**IAS 19 Employee Benefits**

**Also refer:**
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

**Superseded by IAS 19 Employee Benefits (Revised) for periods beginning on or after 1 January 2013**

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**DEFINITION**

Employee benefits are all forms of consideration given by an entity in exchange for services rendered or for the termination of employment.

**SCOPE**

All employee benefits except IFRS 2 Share-based Payment.

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**EMPLOYEE BENEFITS**

**SHORT TERM EMPLOYEE BENEFITS**

Employee benefits which are due within 12 months after the period of the service rendered.

**Defined in IAS 19:**

Compensated absences
- Accumulating - recognise expense when service that increases entitlement is rendered. E.g. leave pay
- Non-accumulating - recognise expense when absence occurs.

**DEDICATION**

Employee benefits are all forms of consideration given by an entity in exchange for services rendered or for the termination of employment.

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**EMPLOYEE BENEFITS**

**OTHER LONG TERM EMPLOYEE BENEFITS**

Employee benefits which fall due after 12 months from the period of the service rendered (excluding termination benefits or post employment benefits) e.g. long service awards, sabbatical leave.

**Statement of Financial Position**

- Carrying amount of liability = present value of obligation minus the fair value of any plan assets
- Actuarial gains and losses and past service costs are recognised immediately.

**Statement of Comprehensive Income**

Current service cost + interest cost – expected return on assets +/- actuarial gains and losses + past service costs.

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**EMPLOYEE BENEFITS**

**POST-EMPLOYMENT BENEFITS**

Employee benefits payable after the completion of employment or for the termination of employment.

**Defined in IFRS 2 Share-based Payment:**

Multi Employer Plans
- If the statement of financial position amount is an asset, it is limited to the lower of that amount calculated and the sum of any unrecognised actuarial losses (and past service costs) plus the present value of any economic benefits available to the employer.

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**DEFINED CONTRIBUTION**

- The entity pays fixed contributions into a fund and does not have an obligation to pay further contributions if the fund does not hold sufficient assets.
- Recognise the contribution expense/liability when the employee has rendered the service.

**DEFINED BENEFIT**

- Post employment plans other than defined contribution plans.
- Statement of financial position
  - Carrying value of liability = present value of obligation minus the fair value of any plan assets +/- unrecognised actuarial gains and losses - unrecognised past service costs.
- Asset limitation
  - Recognise the contribution expense/liability when the employee has rendered the service.

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**TERMINATION BENEFITS**

- Employee benefits payable as a result of either an entity’s decision to terminate employment before normal retirement date or an employee’s decision to accept voluntary redundancy in exchange for those benefits
- Recognise the expense when an entity is ‘demonstrably committed’ to either terminate the employment of employees before retirement or provide termination benefits to employees to encourage voluntary redundancy
- If termination benefit is due more than 12 months after year end - measure at discounted amount.

**MULTI EMPLOYER PLANS**

- These are post employment plans other than state plans that pool the assets of various entities that are not under common control and use those assets to provide benefits to employees of more than one entity
- If the plan is a defined benefit plan, an entity may apply defined benefit accounting when sufficient information is not available to apply the accounting requirements for defined benefit plans.

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**DISCLOSURE IS REQUIRED FOR ALL EMPLOYEE BENEFITS**
For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below. Alternatively, please visit www.bdointernational.com/Services/Audit/IFRS/IFRS Country Leaders where you can find full lists of regional and country contacts.

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