

## **Exposure Draft**

### **Plan Amendment, Curtailment or Settlement (Amendments to Ind AS 19, *Employee Benefits*)**

**(Last date for Comments: 11<sup>th</sup> July, 2018)**



**Issued by  
Accounting Standards Board  
The Institute of Chartered Accountants of India**

**Exposure Draft**  
**Plan Amendment, Curtailment or Settlement**  
**(Amendments to Ind AS 19, *Employee Benefits*)**

Following is the Exposure Draft of the Amendments to Ind AS 19, *Employee benefits*, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India for comments.

The Board invites comments on any aspect of this Exposure Draft. Comments are most helpful if they contain a clear rationale and, where applicable, provide suggestions for alternative wording.

Comments can be submitted using one of the following methods, so as to be received not later than **11<sup>th</sup> July, 2018**.

1. Electronically: Click on <http://www.icai.org/comments/asb/> to submit comments online.  
(Preferred method)
2. Email: Comments can be sent to [commentsasb@icai.in](mailto:commentsasb@icai.in)
3. Postal: Secretary, Accounting Standards Board, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002.

Further clarifications on any aspect of this Exposure Draft may be sought by e-mail to [asb@icai.in](mailto:asb@icai.in).

## Amendments to Ind AS 19, *Employee Benefits*

Paragraphs 101A, 122A, 123A and 179 are added and paragraphs 57, 99, 120, 123, 125, 126 and 156 are amended. A heading is added before paragraph 122A. New text is underlined and deleted text is struck through.

### **Post-employment benefits: defined benefit plans**

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#### **Recognition and measurement**

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57 Accounting by an entity for defined benefit plans involves the following steps:

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(c) determining amounts to be recognised in profit or loss:

(i) current service cost (see paragraphs 70–74 and paragraph 122A).

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#### **Past service cost and gains and losses on settlement**

**99 When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, (including current market interest rates and other current market prices), reflecting:**

(a) **the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and**

(b) **the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.**

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101A When a plan amendment, curtailment or settlement occurs, an entity shall recognise and measure any past service cost, or a gain or loss on settlement, in accordance with paragraphs 99–101 and paragraphs 102–112. In doing so, an entity shall not consider the effect of the asset ceiling. An entity shall then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement and shall recognise any change in that effect in accordance with paragraph 57(d).

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## Components of defined benefit cost

120 An entity shall recognise the components of defined benefit cost, except to the extent that another Ind AS requires or permits their inclusion in the cost of an asset, as follows:

- (a) service cost (see paragraphs 66–112 and paragraph 122A) in profit or loss;

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### Current service cost

122A An entity shall determine current service cost using actuarial assumptions determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, it shall determine current service cost for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b).

### Net interest on the net defined benefit liability (asset)

123 An entity shall determine ~~net interest on the net defined benefit liability (asset) shall be determined~~ by multiplying the net defined benefit liability (asset) by the discount rate specified in paragraph 83, ~~both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.~~

123A To determine net interest in accordance with paragraph 123, an entity shall use the net defined benefit liability (asset) and the discount rate determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using:

- (a) the net defined benefit liability (asset) determined in accordance with paragraph 99(b); and
- (b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b).

In applying paragraph 123A, the entity shall also take into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

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125 Interest income on plan assets is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate specified in paragraph 123A. An entity shall determine the fair value of the plan assets at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine interest income for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the plan assets used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b). In applying paragraph 125, the entity shall also take into account any changes in the plan assets held during the period resulting from contributions or benefit payments. The difference between the interest income on plan assets and the return on plan assets is included in the remeasurement of the net defined benefit liability (asset).

126 Interest on the effect of the asset ceiling is part of the total change in the effect of the asset ceiling, and is determined by multiplying the effect of the asset ceiling by the discount rate specified in paragraph 123A. An entity shall determine the effect of the asset ceiling at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine interest on the effect of the asset ceiling for the remainder of the annual reporting period after the plan amendment, curtailment or settlement taking into account any change in the effect of the asset ceiling determined in accordance with paragraph 101A. The difference between interest on the effect of the asset ceiling and the total change in the effect of the asset ceiling is included in the remeasurement of the net defined benefit liability (asset).

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#### **Other long-term employee benefits**

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#### **Recognition and measurement**

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**156 For other long-term employee benefits, an entity shall recognise the net total of the following amounts in profit or loss, except to the extent that another Ind AS requires or permits their inclusion in the cost of an asset:**

- (a) **service cost (see paragraphs 66–112 and paragraph 122A);**

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#### **Transition and effective date**

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179 Plan Amendment, Curtailment or Settlement (Amendments to Ind AS 19), added paragraphs 101A, 122A and 123A, and amended paragraphs 57, 99, 120, 123, 125, 126 and 156. An entity shall apply these amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April, 2019. Earlier application is permitted. If an entity applies these amendments earlier, it shall disclose that fact.