

SECTION PS 3255

post-employment benefits, compensated absences and termination benefits

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving FINANCIAL STATEMENT PRESENTATION, Section PS 1202.

- .15 For post-employment benefits and compensated absences that vest or accumulate, obligations result from a government promise to provide benefits to employees in return for their services. As employees render services, the value of the post-employment benefits and compensated absences attributed to those services would be recorded as a liability and expense. RETIREMENT BENEFITS, Section PS 3250, provides general principles that are appropriate to govern the accounting for and disclosure of post-employment benefits and compensated absences that vest or accumulate.
- .16 *A government should recognize a liability and an expense for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the government in return for the benefits. RETIREMENT BENEFITS, Section PS 3250, should be followed in accounting for such benefits.* [JAN. 2004]
- .22 *A government should recognize a liability and an expense for post-employment benefits and compensated absences that do not vest or accumulate when the event that obligates the government occurs.* [JAN. 2004]
- .28 *A government should recognize termination benefits as a liability and expense when it is demonstrably committed to either:*
 - (a) *terminate the employment of an employee or group of employees; or*
 - (b) *provide termination benefits as a result of an offer to encourage voluntary termination.* [JAN. 2004]
- .32 If the time frame for implementing a plan relates to several accounting periods, the estimated cost of the involuntary termination benefits would be determined on a present value basis in the current period and recognized as a liability and expense in that period. Estimates may need to be re-evaluated as new events occur, as more experience is acquired, or as additional information is obtained.