

Tech4/T&P/CP/el/cp005

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Dear Mr Ebling

**FRED 31 Share-Based Payment**

CIPFA welcomes the publication of FRED 31, *Share-Based Payment*. CIPFA's Accounting and Auditing Standards Panel have considered the exposure draft and recognise that it is unlikely that the proposals will have a significant impact in practice on the majority of public sector entities.

However the Panel supports strongly the principle of recognising an expense where an entity receives goods or other services in exchange for a share-based payment. In the context of share-based payment schemes with employees the Panel considers generally that share options are a form of remuneration and that it is therefore appropriate for them to be treated as an expense. The Panel agrees with the Board's view that concerns over the wider economic impact of the proposals in the FRED on, for instance, the future of share-based schemes and the competitiveness of particular sectors, are not relevant to their accounting treatment.

Yours sincerely

A handwritten signature in black ink that reads 'Catherine Park'. The script is fluid and cursive.

Catherine Park  
**Technical Manager**  
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