

***UDES*H REGULAR**

FOR GROUP-1, MAY 2024

- Subject- Advanced Accounting
- Chapter- *Accounting Standards : AS 15 Part 2*
- Lecture No.- *48*

Recap of Previous Lecture



Topic

Basic Concepts & Questions



PHYSICS
WALLAH

Topics to be Covered

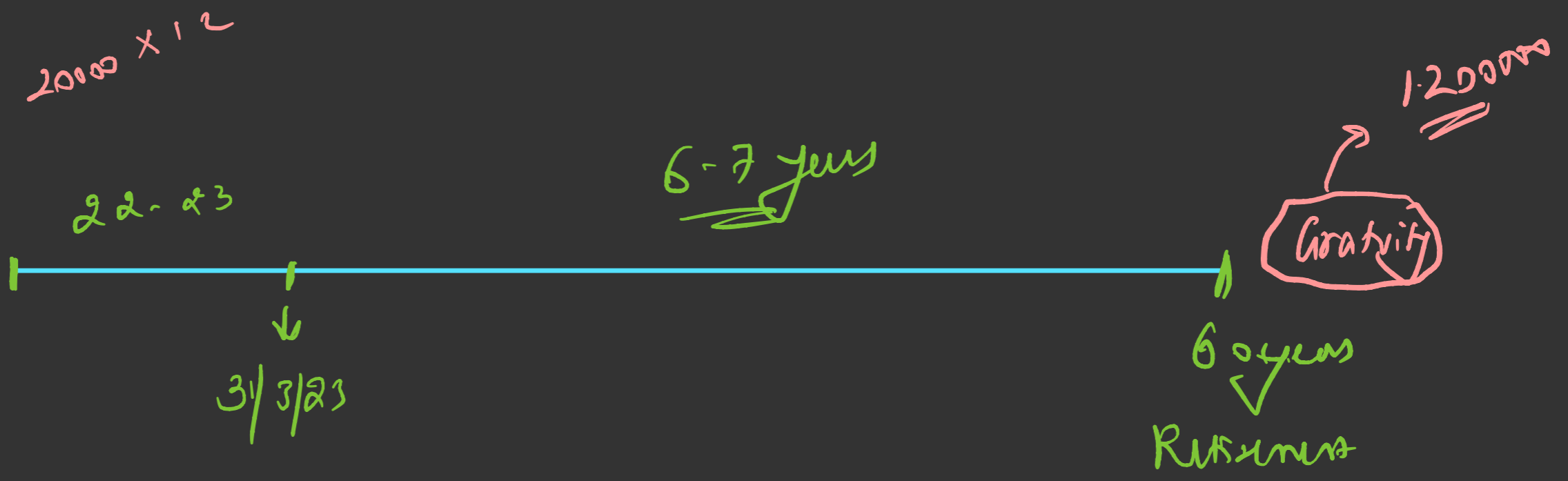


Topic

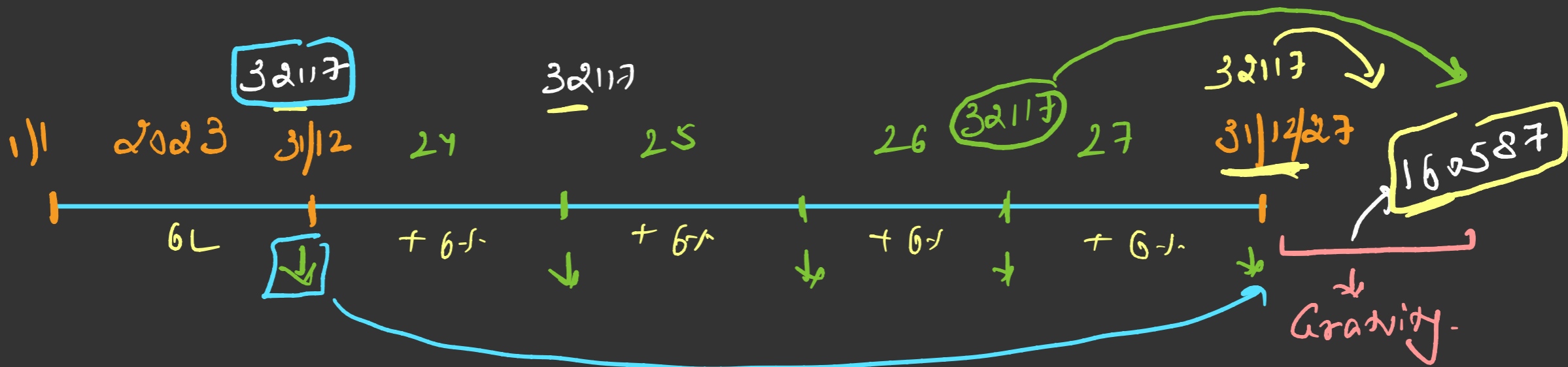
Basic concepts & Motion



PHYSICS
WALLAH



Eg: 1



Computation of Expected Benefit (Defined Benefit Obligation)

Sahi hai
 $6L \times (1.06)^4$

$$\left[600000 \times (1.06) \times (1.06) \times (1.06) \times (1.06) \times (1.06) \right] \times 4\% \times 5$$

Last drawn salary
 $600000 \times (1.06)^5$

Completed year of service

$$\Rightarrow 160587$$

Create Provision / Reward Expense

at Present value & not absolute amount.

Computation of Allocated Benefit

$$\Rightarrow \frac{160587}{5} = 32117$$

Computation of Current Service Cost

<u>Year</u>	Allocated Benefit	PRF @ 10%	<u>Expense</u> Current Service Cost
2023	32117	0.909	21936
2024	32117	0.826	24120
2025	32117	0.751	26529
2026	32117	0.683	29194
2027	32117	0.621	32117
			<u>133896</u>

Int/ = 26691
 Financ cost
~~160587~~

Computation of Financ cost / Interest cost

	2023	2024	2025	2026	2027
(1) Opening	-	21936	48250	79604	116758
(2) Interest costs (1) x 10%	-	2194	4825	7960	11676
(3) Current Service Cost	21936	24120	26529	29194	32117
(4) Closing	21936	48250	79604	116758	160551

Accounting Entry:

2024

PA/A/c
AS
Exp/Am ← [Current service cost A/c - Dr
Fin cost/Interest cost A/c - Dr

24120

2194

B/S ← TO PY DBO / DBO / Prov. for DBO

26314

Under LTP (Non curr. liab.)

DBO: Defined Benefit Obligation

Q 8.

Computation of Expected Benefit / Defined Benefit Obligation

$$\left[1490210 \times (1.10)^5 \right] \times 25\% \times 5$$

Last drawn salary

⇒ 3000000

↓
Completed year of service

$$\text{Allocated Benefit (Amount)} = \frac{3000000}{5} = 600000 \text{ p.a.}$$

<u>Year</u>	Allocated Amount	PVF @ 8%	Current Service Cost
1	600000	0.735	441000
2	600000	0.794	476400
3	600000	0.857	514200
4	600000	0.926	555600
5	600000	1	<u>600000</u>
			<u>2587200</u>

$$\text{Total Amount / Interest Cost} = 3000000 - 2587200 = 412800$$

	Year 1	Year 2	Year 3	Year 4	Year 5
(1) Opening	-	441000	952680	1543094	2222142
(2) Interest Cost $(1) \times 8\%$	-	35280	76214	123448	177771 (177858) B.p.
(3) Current Service Cost	441000	476400	514200	555600	600000
(4) Closing (4) = (1) + (2) + (3)	441000	952680	1543094	2222142	2999913 or 3000000

Eg: 2

- 1) Contribution A/c Dr 25000
 To Bank 25000
- 2) Plan Assets A/c Dr 25000
 To Contribution 25000

Plan Assets : B/S

	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅
	25000	50000	75000	100000	125000

B/S:

	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅
Prorata DBO	21936	48250	79604	116758	160551
- Plan Assets	<u>(25000)</u>	<u>(50000)</u>	<u>(75000)</u>	<u>(100000)</u>	<u>(125000)</u>

Eg:

Year 2

Change in DBO on basis of Actuarial revaluation.

DBO A/c

Actuary.

		By Bal b/d	21936
		By Cur. service cost	24120
		By Int. cost	2194
To Bal c/d	48250 51000	By Actuarial loss (B/L)	2750

Actuary cost: 51000

Diff: Actuarial loss/gain → Immediately in P&L A/c
↓
Cannot be deferred.

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2 mins Summary



Topic

Basic Concepts & Questions



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Thank You

