



香港會計師公會

HONG KONG SOCIETY OF ACCOUNTANTS

(Incorporated by the Professional Accountants Ordinance, Cap. 50)

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## Accounting for Share-based Payment

The Hong Kong Society of Accountants (HKSA) Financial Accounting Standards Committee (FASC) has issued an Invitation to Comment on an Exposure Draft ED 2, Share-based Payment, issued by the International Accounting Standards Board (IASB). Comments are requested to be received by 15 February 2003.

The objective of the Exposure Draft is to ensure that an entity recognises all share-based payment transactions in its financial statements, measured at fair value, in order to provide high quality, transparent and comparable information to users of financial statements. In developing the proposals, the IASB concluded that share-based payment transactions involving grants of shares or share options to employees should be accounted for in the same way as other transactions in which an entity receives resources as consideration for its equity instruments. The proposals therefore include recognising an expense for the consumption of the resources received, whether in the form of employee services, other services or goods.

Introducing the Invitation to Comment, Mr. Roger Best, FASC Chairman, commented, "Accounting for share options, and share-based payments as a whole, has been under the spotlight in a number of countries in recent times. The IASB and its convergence partners have undertaken to address this issue on a global basis with the simultaneous release of ED 2. The FASC shares the widespread concern about achieving a consistent and appropriate accounting treatment for share-based transactions. The principles underlying expense recognition and the date on which valuations are determined are relatively settled areas in the ED and therefore we would particularly encourage commentators to focus on matters dealing with the valuation of share-based payments."

Following from the IASB's final approved Standard, the FASC intends to recommend the adoption of a new Hong Kong Statement of Standard Accounting Practice (SSAP) so that the SSAPs maintain conformity with the IASB's standards.

The FASC will not issue a specific Hong Kong exposure draft on the matters covered in the IASB exposure draft unless any changes made by the IASB to the exposure draft are so significant as to warrant in the opinion of the FASC, seeking further comment.

A copy of the IASB's press release, which has a summary of the main proposals in the exposure draft, is attached for your reference. A copy of the HKSA's Invitation to Comment on the exposure draft and a copy of the IASB's exposure draft can be found on-line at <http://www.hksa.org.hk/professionalttechnical/accounting/exposedraft/index.php>.

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Issued by the HKSA. The HKSA is the only statutory licensing body of accountants in Hong Kong responsible for the regulation of the accounting profession, with over 20,000 members. The HKSA issues on a regular basis Professional Standards on various aspects of accounting practice, and these are required to be observed by professional accountants.

(For further information, please contact Ms. Florence Chan or Ms. Cynthia Lee of the Public Relations section of the HKSA on 2287 7228.)