

LKAS 19 : Employee Benefits

AAT Level III FAR - Financial Reporting

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ACA, B.Sc. (Accounting) Sp. Hons., ACMA (SL), SAT, CIMA Passed Finalist,
Reading for MBA (PIM), CA and CIMA Prize Winner



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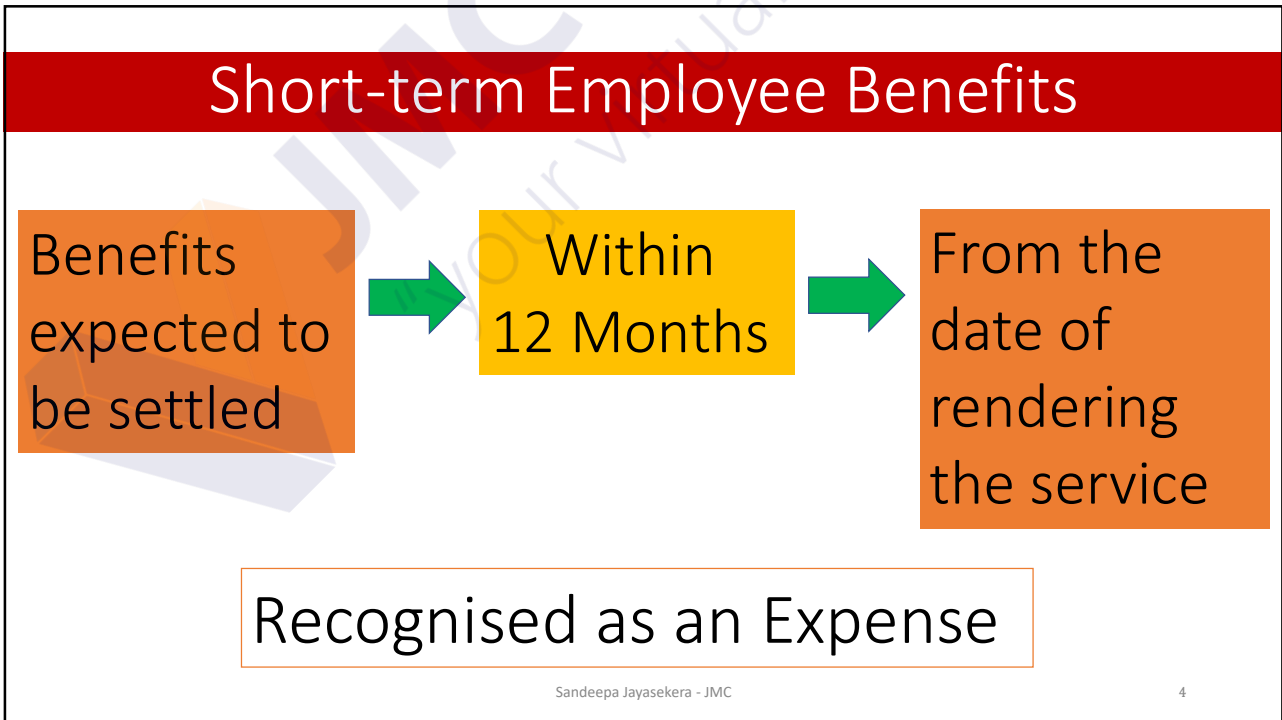
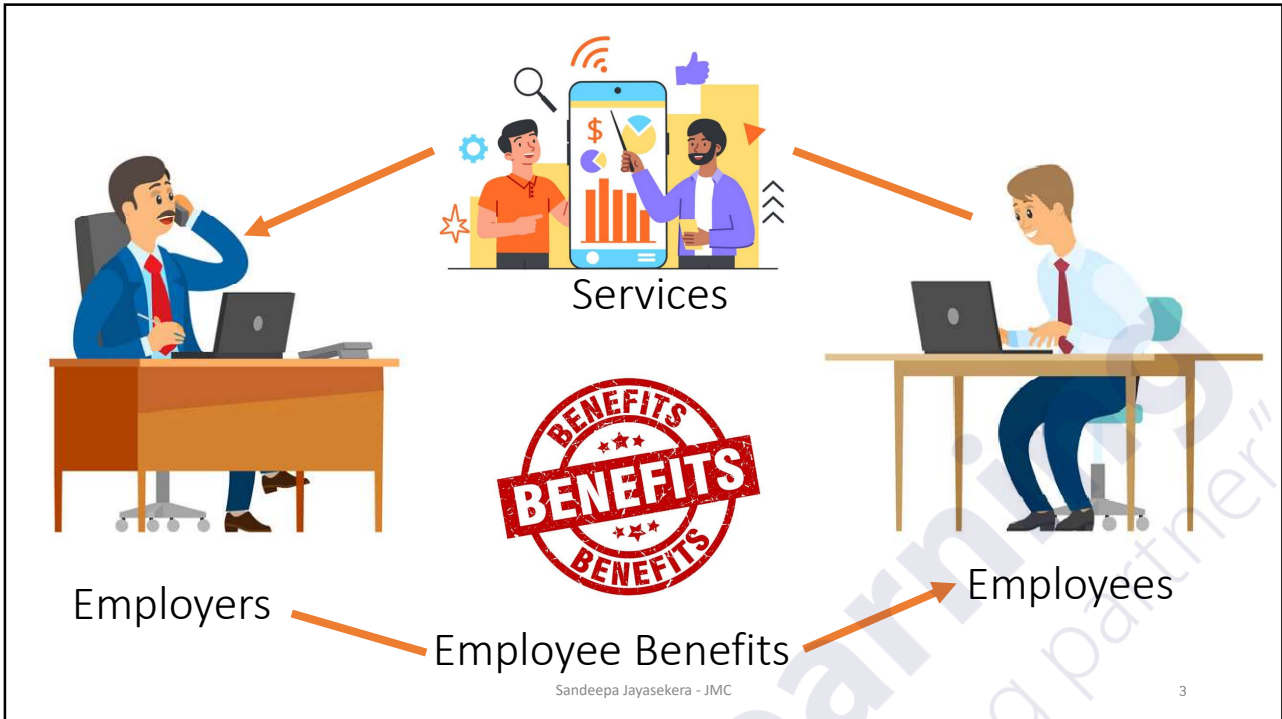
AAT Level 03

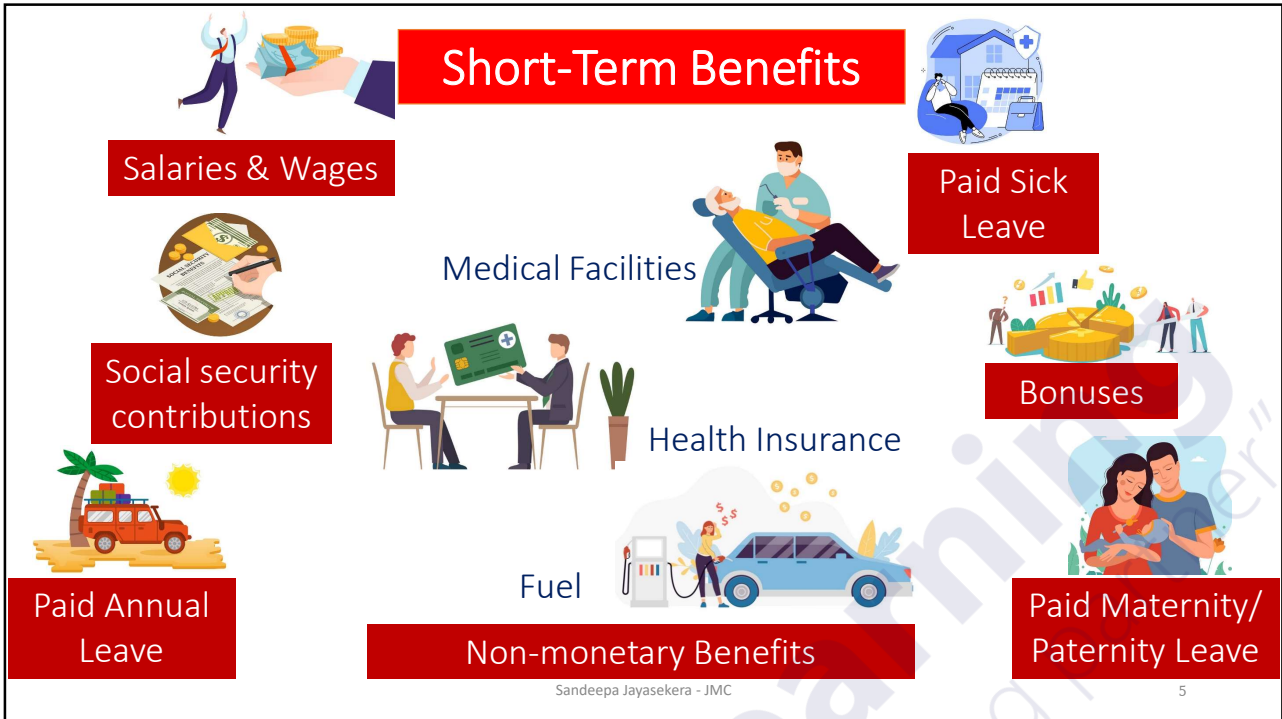
Financial Accounting and Reporting

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B.Sc. (Acct.) Hons. Gold Medal Winner, ACA, SAT, ACMA (UK), CGMA (UK), CA Prize Winner for AFR subject in Strategic Level II, CA First in Order of Merit Prize Winner in CAB II Level, CIMA Strategic Level Aggregate Prize Winner, MBA (PIM-SJP).

LKAS 19 – Employee Benefits





Question 01

Amana Ltd's Salaries related to the month of March 2021 was Rs. 6,750,000/-. This will be paid in the next month. Show the double entry of this transaction.

Short-term Paid Non-Absenteeism

Non-accumulating Non-Absenteeism

If current period's entitlement is not used, it cannot be carried forward

- Maternity/Paternity Leave
- Sick Leave

Accumulating Paid Non-Absenteeism

If current period's entitlement is not used, it can be carried forward for the next year

- Paid Holiday Leave

Benefit related to Absence: If it's accumulating paid non-absenteeism, the value of the unused leaves as at the reporting date shall be recognized as an expense.

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Question 02

Hasitha PLC allows to carry forward unused holiday leaves to the next year. The company has a total of 150 employees. It is expected that 30 employees will carry forward 2 days from the unused holiday leaves of the current year to the next year. The daily pay of an employee is Rs. 1,500/-. Show the accounting entries.

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Bonuses



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Bonuses

As a Policy

As a Practice

Sharing part of
the Profit with
Employees

Recognised as an expense in the year
in which the profit is generated

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Question 03

Amali PLC pays 1% of the annual profit generated as a Bonus. Only employees with a service period of more than one year and who rendered their service till the end of the financial year will be entitled for this.

The company had 40 employees at the beginning of the financial year and only 35 employees were there by the end of financial year. 03 new employees joined the service during the year.

Annual Profit is Rs. 50 Mn.

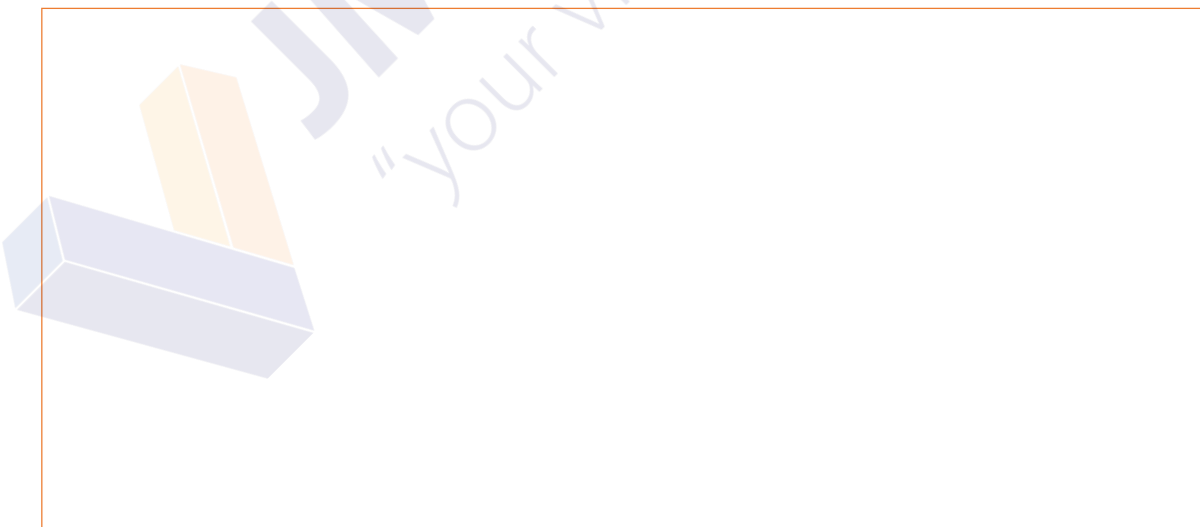
How much is the bonus received by one employee?

Show the accounting entries.

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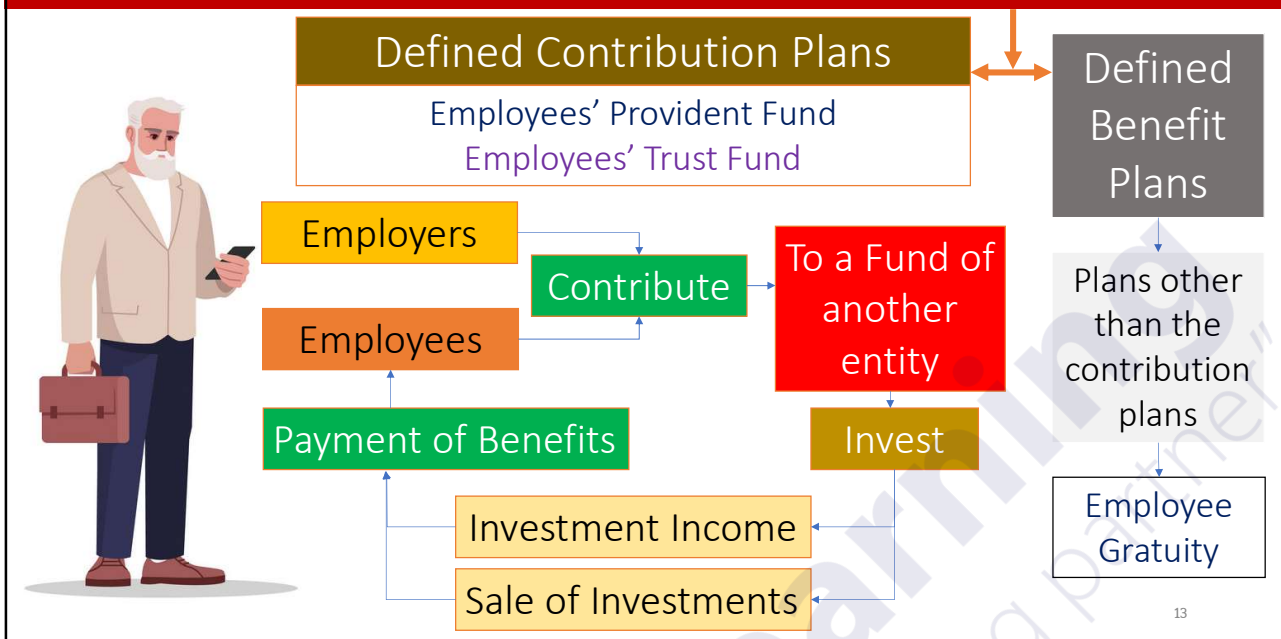
Answer 03



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Post-employment Benefits (Benefit Plans)



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Other Long-term Employee Benefits

Long-service Paid Leave
Eg: Paid leave entitled to University Professors every 7 years

Jubilee or long-service benefits

Long-term disability benefits

Termination Benefits

Payments related to Early Retirement

Payment made to Employee for the decision to leave on Redundancy as a result of excess employees

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