

Amendments to IPSAS 25, *Employee Benefits*



Accounting Standards Board





Purpose of session

- Discuss changes proposed by the IPSASB to IPSAS 25.
- Identify local issues to consider to include in comment letter.
- Comments due end April 2016.





Overview of key changes



Overview of key changes

- Alignment of IPSAS 25 with IAS 19 (2011).
- Some changes already considered when GRAP 25 developed, e.g. recognition of actuarial gains and losses and past service costs.

Overview of key changes

Short term benefits:

- No significant changes.
- Change in terminology “benefits expected to be settled wholly before 12 months after the end of the reporting period”.
- Reclassifications ST to LT only if change in underlying characteristic of benefit or change in timing.

Overview of key changes

Classification of post-retirement schemes:

- No change in classification.
- Do we have composite social security programmes?



Overview of key changes

Defined contribution plans:

- No change in treatment or disclosures.



Overview of key changes

Defined benefit plans:

- Change in the presentation of the components of defined benefit cost.
- Recognition of remeasurements in statement of changes in net assets.



Overview of key changes

Current	Proposal
Current service cost	Service cost, except past service cost includes curtailments and settlements Surplus or deficit
Past service cost	
Effect of curtailments or settlements	
Interest cost	Net interest cost Surplus or deficit
Expected return on plan assets	Remeasurements, except return on plan assets excludes interest on plan assets. Changes in net assets
Actuarial gains and losses	
Limit in applying the asset recognition ceiling	

Overview of key changes

Defined benefit plans:

- Recognition of contributions paid by employees and third parties in plans with risk sharing features.
- Recognition of past service costs when amendment occurs, or on restructuring.
- Recognition of net interest.

Overview of key changes

Defined benefit plans:

- Additional disclosures.



Overview of key changes

Termination benefits:

- Different requirements: distinguish whether change in benefit plan, or termination payment.
- If dependent on ongoing services, change in plan.
- If at employee's request (without an entity's offer), change in plan.



Issues to consider

- IFRIC 14? How will this be addressed?
- Recognition of “remeasurements” in statement of changes in net assets only?
- Other issues?





Contact details

Tel: (011) 697-0660

Fax: (011) 697-0666

Email: info@asb.co.za

Website: www.asb.co.za

: Accounting Standards Board

: @ASB_SA

