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28/01/2003

Dear Ms Crook

IFRS – SHARE-BASED PAYMENT

This letter sets out our comments on the draft International Financial Reporting Standard (IFRS) entitled “ED 2 Share-based Payment”.

We have the following comments on the draft:

- We submit that the IFRS should only apply to listed companies or companies with asset values over a certain level, say £30 million. Requiring compliance with this standard by smaller companies will impose an unreasonable compliance cost on those companies not outweighed by the benefits of applying the standard.
- The draft IFRS provides that, upon a counterparty ceasing to render service during the period (e.g. an employee leaving) the company shall not be entitled to reverse amounts previously recognised in respect of that counterparty's service. We disagree with this proposal. We think that these amounts should be allowed to be reversed – i.e. if the options lapse, then any amounts previously recognised as an expense should be credited back to the profit and loss statement in the year in which the option lapses.

Please record these views as part of the public consultation process. We look forward to hearing the outcome of the process.

Yours sincerely

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