INDAS 102 - SHARE BASED PAYMENTS (SBP)

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Types of SBP

- Equity Settled → Equity Instrument
- Cash Settled → Financial Laibility
- Equity Option with Cash Alternative → Compound Instrument

SBP covers Payments to

- Employees → Measured at "Fair Value of Equity Instruments"
- Others (eg. suppliers of Goods & Services) → Measured at
  - First Pref. → Fair Value of G & S
  - Second Pref. → Fair Value of Equity Instruments

SBP with/without vesting Condition

- Without V. Conditions → Expenses to be Recognize immediately as on Grant Date
- With Vesting Conditions (Exp to be Recognized over the Vesting Period)
  - Service Conditions
  - Performance Conditions
    - Non Market
    - Market

Note:- *If services conditions/nonmarket performance conditions are satisfied but market based condition are not satisfied then no need to reverse the expenses even though option is not vested.*
If service/pref. conditions are not satisfied then option is not vested & expenses to be reversed.

Fair Value of Option

- Equity Settled → Take FV as on Grant Date only
- Cash Settled → Take FV as on every B/s Date

Equity Options with Cash Alternative

Step 1 :- Total FV of Equity Option
(No. of Equity Option x FV for Equity)

Step 2 :- Total FV of Cash Option
(No. of Cash options x FV for Cash Option)

Step 3 :- Recognise SBP Reserve by Difference of step-1& step 2 over the V. Period
(Step 1 - Step 2)

Step 4 :- Recognise SBP Liability equal to Step 2 & measure it at latest FV on every B/S date

Step 5 :- Settlement

- In Equity → SBP Liability shall be Transfer to SBP Reserve & Shares to be issued
- In Cash → SBP Reserve shall be transfer to General Reserve
  SBP liability to be discharged

Repricing/Modification

(Benefit in favour of Employees/Suppliers)

Recognise Additional Exp for remaining VP equal to:-

Difference between FV as on Modification date with Modification (-) FV as on Modification date without effect of Modification

Cancellation of SBP Options

(Cancelled before end of VP)

Step 1
Recognise the whole Exp. Immediately for remaining VP

Employee Benefit Expense a/c Dr.
To SBP Reserve

Step 2
Calculate the Compensation that should be paid i.e. Total Fair Value of Option at the Time of Cancellation
And
Transfer the above Amount from SBP Reserve to Liability

SBP Reserve a/c Dr.
To Compensation payable a/c

Step 3
Remaining SBP Reserve shall be Transfer to Gen. Reserve
Now
The payment shall be made, if there is any diffence - Charged to P&L a/c