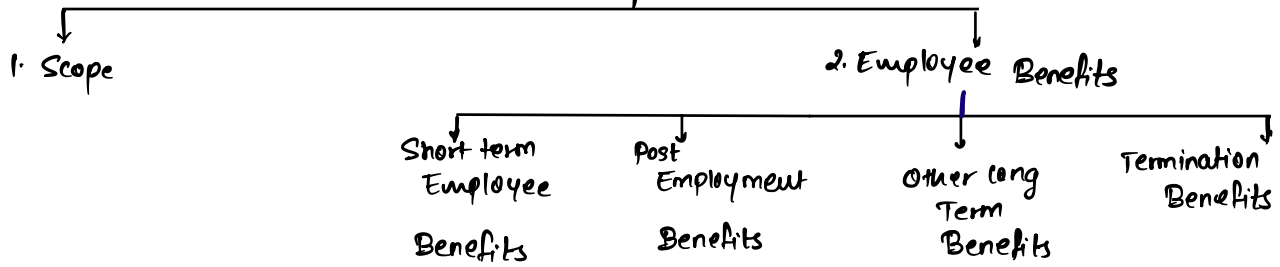
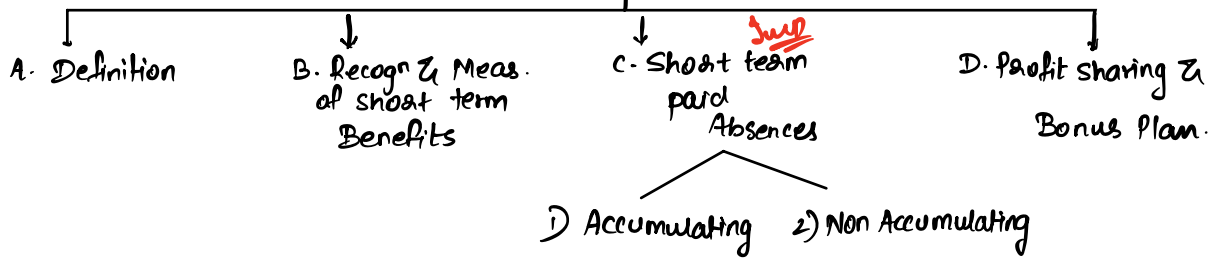


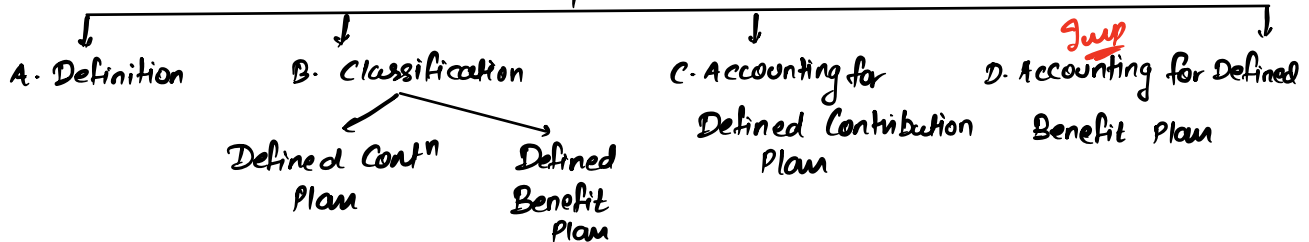
IndAS 19- Employee Benefits



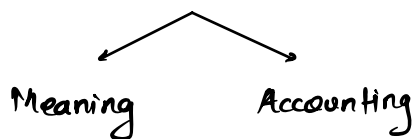
3. Short term Employee Benefits



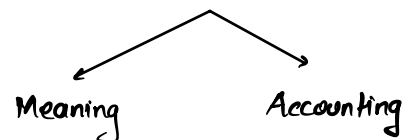
4. Post Employment Benefit Plan



5. Other long Term Benefits



6. Termination Benefits



* Short term employee Benefits [Co. point of view]

1. Salary / wages

J.E.

① If paid
 ↳ Salary / wages
 EBE (PIL) A/c Dr
 TO ClB

② If accrued But NOT paid
 EBE (PIL) A/c Dr.
 TO o/s Sal^y (Payable)
 ↳ Liab

Later on, when the above is paid.

o/s Sal^y A/c Dr
 TO ClB

③ If paid in Advance

Prepaid Exp (Asset) A/c Dr
 TO ClB

Later when it accrues

EBE (PIL) A/c Dr
 TO Prepaid Exp.

④ Sal^y paid to Emp → involved in construction of PPE / Inventory.

(Sal^y → Capitalised)

PPE / Inventory A/c Dr ~~EBE~~
 TO ClB

2. Bonus Sharing

Eg: Co.
 Ak H^d → Shankar Emp.
 ↓
 Profit target → Bonus % of total profit
 x1-x2

(Bonus Accrues in x1-x2, payment in x2-x3)

x1-x2 (Bonus Accrues)

↑
 Bonus Exp (EBE (PIL)) A/c Dr.
 TO Bonus Payable

x2-x3 on Payment of Bonus

Bonus Payable A/c Dr xx
 TO ClB xx

Note:

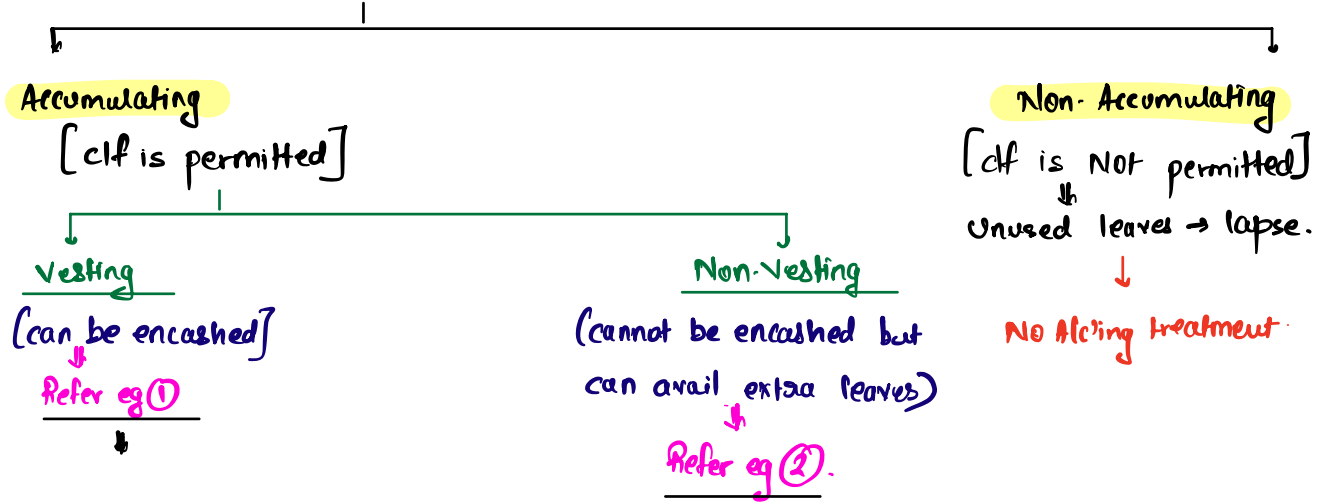
1. Consider expectations / estimates (if any) given in ques.

2. The above is NOT distribution of dividend. (Bonus paid above is paid in the capacity of employee & not shareholders)

3. Leave Compensation

↳ Next page.

3. Leave Compensation [Paid leaves eg: Sick leave, Casual leave, Privilege leaves]



Co. Books the exp when

the employee has earned the leaves

- J-E in the year when employee earns the leaves

Dr Leave Comp Exp Alc Dr xx
 To Payable / Prov for leave Comp xx

Example

① Vesting leaves

Shankar (9) → AK Ltd

Emp Salary of 6 crores p.a. [50 lakhs per month]

9 → Every year = 40 leaves

In XI-X2 Shankar availed only 10 days leaves & he has 30 days leave bal.

X1-X2 Sal & Exp Alc Dr Cr
 ↓
 20 days Leave Bal.
 TO ClB Cr.

Leave Compensation Exp Alc Dr 50 lakhs
 TO Prov / Payable Alc 50 lakhs

X2-X3 → Opn Bal 30 days
 (+) Cr 40 days
 Today's
 utilized → only (40 days)
 Bal of 30 days. → Encashed

① Sal & Exp Alc Dr Cr
 TO ClB Cr.

② Prov Alc Dr 50 lakhs
 TO ClB 50 lakhs

Eg ② (Non vesting) →

Emp cannot encash → he can avail Cr leave Bal in future years.

Same eg as above except:

X1-X2 (30 days leave Bal)

Sal & Exp Alc Dr Cr
 TO ClB Cr

Leave Comp Exp Alc Dr 50 lakhs
 TO Prov / Payable 50 lakhs

X2-X3 → 30 days → Opn } Available all leaves (70 days)
 → 40 days Cr

Sal & Exp Alc Dr 50 Ser.

Prov / Payable (leave) 50 lakhs

TO ClB Cr

Illus 2

J-E **X0-X1** Sal^y (EBE) Alc Ds 30,00,000
 TO ClB Alc 30,00,000

3 days → Leave Comp Exp Alc Ds 30000
 TO Prov for leave Comp 30000

Sal^y Exp leave^y Exp
 ↓ ↓
 → 30L + 30K

OR

EBE Alc Ds 30,30,000
 TO ClB Alc 30,00,000
 TO Prov for leave 30000

X1-X2

Reason:- If the emp did NOT have P.Y. 3 days leave, then on taking 13 days leaves he would have got only this much Sal^y.

EBE Alc Ds 29,70,000 (30L-30K)
 Prov Alc Ds 30000
 TO ClB Alc 30,00,000

Note: Allocating by comp^y is incorrect.
 ↓
 For detail refⁿ Refer Q.B.

Illus 3

Co → estimates → 2 days will be availed in Next Year.

J-E

X0-X1 EBE Alc Ds (30L + 20K) 30,20,000
 TO ClB 30,00,000
 TO Prov for leave Comp 20,000

[Note: Nishanjan has 3 days leave Bal but co. expects him to avail only 2 days in next year ∴ Only 2 days Exp & Prov is booked]

X1-X2

SCAF

Sal^y (EBE) Alc Ds 29,80,000 (BH)
 Prov Alc Ds 20000
 TO ClB 30,00,000

↓
logical entry

X1-X2

Exp (EBE) 10000 } Extra
TO Prov for leave 10000 } 1 day
 } exp &
 } Prov

2980000 (EBE)

Revised Prov Bal = 300000

EBE AC 2970000

Prov AC Dr 30000

TO ClB 300000

* Post Employment Benefits (Retirement Benefits) [eg. Pension, PF, Gratuity]

① Defined Contribution Plan (D.C.P.)

Co deposit → PF Fund (level)

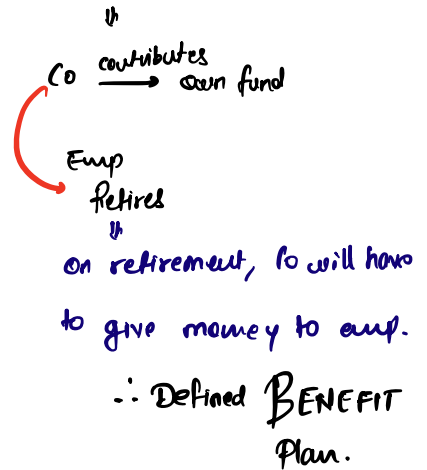
Emp → Retire
Emp on retirement he will get money from PF fund.

eg. PF

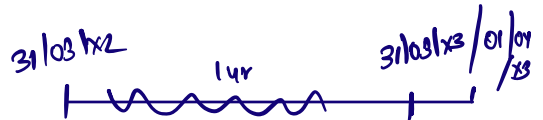
Co. makes specific amt of Contribution to the fund

(Co. obligation is over after makes the contribution to PF fund)

② Defined Benefit Plan.



eg: PF (Employer Contn) = ₹80,000
for the year X1-X2
31.03.X2 → Accrued.



Next yr (X2-X3)
Short-term (due within 12m)

① Paid on 15/04/X2

② Paid on 01.04.X3 @ PV D-F (@10%)
(After 1yr)
long term (due after 12m)

J-E.
X1-X2
(31.03.X2) PF Exp Alc Ds 80,000
TO PF Payable 80,000

X2-X3
15.04.X2 PF Payable 80,000
TO ClB 80,000

J-E
X1-X2
31.03.X2 PF Exp 72727
TO PF Payable 72727
(@PV = 80000 / (1.10)^1)

X2-X3
31.03.X3 Int Exp Alc Ds 7273
unwinding TO PF Payable 7273
(72727 x 10%)

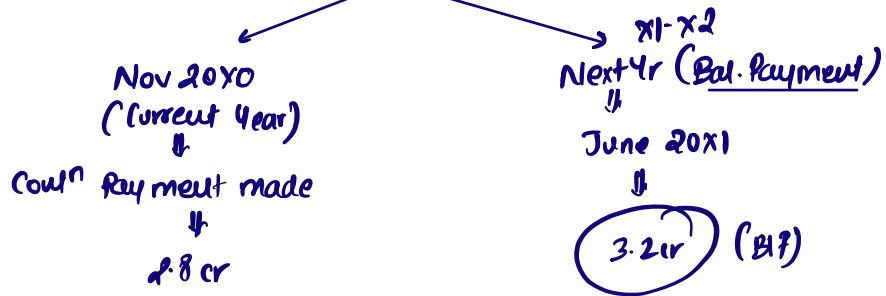
X3-X4
01.04.X3 PF Payable Alc Ds 80,800
TO ClB 80,800

Illus 11

x0-x1 Annual Salary = 50 cr

(*) $\frac{12\%}{100}$

6cr → Exp Accrue x0-x1



J-E x0-x1 (yr ended 31/3/x1)
↓

EBE AC DR 6 cr
TO c/B AC 2.8 cr
TO Payable/Prov 3.2 cr

Extra (Not asked)

June x1 (Next yr)
Payable 3.2 cr
TO c/B 3.2 cr

* Defined Benefit Plan [eg. Gratuity]

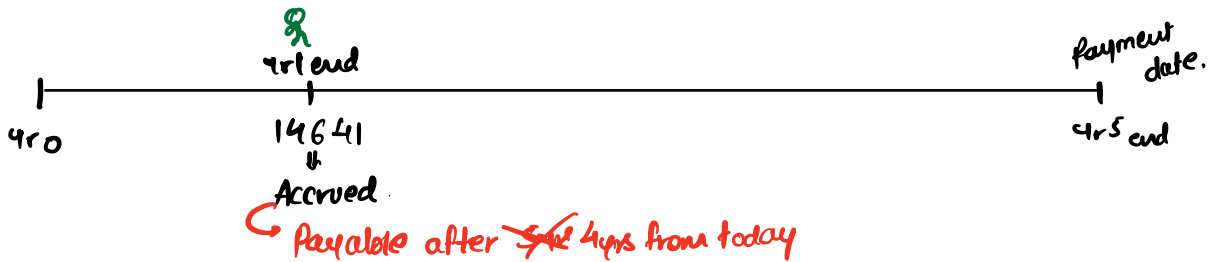
eg: FR Digest Pg 10-5

$100 \times (1.10)^4 \rightarrow$ 4 increments in 5yrs.

$$\begin{aligned} \text{Gratuity} &= 1\% \times \text{Final drawn Salary} \times \text{No. of yrs of Service} \\ &= 1\% \times 14,64,100 \times 5\text{yrs} \\ &= \boxed{73205} \end{aligned}$$

→ To be paid after 5yrs.
→ Accrued → OTP of 5yrs

$$\begin{aligned} \text{Gratuity Each yr} &= \frac{73205}{5\text{yrs.}} \\ &= \boxed{14641} \end{aligned}$$



Yr end	Exp Accrued	D.F @ 10%	PV
1	14641 → Payable after 4yrs	0.683	10000
2	14641 → Payable after 3yrs	0.751	11000
3	14641 → Payable after 2yrs	0.826	12100
4	14641 → " " 1yr	0.909	13310
5	14641 → _____ 0yrs	1	14641

JE.

Current Service Cost (CSC) → EBF (PIC)

4r 1end

~~Gratuity Exp~~ Alc DS 10,000

TO ~~Gratuity Payable~~ 10,000

Defined Benefit obligation (DBO)

↳ (AS - Uab⁹)

→ (EBE) PIL

4r 2end

Int cost Alc DS 1000

TO ~~Prov DBO~~ 1000

[10000 × 10%]

unwinding

4r 3end

CSC Alc DS 11,000

TO DBO 11,000

Exp

4r 3end

Int Exp Alc DS 2200

TO DBO 2200

unwinding

4r 3end

CSC Alc DS 12100

TO DBO 12100

Exp Book

4r 4end

Int Exp Alc DS 2630

TO DBO 2630

unwinding

4r 4end

CSC Alc DS 13310

TO DBO 13310

Exp Book

4r 5 end

Int Exp Alc DS 5324

TO DBO 5324

unwinding

4r 5 end

CSC Alc DS 14641

TO DBO 14641

Exp Book

4r 5 end = DBO Alc DS 73205

Payment to emp for Gratuity TO CB 73205

wn ①	Unwinding (DBO)				
yr end	Opn (Bal)	unwinding @ 10%	Exp Booked (C-y)	CLS	
1	-	-	10000	10000	
2	10000	1000	11000	21000	
3	22000	2200	12100	36300	
4	36300	3630	13310	53240	
5	53240	5324	14641		73205

* what if there are changes in Estimates (eg: Increment %, Completed yrs of Service, No. of emp, Disc Rate)

① PV of DBO increases

→ ~~P&L~~ OCI (NR)
 Actuarial loss on DBO
 TO DBO

② PV of DBO decreases

DBO A/C D/S
 TO Actuarial Gain on DBO (OCI NR)

* what if there is a Plan Amendment (eg: Gratuity increased by Co from 1% to 3%
 " decreased → 1% to 0.5%)

① PV of DBO increases

→ EBE (P/L)
 Past Service Cost A/C
 TO DBO

② PV of DBO decreases

DBO A/C D/S
 TO Past Service Cost (EBE/P/L)

eg yr 1 4r 2% 4r 3
 1% 1% ~~3%~~
 Book 4r 1%
 4r 2%
 impact also.

Defined Ben. Plan

OFU
 ↓
 Est
 ↓
 can change frequency
 ↓
 ∴ OCI (NR)

Amendment
 ↓
 Rare
 ↓
 ∴ PIL

- ① CSC → EBE (PIL) → C.Y. EBE Exp.
- ② DBO → AS (Liab) → C.Y. Payable
- ③ Int Exp → EBE (PIL) → unwinding
- ④ Actuarial G/L on DBO → OCI (NR) → Est change DBO ↑ ↓
- ⑤ Post Service Cost → EBE (PIL) → Plan Amendment DBO ↑ ↓

6. **Plan Assets** → Assets (Invst) Done exclusively for DBO.

J-E on Contribution in Plan Assets
 Plan Assets A/c Dr → B/Ls (Asset)
 To CrB

OFU: Not necessary to contribute in Plan Asset with same amount of DBO.
 It can be more or less.

7. **Expected Return on Plan Assets** [@ Disc Rate used for DBO]

Plan Assets 10L Disc Rate 10%
 (op. Bal)

Expected Return = $10L \times 10\% = 1L$

J-E ① ~~CrB A/c Dr 1L~~
 To Int Inc 1L
 Int earn → Reinst

② PA 1L
 To CrB 1L

OR

→ B/Ls Asset
 PA A/c Dr 1L
 To Int Inc 1L
 → EBE (PIL) -ve

→ combined entry

8. Actuarial Gain/Loss on Plan Asset (Return earned over & above expected Retⁿ)

⇓

- Plan Assets are always @ Fair Value

Eg: P.A (Given) (Opⁿ 01.04.21) = 10,000
 (+) Expected Retⁿ on P.A (10%) = 1000 → PA TO Prof Inc
 ↳ 4r end (4r end 31.3.22)

Given { (+) Contⁿ (31.3.22 - 4r end) = 5000 → PA TO ClB xx xx
 (-) withdrawal (31.3.22 - 4r end) = (2000) → ClB TO PA
 14000

(+) Actuarial Gain on P.A

3000 (Blf) → P.A Acc Dr 3000
 TO Actuarial Gain 3000 on P.A.
 ↓
 OCI (NR)

Fair Value of Plan Assets (4r end) 31.3.22
 17000 (Given)

Return earned over & above expected return.

what is Actuarial Gain/Loss on P.A?

Diff Btw Actual Return & Expected Return

Actual Return - Expected Return = Actuarial G/L on P.A.

Actual Return = Expected Retⁿ (+) Actuarial Gain on P.A (-) Actuarial loss on P.A.
 ↓
 Only Disclose = 1000 + 3000 = 4000
 why? Already Booked → EBE (PIL) -ve OCI (NR)

9. Curtailment & Settlement (ICAI uses these terms interchangeably)

Cancellation of Plan

J.E. DBO Alc DA

To Gain on Curtailment / Past Service Cost
 ↳ EBE (PIL) -ve.

Settlement occurs when entity settles the plan before due date.

(example: DBO of 1,00,000, settled for 90,000)

① Withdraw Money from P.A

ClB Alc DA. 90,000
 TO P.A 90,000

② Settle DBO

DBO Alc DA 1,00,000

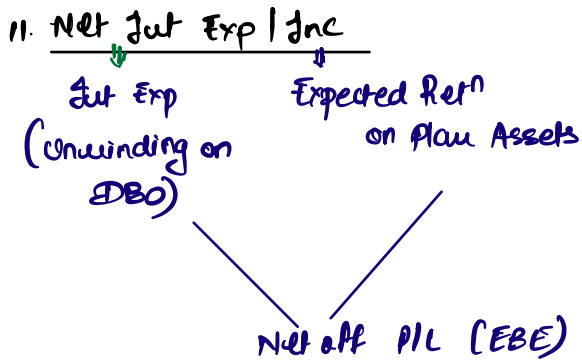
TO ClB 90,000
 TO Gain on Settlement / Past Service Cost 10,000

10. Net Defined Benefit Asset / Liab

Plan Assets & DBO are netted off & shown in B/S

Case ① If PA is higher than DBO → Net Defined Benefit Asset → 10K (B/S Asset)
 IL 1L IL 90K

Case ② If DBO is higher than PA → Net Defined Benefit Liab → 50K (B/S Liab)
 IL 1.5L IL 1L



⑫ **Asset ceiling** → only applicable when Net off → Net Defined Benefit Asset (PA ↑ DBO ↓)

eg ①	PA	120	
	DBO	<u>90</u>	
	Net Defined Ben. Asset	30	
Asset ceiling	20		

} BIS (Asset) ~~30~~ ^{max} 20
 } J-E OCI (NR) 10
 ↙ TO PA / Net Def. Ben. Asset 10
 Remeasurement loss

eg ② Net Def. Ben. Asset 15
 Asset ceiling 20
~~↑ by 5~~ Do Nothing.

eg ③ Net Def. Ben. **Liab**
 Asset ceiling } Do Nothing as Asset ceiling Not applicable

→ OFA (OCI (NR) items net off)

⑬ Remeasurement Gain/Loss

- Actuarial G/L on DBO
 - Actuarial G/L on P.A
 - **Decrease in Asset due to Asset ceiling.**
- } Net off OCI (NR)

Illus 32 (LDR)

Particulars	DBO	PA	Net Defined Benefit (Liab)
Opn 01.04.21	6,00,00,000	5,20,00,000	80,00,000
(+) Int Exp on DBO @ 5% (unwinding)	30,00,000 ↳ Int Exp TO DBO		40,00,000
(+) Expected Ret ⁿ on P.A @ 5% (Int Inc)		26,00,000 ↳ PA TO Int Inc	
(+) Contributions to P.A 31.03.22	-	70,00,000 ↳ PA TO CLB	(70,00,000)
(-) Withdrawals ↳ 1st withdraw then pay DBO	(42,00,000) ↳ DBO TO CLB	(42,00,000) ↳ CLB TO PA	-
(+) CSC	62,00,000 ↳ CSC TO DBO.		62,00,000
(+) Past Servc Cost	15,00,000 ↳ PSC TO DBO		15,00,000
(-) Settlement (DBO → 80L settle → 75L)	(80,00,000) ↳ DBO 80L TO CLB 75L TO Gain SL on settle ↳ EBEC (PL)	(75,00,000) ↳ CLB 75L TO PA 75L	(50,00,000)
	5,95,00,000	4,99,00,000	86,00,000
(+) Actuarial loss on DBO (BIF)	95,00,000 ↓ Actuarial loss (OE(NR)) TO DBO		34,00,000 ↓ Remeasurement loss
(+) Actuarial Gain on P.A (BIF)		61,00,000 ↓ PA Mc DS TO Actuarial Gain (OE(NR))	
31/3/22 → CLB Bal (Given)	6,80,00,000	5,60,00,000	1,20,00,000

Extract

PIL (X-X2)

<u>Exp</u>	
<u>EBE</u>	
Net Int Exp	4,00,000
CSC	6200000
PSC	1500000
Gain on settlement	(500000)

OCE

Reclassifiable (R)	
<u>Non-Reclassifiable (NR)</u>	
Remeasurement loss	34,00,000

B/S as on 31-3-X2

<u>Assets</u>	
<u>Eq & Liab</u>	
<u>Liab</u>	
<u>NCL</u>	
Net Def. Ben. Liab	1,20,00,000

Illus 33 LDR

Particulars	Plan Assets	DBO	Net Def Ben Liab
01/04/11	2040000	2125000	85000
(+) Int Exp @ 5%		106250	4250
(+) Exp Rem (Int Inc) @ 5%	102000		
(+) Contributions	425000	-	(425000)
(-) Benefits paid	(255000)	(255000)	-
(-) CSC		510000	510000
	2312000	2486250	
(+) Actuarial Gain on PA	68000		165750
(+) Actuarial loss on DBO		233750	Remeasurement loss OCI (NR)
	23,80,000	27,20,000	340000

C/Bal 31/3/12

Stat of P/L

<u>P/L</u>	
Exp	
<u>EBE</u>	
Net Int Exp	4250
CSC	510000

<u>OCI (NR)</u>	
Remeasurement loss	165750

B/S 31-3-12

<u>Liab</u>	
<u>Net</u>	
Net Def. Ben. Liab-	340000

Illus 31

Particulars	PA	DBO	Net Def. Ben. Liab
Opn 01.04.21	10000	12000	2000
(+) Expected Ret ⁿ on P.A @ 10%	1000		200 → Net Jut Exp
(-) Jut Exp @ 10%		1200	
(+) Cont ⁿ	3000		(3000)
(-) Benefits paid	(300)	(300)	-
(+) CSC		2500	2500
(-) Actuarial loss on DBO (Given)		100	
(+) Actuarial Gain on PA	1000		(900) → Remeas Gain
CLs Bal 31.3.22	14700	15500	800

DOE (NR)
 Remeasurement Gain 900
 2) Net Jut Exp = 200

OFU
Check
 Actual Retⁿ on PA = Expected Retⁿ on PA (+) Actuarial Gain on PA
 = 1000 + 1000
 = 2000
 same amt given in ques.

Illus 24 (LDR)

Particulals	DBO	PA	Net Def. Ben. Liab
Opn 01.04.11	1400	1140	260
(+) Int exp @ 8%	112		} 20.2
(+) Exp Rem @ 8%		91.2	
(+) CSC	55		55
(-) Out ⁿ		111	(111)
(+) Actuarial loss on DBO	(13)		} 80.2 → Remeas loss
(-) Actuarial loss on P-A		(67.2)	
CB Bal 31.3.12	1580	1275	305

P/L Extracts X1-X2

<u>EBE</u>	
Net Int Exp	20.2
CSC	55

OCI (NR)

Remeasurement loss	80.2
--------------------	------

PLS 31.3.12

<u>Liab</u>	
<u>NCL</u>	
Net Def Ben. Liab	305

J-E (X1-X2)

1) Int Exp 112
TO DBO 112

2) PA 91.2
TO Int Inc 91.2

3) esc 55
TO DBO 55

4) PA 111
TO CIB 111

5) Actuarial loss on DBO 13
TO DBO 13

6) Actuarial loss on P.A 67.2
TO PA 67.2

**

ICAJ J-E (combined Entry) → Exam

P/L Alc Dr 75.8

OCI (NR) Alc Dr 80.2

TO Net Def. Ben Liab 45

TO CIB (cont) 111

(Day 0
Net Liab 260
Grand Net Liab 305)

Q2 (MTP/RTP/PP)

Particulars	PA
01.04.20	10,00,000
Less: Benefits paid on 30 th Sept 21	(190000)
Add: Cont ⁿ on 30 th Sept 21	490000
(+) ^{June} Expected Ret ⁿ on Plan Asset	117500
^{June} $(10L \times 10.25\% \times 12/12 (+))$	
$3L \times 10\% \times 6/12)$	
	14,17,500

→ No need to prepare
DBO only Actuarial GL on
DBO is needed which is
given in the ques.
↓
(Also Opⁿ DBO is Not given)

ofc

Jul 6m → 10% p.a.
Jul 12m → 10.25% p.a.

Actuarial Gain on P.A -

82500

31/3/21 (b Bal of P.A) 15,00,000

i) Actual Retⁿ on P.A = Exp. Retⁿ on PA (+) Actuarial Gain on PA
 = 117500 (+) 82500
 = 200000

ii) Expected Retⁿ on P.A = 117500

iii) OCI (NR)

Remeasurement Gain 76500

(Actuarial Gain on PA (-) Actuarial loss on DBO)
 82500 6000
↓
(Given)

Illus

Note: In case of vested leaves [encashable] → Co. Books exp for full leaves balance available (as either the employee will avail leaves or encash it)

In case of non-vested leaves → Co. Books exp & prov for only leaves expected to be availed (i.e. consider companies expectation given in ques) as unavailed leaves will lapse.

$$\textcircled{a} \text{ Vested} = 100 \text{ emp} \times 2 \text{ days} \times ₹ 2500 \\ = 500000$$

31/3/11 Leave Comp Exp SL
TO Prov SL

$$\textcircled{b} \text{ Non Vested} = 100 \text{ emp} \times 20\% \times 1 \text{ day} \times 2500 = 50,000 \rightarrow \text{Leave Comp Exp } 50k \\ \rightarrow \text{Bal leaves [will lapse if unutilized as it is non-vested]} \quad \text{TO Prov } 50k$$

Illus 6 (LDR) p. 3.

As on 31/3/21 → 350 employees
 ↳ leaves c/f Bal = 3 leaves per emp.

(a) Old Employees (94%) = 329 emp.

Opn Bal of leaves	3 leaves per emp
(+) Earned in c-y (21-22)	10 leaves per emp
(-) Availed in c-y. (21-22)	<u>(9) leaves per emp</u>
Bal leaves on 31/3/22	4 leaves per emp.
(x) No. of employees [350 x 94%]	<u>329 emp</u>
Total leaves	1316 → (A)

Note: Unused leaves can only be c/f to 1 yr. ∴ Assume the 9 days availed in c-y. was 1st utilized against prev years leaves & then c-y. leaves were utilized (i.e. FIFO)

Assume that 6% employees who left are being replaced by new employees in c-y.

(b) New Employees (6%) in yr 21-22

Opn Bal of leaves	0
(+) Earned in c-y.	10 leaves per employee.
(-) Availed in c-y.	<u>(9) →</u>
Bal leaves on 31/3-22	1 leave per employee
(x) No. of emp (350 x 6%)	<u>21 employees</u>
Total leaves	21 leaves → (B)

Total leaves for which provision is to be created = 1337 leaves
 (A+B) [1316+21]

(*) Salary per day (X1-X2) $\left(\underset{\substack{\downarrow \\ \text{p.y.}}}{15000} + \underset{\substack{\downarrow \\ \text{increment}}}{10\%} \right) = 16500 \text{ per day}$

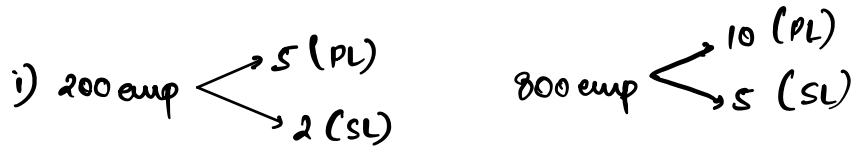
2,20,60,500
 ||
 Total Exp & Prov for leaves
 in C.Y.

J-E. X1-X2 EBE (leave Comp Exp) Ac Dr 2,20,60,500
 To Prov for leave compensation 2,20,60,500

X1-X2 Prov Ac Dr G/L
 ↓
 TOC/B G/L

Pf. leaves have been utilized in C.Y.
 i.e. when C.Y. Salty is paid, some amt is to adj against reversal of Prov of leaves like we did in illus 2.

Illus 29 (LDR)



total PL (Est) to be used in future from C-y leave Bal = $200 \times 5 + 800 \times 10 = 9000$
SL $\xrightarrow{\hspace{10em}}$ $= 200 \times 2 + 800 \times 5 = 4400$

C-y.
 \downarrow
 Co. book Exp & Prov. for leaves.

(Per day salary not available
 \therefore Amt cannot be calculated)

ii) Bonus Exp & Liab = ₹2000 crores \times 3.5%
 = 70 crores

X0-X1 Bonus Exp 70
 TO Prov 70

Extra (X1-X2) Prov TO ClB

iii) Defined Con'n Plan

X0-X1 EBE Atc Ds 100 crores
 TO ClB 20 crores
 TO Prov 80 crores

} \rightarrow Due within 12 months \therefore No Present value

* Other Long term Benefits
↳ Refer Text Book

* Termination Benefits (eg: VRS (voluntary Retirement scheme), Retrenchment scheme)



- These are payable on account of termination.
- Book Exp & Liab^y → only when constructive obligation arises
When termination announced & compensation promised.

→ Accounting treatment

i) If paid immediately
VRS Exp (EBE) A/c Dr
TO CLB

ii) If accrued in C.Y But paid later (within 12m from end of Reporting period)
eg: VRS accrued (X1-X2) = 100000
payment made on 01/07/12 = (Next yr)

X1-X2 (31/3/12) → VRS exp A/c Dr 100000
TO VRS payable 100000

01/07/12 VRS payable
TO CLB

iii) If accrued in C.Y. But payable after 12m from the end of Prep. period.

eg: VRS accrued in X1-X2 = £100000 (D.F @ 10%)

Payment made = 01/04/23

<u>X1-X2 (31/3/22)</u> @ D.V	VRS Exp	£	90909	} @ P.V.
	TO VRS Payable	£	90909	
	[14/1.10]			

<u>31/3/23 (unwinding)</u>	Lat Exp	→ (EBE)	9091
	TO VRS payable		9091 (90909 × 10%)

01/04/23	VRS Payable	1L
	TO CB	1L