ARMSTRONG
INTERNATIONAL

Handbook on Disclosures

Under IndAS 19

Index

Introduction

Ind AS 19 accounting standard prescribes accounting and disclosure standards to be followed by reporting entities based in India for all employee benefit reporting and disclosures, except share-based payments such as ESOP. Ind AS 19 describes the accounting policy to be followed for a wide range of employee benefit schemes, including benefits provided for rendering service such as short-term employee benefits (compensated absences, medical benefit, housing/car benefit etc), long term employee benefits (gratuity, pensions) and termination benefits.

Ind AS 19 recognizes the liabilities and expenses for employee benefits, that arise when an employee renders service to a company. The cost of the employee benefit schemes to a reporting entity are generally recognized in profit and loss as service cost and net interest cost, and in Other Comprehensive Income (OCI) as remeasurements. Post-Employment plans are classified into defined Contribution Plans and Defined Benefit Plans. To account for Defined Benefit Plans, the present value of the defined benefit plan is estimated by actuarial valuation methods, and the fair value of plan assets are deducted and any effect of the asset cost is adjusted. Long Term Employee Benefits are accounted on a discounted basis using a discount factor.

In this publication, we present a list of disclosures mandated under IndAS 19 Actuarial Valuation reporting along with examples and explanations of the figures that are to be reported under this accounting standard.

Short Term Employee Benefits

Under IndAS 19, Short term employee benefits consist of all benefits that are expected to be settled within a period of 12 months after the end of the reporting period during which the employee has rendered their service. This includes paid annual leave, paid sick leave, non-monetary benefits such as medical care, housing etc.

Under IndAS 19, an entity shall recognize short term employee benefit obligations due to its employees as expense and liabilities without any discounting, after deducting the amount already settled to the employees.

Disclosure	
Paragraph 25 of IndAS 19	Under IndAS 19, specific disclosures of short-term employee benefits are not required. However, under other IndAS standards, specific disclosures may be required. For example, IndAS 24 requires disclosures about employee benefits for key management personnel. Ind AS 1 requires disclosure of employee benefits expense.

Post Employee Benefits
Defined Contribution Plans

Defined Contribution Plans are plans where the reporting entity's obligation is limited to the amount it contributes to an employee benefits fund, and has no additional obligation of any kind. This is different from defined benefits plan, under which an entity's obligation is to provide defined benefits to current and past employees. Thus, in a defined contribution plan, the obligation towards employee benefits is straightforward and limited by its contribution towards the plan and is measured on a non-discounted basis for all obligations that are to be settled within a period of 12 months after the end of the reporting period.

For settlements that may occur outside the 12-month period, a discounting rate is used. No other actuarial assumptions are required to measure the obligation or expense of a defined contribution plan, and there is no scope for actuarial gains or losses.

Disclosures

Paragraph 53 of IndAS 19	An entity shall disclose the amount recognized as an expense for defined contribution plans.
Paragraph 54 of IndAS 19	Where required by Ind AS 24 an entity discloses information about contributions to defined contribution plans for key management personnel.

Defined Benefit Plans

Under Ind AS 19, Accounting for post-employment benefit plan assumes significant importance, as it requires the use of actuarial assumptions to measure the obligations that the reporting entity (company) will be liable for. While accounting for post-employment benefit plans, the Projected Unit Credit Method (PUC method) is utilized to make a very close and reliable estimate of the cost to the reporting entity of the benefit that its employees have earned in return for the services rendered to the company. In making this estimate, actuarial assumptions such as discount rate, salary growth rate, attrition rate and mortality rate are utilized. Furthermore, the benefits due at a future date are discounted in order to determine the present-day value of the obligations.

The reporting entity has to recognize certain obligations in its balance sheet. This includes the net defined benefit liability or when it has a surplus in the defined benefit plan, the defined benefit asset. A surplus may arise in the defined benefit liability when the plan has been overfunded or where actuarial gains have arisen. This surplus is treated as an asset, since it can be used to generate future benefits such as reduction in contributions, or cash refunds to the parent entity or to another plan.

Balance Sheet

Recognition of Net Defined Benefit Liability or Asset

Paragraph 63 of IndAS 19	An entity shall recognize the net defined benefit liability (asset) in the balance sheet.
Paragraph 64 of IndAS 19	When an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of: (a) the surplus in the defined benefit plan; and (b) the asset ceiling, determined using the discount rate specified in paragraph 83.

The net assets/liabilities are recognized in the balance sheet as per Figure 1.

The following Table gives the Funded Status and the amount recognised in the Balance Sheet for the Plan

A	Net Asset/(Liability) Recognised in Balance Sheet –	XX-YY-ZZ	XX-YY-ZZ
1	Present value of Funded Obligation	XX	YY
2	Fair Value of Plan Assets	XX	YY
3	Present value of Unfunded obligation	XX	YY
4	**Funded status [Surplus/(Deficit)] {Para 64(a)}**	XX	YY
5	Unrecognised Past Service Costs	XX	YY
6	Amount not Recognised as an Asset (limit in Para 64(b))	XX	YY
7	Net Liability	XX	YY
8	Recognised in balance sheet	XX	YY

Figure 1: Net DBO recognition in the balance sheet

Components of defined benefit cost

Recognition of Defined Benefits Costs	
Paragraph 120 of IndAS 19	An entity shall recognize 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) in profit or loss; (b) net interest on the net defined benefit liability (asset) (see paragraphs 123–126) in profit or loss; and (c) remeasurements of the net defined benefit liability (asset) (see paragraphs 127–130) in other comprehensive income.

These expenses are recognized as shown in Figure 2, disclosing service cost components, and net interest cost components.

Expense Recognised In Income Statement			
The following table summarises the components of net benefit expenses recognised in the P&L Account			
A	**Components of Employer expense**		
	Service Cost	XX-YY-ZZ	XX-YY-ZZ
1	Current service Cost	XX	YY
2	Past service cost - Plan Amendment	XX	YY
3	Curtailement Cost/(Credit)	XX	YY
4	Settlement Cost/(Credit)	XX	YY
5	Total Service Cost	XX	YY
	Net Interest Cost		
6	Interest Expense on DBO	XX	YY
7	Interest (Income on Plan Asset)	XX	YY
8	Interest (income)on reimbursement rights	XX	YY
9	Interest expense on effect of (asset ceiling)	XX	YY
10	Total Net Interest	XX	YY
11	Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	XX	YY
12	Cost of Termination Benefits	XX	YY
13	Administrative Expenses and Taxes	XX	YY
14	Defined Benefits cost included in P/L (para 57 c)	XX	YY

Figure 2: Expense Recognized in Income Statement as per Para 120(a) and 120(b) of IND AS 19

As per the requirements of Paragraph 120(c) of Ind AS 19, remeasurements of the net defined benefit liability are recognized via Other Comprehensive Report as shown in Figure 3 below.

REMEASUREMENT EFFECTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME (OCI)
PARA 120 (C) AND PARA 141 (C) OF IND AS 19

	TABLE 2		
	XXX		
	PVT. LTD		
	EMPLOYEES GRATUITY SCHEME		
	Actuaial Measurements as per IND AS 19		
	Net Asset/(Liability) Recognised in Balance Sheet on–		XX-YY-ZZ
	Local currency -	**Rupees**	
	The following Table gives the Funded Status and the amount recognised in the Balance Sheet for the Plan		
A	**Remeasurement effects recognized in other comprehensive income (oci) (Para 57(d))**	XX-YY-ZZ	XX-YY-ZZ
1	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	XX	YY
2	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	XX	YY
3	Actuarial (Gain)/ Losses due to Experience on DBO	XX	YY
4	Return on Plan Assets (Greater) / Less than Disount rate	XX	YY
5	Return on reimbursement rights (excluding interest income)	XX	YY
6	Changes in asset ceiling /onerous liability (excluding interest Income)	XX	YY
7	**Total actuarial (gain)/loss included in OCI { Ind As 19 Para 57(d)}**	XX	YY
8	Total cost recognised in P&L and OCI (Defined Benefit Cost) (para 120)	XX	YY
9	Cost Recognised in P&L (Ind As 19 para 57 c)	XX	YY
10	Remeasurement Effect Recognised in OCI; Para 120 c	XX	YY
11	Total Defined Benefit Cost (para 120 a,b & c)	XX	YY
	Discount Rate as per Para 144 of Ind As 19		
	XY		

Figure 3: Remeasurement effect recognized in OCI - Other Comprehensive Income

Remeasurements of the net defined benefit liability (asset) comprises of the actuarial gains and losses, the return on plan assets and change in the effect of the asset ceiling.

Disclosures of Defined Benefit Plans

Disclosures for Defined Benefit Plans	
Paragraph 135 of IndAS 19	An entity shall disclose information that: (a) explains the characteristics of its defined benefit plans and risks associated with them (see paragraph 139); (b) identifies and explains the amounts in its financial statements arising from its defined benefit plans (see paragraphs 140–144); and (c) describes how its defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows (see paragraphs 145–147).

As per Paragraph 135(a) of IND AS 19, it is required to disclose the characteristics of the defined benefit plan such as whether it is a gratuity plan or a leave plan, or any other plan that is being valued and the nature of the employee benefit payments associated with the plan (one-time lumpsum settlement / yearly payouts etc).

Disclosure of risks associated with plan

The risks associated with the plan should be disclosed in accordance with Paragraph 135(c) of Ind AS 19. This includes the various market risks that a plan may be exposed to including interest rate risk, salary inflation risk, demographic risk such as mortality rate, retirement age and retirement. The effects of the demographic risks on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Additional risk parameters that should be kept in mind include actuarial risk, which is the risk that benefits payable in the future will cost more than expected. This can arise, among other factors, due to adverse salary growth experience or increase in actual mortality rates leading to earlier payout of benefits.

For plans that have a funded portion, the funded assets are usually managed by an insurance company. This exposes the DBO plan to investment risk, and the value of the assets declared by the insurer may not represent the fair value of the assets.

There is also liquidity risk, which arises when there is a large payout to a particular employee or a class of employee who have accumulated high salaries for a long duration of service. Sometimes, these payouts can cause a strain on the cash flow.

It would also be prudent to consider regulatory risk, given the long-term nature of the defined benefit obligation plans. Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Additional Plan Disclosures

Paragraph 136 of IndAS 19	To meet the objectives in paragraph 135, an entity shall consider all the following: (a) the level of detail necessary to satisfy the disclosure requirements; (b) how much emphasis to place on each of the various requirements; (c) how much aggregation or disaggregation to undertake; and (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed.

Additional Plan Disclosures

Paragraph 137 of IndAS 19	If the disclosures provided in accordance with the requirements in this Standard and other Ind As are insufficient to meet the objectives in paragraph 135, an entity shall disclose additional information necessary to meet those objectives. For example, an entity may present an analysis of the present value of the defined benefit obligation that distinguishes the nature, characteristics and risks of the obligation. Such a disclosure could distinguish: (a) between amounts owing to active members, deferred members, and pensioners. (b) between vested benefits and accrued but not vested benefits. (c) between conditional benefits, amounts attributable to future salary increases and other benefits.

Additional Plan Disclosures

Paragraph 138 of IndAS 19	An entity shall assess whether all or some disclosures should be disaggregated to distinguish plans or groups of plans with materially different risks. For example, an entity may disaggregate disclosure about plans showing one or more of the following features: (a) different geographical locations. (b) different characteristics such as flat salary pension plans, final salary pension plans or postemployment medical plans. (c) different regulatory environments. (d) different reporting segments. (e) different funding arrangements (eg wholly unfunded, wholly or partly funded).

The above paragraphs 135 to 138 of Ind AS 19 specify the nature of the disclosures that are required to reported by the company. Further description of the disclosures is given in the succeeding paragraphs.

Characteristics of defined benefit plans

Disclosure of Full Plan Information

Paragraph 139 of IndAS 19	An entity shall disclose: (a) information about the characteristics of its defined benefit plans, including: (i) the nature of the benefits provided by the plan (eg final salary defined benefit plan or contribution-based plan with guarantee). (ii) a description of the regulatory framework in which the plan operates, for example the level of any minimum funding requirements, and any effect of the regulatory framework on the plan, such as the asset ceiling (see paragraph 64). (iii) a description of any other entity's responsibilities for the governance of the plan, for example responsibilities of trustees or of board members of the plan.

(b) a description of the risks to which the plan exposes the entity, focused on any unusual, entity specific or plan-specific risks, and of any significant concentrations of risk. For example, if plan assets are invested primarily in one class of investments, eg property, the plan may expose the entity to a concentration of property market risk.

(c) a description of any plan amendments, curtailments and settlements.

Paragraph 139 of Ind AS 19 specifies disclosure of the plan details, such as type of plan, eligibility of different classes of employees of the company to the plan, various criteria's, contribution ratio of employees and employer, salary considerations etc.

As per the requirements of Paragraph 139, the following information is disclosed:

5.Full Plan Information:

Refer para 139(a)(i) of Ind AS 19

This valuation reflects the provisions of the plan as at valuation date. Following is a summary of the major plan provisions used to determine the plan's financial position; It should not be used to determine individual plan benefits.

Valuation Date	XX-YY-ZZ
Sponsoring Employer	XXX
Type of Plan	Defined Benefits
Covering	Gratuity
Eligibility	All Regular Employees
Vesting Criteria	
On retirement	5 Years of Service
On Leaving Service	Equal to or more than 5 Years of Service
On death	Vesting condition not applicable
Employer Contribution	100%
Employee Contributions	Nil
Applicable Salary	Last Drawn Basic + D.A (excluding all other allowances and perquisites))
Normal Retirement Age	60
Benefit Basis	Accrued Benefits
Benefit Payment Types	Lump sum Payment
Normal Retirement Benefit	15/26xSalaryxPQS
Early Retirement Benefit	Same as above
Death Benefit	Same as above
Note	PQS is completed years of service rounded to nearest integer, subject to a minimum of 5 years of qualifying service
Maximum Limit On Benefits	Rs. 1,000,000
Special Conditions	Salary paid in a month is treated as for 26 days as per Supreme Court judgment

Figure 4: Plan Information as per Paragraph 139(A)(1) of Ind AS 19

(As per sec 139 C of IND AS 19)

Valuation Period	From xx-yy-zz To xx-yy-zz
Name of Event	Status
Plan Provisions	There is no Plan Introduction or Changes in provisions during this period
Business Combination	There is no Business combination during this period
Divesture	There is no divesture during the period
Acquisitions	There is no Acquisition during the period
Transfer	There is no transfer during the period
Curtailment	There is no Plan Curtailment during the period
Plan Settlement	There is Plan Settlement during the period
Plan Combination	There is no Plan Combination during the period
Plan Division	There is no Plan Division during the period
Special termination	There is no Special Termination during the period
Liability Funding(Para 147(a),Ind As 19)	A Funded Gratuity Plan
Funding Methodology(Para 147(a),Ind As 19)	Funded through an Insurance Company
Benefits Payments	Payments through an Insurance Co
Salaries	There is no significant increase in average salary during the period
Percentage Increase/Decrease in Salaries	The Average salary increased by-1.62%- during the period
Employee count	There is no significant increase in employee count during the period
percentage in employee count	The employee count increased by - 0.39% - during the period
Events Post Valuation Date	We have not been notified by the company nor are we aware of any events subsequent to the valuation date which in our opinion would have material impact on the results of the valuation.

Figure 5: Additional Plan Information Disclosures

Explanation of amounts in the financial statements

Disclosure of amounts to be reported in financial statement

Paragraph 140 of IndAS 19	An entity shall provide a reconciliation from the opening balance to the closing balance for each of the following, if applicable: (a) the net defined benefit liability (asset), showing separate reconciliations for: (i) plan assets. (ii) the present value of the defined benefit obligation. (iii) the effect of the asset ceiling. (b) any reimbursement rights. An entity shall also describe the relationship between any reimbursement right and the related obligation.

As per the requirements of Paragraph 140 of Ind AS 19, the following information points are disclosed:

CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AND RECONCILIATION THEREOF-IND AS 19 PARA 140

TABLE 4			
	XXX		
ACTUAIAL MEASUREMENTS AS PER IND AS 19			
A CHANGE IN DBO OVER THE PERIOD ENDING ON (PARA 140(A)(II) AND 141)		XX-YY-ZZ	XX-YY-ZZ
	Local currency		
1	**Present value of DBO at beginning(opening)**	XX	YY
2	**Current Service Cost**	XX	YY
3	**Prior Service Costs**	XX	YY
4	**Interest Cost**	XX	YY
5	**Benefit payments from plan(Para 141 g)**	XX	YY
6	**Benefit payments from employer(Para 141 g)**	XX	YY
7	**Acquisitions/Divestures/Transfer**	XX	YY
8	**Plan Amendments**	XX	YY
9	**Curtailments**	XX	YY
10	**Settlements(Para 141 g)**	XX	YY
11	**Actuarial (Gains)/Loss**	XX	YY
12	**Present Value Of DBO at the ending period**	XX	YY

Figure 6: Disclosures of Actuarial Measurements as per Paragraph 140 of Ind AS 19

Disclosure of reconciliations

Paragraph 141 of IndAS 19	Each reconciliation listed in paragraph 140 shall show each of the following, if applicable: (a) current service cost. (b) interest income or expense. (c) remeasurements of the net defined benefit liability (asset), showing separately: (i) the return on plan assets, excluding amounts included in interest in (b). (ii) actuarial gains and losses arising from changes in demographic assumptions (see paragraph 76(a)). (iii) actuarial gains and losses arising from changes in financial assumptions (see paragraph 76(b)). (iv) changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amounts included in interest in (b). An entity shall also disclose how it determined the maximum economic benefit available, ie whether those benefits would be in the form of refunds, reductions in future contributions or a combination of both. (d) past service cost and gains and losses arising from settlements. As permitted by paragraph 100, past service cost and gains and losses arising from settlements need not be distinguished if they occur together. (e) the effect of changes in foreign exchange rates. (f) contributions to the plan, showing separately those by the employer and by plan participants. (g) payments from the plan, showing separately the amount paid in respect of any settlements. (h) the effects of business combinations and disposals.

The reconciliation disclosures under Paragraph 141(a) and 141(b) relating to service cost and interest cost are show in Figure 2, and the disclosures relating to reconciliation of opening and closing of plan assets is shown in Figure 7 as below:

B	RECONCILIATION OF OPENING & CLOSING OF PLAN ASSETS(IND AS 19 PARA 140(A) (I)		
1	Fair Value of Plan Assets at end of prior yr	XX	YY
2	Interest income of assets	XX	YY
3	Total employer contributions	XX	YY
3a	Employer Contribution (Para 141 f)	XX	YY
3b	Employer direct benefit payments	XX	YY
4	Plan Participant's contributions (Para 141 f)	XX	YY
5	Benefits Payouts from employer (Para 141 g)	XX	YY
6	Benefits Payouts from plan(Para 141 g)	XX	YY
7	Settlements By Fund Manager (para 141 g)	XX	YY
8	Admin expenses /Taxes paid from plan assets	XX	YY
9	Effect of Change in Exchange rates(Para 141 e)	XX	YY
10	Insurance premiums for risk benefits	XX	YY
11	Actuarial gain/(Loss)	XX	YY
12	Fair Value of assets at the End	XX	YY
13	Actual Return on Plan Assets	XX	YY

Figure 7: Reconciliation of Opening and Closing of Plan Assets as per Para 140 and 141 of Ind AS 19

Disclosure of categories of plan assets

Paragraph 142 of IndAS 19	An entity shall disaggregate the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market (as defined in Ind AS 113, Fair Value Measurement) and those that do not. For example, and considering the level of disclosure discussed in paragraph 136, an entity could distinguish between: (a) cash and cash equivalents; (b) equity instruments (segregated by industry type, company size, geography etc); (c) debt instruments (segregated by type of issuer, credit quality, geography etc); (d) real estate (segregated by geography etc); (e) derivatives (segregated by type of underlying risk in the contract, for example, interest rate contracts,

foreign exchange contracts, equity contracts, credit contracts, longevity swaps etc);

(f) investment funds (segregated by type of fund);

(g) asset-backed securities; and

(h) structured debt.

MAJOR CATEGORIES OF PLAN ASSET
AS A PERCENTAGE OF THE FAIR VALUE

	Para 142,Ind AS 19		
	APPENDIX C XXX		
	EMPLOYEES GRATUITY SCHEME		
	ASSETS DISTRIBUTION		
A	AS AT	XX-YY-ZZ	XX-YY-ZZ
	PERCENTAGES		
1	Govt Securities(Central&State)	0.00%	0.00%
2	Highquality Corporate Bonds	0.00%	0.00%
3	Equity shares of Listed Cos	0.00%	0.00%
4	Property	0.00%	0.00%
5	Special deposits	0.00%	0.00%
6	Others(other investments, bank balance etc)	0.00%	0.00%
7	Assets Under Insurance Schemes	XX	YY
8	Total	XX	YY

Figure 8: Disaggregation of the fair value of the plan assets as per Paragraph 142 of Ind AS 19

Disclosure of transferable financial instruments

Paragraph 143 of IndAS 19	An entity shall disclose the fair value of the entity's own transferable financial instruments held as plan assets, and the fair value of plan assets that are property occupied by, or other assets used by, the entity

Disclosure as per Schedule III of Companies Act

As per Note 3 of Guidelines for Schedule III, a liability is classified as current if it is due within 12 months, or if the company does not have an unconditional right to defer the settlement of the liability for at least 12 month after the reporting date. In accordance with these criteria, a liability is classified as "current" if a company does not have an unconditional right as on the Balance Sheet date to defer its settlement for twelve months after the reporting date and all the other liabilities are classified as non-current

The provisions for current and non-current liabilities are show as per Figure 9.

DETAILS OF CURRENT AND NON CURRENTPROVISION FOR GRATUITY

	As PER Schedule 3 of Companies Act 2013		
	TABLE 3 A		
	XXX		
	EMPLOYEES GRATUITY SCHEME		
	Actuarial measurements for IND AS 19 (Revised, 2005) purposes		
	Net Asset/(Liability) Recognised in Balance Sheet on–		XX-YY-ZZ
	Local currency -	Rupees	
	The following Table gives Current and Noncurrent for the PVO and the Funded Status		
A	DETAILS OF CURRENT AND NON CURRENTPROVISION FOR GRATUITY	Current	Non_Current
1	Present value of Benefit Obligation	XX	YY
		XX	YY
2	Funded status [Surplus/(Deficit)]	XX	YY
	For funded schemes as per ICAI circular page no 18 (See commentary)	XX	YY

Figure 9: Disclosure of Current and Non-Current provisions

Disclosure of Actuarial Assumptions

Disclosure of Assumptions	
Paragraph 144 of IndAS 19	An entity shall disclose the significant actuarial assumptions used to determine the present value of the defined benefit obligation (see paragraph 76). Such disclosure shall be in absolute terms (eg as an absolute percentage, and not just as a margin between different percentages and other variables). When an entity provides disclosures in total for a grouping of plans, it shall provide such disclosures in the form of weighted averages or relatively narrow ranges.

KEY ASSUMPTIONS

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

The financial and demographic assumptions employed for the calculations as at the end of previous period and current period are as follows

Assumption	XX-YY-ZZ	XX-YY-ZZ
Discount rate	XX	YY
Expected return on assets	XX	YY
Salary Escalation	XX	YY
Attrition Rate	XX	YY
Mortality	**Indian Assured Lives Mortality(2006-08)** (Ultimate)	

Figure 10: Disclosure of Key Assumptions as per Paragraph 144 of Ind AS 19

Amount, timing and uncertainty of future cash flows

Disclosure of sensitivity analysis

Paragraph 145 of IndAS 19	An entity shall disclose: (a) a sensitivity analysis for each significant actuarial assumption (as disclosed under paragraph 144) as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. (b) the methods and assumptions used in preparing the sensitivity analyses required by (a) and the limitations of those methods. (c) changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes.

145 A SENSITIVITY ANALYSIS

XX-YY-ZZ

Rupees

145 A	How the D B O would have been affected by 100 basis points changes in the actuarial assumtions namely discount rates,salary growth, Attrition & Mortality is shown below		
A	INFORMATION REQUIRED UNDER IND AS 19		XX-YY-ZZ
		% increase in DBO	LIABILITY
1	DISCOUNT RATE +100 basis points	XX	YY
2	DISCOUNT RATE -100 basis points	XX	YY
3	SALARY GROWTH +100 basis points	XX	YY
4	SALARY GROWTH -100 basis points	XX	YY
5	ATTRITION RATE +100 basis points	XX	YY
6	ATTRITION RATE-100 basis points	XX	YY
7	MORTALITY RATE 10% UP	XX	YY

Figure 11: Sensitivity Analysis Disclosure as per Paragraph 145(a) of IND AS 19

As per the requirements of Paragraph 145(b), the method used in performing the sensitivity analysis is to be disclosed and also the shortcomings of the methods. For example, the quantum of change in one assumption is unlikely to occur independently of changes in other assumptions.

Furthermore, as per Paragraph 145(c), it is to be disclosed if there are any material changes in the assumptions used in preparing the sensitivity analysis in the previous period of reporting.

Disclosure of Asset Liability Matching strategy

Paragraph 146 of IndAS 19	An entity shall disclose a description of any asset-liability matching strategies used by the plan or the entity, including the use of annuities and other techniques, such as longevity swaps, to manage risk.

As per the requirement of Paragraph 146 of IND AS 19, any asset liability matching strategy used by plans of the entities need to be disclosed. Under this disclosure, the effect of any insurance policy that is part of the plan can be disclosed along with movement in interest rate and mitigation of liquidity risk.

Disclosure of future cash flows

Paragraph 147 of IndAS 19	To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose: (a) a description of any funding arrangements and funding policy that affect future contributions. (b) the expected contributions to the plan for the next annual reporting period. (c) information about the maturity profile of the defined benefit obligation. This will include the weighted average duration of the defined benefit obligation and may include other information about the distribution of the timing of benefit payments, such as a maturity analysis of the benefit payments.

	Para 147 a Funding Arrangement as on		XX-YY-ZZ
147(a)	"The company has started funding the liability throgh the medium of an insurance company."&" Regular assesment is made by the insurance co of the increase in liability under certain assumptions"&" and contributions are being made to maintain the fund ."&" subject to credit risk of the insurance co & asset liability mismatch risk of the investments (para 146)" The Company will not be able to meet the past service liability on the valuation date that fall due during the first year		
147 b	Expected Contributions to the plan for the next annual reporting period.(Para147 b)		XYZ
147 c	Information on the maturity profile of the liabilities given below	XX-YY-ZZ	XX-YY-ZZ
147 c	Weighted average duration of the D B O	2.23	1.97
1	Projected Benefit Obligation	XX	YY
2	Accumulated Benefits Obligation	XX	YY
		XX-YY-ZZ	
3	FIVE YEAR PAYOUTS(Para 147 C)	Discounted values / Present value	undiscounted values / Actual value
4	YEAR (I)	XX	YY
5	YEAR (II)	XX	YY
	YEAR (III)	XX	YY
	YEAR (IV)	XX	YY
	YEAR (V)	XX	YY
	NEXT 5 YEAR PAYOUTS(6-10YRS)	XX	YY
6	Payouts Above Ten Years	XX	YY
7	Vested benefit Obligation as on Para 137 (b)	XX-YY-ZZ	XY

Figure 12: Disclosures of Funding Arrangements as per Ind AS 19

Multi-employer plans

A company participating in multi-employer plan can account for its proportionate share in the multi-employer defined benefit obligation, plan assets and costs associated with the plan. However, if the conditions are such that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan, or if there is not sufficient information about the plan, then the reporting entity accounts for the plan as if it were a defined contribution plan.

Disclosure for Multi-employer plans

Paragraph 148 of IndAS 19	If an entity participates in a multi-employer defined benefit plan, it shall disclose: (a) a description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements. (b) a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan. (c) a description of any agreed allocation of a deficit or surplus on: (i) wind-up of the plan; or (ii) the entity's withdrawal from the plan. (d) if the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, it shall disclose the following, in addition to the information required by (a)–(c) and instead of the information required by paragraphs 139–147: (i) the fact that the plan is a defined benefit plan. (ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan. (iii) the expected contributions to the plan for the next annual reporting period. (iv) information about any deficit or surplus in the plan that may affect the amount of future Contributions, including the basis

	used to determine that deficit or surplus and the implications, if any, for the entity. (v) an indication of the level of participation of the entity in the plan compared with other participating entities. Examples of measures that might provide such an indication include the entity's proportion of the total contributions to the plan or the entity's proportion of the total number of active members, retired members, and former members entitled to benefits, if that information is available.

Defined benefit plans that share risks between entities under common control

Examples of defined benefit plans that share risk between entities under common control include common DBO plans of a parent and subsidiary entity. Such plans are not treated as multi-employer plans, and are instead treated as related party transactions and disclosure is made on this basis.

Disclosure for DBO sharing risk between entities

Paragraph 149 of IndAS 19	If an entity participates in a defined benefit plan that shares risks between entities under common control, it shall disclose: (a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy. (b) the policy for determining the contribution to be paid by the entity. (c) if the entity accounts for an allocation of the net defined benefit cost as noted in paragraph 41, all the information about the plan as a whole required by paragraphs 135–147. (d) if the entity accounts for the contribution payable for the period as noted in paragraph 41, the information about the plan as a whole required by paragraphs 135–137, 139, 142–144 and 147(a) and (b).

Disclosure in other group financial entity

Paragraph 150 of IndAS 19	The information required by paragraph 149(c) and (d) can be disclosed by cross-reference to disclosures in another group entity's financial statements if: (a) that group entity's financial statements separately identify and disclose the information required about the plan; and (b) that group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time as, or earlier than, the financial statements of the entity.

Disclosure requirements in other Ind As for DBO Plans Sharing Risk between entities

Paragraph 151 of IndAS 19	Where required by Ind AS 24 an entity discloses information about: (a) related party transactions with post-employment benefit plans; and (b) post-employment benefits for key management personnel.

Disclosure of contingent liabilities

Paragraph 152 of IndAS 19	Where required by Ind AS 37 an entity discloses information about contingent liabilities arising from post-employment benefit obligations.

Other long-term employee benefits

Other long-term employee benefits include long term paid absences, disability benefits, profit sharing and bonuses, if they are not settled within a period of 12 months after the end of the reporting period. Ind AS 19 requires a simplified method of accounting of such other long-term employee benefits and is not subject to the same level of complexity as post-employment benefits. Measurements for Other Long-Term Employee benefits are not recognized in the OCI.

The surplus or deficit should be recognized, and also the service cost, net interest of the DBO liability (asset) and remeasurement of the net defined benefit liability (asset) should be recognized in the profit and loss.

Disclosure

Paragraph 158 of IndAS 19	Although this Standard does not require specific disclosures about other long-term employee benefits, other Ind ASs may require disclosures. For example, Ind AS 24 requires disclosures about employee benefits for key management personnel. Ind AS 1 requires disclosure of employee benefits expense.

Termination benefits

Termination benefits are treated separately, since they are different from post-employment benefits that arise due to the employee leaving the company, or due to retirement. Termination benefits arise from either the event of termination of employment by the employer, or the employee's decision to accept an entity's offer of benefits in return of termination of employment. Termination benefits can be lumpsum one-time settlements, however they can also include continued payment of salary till a future date of notice period, or enhancement of post-employment benefits. Some termination benefits are provided as a result of statute, employment contract or union agreements.

Termination benefits are measured on initial recognition and subsequent changes are measured in accordance with the nature of the employee benefits plan. If the termination benefits are an enhancement to the post-employment benefits plan, the requirements of post-employment benefits measurement are applied to termination benefits measurement. Otherwise, if the termination benefits are to be settled wholly within 12 months after the end of the annual reporting period in which the termination benefit is recognized, the requirements for short-term employee benefits are applied. If the termination benefits are not expected to be settled within 12 months, requirements for other long-term employee benefits is applied.

Disclosure

Paragraph 171 of IndAS 19	Although this Standard does not require specific disclosures about termination benefits, other Ind ASs may require disclosures. For example, Ind AS 24 requires disclosures about employee benefits for key management personnel. Ind AS 1 requires disclosure of employee benefits expense.

THANK YOU

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