

Australian Accounting Standards Board
Rejected Issue – Not Taken onto the UIG Agenda
Classification of Long-Service Leave Liabilities
(December 2005)

The Issue

The issue is whether a liability for long-service leave employee benefits falls within Accounting Standard AASB 119 *Employee Benefits* or whether it is a financial liability within the scope of AASB 132 *Financial Instruments: Disclosure and Presentation*. The classification affects the presentation and disclosure of long-service leave liabilities in financial reports.

Reasons for Not Adding the Issue to the UIG’s Agenda

The issue was referred in the first instance to the IFRIC for consideration. The IFRIC concluded at its November 2005 meeting that IAS 19 [AASB 119] indicates that employee benefit plans include a wide range of formal and informal arrangements, and that it is therefore clear that the exclusion of employee benefit plans from IAS 32 [AASB 132] includes all employee benefits covered by IAS 19. The IFRIC decided that, since the Standard is clear, it would not expect diversity in practice and would not take this item onto its agenda.

At its December 2005 meeting, the AASB decided not to add this issue to the Urgent Issues Group’s agenda. The AASB agreed with the conclusions of the IFRIC.
