STAFF PAPER

12–13 November 2013

IFRS Interpretations Committee Meeting

Project	**Annual Improvements**
Paper topic	IFRS 2 *Share-based Payment*—accounting for cash-settled share-based payment transactions that include a performance condition

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Introduction

1. In September 2013, the IFRS Interpretations Committee (the 'Interpretations Committee') discussed a request to clarify the accounting for cash-settled share-based payment (SBP) transactions that include a performance condition under IFRS 2 *Share based Payment* (this issue was analysed in Agenda Paper 14 of September 2013).

2. The Interpretations Committee observed that:

   (a) paragraphs 19–21A of IFRS 2 contain specific guidance for the measurement of equity-settled SBP transactions that include vesting conditions, but does not specifically address the impact of vesting conditions within the context of cash-settled SBP transactions; and

   (b) the implementation guidance in Example 12 of IFRS 2 illustrates the measurement of a cash-settled SBP transaction that includes a service condition in a manner that is consistent with the measurement of equity-settled SBP transactions that include a service condition

3. The Interpretations Committee tentatively decided that the measurement of equity-settled awards that include a performance condition should be applied by analogy to account for cash-settled SBP transactions that include a performance condition.

4. The Interpretations Committee asked the staff to draft a proposal for an annual improvement to IFRS 2 reflecting its conclusions at this meeting.

Purpose of the paper

5. The purpose of this paper is to:

   (a) provide the Interpretations Committee with a draft for an amendment to IFRS 2 that reflects the conclusions reached at the September 2013 meeting;

   (b) present an assessment of the issue against the Interpretations Committee's agenda criteria where we have determined that an annual improvement to IFRS 2 is needed; we propose that this amendment be exposed together with other narrow scope amendments to IFRS 2 proposed by the Interpretations Committee; and

   (c) ask the Interpretations Committee whether it agrees with the staff's recommendation.

Summary of the discussion at the September 2013 meeting

6. At the September 2013 meeting the Interpretations Committee agreed that IFRS 2 does not specifically address the impact of vesting conditions (including the effect of a performance condition) within the context of cash-settled SBP transactions. Consequently, it observed that a clarification was needed in IFRS 2 to account for a cash-settled share-based payment transaction that includes a performance condition.

7. The Interpretations Committee analysed two alternative approaches that the staff had proposed to account for the liability incurred in a cash-settled share-based payment transaction that includes a performance condition.

8. The first approach (Approach A) proposed measuring the fair value of the liability incurred by analogy to the guidance in paragraphs 19–21 of IFRS 2 for equity-settled SBP transactions.

9. The second approach (Approach B) proposed measuring the fair value of the liability incurred by taking into account the terms and conditions on which the cash awards were granted and the extent to which the employees have rendered service to date, on the basis of paragraph 33 in IFRS 2.

10. At the September 2013 meeting, the Interpretations Committee recognised the merits of Approach B because it thought that paragraph 33 of IFRS 2 could lead to the interpretation that a cash-settled share-based payment transaction must be measured by taking into account all the terms and conditions in the arrangement.

11. However, a majority of the Interpretations Committee supported Approach A mainly because they observe that:

    (a) in accordance with paragraph 6A, an entity should apply the notion of fair value in IFRS 2. On the basis that the guidance for equity-settled awards is specific about the impact of vesting and non-vesting conditions on the measurement of fair value, they observe that the guidance for equity-settled awards should be applied by analogy to measure the fair value of a liability arising from a cash-settled award.

    (b) the guidance in Example 12 of the Implementation Guidance in IFRS 2, which illustrates the measurement of a cash-settled SBP transaction, which includes a service condition, is consistent with the accounting for the effect of a vesting condition (other than a market condition) in an equity-settled award and suggests that the same measurement should be followed for other types of vesting conditions, such as a performance condition.

12. The Interpretations Committee also thought that measuring the fair value of the liability by analogy to the guidance for equity-settled SBP transactions would be easier to apply in practice and referred to some explanations in the Basis for Conclusions of IFRS 2, which explain why a distinction has been drawn in the accounting for different types of conditions affecting equity-settled awards.

13. Some other members also observed that the guidance in paragraph 37 of IFRS 2 also encourages the application by analogy of the guidance for measuring the effect of vesting conditions on equity-settled SBP transactions. This is because on the basis of paragraph 37 of IFRS 2, equity-settled SBP transactions in which the counterparty has the right to choose the manner of settlement (ie cash or equity instruments) are often structured in a way that the fair value of one settlement alternative is the same as the other. Consequently, this guidance might suggest that a performance condition should have the *same* impact on the fair value of a cash-settled SBP transaction and on an equity-settled SBP transaction.

14. In the following section we present our proposal on how the guidance for measuring an equity-settled SBP transaction that includes a performance condition could be applied by analogy for measuring a liability incurred in a cash-settled SBP transaction.

Staff analysis

Measurement of an equity-settled SBP transaction

15. The following paragraphs provide a brief description of the measurement for equity-settled SBP transactions. We will refer to this guidance in our proposal to account for cash-settled SBP transactions that include a performance condition.

The measurement date for an equity-based SBP

16. In accordance with paragraphs 11 and 16 of IFRS 2, equity-settled SBP transactions are measured at *measurement date*, being the *grant date*, or the date at which the entity and the counterparty agree to a SBP transaction.

The modified grant date method approach

17. Paragraphs 19–21A of IFRS 2 provide specific guidance on how to measure the effect of *vesting* and *non-vesting* conditions on equity-settled SBP transactions. Paragraph BC180 and BC184 in IFRS 2 further refer to this methodology as a "modified grant date" method.[1]

18. We infer from the guidance in paragraphs 19–21A of IFRS 2 that the fair value equity-settled awards that are conditional upon the satisfaction of specified vesting conditions and/or non-vesting conditions is the product of the following two components:

    (a) a fair "value" component; and

    (b) a "number of awards" component.

19. The value component reflects the fair value of the individual equity instrument granted at *grant date*. We infer from the guidance in paragraph 19 that at grant date the value component is:

    (a) only adjusted for the possibility of not meeting any market condition and/or non-vesting conditions; the grant date fair value is not adjusted subsequently for any changes in the fair value of the underlying equity instrument or any changes in the possibilities of not meeting any market and/or non-vesting conditions; and

    (b) is not adjusted for the likelihood of meeting any service and/or non-market performance condition.

20. The number of awards component reflects the number of equity instruments for which a service or a non-market performance condition is expected to be satisfied. We infer from the guidance in paragraph 19 of IFRS 2 that at grant date the entity

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[1] The body of the Standard does not refer to a modified grant date method but the Basis for Conclusions refers to it when it discusses the use of this method in connection with the guidance in *Statement of Financial Accounting Standards No.123*. An extract of paragraph BC180 states that (emphasis added): "… The Board decided to adopt the **modified grant date method** applied in SFAS 123. However, the Board decided that it should not permit the choice available in SFAS 123 to account for the effects of expected or actual forfeitures of share options or other equity instruments because of failure to satisfy a service condition …"

estimates the number of awards for which the service and/or a non-market performance condition is expected to be satisfied. Subsequently, the entity adjusts the number of awards to reflect the number of awards for which the service and/or performance condition is actually satisfied or expected to be satisfied.

21. Consequently, the initial estimate of the number of awards is constantly revised during the vesting period (or 'true-up'[2]) to reflect revised estimates and the actual satisfaction of the service and any non-market performance conditions.

22. We observe that some of the effects of a truing-up mechanism are:

    (a) a change in an estimate of the number of awards for which the service and/or a non-market performance condition is expected to be satisfied, changes the total expense expected to be recognised

    (b) the pro rata expense recognised to date is adjusted as if the new estimate had always been in place; and

    (c) prior periods are not adjusted.

23. We also infer from paragraph 19 of IFRS 2 that if a service or non-market performance condition is not met, then no share-based payment is recognised on a cumulative basis and any previously recognised cost is reversed.

24. From paragraph 21 and 21A we understand that even if a market condition or a non-vesting condition is not met, a share-based payment would still be recognised.

Proposal to clarify the measurement of a cash-settled liability conditional on specified conditions

25. On the basis of paragraph 30 of IFRS 2, we observe that the liability incurred on a cash-settled award is remeasured at the end of each reporting period and until the liability is settled, with any changes in fair value being recognised in profit or loss

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[2] Paragraph BC184 in IFRS 2 refers to the modified grant date approach in *Statement of Financial Accounting Standards No.123* and its truing up mechanism.

for the period and not merely at grant date, as would be the case for equity-settled SBP transactions.

26. In the following paragraphs we will discuss how we think that the “modified grant date method” in paragraphs 19–21A of IFRS 2 could be applied by analogy in the measurement of the liability in a cash-settled SBP.

During the vesting period (at each reporting date)

(a) market conditions and non-vesting conditions should be taken into account when initially measuring and subsequently, when remeasuring (or “truing-up”) the fair “value” component of the instruments granted;

(b) vesting conditions (other than market conditions) should not be taken into account in the initial measurement or subsequent remeasurement of the fair “value” component of the instruments granted;

(c) vesting conditions (other than market conditions) will affect the “number of awards” component in the measurement of the liability initially and at each reporting date by:

(i) estimating the number of employees that are expected to meet the service condition; and

(ii) reflecting the probability that a performance target will be attained

27. If the vesting of service or non-market performance conditions is not probable, no expense would be recognised.

At vesting date

28. We think that a failure to satisfy any condition should trigger a remeasurement of the liability to zero through profit or loss. Consequently, in our view the cumulative expense recognised for the cash-settled liability should be reversed for the failure to satisfy:

(a) a service and/or a non-market performance; and also

(b) a market and a non-vesting condition.

29. Our view to reverse the cumulative expense for the failure to satisfy a market or non-vesting condition represents a departure from the approach taken in paragraphs 21 and 21A of IFRS 2 for an equity-settled award. This is because according to this guidance there is no "true-up" for failure to satisfy a market or non-vesting condition. This would lead to a different result compared to an equity-settled SBP in circumstances where a non-vesting condition is not met.

Consequences of the methodology applied

30. We think that an immediate consequence of applying by analogy the "modified grant date" approach to cash-settled SBP transactions is that the fair value of the instruments granted would not reflect a "full fair value" approach, because the measurement of the fair value would only consider the effect of market and non-vesting conditions. Changes in the fair value of the underlying instruments granted, including the effects of market and non-vesting conditions, are recognised as remeasurements.

31. Other adjustments to the liability due to revisions in the estimate of the outcome of service and non-market performance conditions would be recognised in the same manner as for equity-settled awards. If, for instance, vesting is not probable at a certain reporting date (say, Year 1), no expense would be recognised. However, if vesting becomes probable (say for example, in Year 2) an entity will recognise a catch-up adjustment in Year 2 for the fair value of the award at that date, multiplied by the best estimate of the number of awards to receive cash. Consequently, this method would lead to catch-up adjustments to the value of the liability until maturity (ie until the award vests).

32. In contrast with this method, "a full fair value approach" would recognise the probability that the service and non-market performance conditions will be attained at each reporting date, which would mean, in effect, recognising an expense at each reporting date in line with that probability. Any change in the fair value of the recognised liability would be considered a remeasurement.

33. However, irrespective of which methodology is used (analogy to equity-settled or full fair value approach) at settlement date the amount of a cash-settled award must ultimately reflect the amount of cash paid and consequently, the cumulative cost would be equal to the settlement amount.

Drafting a proposal

Adding clarification guidance

34. In terms of the clarification guidance that should be added, we do not think that it would be enough just to link the current guidance for measuring equity-settled awards (paragraphs 19–21A of IFRS 2) with the guidance for measuring cash-settled SBP transactions in paragraphs 30–33 of IFRS 2. Instead, we think that to remain consistent with our discussion in the previous section, the proposed guidance should be more specific and should describe how vesting and/or non-vesting conditions have a different impact in the measurement of the liability.

35. We also propose adding Example 12A to the Implementation Guidance in IFRS 2 to address the impact of a performance condition in the measurement of a cash-settled SBP transaction, which is consistent with the discussion in this paper.

36. Our proposals for the amendment are shown in **Appendix B** of this paper.

How to convey the proposed amendments

37. In our view the proposed amendment to IFRS 2, to clarify the impact of vesting and non-vesting conditions in the measurement of the fair value of the liability, could be considered an annual improvement to IFRS 2 because it would clarify a requirement that is *already* in IFRS 2 (ie how to measure a liability at fair value) and would provide missing guidance that is required for the measurement of cash-settled SBP.

38. We note, however, that the Interpretations Committee has decided to expose other amendments to IFRS 2 separately, as narrow-scope amendments. More specifically:

(a) the proposed amendment for the accounting for a change in the classification from cash settled to equity settled, which the Interpretations Committee decided to recommend to the IASB in the March 2013 meeting; and

(b) the proposed amendment for the accounting for SBP transactions in which the manner of settlement is contingent on a future event that is outside the control of both the entity and the counterparty, which the Interpretations Committee decided to recommend to the IASB in the September 2013 meeting.

39. We think that our proposed annual improvement to IFRS 2 could be exposed together with the other proposed narrow scope amendments to IFRS 2 that the Interpretations Committee has tentatively approved at previous meetings.

Staff recommendation

40. **Appendix A** of this Agenda Paper shows our assessment against the annual improvements criteria. On the basis of our assessment of the Interpretations Committee's agenda criteria and our analysis in this paper, we think that our proposed amendments to IFRS 2 meet the criteria for annual improvements.

41. We also propose that the Interpretations Committee should recommend to the IASB that our proposed amendment to IFRS 2 be exposed together with other proposed narrow-scope amendments to IFRS 2 (as recommended by the Interpretations Committee to the IASB in the March 2013 and in the September 2013 meetings).

42. Our proposal consists of:

(a) amending paragraph 33 of IFRS 2 and adding paragraphs 33A–33B to clarify the effect that vesting and/or non-vesting conditions have in the measurement of the liability. This guidance is similar to the impact that such conditions have on the measurement of equity instruments granted in equity-settled SBP transactions.

(b) amending paragraph IG19 and adding Example 12A to the Implementation Guidance in IFRS 2, to address the impact of a performance condition in the measurement of a cash-settled SBP transaction.

Proposed amendment

43. Our proposals for the amendment are shown in **Appendix B** of this paper.

Transition provisions and effective date

44. We propose that the amendment to IFRS 2 should be applied to new awards on a prospective basis rather than on a retrospective basis.

45. We think that for previous awards, the retrospective application of the proposed amendments should not be required, because the costs of application would exceed its benefits. This is because we observe that the proposed clarifications to the accounting for the effect of vesting and non-vesting conditions may result in changes to the timing and amount of the liability recognised at each reporting date (ie an entity would need to consider the different impact of vesting and non-vesting conditions in the measurement of the liability). We also propose that earlier application should be permitted.

First-time adopters

46. We do not propose specific guidance for first-time adopters in the application of the proposed amendments because appropriate relief is already given through the exemptions for SBP transactions in Appendix D of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Consequential amendments

47. We have reviewed other IFRSs for potential consequential amendments triggered by this proposed amendment. As a result of this review, we do not propose any consequential amendments.

Appendix A

Agenda criteria assessment

48. The staff's assessment of the agenda criteria for the proposed amendment is as follows:[3]

Agenda criteria	
We should address issues (see paragraph 5.16):	
that have widespread effect and have, or are expected to have, a material effect on those affected.	**Yes.** On the basis of our analysis of the outreach results received from national standard-setters and regulators (refer to paragraphs 12 –20 of Agenda Paper 14 of September 2013), we can indicate that this issue is considered to be widespread and diversity in practice exists.
where financial reporting would be improved through the elimination, or reduction, of diverse reporting methods.	**Yes.** We think that clarifying the guidance for measuring the effect of a performance condition in cash-settled SBP transactions and the Implementation Guidance in IFRS 2 would improve financial reporting.
that can be resolved efficiently within the confines of existing IFRSs and the *Conceptual Framework for Financial Reporting*.	**Yes.** We think that further guidance is needed to clarify the measurement of the fair value of the liability incurred in a cash-settled SBP transaction when such payment is conditional upon satisfying specified conditions. We also think that clarity could be provided if another example is included in the Implementation Guidance in IFRS 2 to address the impact of a performance condition in the measurement of a cash-settled SBP transaction. This why we suggest adding Implementation Guidance Example 12A.
In addition:	
Is the issue sufficiently narrow in scope so that the Interpretations Committee can address this issue in an efficient manner, but not so narrow that it is not cost-effective for the Interpretations Committee to undertake the due process that would be required when making changes to IFRSs (see paragraph 5.17)?	**Yes.** This issue is sufficiently narrow and well defined because the potential amendments would be limited to clarify the measurement of the fair value of the liability incurred in a cash-settled SBP transaction when such payment is conditional upon satisfying specified conditions.
Will the solution that was developed by the Interpretations Committee be effective for a reasonable time period (see paragraph 5.21)? (The Interpretations Committee will not add an item to its agenda if the issue is being addressed in a forthcoming Standard and/or if a short-	**Yes.** The proposed amendment will be effective for a reasonable time period. As previously explained, the proposed amendment is justified.

[3] These criteria can be found in the *IFRS Foundation Due Process Handbook* .

term improvement is not justified.)

Additional criteria for annual improvements	
In addition to the implementation and maintenance criteria, an annual improvement should (see paragraphs 6.11–6.12):	
• **replace unclear wording;** • **provide missing guidance; or** • **correct minor unintended consequences, oversights or conflict.**	**Met.** In our view the proposed amendment to IFRS 2 to clarify the impact of impact of vesting and non-vesting conditions in the measurement of the fair value of the liability would clarify a requirement that is already in IFRS 2. Consequently, we think that the proposed amendment can be considered an annual improvement that clarifies existing requirements and that provides missing guidance because IFRS 2 does not specifically address the impact of vesting and non-vesting conditions.
not change an existing principle or propose a new principle.	**Met.** We think that the proposed amendment is not changing an existing principle or proposing a new principle.
not be so fundamental that the IASB will have to meet several times to conclude (see paragraph 6.14).	**Met.** We think that the proposed amendment might not become so fundamental that the IASB will have to meet several times to conclude.

Questions for the Interpretations Committee

Questions for the Interpretations Committee
1. Does the Interpretations Committee agree with our proposed annual improvement to IFRS 2 as shown in **Appendix B**?

Appendix B—Proposed amendments to IFRS 2

Proposed amendments to IFRS 2 *Share-based Payment*

Paragraph 33 is amended. Paragraphs 33A–33B and 63B are added. New text is underlined and deleted text is struck-through.

Cash-settled share-based payment transactions

…

33 The liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model. The fair value of the share appreciation rights shall reflect the possibility of not meeting any market and non-vesting conditions~~, taking into account terms and conditions on which the share appreciation rights were granted,~~ and the extent to which the employees have rendered service to date. No adjustment to the fair value of the share appreciation rights shall be made for the possibility of not meeting any vesting conditions (other than market conditions).

33A The liability shall be determined on the basis of the current best estimate of the awards that will vest, by considering the number of employees that are expected to meet the service condition and by reflecting the probability that a performance target will be attained. Such an estimate shall be revised when the liability is remeasured at each reporting date and until the vesting date. No expense shall be recognised at each reporting date if vesting is not probable.

33B If at the vesting date a vesting condition or a market or non-vesting condition is not met, no cost is recognised on a cumulative basis and any previously recognised cost is reversed.

…

Effective date

…

63B *Annual Improvements* [2012–2014] issued in [date] amended paragraph 33 and added paragraphs 33A–33B. It amended paragraph IG19 of the Implementation Guidance and added IG Example 12A. An entity shall apply those amendments prospectively for annual periods beginning on or after [date]. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.

Basis for Conclusions on the proposed amendments to IFRS 2 *Share-based Payments*

This Basis for Conclusions accompanies, but is not part of, the proposed amendments.

Cash-settled share-based payment transactions

BC1 The IASB received a request to clarify the accounting for cash-settled share-based payment (SBP) transactions that include a performance condition. Paragraphs 19–20 of IFRS 2 contain specific guidance for the measurement of equity-settled SBP transactions that include vesting conditions other than market conditions (ie performance and service conditions). Paragraphs 21–21A contain specific guidance for the measurement of equity-settled SBP transactions that include market and non-vesting conditions.

BC2 The IASB noted that IFRS 2 requires the use of fair value as a principle in measuring share-based payment transactions. In the case of cash-settled SBP transactions, IFRS 2 requires an entity to measure the liability incurred for the goods or services received at fair value of the liability and to remeasure the fair value of such a liability at the end of each reporting period and at the date of settlement. The IASB also noted that paragraph 33 of IFRS 2 requires an entity to use an option pricing model and consider the effect of the terms and conditions (including service and non-market conditions) on which the share appreciation rights were granted, in accounting for the fair value of the cash-settled liability. However, the IASB observed that IFRS 2 does not specifically address the impact of vesting and non-vesting conditions on the measurement of the fair value of the liability.

BC3 The IASB observed that the guidance in paragraph 6A of IFRS 2, which requires an entity to follow the notion of 'fair value' in IFRS 2, requires the same notion of fair value for cash-settled and equity-settled awards. Consequently, the IASB proposes to include guidance on the impact of vesting and non-vesting conditions on the measurement of a cash-settled SBP transaction, based on the analogy of the accounting treatment for an equity-settled SBP transaction.

BC4 The IASB proposes to amend paragraph 33 of IFRS 2 and add paragraphs 33A–33B to clarify the effect that vesting and/or non-vesting conditions have in the measurement of the liability. This guidance is similar to the impact that such conditions have on the measurement of equity instruments granted in equity-settled SBP transactions.

BC5 The IASB also proposes to add IG Example 12A to the Implementation Guidance of IFRS 2 to illustrate the impact of a performance condition in the measurement of a cash-settled SBP transaction.

Proposed amendments to the implementation guidance of IFRS 2
Share-based Payment

Paragraph IG19 is amended and IG Example 12A is added. New text is underlined.

Cash-settled share-based payment transactions

…

IG19 For example, an entity might grant share appreciation rights to employees as part of their remuneration package, whereby the employees will become entitled to a future cash payment (rather than an equity instrument), based on the increase in the entity's share price from a specified level over a specified period of time. If the share appreciation rights do not vest until the employees have completed a specified period of service, the entity recognises the services received, and a liability to pay for them, as the employees render service during that period. The liability is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, on the basis of paragraphs 33–33B, by applying an option pricing model, and the extent to which the employees have rendered service to date. Changes in fair value are recognised in profit or loss. Therefore, if the amount recognised for the services received was included in the carrying amount of an asset recognised in the entity's statement of financial position (eg inventory), the carrying amount of that asset is not adjusted for the effects of the liability remeasurement. Example 12 illustrates these requirements~~.~~ when the cash award is subject to a service condition. Example 12A illustrates these requirements when the cash award is subject to a performance condition.

Draft additional implementation guidance

IG Example 12 A

Background

An entity grants 100 cash-settled share appreciation rights (SARs) to each of its 500 employees on the condition that the employees remain in its employment for the next three years and the entity reaches a revenue target (CU1B in sales) at the end of year 3.

For simplicity, it is assumed that no employees are expected to leave and that none leave.

During year 1, the entity estimates a 40 per cent probability that the revenue target will be attained at the end of year 3. During year 2, the entity estimates a 70 per cent probability that the revenue target will be attained at the end of year 3. At the end of year 3, the revenue target was attained and 150 employees exercise their SARs, another 150 employees exercise their SARs at the end of year 4 and the remaining 200 employees exercise their SARs at the end of year 5.

Using an option pricing model the entity estimates the fair value of the SARs, ignoring the revenue target performance condition, at the end of each year in which a liability exists as shown below. At the end of year 3, all SARs held by the remaining employees vest. The intrinsic values of the SARs at the date of exercise (which equal the cash paid out) at the end of years 3–5 are also shown below.

Year	Fair value of one SAR	Intrinsic value of one SAR
1	CU14.40	
2	CU15.50	
3	CU18.20	CU15.00
4	CU21.40	CU20.00
5		CU25.00

		Num. of employees expected to satisfy the service condition	Estimate of whether the profit target will be met
Application of requirements			
Year 1		500	No
Year 2		500	Yes
Year 3		350	Yes

Year 1

Year	Calculation		Expense CU	Liability CU
1	Vesting is not probable: no expense is recognised		0	0
2	Vesting is probable: 500 employees × 100 SARs × CU15.50 × ⅔		516,667	516,667
3	(500 –150) employees × 100 SARs × CU18.20 – CU516,667	120,333		637,000
	+ 150 employees × 100 SARs × CU15.00	225,000		
	Total		345,333	
4	(350 – 150) employees × 100 SARs × CU21.40 – CU637,000	(209,000)		428,000
	+ 150 employees × 100 SARs × CU20.00	300,000		
	Total		91,000	
5	CU0 – CU428,000	(428,000)		0
	+ 200 employees × 100 SARs × CU25.00	500,000		
	Total		72,000	
	Total		1.025,000	