**Tutorial IAS 20**

EX1- **EX1-**According to the pension plan of an entity, the employees and entity contribute 5% of the employee’s salary to the plan, and the employee is guaranteed a return of the contributions plus 3% a year by the employer.

**Required-**What classification would be given to the above pension scheme?

EX2-A director of an entity receives a retirement benefit of 10% of his final salary per annum for his contractual period of three years. The director does not contribute to the scheme. His anticipated salary over the three years is Year 1 $100,000, Year 2 $120,000, and Year 3 $144,000. Assume a discount rate of

5%.

***Required***

Calculate the current service cost, the pension liability, and the interest cost for the three years.

**EX3**- **Projected Unit Credit Method (PUC)**

An employee has 7 years of employment from 20X1 to 20X7 and will receive a bonus f 300000 CU( ultimate cost of benefit) at the end of 20X7.Discount rate is 2 %.

**Required-**How to recognize the cost each year