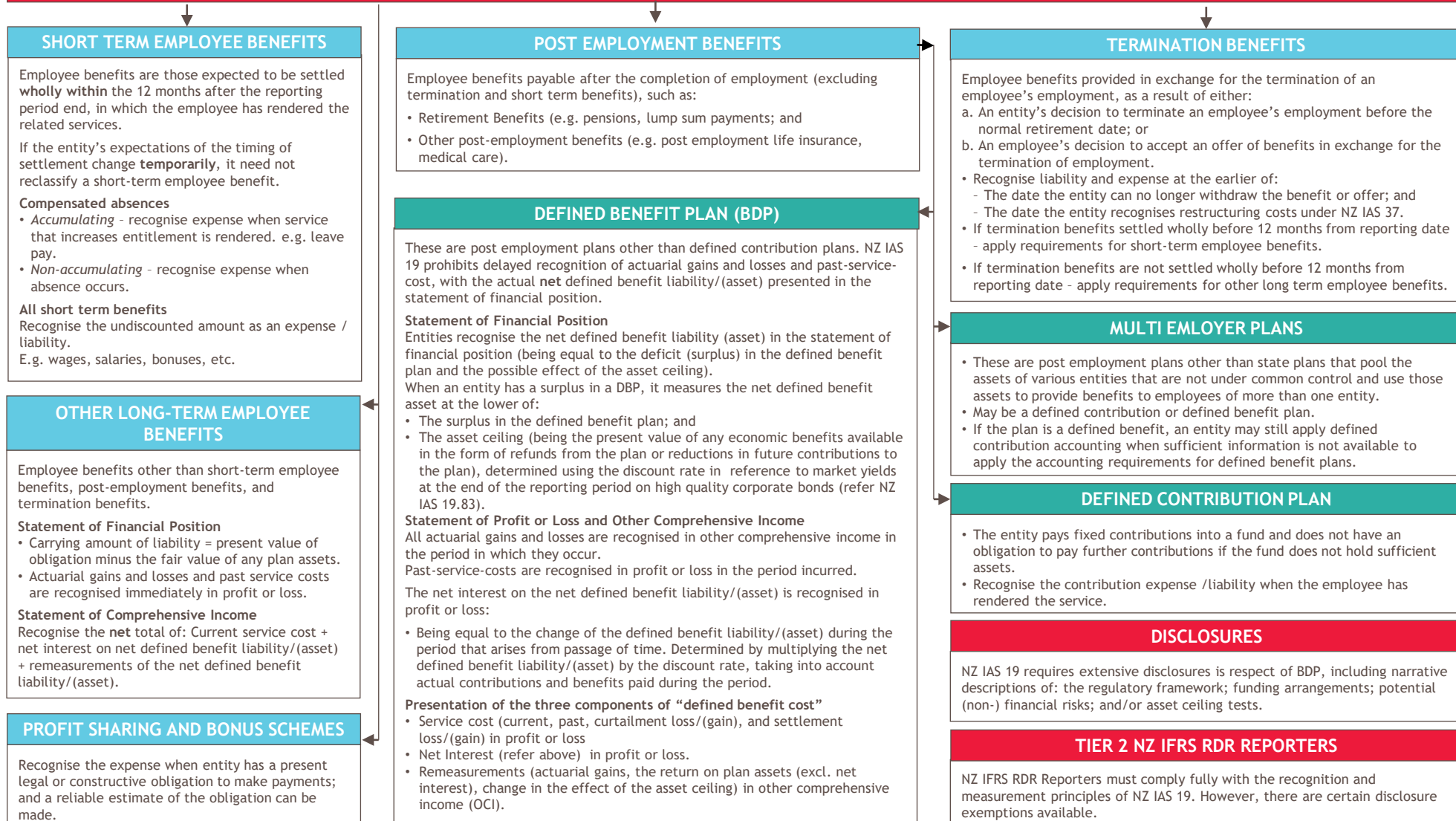


Also refer: NZ IFRIC 14: *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

SCOPE	DEFINITION - EMPLOYEE BENEFITS
All employee benefits except NZ IFRS 2 <i>Share-based Payments</i> .	Employee benefits are all forms of consideration given by an entity in exchange for services rendered or for the termination of employment.

## EMPLOYEE BENEFITS



### DEFINED BENEFIT PLAN (BDP)

These are post employment plans other than defined contribution plans. NZ IAS 19 prohibits delayed recognition of actuarial gains and losses and past-service-cost, with the actual **net** defined benefit liability/(asset) presented in the statement of financial position.

**Statement of Financial Position**  
Entities recognise the net defined benefit liability (asset) in the statement of financial position (being equal to the deficit (surplus) in the defined benefit plan and the possible effect of the asset ceiling).  
When an entity has a surplus in a DBP, it measures the net defined benefit asset at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling (being the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan), determined using the discount rate in reference to market yields at the end of the reporting period on high quality corporate bonds (refer NZ IAS 19.83).

**Statement of Profit or Loss and Other Comprehensive Income**  
All actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.  
Past-service-costs are recognised in profit or loss in the period incurred.  
The net interest on the net defined benefit liability/(asset) is recognised in profit or loss:

- Being equal to the change of the defined benefit liability/(asset) during the period that arises from passage of time. Determined by multiplying the net defined benefit liability/(asset) by the discount rate, taking into account actual contributions and benefits paid during the period.

**Presentation of the three components of "defined benefit cost"**

- Service cost (current, past, curtailment loss/(gain), and settlement loss/(gain) in profit or loss
- Net Interest (refer above) in profit or loss.
- Remeasurements (actuarial gains, the return on plan assets (excl. net interest), change in the effect of the asset ceiling) in other comprehensive income (OCI).

### OTHER LONG-TERM EMPLOYEE BENEFITS

Employee benefits other than short-term employee benefits, post-employment benefits, and termination benefits.

**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 in profit or loss.

**Statement of Comprehensive Income**  
Recognise the **net** total of: Current service cost + net interest on net defined benefit liability/(asset) + remeasurements of the net defined benefit liability/(asset).

### PROFIT SHARING AND BONUS SCHEMES

Recognise the expense when entity has a present legal or constructive obligation to make payments; and a reliable estimate of the obligation can be made.

Although every effort is made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular facts and circumstances of the situation.  
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