

# Compensation Cost Settings

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You can configure the compensation cost settings that will drive the logic for your reports in the Compensation Cost Settings page.

You can configure the following information in your report:

1. Select the First Month of Financial Year that is relevant for your organisation
2. Select the preferred **Reporting Period** frequency (Yearly, Quarterly, Monthly).
3. Select your preferred Valuation Method
  - a. Fair Value
  - b. Intrinsic Value with Fair value disclosure
4. Select the Amortisation Method you wish to utilise:
  - a. Front Loading (required by IFRS 2 account standard as it represents the “graded” methodology)
  - b. Straight Line
5. Define the preferred login for true-ups of any cancellations under Cancellation Settings: True up of cancellations
  - a. On Cancellation Date (this will allow any previously booked expense to be reversed on the effective date of cancellation)
  - b. At Vesting (this will enable the true up and reversal of the expense to occur on vesting following earlier forfeiture)
6. Select the preferred Calculation Period basis for your reports (i.e., whether you wish to expense to be calculated on a daily or monthly basis). Daily method provides a more granular reporting level with expense being calculated for each day of the specified reporting period). Monthly method will assume a single month as the lowest denominator for your expense amortisation calculations.
7. If you have selected a daily method, you will be asked to also specify whether you wish for the Calculation Period of awards to include the vesting date when calculating total life of the award for expensing purposes.
8. Select Exercise Period to calculate remaining contractual life of the options:
  - a. If your grants have a specific exercise period, this period will be considered in calculation of the remaining contractual life for the disclosures
  - b. If your grants have a perpetual exercise period or exercise period linked to a liquidity event or listing, a default period of 20 years will be considered to calculate the remaining contractual life for the purpose of

diclosures. You can edit this period based on your historical assumptions.

9. Click **Save Settings**

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