

SCOPE	RECOGNITION (cont'd) AND MEASUREMENT				CASH-SETTLED														
Applies to all share-based payment (SBP) transactions, including: (even when cannot specifically identify some or all of the goods/services received) <ul style="list-style-type: none">▪ Equity-settled = entity receives goods or services as consideration for own equity instruments <i>OR</i> has no obligation to settle the transaction with supplier.▪ Cash-settled = entity acquires goods/ services by incurring liability to transfer cash/other assets for amounts <i>based on the price of the entity's/another group entity's equity</i> instruments.▪ Where the entity/supplier has a choice of settlement between above options. Does NOT apply to transactions: <ul style="list-style-type: none">▪ Where entity acquires goods/services as part of the net assets acquired in a:<ul style="list-style-type: none">• Business combination (IFRS 3);• Combination of entities under common control; or• Contribution of a business on the formation of joint venture (IAS 31).▪ Where entity acquires goods/services under a contract within the scope of IAS 32 and IAS 39.▪ With employees/other parties in capacity as equity holders (e.g. granting rights to additional equity instruments because he/she is equity holder).	EQUITY-SETTLED <ul style="list-style-type: none">▪ Measure goods/services and ↑ in equity at fair value (FV) of the goods/services when received.▪ If FV of goods/services cannot be estimated reliably, measure at FV of equity instruments at grant date.▪ Employees: Measure at FV of equity instruments at grant date as typically not possible to estimate the value of the goods/services received.▪ Non-employees: Rebuttable assumption that FV of goods/services can be estimated reliably.		Transactions in which services are received: If immediate vesting → Recognize services received and equity ↑ in full. If vesting over a period/satisfaction of performance condition → Recognize services received and equity ↑ over estimated vesting period. <ul style="list-style-type: none">▪ No revisions to equity amount after vesting (i.e., for instruments forfeited or not exercised); may transfer from one component in equity to another.	Modifications, settlements and cancellations: At minimum, recognize services received unless equity instruments do not vest because of failure to satisfy non-market vesting condition. Modify (e.g. reduce exercise price of options granted): If total FV of SBP arrangement: <ul style="list-style-type: none">▪ ↑ (or is otherwise beneficial to the recipient) - recognize the effects of modifications.▪ ↓ - only recognize minimum as if modification has not occurred.	<ul style="list-style-type: none">▪ Measure goods/services and liability incurred at FV of liability.▪ Use option pricing model to value liability – take into account terms and conditions and extent service has been rendered to date.▪ Remeasure the FV of the liability at end of every reporting period/settlement date (take into account forfeiture estimates).▪ Changes in FV recognized in profit/loss.														
	Transactions measured with reference to FV of equity instruments: <ul style="list-style-type: none">▪ Amount recognized each period = (FV of equity instruments x # of shares expected to vest x past periods/estimated vesting period) MINUS recognized previously. The table shows the effect of various conditions on measurement/recognition:		CHOICE OF SETTLEMENT Counterparty has choice of settlement: <ul style="list-style-type: none">▪ Compound financial instrument (equity and debt component)▪ Non employees: Equity component = FV of goods and services MINUS FV of debt component at date goods/services are received.▪ Employees: Value equity and debt component separately. Often structured that FV of one settlement is the same as the other (e.g. equity component = zero; debt component = compound financial instrument value).▪ Account for equity component as <i>equity settled</i> and debt component as <i>cash-settled</i>.▪ Transfer the liability to equity if equity instruments issued at settlement.▪ Amounts recognized in equity stays in equity if settled in cash (or other assets) BUT transfers within equity are allowed. Entity has choice of settlement: <ul style="list-style-type: none">▪ If present obligation to settle in cash, account as if <i>cash-settled</i>.<ul style="list-style-type: none">• Present obligation = choice of settlement in equity instruments has no commercial substance, or entity generally settles in cash when asked, or has past practice or stated policy to do so.▪ If no present obligation to settle in cash, account as if <i>equity-settled</i>.<ul style="list-style-type: none">• If settle in cash = repurchase of equity.• If settle in equity = no further accounting required.• If entity elects settlement alternative with higher value = recognize additional expense.																
	<table><thead><tr><th></th><th>Market vesting condition (e.g vesting subject to increase in share price).</th><th>Non-market vesting condition (e.g vesting subject to x% growth in profit).</th><th>Non-vesting condition (e.g restrictions on selling after vesting).</th></tr></thead><tbody><tr><td>Included in estimate of FV of equity instrument? (measurement)</td><td>Yes – NOT subsequently revised</td><td>No</td><td>Yes – NOT subsequently revised</td></tr><tr><td>Included in number of shares expected to vest? (measurement)</td><td>No – thus recognize transaction, if all other vesting conditions satisfied, irrespective of market condition.</td><td>Yes – also subsequently adjusted so that ultimately based on actual that vests (includes forfeiture estimates).</td><td>No - thus recognize transaction, if all non-market vesting conditions satisfied, irrespective of non-vesting condition.</td></tr><tr><td>Included in vesting period estimates? (recognition period)</td><td>Yes – assumptions used in estimate of vesting period at grant date consistent with estimate of vesting period in FV calculation - NOT subsequently revised.</td><td>Yes – revise estimate of vesting period if subsequent info. indicates that length of vesting period differs from previous estimates.</td><td>N/A</td></tr></tbody></table>			Market vesting condition (e.g vesting subject to increase in share price).	Non-market vesting condition (e.g vesting subject to x% growth in profit).	Non-vesting condition (e.g restrictions on selling after vesting).	Included in estimate of FV of equity instrument? (measurement)	Yes – NOT subsequently revised	No	Yes – NOT subsequently revised	Included in number of shares expected to vest? (measurement)	No – thus recognize transaction, if all other vesting conditions satisfied, irrespective of market condition.	Yes – also subsequently adjusted so that ultimately based on actual that vests (includes forfeiture estimates).	No - thus recognize transaction, if all non-market vesting conditions satisfied, irrespective of non-vesting condition.	Included in vesting period estimates? (recognition period)	Yes – assumptions used in estimate of vesting period at grant date consistent with estimate of vesting period in FV calculation - NOT subsequently revised.	Yes – revise estimate of vesting period if subsequent info. indicates that length of vesting period differs from previous estimates.	N/A	Cancel/settle: <ul style="list-style-type: none">▪ Treat as acceleration of vesting (i.e., recognize immediately amount that would have been recognized over the remainder of the vesting period).▪ Account for payment on cancellation/ settlement as repurchase of equity interest. See IFRS 2 for disclosure, application guidance and SBP transactions among group entities.
	Market vesting condition (e.g vesting subject to increase in share price).	Non-market vesting condition (e.g vesting subject to x% growth in profit).	Non-vesting condition (e.g restrictions on selling after vesting).																
Included in estimate of FV of equity instrument? (measurement)	Yes – NOT subsequently revised	No	Yes – NOT subsequently revised																
Included in number of shares expected to vest? (measurement)	No – thus recognize transaction, if all other vesting conditions satisfied, irrespective of market condition.	Yes – also subsequently adjusted so that ultimately based on actual that vests (includes forfeiture estimates).	No - thus recognize transaction, if all non-market vesting conditions satisfied, irrespective of non-vesting condition.																
Included in vesting period estimates? (recognition period)	Yes – assumptions used in estimate of vesting period at grant date consistent with estimate of vesting period in FV calculation - NOT subsequently revised.	Yes – revise estimate of vesting period if subsequent info. indicates that length of vesting period differs from previous estimates.	N/A																
RECOGNITION																			
<ul style="list-style-type: none">▪ Recognize the goods or services received/acquired when it obtains the goods/as the services are received.▪ Equity-settled: Recognize corresponding ↑ in equity.▪ Cash-settled: Recognize corresponding liability.▪ When goods or services received do not qualify for recognition as an asset, recognize expense.																			