

Summary - Employee Benefits

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| Employee Benefits - Recognition | The cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable. |
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| Types of Employee Benefits | Main Types - Short Term (accrued & payable over 12 months) or Post Employment |
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| Measurement - Short term Employee Benefits | Undiscounted amount of the benefits should be recognised in that period. |
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| Types of Post Employment Benefit Plans | Either - Defined Contribution Plan (where Acturial Risk & Investment Risk is of employees) or Defined Benefit Plan (where Acturial Risk & Investment Risk is of employer) |
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| Defined Contribution Plan - Measurement and Presentation | Cost to be recognised in the period is the contribution payable. If contributions do not fall due within 12 months after the end of period in which employee renders the service, then it should be discounted to Present Value. |
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| Defined Benefit Plan - Measurement and Presentation | SOFP = PV of Obligation Less FV of Plan Assets |
| | Income Statement = Current or Past Service Cost, Net Interest |
| | OCI = Remeasurment Gain or Loss |

Defined Benefit Plan - Accounting

Prepare Ledger Accounts for - PV of Obligation and FV of Plan Assets, as follows -

PV of Obligation A/c

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| To Benefits paid To Remeasurement Gain(Bal Fig) To Balance c/d (Closing Balance) | By Balance B/d (Opening Bal) By Current Service Cost By Past Service Cost By Interest (On op. Bal. @ Op. Int. Rate) By Remeasurement Loss (Bal Fig) |
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FV of Plan Assets A/c

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| To Bal. B/d (Opening Balance) To Contributions paid To Interest (Return on Plan Assets) (On op. Bal. @ Op. Int. Rate) To Remeasurement Gain(Bal Fig) | By Benefits paid By Remeasurement Loss (Bal Fig) By Balance c/d (closing Balance) |
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If balancing fig. of remeasurment is on Dr side of (Obligation or Plan A/c) it will be always gain as corosponding Cr goes to P&L A/c and vice versa