IFRS 2: Share-based Payments

QUESTION 1: ELECTRON

ELECTRON, a public limited company, operates in the energy sector. The company has grown significantly over the last few years and is currently preparing its financial statements for the year ended 30 June 2021.

The company granted share options to its employees on 1 July 2020. The fair value of the options at that date was €3M. The options vest on 30 June 2023. The employees have to be employed at the end of the three-year period for the options to vest and the following estimates have been made.

Estimated percentage of employees leaving during vesting period at:

Estimate at grant date 1 July 2020	5%
Estimate at 30 June 2021	6%

REQUIRED:

Outline how ELECTON plc should account for its share option scheme in its financial statements for the year ended 30 June 2021. (Source: ACCA)

QUESTION 2: BETH Group

BETH granted 200 share options to each of its 10,000 employees on 1 December 2020. The shares vest if the employees work for the group for the next two years. On 1 December 2020, BETH estimated that there would be 1,000 eligible employees leaving in each year up to the vesting date. At 30 November 2021, 600 eligible employees had left the company. The estimate of the number of employees leaving in the year to 30 November 2022 was 500 at 30 November 2021. The fair value of each share option at the grant date (1 December 2020) was €10. The share options have not been accounted for in the financial statements.

REQUIRED:

Outline how the BETH Group should account for the share option scheme in its financial statements for the year ended 30th November 2021. (Source: ACCA)