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IFRS 2: Share-based payments comprehensive analysis

AUTHOR

Dr Carlo Regoliosi

Associate Professor – Università Roma TRE – Rome, Italy

ABSTRACT

The custom of offering tools of a participatory nature or linked to the performance of stock market prices instead of sums of money as consideration for the acquisition of goods or services is a very systematic method in the economy of large contemporary public companies. Expressions such as stock options, share-based payments or stock grants have become commonly used by those interested in company affairs. These peculiar payments have found their origin and motivation since the mid-nineties and have constituted an attempt to use the so-called “theory of company value”. According to some supporters of this theory, “value increases” are more and more easily postulated by involving the “suppliers” of goods and services more and more directly in the company’s results.

The “involvement” was imagined through the remuneration of the acquired factors through payment instruments linked to the share’s stock exchange price. Hence the incentive system consists of stock options and, more generally, share-based payments. However, the recent events in some companies have revealed the risks that can be hidden when, in the company’s management, a company policy is adopted uncritically inspired by these assumptions. These consequences gave rise to the countermeasures that have - among other things - also reconsidered the accounting aspects of the phenomenon. Until a few years ago, the accounting coverage of these transactions relied on the absence of underlying assumptions or accounting principles that left the interpretative choice in accounting and external communication to individuals. Hence the need to issue documents that in some way make the phenomenon in question transparent, comparable and respectful of the general principles. The first standards prepared were not deemed to be completely up to date, and therefore a general rethinking on the subject of accounting for so-called share-based payments is currently being defined.

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