?

Yes - we agree that this approach best reflects the intent of the standard regarding requiring an employee to pay for the benefit.

Question 2 - Cancellations

The Exposure Draft proposes that cancellations by parties other than the entity should be accounted for in the same way as cancellations by the entity.

Do you agree that all cancellations should be treated in the same way? If not, please specify the nature of any differences between types of cancellations and explain how they influence the selection of appropriate accounting requirements.

Yes , we agree that this option best meets the objectives of the standard to provide consistent and objective financial information

Question 3 - Effective date and transition

The proposed changes would apply to periods beginning on or after 1 January 2007, and would be required to be applied retrospectively. Earlier application would be encouraged.

Are the proposed effective date and transition appropriate? If not, what do you propose, and why?

We agree with the proposed requirements as there will be sufficient warning to allow affected entities to prepare for the change and the changes will be consistently applied.

Question 4- AASB additional question

In addition, the AASB would value comments on:

- (a) any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals; and
- (b) whether the proposals are in the best interests of the Australian economy.

We are not aware of any issues that would affect implementation in Australia

Yours faithfully

A handwritten signature in black ink, appearing to read 'Keith Reilly', with a stylized, cursive script.

Keith Reilly
Technical Standards Consultant