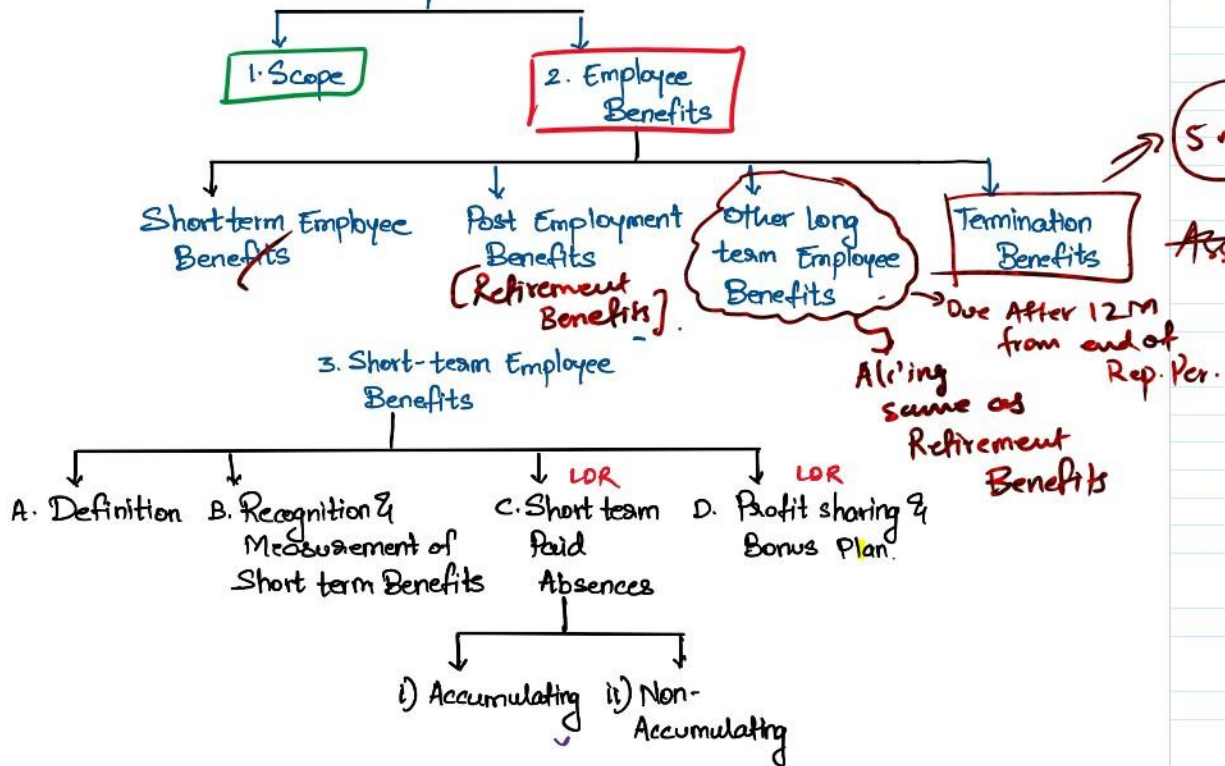
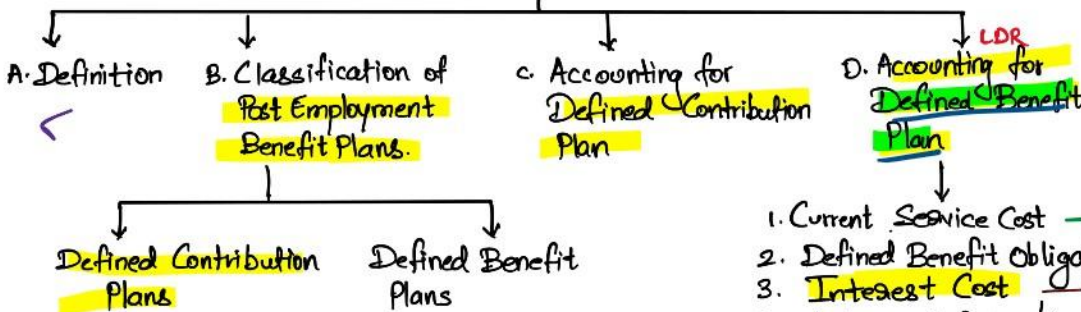


LOB → 8-10 marks
Ind AS 19 - Employee Benefits.

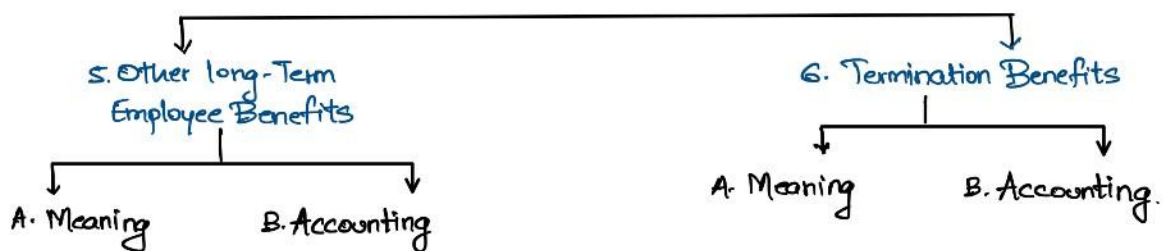


4. Post Employment Benefits



1. Current Service Cost → P/L [EBE]
2. Defined Benefit Obligation → [B/S - Liab^y]
3. Interest Cost → P/L [EBE]
4. Actuarial Gains/Loss on DBO [OCI [NR]]
5. Past Service Cost (PSC) [P/L → EBE]
6. Plan Assets [B/S - Asset]
7. Expected Return on Plan Assets [Ret Income] → P/L [EBE]
8. Actuarial Gain/Loss on Plan Assets [OCI [NR]]
9. Curtailment & Settlement → P/L [EBE]
10. Net Defined Benefit Liab^y/Asset [B/S]
11. Net Interest Exp/Income → P/L [EBE]

- 10. Net Defined Benefit Liab^d / Asset [B/S]
- 11. Net Interest Exp / Income \Rightarrow P/L [EBE]
- 12. Asset Ceiling
- 13. Remeasurement Gain / loss [OCI [NR]]

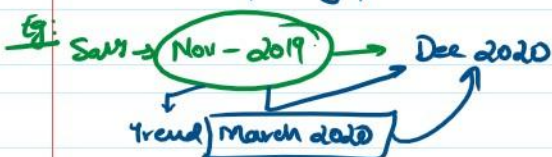


1. Scope

- SBP \rightarrow Not covered
↳ Ind AS 102.
- PF Fund \rightarrow Accounting \rightarrow NOT covered.
[Reporting by employee Benefit fund]

3. Short term Employee Benefits

Emp. Ben. which are **DOE** within 12 months from the end of reporting period.



8. Recognition & Measurement of Short Term Emp. Benefits.

8. Recognition & Measurement of Short Term Emp. Benefit.

- ① Salary/Wages
- ② Bonus [Profit Sharing Plan]
- ③ Leave Compensation.

Ⓐ If paid

J.E.
 Salary A/c Dr [P/L]
 To ClB

Ⓑ In Salary accrued But NOT paid

Salary A/c Dr [P/L]
 To Sal's [Liab']

Ⓒ If Sal's paid in Advance.

Prepaid Salary A/c Dr. [Asset]
 To ClB

Note: If employee is involved in construction of PPE - **Sal's** (Intangible Asset)
 ↳ a of Inventory the **Cap. to cost of Asset.**
 ↳ Add to cost of Inventory.

② Profit Sharing Plan (eg. Bonus)



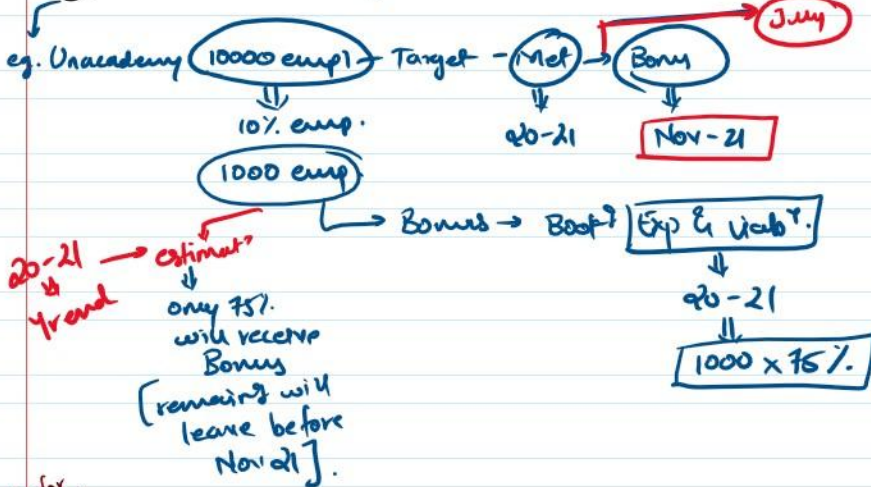
J.E.
 20-21 [Trend] Bonus A/c Dr [P/L - EBE]
 To Bonus Payable [Liab']

↳ [Book a Liab' only when there is an obligation] when target is met

Nov 21
 Bonus Payable [Liab' - Rev]
 To ClB

Note: ① The above is NOT Distribution of Dividend.
 [Because it has been paid to employee in his capacity as employee].

② Write Book? Bonus Exp & Liab? → Co. will consider estimates

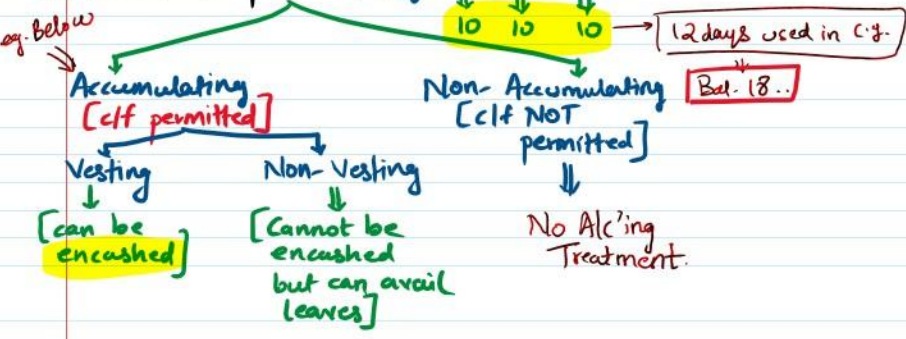


only for Ind.

OFU → If extra Prov/Liab Booked in C:J → & Paid less in Next Yr [Reverse the excess prov]

→ If less booked in C:J → & Paid More in Next Yr. [Book the extra exp]

③ Leave Compensation [eg. CL, SL, PL]



Eg: Unacademy Htd → Mr. Ak ⇒ 12L p.a. → Yr. 20-21

Every Year 30 leaves → Bal can be clf.

Year 20-21.

365 days.
 (-) leaves Available (30 days) [0 Availed]
 335 days. → Ak Worked for 365 days.

Salary → 12L p.a.

Year 21-22 Case 1 → NOT encashed but availed extra leaves.

365 days.
 leaves → (30 days) 20-21 } Availed all 60 days
 (30 days) 21-22.
 305 days → Working.
 Salary → 12L

J.E. Sal^y Exp Ak Dr 11L → [305 days]

20-21 → 12 l p.a.

Yr 20-21 Sal^y Exp 12 l
TO ClB 12 l

[365 days - Working]

30 days → Leave earned → 1 lakh.

Salary/Leav. Compⁿ Dr. [PIL-FBE] 1 l

TO Liab^y Alc. [Liab^y] 1 l

20-21 → 1 l

J.E. Sal^y Exp Alc Dr. 1 l → [305 days]

Crab^y Alc Dr. 1 l

TO ClB 12 l

[305 days - Working]

Note: Co → will Book Liab^y for leave compensation (Accumulating)
[in the year in which leave is earned by employee]

Case 2

Yr 20-21

↓
Same as above
↓

J.E. Sal^y Exp 12 l
TO ClB 12 l

Sal^y/Leav Comp
TO Liab^y.

Yr 21-22.

365 days.

(30 days) → Leave 20-21
↓
Encash. → 1 l

(30 days) → Leave 21-22

↓
Avail

335 days

Work^y.

12 l

1 l

J.E. Sal^y → 12 l
Liab^y 1 l
TO ClB 13 l

Note: While Book^y Liab^y/Exp for C.Y. Leaves earned.
Co. will consider estimates for leaves which won't be
availed or will lapse in future.

Ex. Leaves Earned by all employees = 100
Co. expects employee will be able to
use only 70.

Co. Book Exp & Liab^y for only 70 leaves.

If est. change in future → Revise Liab^y

4 Post Employment Benefits [Retirement Benefits]

[eg: Pension, Gratuity, PF]

Defined Contribution

Defined Benefit → Risk lies with employer/Co.

Defined Contribution Plan [Eg. PF]

Defined Benefit Plan [eg. Gratuity] → Risk lies with employer/Co.

Invest Actual → After contribution by Co. to dept Risk lies with the employee [not with the employer]

Eg: PF Contribution → Employer [10L x 8%] = 80,000 (20-21)

Paid on 01/07/2021 [Payable within 12 m from end of rep. period]

Paid on 1-4-22. [Payable after 12 m from end of rep. period] → DF@10%

31/3/21 → PF Exp Atc Dg 80000 TO PF Payable 80000

31-3-21 → (EBE → PL) PF Exp Atc Dg 72727

01/07/21 → PF Payable 80000 TO ClB 80000

TO PF Payable [72727] (1.10) → Liab Y

31-3-22 Int Cost Atc Dg 7273 TO PF Payable 7273 [72727 x 10%] → Liab Y

1-4-22 PF Payable Atc Dg 80000 TO ClB 80000

1) Termination Benefits [VRS, Retrenchment share]

→ These are payable on account of termination.

→ Book exp 2 (Liab) → only when there is constructive obligation

Accounting treatment.

If paid immediately
↓
VRS Exp TO ClB.

If payable within 12 m from end of Report^g period.
↓
Yr end VRS exp TO VRS payable
On payment VRS payable TO ClB.

If payable after 12 m from end of Rep. Period.
Yr end VRS exp TO VRS payable [at PV].
Unwind Int Cost [EBE] TO VRS

...

TO VRS
payah

On payment
VRS payable.

10/18