

Employee benefits - Basic principles

- Forms of consideration given by an entity in exchange for services rendered by employees.
- Apply standard to all employee benefits, except for share-based payments within the scope.
- Employees include full-time, part-time, permanent, casual or temporary employees, as well as their dependants and beneficiaries.

Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits
Definition	Definition	Definition	Definition
Employee benefits (excluding termination benefits) that are expected to be settled wholly before twelve months after the period of the service rendered.	Employee benefits (excluding termination and short-term benefits) payable after the completion of employment.	All employee benefits other than short-term, termination benefits.	Employee benefits payable either as a result of the entity's decision to terminate employment before the normal retirement age or the employee's decision redundancy offer.
Examples		Examples	
* Salaries and wages		* Long-term paid to accept voluntary absences	
* Compensated absence		* Jubilee and other long-service benefits	
* Profit share & bonus plans		* Long-term disability benefits	
* Non-monetary benefits			
Recognition and measurement	Recognition and measurement	Recognition and measurement	Recognition and measurement
	<u>Defined Contribution plan</u>		
<u>All short-term employee benefits:</u>	Recognise an expense and liability when the employees render service.	<u>Defined benefit plans</u>	
Recognise the undiscounted amount as an expense/liability when the employee renders service that qualifies for the benefit.		Amount recognised in profit or loss: Current service cost + net interest + past service cost.	
<u>Short-term paid absences:</u>		Amount recognised in other comprehensive income:	
<u>Accumulating:</u> Recognise expense when service is rendered that increases entitlement. Measurement of expense depends on whether the benefit is vesting or non-vesting.		Remeasurements on net defined benefit liability (Return on plan assets + actuarial gains and losses on obligation + changes in asset ceiling)	
		Amount recognised in statement of F/P: PV of defined benefit obligation – FV of plan assets (if the answer is an asset, apply the asset ceiling test).	
<u>Non-accumulating:</u> Recognise the expense when the absence occurs.		Amount recognised in statement of F/P: PV of defined benefit obligation – FV of plan assets	
		Amount recognised in profit or loss: Current service cost + net interest + actuarial gains /losses + past service cost + return on plan assets.	
		Amount recognised in statement of F/P: PV of defined benefit obligation – FV of plan assets	
			Recognise an expense and a liability when the entity can no longer withdraw the termination plan or a restructuring provision in terms of IAS 37 (including termination benefits) is made. If benefits will not be settled wholly within 12 months after the reporting date, accounting is similar to other long-term benefits (i.e. discounted).