Accounting Standard - 15
Retirement Benefits (Revised in 2005)

Employee Cost

Short term Compensation | Defined Contribution plans. | Defined Retirement Benefit plans.

As per the provisions of AS-15, Short term Compensation may include.
1. Salaries and wages.
2 Bonus
3 Share in profits.
4 NON Monetary Benefits
5 Leave Encashments.

Treatment of Salaries and wages → As per the provisions of AS-15, Salary and wages total's amount which are incurred by an Enterprise in Consideration of the Service rendered by the Employee, workers and Management during the period should be write off in the profit and loss A/c. If payment is higher than the Expenditure for Service, then Diff. should be recognised as prepaid Expenses. If payment is lower than the Expenditure for Service, then Difference should be recognised as outstanding Expense

Treatment of Bonus and Share in profits

As per The provisions of AS-15, The Specified items should be writeoff in the profit and Loss A/c in the period of The service rendered to which The Specified items are related to The. In Case payments are to be made after the Specified period Then provision should be made for The Incurred Amount.

Treatment of NON- Monetary Benefits

AS per The provisions of AS-15, NON Monetary Benefits Should be write off in The Profit and Loss A/c Assuming Current year Expenditure. NON- Monetary Benefit May include

1 Car facilities.
2 Rent free accomodation.
3 LIC Premium.
4 Education facilities.
5 Club Membership fees.
6 Any other facility at Concessional Rate and free of Cost.

Treatment of Leave Encashment

AS per The provision of AS-15, Leave Encashment Should be Considered as an expense for the Current period. Leave Encashment may be accumulationg and NON- accumulation in nature.

If Leave Encashment are NON accumulating in nature Then actual cost of Leave Encashment Should be writen off in The profit $ Loss.

If Leave Encashment are accumulation in Nature Then provision should be Created for The unavailed period.

Defined Contribution Plans

- Multi employer Plans
- State Plans
- Insurance Plans.

Multi employer Plans → Under The Specified Situation, Contribution is made by Multiple employer for The bene-fit of The employees, Workers by way of Trust. The Main objective of The trust is to manage The Investments of The Trust on the behalf of Their employees, workers in & to increase The Value of The Investment. As per the Provisions of AS 15, The amount of The Contribution to the Specified plans Should be Considered as an Current Year Expense and Should be Writeoff in The profit and Loss A/C.

State plans → Under State plans, funds are managed by the Govt for The employees of The enterprises or enterprises.

e.g. Amount Contributed to Provident fund.
As per The provisions of AS-15, Amount of Contribution to State plans should be Considered as a Current year expense and should be transferred to profit and Loss A/C.

Insurance Plans → under the Specified Situations, an enterprise pay an insurance premium for the retirement benefit of The employees or workers. The amount of premium should be Considered as an expenses Current year expense and should be W/off in The profit and loss A/C. The At The time of The Retirement, payment will be made out of The Matured value of Insurance policy.

Defined Retirement Benefits →
Gratuity plans, provident funds or any other funds of Similar nature should be Covered under Such heading. Accounting for These benefits should be made as per Actuarial Valuation rules.

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Note: Actuarial Gains and Losses Should be Recognised immediately in The Statement of profit and Loss as Income or Expenses