Ind AS 102 - Share Based Payment [5-10 mks]

1. Definition
2. Scope
3. SBP with other than employees (Co & 3rd party)
4. SBP with employees (Equity Settled) (Co & Emp).
5. Market Based condition
6. Modification (Repricing)
7. Cancellation
8. SBP with employees (Cash Settled)
9. SBP with cash alternative
10. Group SBP

* Defn

SBP → Agreement btw → Co & Another Party (Employee / 3rd party) } Co. receives Goods / Services against payment of

AK Ltd

(1) Shares of (AK Ltd). OR (2) Cash Based on the price of shares.

(1) → Equity Settled.

(2) → Cash Settled.

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* SBP with other than Employees (Co. & 3rd party)

Equity Settled

(Co - receives Goods / Services
Co → gives Shares)

J.E

(1) Asset / Exp A/c Dr
To SBP Reserve (O.E)

(2) SBP Reserve A/c Dr.
To ESC
To Sec Prem

Cash Settled

(Co receives Goods / Services
Co → gives Cash Based on the price of shares)

J.E

(1) Asset / Exp A/c Dr
To SBP Liab A/c

(2) SBP Liab A/c Dr
To CIB.

Eg: ① AK ltd promised to give 100 shares to Danish ltd in exchange for Iphone worth ₹ 70,000. AK's share Fair value is ₹ 880.

"₹"

J.E Iphone A/c Dr 70,000

To SBP reserve. 70000

SBP Rese 70000
To ESC (Face value)
To See Prem (Bal).

more stable / Non fluctuating value.

Ind AS 16, 38, 40

1st pref: FV of Asset given up (+) Cash paid

2nd pref: FV of Asset acqd

3rd pref: C.A of Asset given up (+) Cash paid.

PPE ke Badle PPE exchange hoga

Ind AS 16.

Ind AS 102 → Measurement

1st pref: FV of Asset acquired.

2nd pref: FV of shares given up.

PPE acquire kark own shares diya

Ind AS 102.

Eg2: AK ltd promised to give 100 shares to Yaswanth ltd in exchange for 3 years Maint worth ₹ 30,000 on 01/04/X1 (1st pref.) Fair value of share was ₹400 Face value ₹100

01/04/X1 (Dani) → Grant date → No entry ("In case of Exp")
↳ In case of goods, we Book on Day ①.

31/3/X2 Maint Exp A/c Dr 10,000
To SBP Reserve 10,000

31/3/X3 Maint Exp A/c Dr 10,000
To SBP Rese 10,000

31/3/X4 Maint Exp A/c Dr 10,000
To SBP Rese 10,000

31/3/X4 SBP Rese 30,000
To ESC 10000 (Face value 100 share x ₹100)
To S.P 20000 (Bal. fig).

* SBP with Employees (Equity Settled)

① **Grant date**

↳ Date on which the Co. & emp agree towards SBP Plan (SBP Agreement Date)

Note: If Agreement is subject to approval of higher authorities, then Grant date will be date of approval.

② **Vesting period** : It is the period during which all specified conditions are to satisfied.

(Share Based Payment → Exp → is to be booked over the vesting period)

③ **Conditions**

- **Vesting Conditions**
  - **Service Condition**
    - eg: 3yrs → Emp has to stay in service.
    - ⇓
    - VP = 3yrs.
  - **Performance Condition**
    - **Non-Market Based Condition**
      - ⇓
      - Sales Target (2yrs)
      - Profit Target (2yrs)
      - Cost Reduction Target (2yrs)
      - ⇓
      - VP = 2yrs.
    - **Market Based condition**
      - ⇓
      - Shares Price Target. (150 → 250)
      - ⇓
      - Not within the control of Employee
      - ⇓
      - Seperately Discussed in Point 5
- **Non-Vesting conditions.**
  - ⇓
  - lock in period after employee receives shares
  - (eg: 5 yrs lock in period after Emp receives shares)
  - ⇓
  - Service Period (+) lock in
  - ⇓ ⇓
  - 3yrs 5yrs.
  - V.P = 3yrs / ~~5yrs~~ / ~~8yrs~~.

④ Carr of Exp to be Recog. each yr during the Vesting period =

$$\frac{\text{No. of emp expected to fulfil the conditions} \times \text{No. of shares per emp} \times \text{Fair value of share on Grant date} \times \text{Expired Period}}{\text{Total Vesting period}}$$

(−) Exp Already Recognised in Previous Years.

Eg: On 01.04.X1 (G.D.), Comp Announced a SBP Plan [Eq. Settled], where employees are required to stay in service (service condn) for 3 yrs. (V.P.). Total No. of employees on 01.04.X1 is 1000 employees & each employee is eligible for 100 shares

At the end of yr 1, 20 employees left & it is expected that more 30 employees will leave the org. over next 2 years.

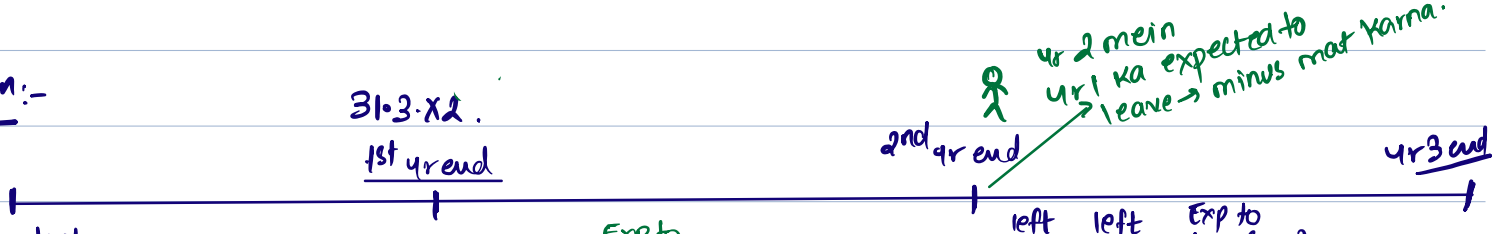
At the end of yr 2, 25 employees left & it is expected that 15 employees will leave the org in next year.

At the end of yr 3, 20 employees left the org.

Fair value of share on Grand date is ₹120.

Required: Calculate the exp to be recognised each year & Pass J.E.

Soln:-



G.D.

No. of emp = 1000
No. of shares = 100
F.V on G.D = 120
V.P = 3 yrs.

Emp = [1000 − 20 (left) (−) 30 (Exp to leave)] = 950

Exp to be Recog = $\left(\frac{950 \times 100 \times 120 \times 1}{3}\right)$

= 38,00,000

Emp = [1000 (−) 20 (left yr 1) (−) 25 (left yr 2) (−) 15 (Exp to lear (yr 2))] = 940

Exp = $\left(\frac{940 \times 100 \times 120 \times 2}{3 \text{ yrs}}\right)$

(−) 38,00,000

= 37,20,000

Emp = 935 [1000 − 20 (−) 25 (−) 20]

Exp = $\left(\frac{935 \times 100 \times 120 \times 3}{3}\right)$

(−) 38,00,000

(−) 37,20,000

= 37,00,000

J.E.

01/04/X1 → No entry

31/03/X2 → Emp Ben. Exp (P/L) A/c Dr 38,00,000

TO SBP Reserve (O.E.) 38,00,000

31/3/X3 EBE A/c Dr 3720000

TO SBP Reserve 3720000

31/3/X4 → EBE (P/L) A/c 3700000

TO SBP Reserve 3700000

During Exercise Period [935 employees - qualified]

Case ① [All 935 employees exercised their SBP]

SBP Reserve (O.E.) A/c Dr	1,12,20,000	[935 emp x 100 x 120]	
TO ESC	93,50,000	[935 emp x 100 x 100]	Assume face value ₹100
TO Sec Prem	18,70,000	[935 x 100 x 20]	

Case ② [935 emp qualify] Only 900 emp exercise.

SBP Reserve (O.E) A/c Dr	1,12,20,000	[935 x 100 x 120]	
TO ESC A/c	90,00,000	[900 x 100 x 100]	
TO Sec. Prem A/c	18,00,000	[900 x 100 x 20]	
TO Retained Earnings (O.E)	420000	(Bif) [35 emp x 100 x 120]	Exp Booked But Emp Did Not exercise.

Bal of SBP Rese (O.E) is trf to Ret Earnings (O.E).

In case of Eq. Settled Transactions

① Reversal of Exp Booked can be done through P/L → Only during vesting period.

② Post Vestg Period (During exercise period) → Any Bal. of SBP Reserve can be trf only within O.E. (i.e. SBP Resc Bal will be trf to Ret. Earn)

Illustration 7 (LDR)

Particulars	20X1 1st yr end	20X2 2nd yr end	20X3 3rd yr end.
Jump ① No. of emp (expected)	440 (500 − 29 − 31) left ↳ Exp to leave	419 (500 − 29(−) 29(−) 23) left 1yr left 2yr Exp to leave 2yr	421 (500 − 29 − 29 − 21) left 1yr left 2yr left 3yr
② No. of options/shares	100	100	100
③ F.V on Grant date	122	122	122
④ Expired Period	1 yr	2 yrs	3 yrs.
⑤ Total Vest Period (Jump)	2 yrs [Co. expects to meet target in 20X2]	3 yrs. [Co. expects to meet in 20X3]	3 yrs (Target met)
⑥ Exp to be Recog.	2684000 $\left(\frac{440 \times 100 \times 122 \times 1}{2}\right)$	7,23,867 $\left(\frac{419 \times 100 \times 122 \times 2}{3}\right)$ (−) 2684000	17,28,333 $\left(\frac{421 \times 100 \times 122 \times 3}{3}\right)$ (−) 2684000 (−) 723867

J.E (Dec yr end)

01/01/X1 → G.D – No entry

31/12/X1 → EBE A/c Dr. 2684000
TO SBP Reserve 2684000

31/12/X2 → EBE A/c Dr. 723867
TO SBP Reserve 723867

31/12/X3 → EBE A/c Dr 17,28,333
TO SBP Reserve 1728333

On Exercise (421 × 100 × 122)

SBP Reserve 51,36,200
TO ESC 51,36,200

[ICAI assume fair value = Face value
∴ No Sec. Prem]

Illust 8

4r 1 end EBE 3,16,667

TO SBP Rese 3,16,667

[1 emp x 10000 x 95 x 1/3]

4r 2 end SBP Rese 316667

TO EBE (PL) 316667

[Not expected to vest in future ∴ Reverse SBP]

4r 3 end EBE 950000

TO SBP Reserve 950000

[1 emp x 10000 x 3/3]

(-) 316667

(+) 316667

On Exercise SBP Rese A/c Dr 950000

TO ESC 950000.

* **Market Based condition** (Not fully within the control of the emp)

Eg: Co announced → 200 employees → 100 shares each, F.V. on Grant date = ₹150

Condition → Market price of the share should exceed ₹400.

Day ① → Co. will Estimate a Vesting Period. = 4yrs.

Case ①

Condition met in 6 years.

Still Exp will be booked as per 4 yrs.

4r 1 end	7.5L	$\left(\frac{200 \times 100 \times 150}{4}\right)$
4r 2 end	7.5L	
4r 3 end	7.5L	
4r 4 end	7.5L	
4r 5 end	–	} No exp is deferred to 4r 5 & 6.
4r 6 end	–	

↓

Issue shares to emp.

Case ②

Condition met in 3 years

4r 1 end $\left(\frac{200 \times 100 \times 150}{4}\right)$ 7.5L

4r 2 end 7.5

4r 3 end 7.5L + 7.5L = 15L

↓

Book full Exp of 4r 3 & 4 in 3rd yr itself

Case 3: V.P expectation 4yrs (correct if condition never met)

4r 1 end	7.5L	} Booked
2	7.5L	
3	7.5L	
4	7.5L	

In future if never met → Reverse full Exp SBP Rese (O.E) 30L

TO R.E (O.E) 30L.

* Modification (Re-pricing)

↓

eg: Google

↓

01.04.X1 → 1000 emp, Service condition - 3yrs (V.P.)

No. of shares per emp = 5000 shares.

Fair value on Grant date = ₹150

- Mkt price = ₹250.
- Exercise price = ₹100.

4yr 1 end

↳ Mkt price = ₹120

↳ F.V after price drop = ₹20.

4yr end

→ Co. Plan Modify (Repricing)

Exercise price waived off = 0

F.V after waive off of exercise price. = ₹120

Worth of SBP is increased by ₹100 on Modn.

(₹20 → ₹120)

Soln:

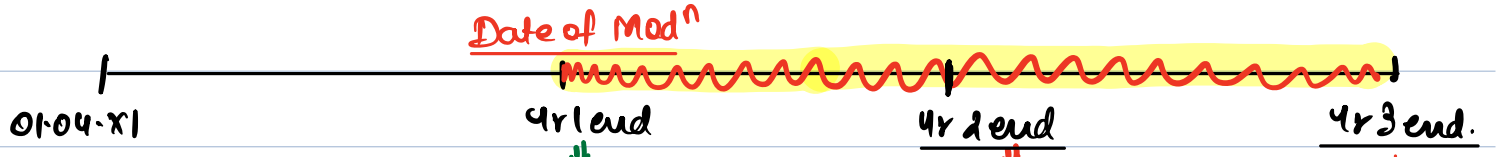
Hint: Treat original SBP Plan Seperately & Treat the modified Plan (Repriced Plan) Seperately

OG SBP

G.D	4yr 1 end	4yr 2 end	4yr 3 end
01.04.X1	25cr.	25cr	25cr.
↓	[1000 emp × 5000 shares × 150 × 1/3]	[1000 emp × 5000 × 150 × 2/3]	[1000 emp × 5000 × 150 × 3/3]
No entry		(-) 25 cr	(-) 25cr
			(-) 25 cr

F.V on G.D = ₹150
VP = 3yrs
Emp = 1000
shares = 5000

Modified Plan



X

4yr 1 end ⇓ G.D for modⁿ

V.P = 24 yrs (Remaining period from Date of Modification)

Exp (1000 × 5000 × 100 × ½) ⇓ FV = 25cr

Emp = 1000

Shares = 5000

Kitne value se wealth was increased. ⟶ FV = ~~DSO~~ ~~20~~/~~120~~/100 *

(FV before Modⁿ on Modⁿ Date (-) FV after Modⁿ on Modⁿ Date)

(20 - 120] ⇓ No entry on G.D for modⁿ.

Exp (1000 × 5000 × 100 × 2/2)

(-) 25cr

= 25cr.

J.E.	O.G SBP	Modⁿ
01/04/X1	No entry	No entry.
31/3/X2	EBE 25cr TO SBP Rese 25cr	No entry.
31/3/X3	EBE 25cr TO SBP Rese 25cr	EBE 25 TO SBP Rese 25
31/3/X4	EBE 25cr TO SBP Rese 25cr	EBE 25 TO SBP Rese 25

On Exercise SBP Rese 125cr

TO ESC 125cr

Illus 10 (LDR)

Hint: Alc for original SBP Seperately & Modified (Repriced) Plan Seperately.

Particulars

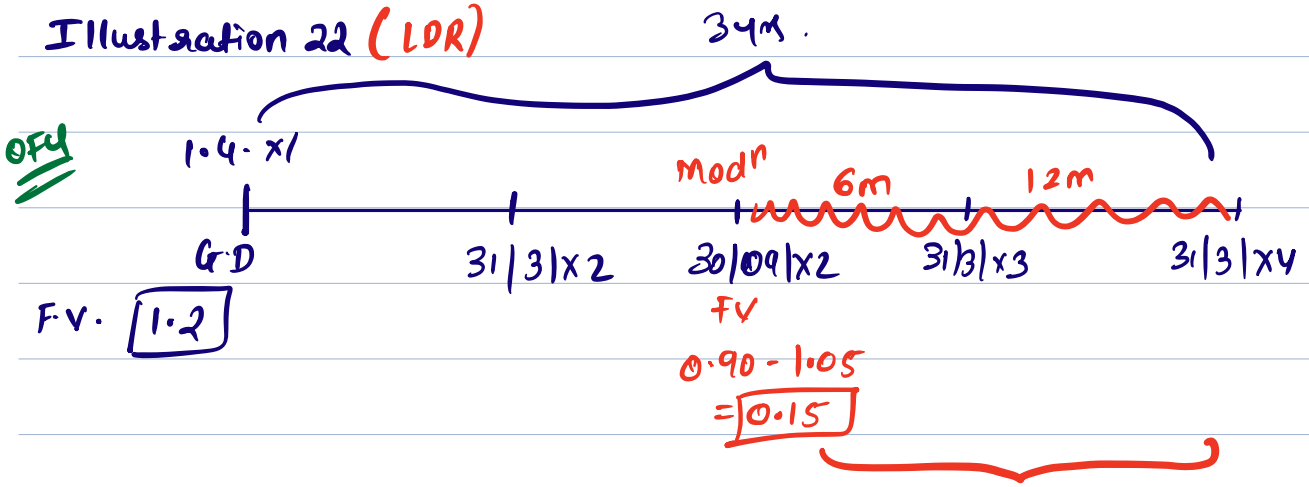
(I) OG SBP	4r1 end	4r2 end	4r3 end
1. No. of emp (expected)	905 (1000 - 35 - 60)	899 (1000 - 35 - 30 - 36)	896 (1000 - 35 - 30 - 39)
2. No. of shares	150	150	150
3. FV on G.D	129	129	129
4. Expired Period	1	2	3
5. Total VP	3	3	3
6. Exp.	58,37,250 (905 × 150 × 129 × 1/3)	57,59,850 (899 × 150 × 129 × 2/3) (-) 58,37,250	5740500 (896 × 150 × 129 × 3/3) (-) 5837250 (-) 5759850

(II) Modified Past	4r1 end (Modn G.D)	4r2 end	4r3 end
1. No. of emp (expected)		899	896
2. No. of shares		150	150
3. Fair value (FV Before Modn (-) FV after modification) (150 (-) 80)		30	30
4. Expired Period		1	2
5. Total VP		2yrs	2yrs.
6. Exp		2022750 (899 × 150 × 30 × 1/2)	2009250 (896 × 150 × 30 × 2/2) (-) 2022750

J.E (Extra - Not asked / passed by ICAI)

	Old SBP	Modified SBP
Day (1)	No entry	No entry
4r 1 end	EBE A/c Dr 5837250 To SBP Rese 5837250	No entry
4r 2 end	EBE A/c Dr 5759850 To SBP Rese 5759850	EBE A/c Dr 2022750 To SBP Rese 2022750
4r 3 end	EBE A/c Dr 5740500 To SBP Rese 5740500	EBE A/c Dr 2009250 To SBP Rese 2009250
On Exercise	SBP Rese A/c Dr 2,13,69,600 To ESC 2,13,69,600	

Illustration 22 (LDR)



Particulars	4r 1 end	4r 2 end	4r 3 end
OG SBP.	31.03.X2	31.03.X3	31.03.X4 ⇓ Infon not given & Not asked in ques.
① No. of emp	~~1800~~ 1850	1840	
② No. of shares	1000	1000	
③ FV on G.D	1.2	1.2	
④ Expired Period	1	2	
⑤ Total V.P	3yrs	3yrs	
⑥ Exp.	740000 (1850 × 1000 × 1.2 × 1/3)	732000 (1840 × 1000 × 1.2 × 2/3) (-) 740000	

Modn SBP	31.03.X2	(Modn on 30.09.X2) 31.03.X3 (6m)	31.3.X4 ⇓ Not asked.
① No. of emp		1840	
② No. of shares		1000	
③ Fair value on Mod (0.90 (-) 1.05)		₹0.15	
④ Expired Period		0.5 yrs	
⑤ Total V.P		1.5 yrs.	
⑥ Exp.		92000 (1840 × 1000 × 0.15 × 0.5/1.5)	

Jwl

* Cancellation

↓

Eg: Co. Announced SBP → 1000 emp

No. of shares = 50 shares per emp

Fair Value on G.D = ₹500

Vesting Period = 5 yrs.

Day ① → No Entry

4r 1 end Exp [1000 × 50 × 500 × 1/5]

= 50,00,000 → EBE 50L

TO SBP Res 50L

4r 2 end Exp = 50,00,000 → EBE 50L

TO SBP Reserve. 50L

4r 3 → SBP Cancel → Comp^y has cancelled.

↳ 4r of cancellation (4r 3 + 4r 4 + 4r 5) → Full Exp Book in 4r 3.

Exp Book = 150L → EBE 150L

(1000 × 50 × 500 × 5/5) TO SBP Reserve 150L

(-) 50L

(-) 50L

4r 3 (4r of cancellatn) SBP Reserve A/c Dr 250L → Bal of SBP Reserve.

⇓ full Reverse TO ~~EBE~~ R.E (O.E) 250L

Co. on cancellation decided to compensate the employees ₹450 per emp

F.V on date of cancellation = ₹410. ↓ [In the 4r of cancellatn]

J.E. (4r3)

Max Limit [1000 x 50 x 410] → FV on date of cancelln (max limit)

~~SBP Rese~~ Retained Earnings A/c Dr ~~225L~~ 205L.

EBE → PL (BIF) A/c Dr 20L [1000 x 50 x ₹40]. → Excess payment

To CIB 225L

[1000 emp x 50 shares x ₹450]

Illustration 11 (LDR)

Particulars	Yr 1 end	Yr 2 end (Yr of cancell^n)	Yr 3 end. X
(1) No. of emp	8	~~8~~ 9*	
(2) No. of options	2000	2000	
(3) Fair value of option (G.D)	130	130	
(4) Expired Period	1	–	
(5) Total V.P	3yn.	–	
	6,93,333	16,46,667	
	(8 x 2000 x 130 x 1/3)	(9 x 2000 x 130 x 2/3) − 693333	

J.E. Day (1) - No entry

Yr 1 end
EBE A/c Dr 693333
To SBP Reserve 693333

Yr 2 end (Yr of cancell^n)
EBE 16,46,667
To SBP Reserve 16,46,667

SBP Reserve A/c Dr 23,40,000 } (693333 + 1646667)
To Retained Earnings 23,40,000

Compensation
R.E A/c Dr 16,20,000 [9 x 2000 x 90]
P/L A/c Dr (Bal^f) 90,000
To CIB 17,10,000 [9 x 2000 x 95]

* SBP with employees (Cash Settled) → SAR's (Stock Appreciation Rights)

⇓

Everything is same as Equity Settled **Except**:

① Exp = (No. of emp expected to fulfil the condition (X) No. of shares (X) Fair value on ~~GD~~ each yr end. (X) Expired Period) / Total Vesting Period

(-) Exp Already Recognised in Previous years.

② J.E.

↳ EBE

TO SBP Liab^y

③ Eq. Settled

⇓

Reversal

During V.P

⇓

SBP Reserve

TO EBE (PIL)

Post V.P

⇓

SBP Reserve

TO R.E (O.E)

Cash Settled

⇓

Reversal

(During V.P / Post V.P)

⇓

Always thru PIL (EBE)

J.E. SBP Liab

TO EBE (PIL)

Illust 21 (LDR) → Cash settled (SARs)

Case A: Vesting Period = 4 yrs.

Particulars	31/3/x2	31/3/x3	31/3/x4	31/3/x5
① No. of emp	75	75	75	75
② No. of option	400	400	400	400
③ F.V @ each yr end	210	220	215	218
④ Expired Period	1 yr	2 yr	3 yr	4 yr
⑤ Total V.P	4 yrs	4 yrs	4 yrs	4 yr
⑥ Exp.	1575000	1725000	1537500	1702500

01/04/x1 No entry

31/3/x2 EBE 1575000
To SBP Liab 1575000

31/3/x3 EBE 1725000
To SBP Liab 1725000

31/3/x4 EBE 1537500
To SBP Liab 1537500

31/3/x5 EBE 1702500
To SBP Liab 1702500

ICAI Not passed.

31/3/x5 SBP Liab 65,40,000
To CIB 65,40,000

[75 × 400 × 218]

Case B → In 2nd yr (31.3.x3) we came to know that V.P is 3yrs.

Particulars	31/3/x2	31/3/x3	31/3/x4	31/3/x5
① No. of emp	75	75	75	
② No. of option	400	400	400	
③ F.V @ each yr end	210	220	215	
④ Expired Period	1 yr	2 yr	3 yr	
⑤ Total V.P (Jud)	4yrs	3yrs	3yrs.	
⑥ Exp.	1575000	2828000	2050000	

01/04/x1 No entry

31/3/x2 EBE 1575000
To SBP Liab 1575000

31/3/x3 EBE 2825000
To SBP Liab 2825000

31/3/x4 EBE 2050000
To SBP Liab 2050000

ICAI Not passed.
31/3/x4 SBP Liab 6450000
To C/B 6450000
[75 x 400 x 215]

* SAR's (Cash Settled SBP) that vests Immediately

- In above case since V.P = 0 yrs, full EBE will be Booked on Grant date @ FV on G.D.
- If there is any exercise period, SBP liab will be remeasured based on the changes in Fair value.

Illust 2 (LDR)

01/04/X0 → G.D → vests immediately

EBE A/c Dr 950000

To SBP Liab 950000

[10000 × ₹95]

No. of emp × No. of Shares — FV on G.D.

During Exercise Period → Remeasure SBP liab based on changes in Fair value.

31/3/X1 [10000 × 95% × 112] (-) 950000 = 114000

↳ EBE 114000

To SBP Liab 114000

31/3/X2 [10000 × 92% × 109] (-) 950000 (-) 114000 = (61200)

SBP Liab 61200

To EBE 61200

31/3/X3 [10000 × 89% × 114] (-) 950000 (-) 114000 + 61200 = 11800

EBE A/c Dr. 11800

To SBP Liab 11800

31/3/X3 SBP Liab A/C Dr 10,14,600

To C/B 10,14,600

[10000 x 89% x 114]

ICAI Assumption

① Employee will exercise only on 31/03/X3 → last day of exercise.

② The emp who left during exercise period is NOT taking his SAR's. (Cash).

Illust 24 (LDR) 01|01|X5 → G.D → V.P = 2yrs Exercise Peaiod = 2yrs.

Particulars	31|12|X5 (40 emp (-)10%)	31|12|X6	31|12|X7	31.12.X8 I.V = 12 Fv = 12 ✗
1. No. of emp	36	36	36 (1 wd) → 6 emp (Remeas @ I.V ₹10); 30 emp (Remeas @ F.V. ₹13)	30 emp ↓ Remeasure @ I.V. ₹12.
2. No. of option	1000	1000		
3. F.V on 4yr end	12	8		
4. Expired Period	1yr	2yrs		
5. Total V.P	2yrs	2yrs		
6. Exp	216000 (36 x 1000 x 12 x 1/2)	72000 (36 x 1000 x 12 x 2/2) (-)216000	162000 (6 x 1000 x 10 (+) 30 x 1000 x 13) (-) 216000 (-) 72000	(30000) (30 x 1000 x 12) (-) 216000 (-) 72000 (-) 162000 (+) 60000

J.E. 01|01|X5 → No entry

31|12|X5 EBE A/C Dr. 216000
TO SBP Liab' 216000

31|12|X6 EBE A/C Dr 72000
TO SBP Liab' 72000

During Exercise Period

31|12|X7 EBE 162000
TO SBP Liab' 162000
} Remeasure.

31|12|X7 ↓ Payment to (6 emp x ₹10 x 1000)
SBP Liab' A/C Dr 60,000
TO CIB 60,000
} Payment to 6 emp @ I.V [6 x 1000 x 10]

31/12/X8	SBP Liab^{y}	30000	
⇓ Remeasure.	TO EBE		30000

31/12/X8	SBP Liab	360000	
⇓ Payment to 30 emp @ I.V.	TO CIB		360000
	[30 x 1000 x 12]		

Imp Hint / Note: when Both Fair value & Intrinsic Value is available

During Exercise Period ⟶ Liab will be Remeasured @

- **Intrinsic value** ⇓ For employees who have exercised ⇓ Payment will also be done at Intrinsic Value
- **Fair Value** ⇓ For emp who have still Not exercised.

Q2 (LDR)

01/04/X2	31/3/X3	31/3/X4	1/5/X4	12/5/X4
G.D			Exercise date ⇓ Payment ⇓ FV = ₹9.	⇓ Approval of FS
Cash settled	FV = ₹6	FV = ₹8		
V.P = 2yrs				

No. of options = 10m shares

Ind AS10 → ~~Adj~~ / Non Adj

CO2 No condition existed on BIs date

01/04/X2 → G.D - No entry

31/03/X3 - EBE 30m

TO SBP Liab 30m

[10m x ₹6 x 1/2]

31/03/X4 EBE 50m

TO SBP Liab 50m

[10m x ₹8 x 2/2] (-)30m

FV on 01/05/X4 is ₹9 [Non Adj event] → as no condition existed on 31/3/X4 (As per Ind AS10)

01/05/X4 → Remeasure @ FV ₹9 → {(10m x ₹9) - 30m - 50m}

↓ Exercise date

EBE 10m

TO SBP Liab 10m

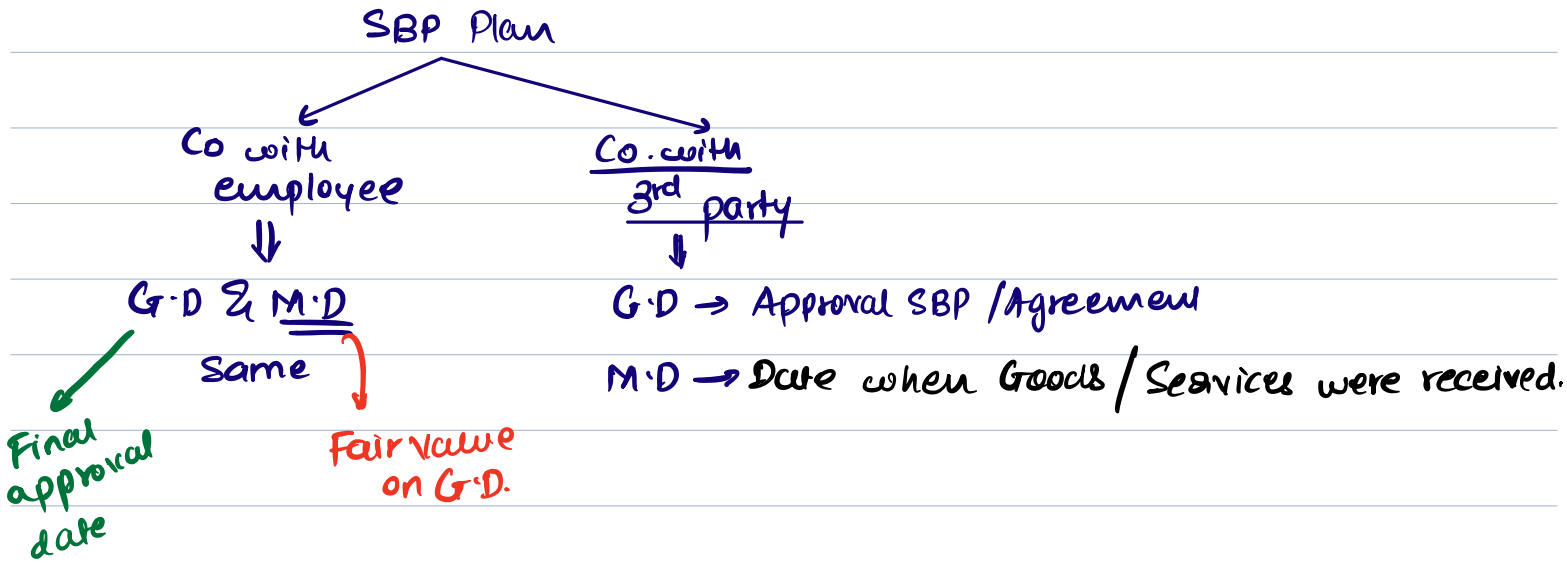
Payment → SBP Liab A/c Dr 90m

TO CIB 90m

[10m x ₹9]

Hint : J.E Not asked. ∴ Present above J.E in statement format.

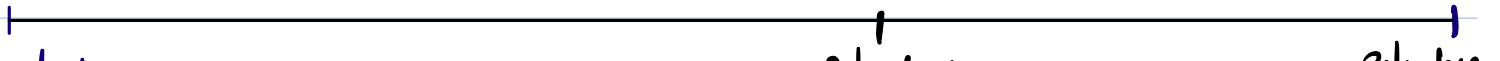
* Concept of Grant date & Meas Date [Ref. Q1 (MTP/RTP)]



* SBP with cash alternative ⟶ Option with employee

- Equity shares
- Cash Based on price of shares.

Illustration 3



01|01|X1 (G-D)

Step ① Eq Settled

↳ 1 emp × 1500 shares × 102

= 153000

31|12|X1

Eq - ₹ 200000

Cash - 60000

(1 emp × 1000 × 120 × 1/2)

31|12|X2

Eq - ₹ 20000

Cash - ₹ 72000

(1 emp × 1000 × 132 × 2/2)

(-) 60000

Step ② Cash Settled → Full Alc'ing

1 emp × 1000 shares × 113

= 1,13,000

Step ③ Incremental Eq (Step ① (-) Step 2)

153000 (-) 113000

= 40000

↓ Book this in dyn (V.P)

↳ Eq. → Incremental Alc'ing.

If this was zero/-ve, then Incremental equity ⇓ No Alc'ing

J.E

01/01/X1 → No entry

31/12/X1 → EBE 20K | EBE 60K

TO SBP Rese 20K | TO SBP Liab 60K

31/12/X2 → EBE 20K | EBE 72K

TO SBP Rese 20K | TO SBP Liab 72K

On Exercise → Emp chooses cash option

31/12/X2 SBP Liab 132000

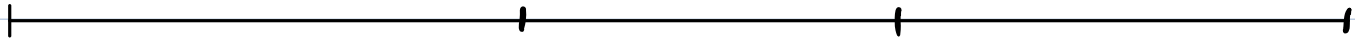
TO CIB 132000

[1 × 1000 × 132]

31/12/X2 SBP Rese A/C 40,000

TO R.E (O.E) 40,000

Illus 6 (CLDR)



01/01/X0 | 31/12/X0 | 31/12/X1 | 31/12/X2

Step ①

Eq = 1 emp × 90000 × 115 = 1,03,50,000

Eq = 1·2L | Eq 1·2L | Eq 1·2L

Cash = 34,04,000 | Cash = 35,02,667 | Cash = 3971333

↳ [1 × 74000 × 138 × 1/3] | [1 × 74000 × 140 × 2/3] | [1 × 74000 × 147 × 3/3]

(-) 34,04,000 | (-) 34,04,000

(-) 35,02,667

Step ② Cash Settled

= 1 emp × 74000 × 135 = 99,90,000

Step ③ Incremental Equity

= 1,03,50,000 (-) 99,90,000 = 360000

01/01/X0 → G·D No entry

31/12/X0 → EBE 120000 — TO SBP Rese 120000

EBE 3404000 — TO SBP Liab 3404000

31/12/X1 EBE 120000 — TO SBP Rese 120000

EBE 3502667 — TO SBP Liab 35,02,667

31/12/X2 EBE 120000 — TO SBP Rese 120000

EBE 3971333 — TO SBP Liab 3971333

when no info is given regarding which option employee has opted, In that case pass J.E for Both options.

Case ① Emp chooses cash option

SBP Liab 1,08,78,000

To CIB 1,08,78,000

[1emp × 74000 × 147]

SBP Rese A/c Dr 360000

To R.E 360000

Case ② Emp chooses share option.

logical Entry

① SBP Liab A/c Dr 1,08,78,000

To SBP Rese 1,08,78,000

SBP Rese Bal = 360000 + 10878000

= 1,12,38000

② SBP Rese A/c Dr 1,12,38000

To Esc [1 × 90K × 100] 90,00,000

To S.P [1 × 90K × 15] 13,50,000

To R.E (Bif) 8,88,000

ICAI J.E. → Exam

① SBP Liab A/c Dr 10878000

To Esc 90,00,000

(1 × 90K × 100]

To S.P (Bif) 1878000

② SBP Rese 360000

To R.E 360000

Assume Face Value ₹100.

* Group SBP → Shares issue -

Parent

Invst in Subs A/c Dr

TO SBP Reserve

SBP Rese

TO ESC

Subsidiary → SBP Plan

EBE A/c Dr

TO Cap Contn from Parent A/c.

Illustration 12

	Subsidiary Books		Parent Books	
Day ①	No entry		No entry.	
Yr 1 end	EBE	240000	Invst in Sub	240000
	TO Cap. Contn from Parent	240000	TO SBP Rese	240000
	[80 emp × 200 × 30 × 1/2]			
Yr 2 end	EBE	246000	Invst in Sub	246000
	TO Cap Contn	246000	TO SBP Rese	246000
	[~~80~~ 81 emp × 200 × 30 × 2/2]			
	(-) 240000			
			on Exercise	
			SBP Rese	486000
			TO ESC	486000

Illus 15 → Vests immediately.

Comp P (Parent) | Comp B (Subsidiary)

Day ① Invst in Co. B 217500
To SBP Reserve 217500
[100 x 25 x 87]

Day ① EBE Alc Dr 217500
To Cap Contn 217500

SBP Reserve 217500
To ESC 25000 [100 x 25 x 10]
To S.P 192500 [100 x 25 x 77]

Illus 23 (LDR)

Co. S (Subs)

4r 1 end EBE Alc Dr 5000
To Cap Contn (25%) 1250
To CIB [75%] 3750
[100 emp x 30 x 75 x 1/3]

Co. P.
Invst in Sub (25%) 1250
CIB Alc Dr (75%) 3750
To SBP Reserve 5000

4r 2 end Co. S (Subs)
EBE Alc Dr 5000
To Cap Contn (25%) 1250
To CIB [75%] 3750

Co. P.
Invst in Sub (25%) 1250
CIB Alc Dr (75%) 3750
To SBP Reserve 5000

4r 3 end. Co. S (Subs)
EBE Alc Dr 5000
To Cap Contn (25%) 1250
To CIB [75%] 3750

Co. P.
Invst in Sub (25%) 1250
CIB Alc Dr (75%) 3750
To SBP Reserve 5000