

End-of-service benefit is not a payroll item

It is a defined benefit obligation, and **IAS 19 expects** it on your balance sheet today.

2026

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Every year of service earns an employee a further entitlement to end-of-service benefit (EOSB). The cash may be paid years later, but the obligation to pay it arises as the service is rendered.

Under IAS 19 Employee Benefits, an EOSB arrangement that promises a benefit linked to salary and service is a defined benefit plan. The entity recognises a liability for the present value of that obligation at each reporting date, and charges the cost to the financial statements as the benefit is earned. Recording EOSB only when it is paid does not meet that requirement. The measurement challenge is that the final cost depends on variables nobody can observe today: when each employee will leave, what their salary will be at that point, and what rate should be used to value a payment due, years from now. An actuarial valuation addresses this by with explicit, documented assumptions.



What the valuation delivers

A Valuation under IAS 19 provides clarity and confidence by turning assumption into measurable outcomes.



Statement of financial position:

the net defined benefit liability at the reporting date.



Profit or loss:

service cost and interest cost for the period.



Other comprehensive income:

remeasurements arising from changes in assumptions and from experience.



Disclosures:

assumptions, reconciliation of the obligation, sensitivity analysis and maturity profile.

Why it matters in practice

The information from an IAS 19 valuation goes beyond the numbers. It supports better decisions, stronger governance and long-term financial stability.

- ✓ **Audit sign-off:** auditors test the data, the method and the assumptions behind the number. A documented valuation answers those tests; a payroll figure has nothing to test.
- ✓ **Reported results:** a provision that is not measured under IAS 19 can misstate both the balance sheet and the annual charge, and corrections tend to land in a single year.
- ✓ **Disclosure compliance:** the notes must carry the assumptions, a reconciliation of the obligation, a sensitivity analysis and a maturity profile. These come from a valuation.
- ✓ **Financing and transactions:** lenders and buyers commonly treat unfunded employee benefit obligations as debt-like items, so the quality of the number can affect price and terms.
- ✓ **Year-on-year consistency:** a fixed method with documented assumptions lets management explain movements to the board as service cost, interest or market-driven remeasurement.
- ✓ **Cash planning:** the expected timing of payments allows treasury to plan outflows instead of reacting to them.

Questions to every finance professional and our solutions to them.



Is your EOSB provision overstated or understated, and by how much?

Only a valuation can tell you. We measure the obligation under IAS 19 using your own employee data and benefit terms.



Can you defend every assumption to your auditors?

We document the basis for the discount rate, salary growth and turnover, so the support is ready before the audit begins.



Is your employee data valuation-ready?

We reconcile your census to payroll and to last year, and raise queries before the valuation is run.



Do you know when the cash will go out?

Our report includes the maturity profile, so your treasury can plan liquidity.



Can your finance team book the entries straight from the report?

It sets out service cost, interest cost and remeasurements in the form your journal entries and disclosures need.



Call to action

Your auditors will ask what supports your EOSB provision. Our actuarial team delivers IAS 19 end-of-service benefit valuations and reports, from data reconciliation through to the disclosures, ready for your audit. Contact us to discuss your year-end EOSB valuation.

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Our EOSB Services

ACCURATE / COMPLIANT / INSIGHTFUL



Valuation Calculations

Based on your employee data and benefit terms.



Data Reconciliation

Through to disclosure ready reports.



Audit Support

Clear, accurate and fully documented.



Year-end Readiness

On time, compliant and hassle-free.



Expert Advisory

Practical guidance from our actuarial team.

Get in touch



Let's talk about your EOSB Valuation.

Our team is ready to support you with expert advice, accurate reporting and a seamless audit process.

2026

Contact Us

Please contact us for a tailored consultation and let us partner with you to enhance your financial reporting and compliance.

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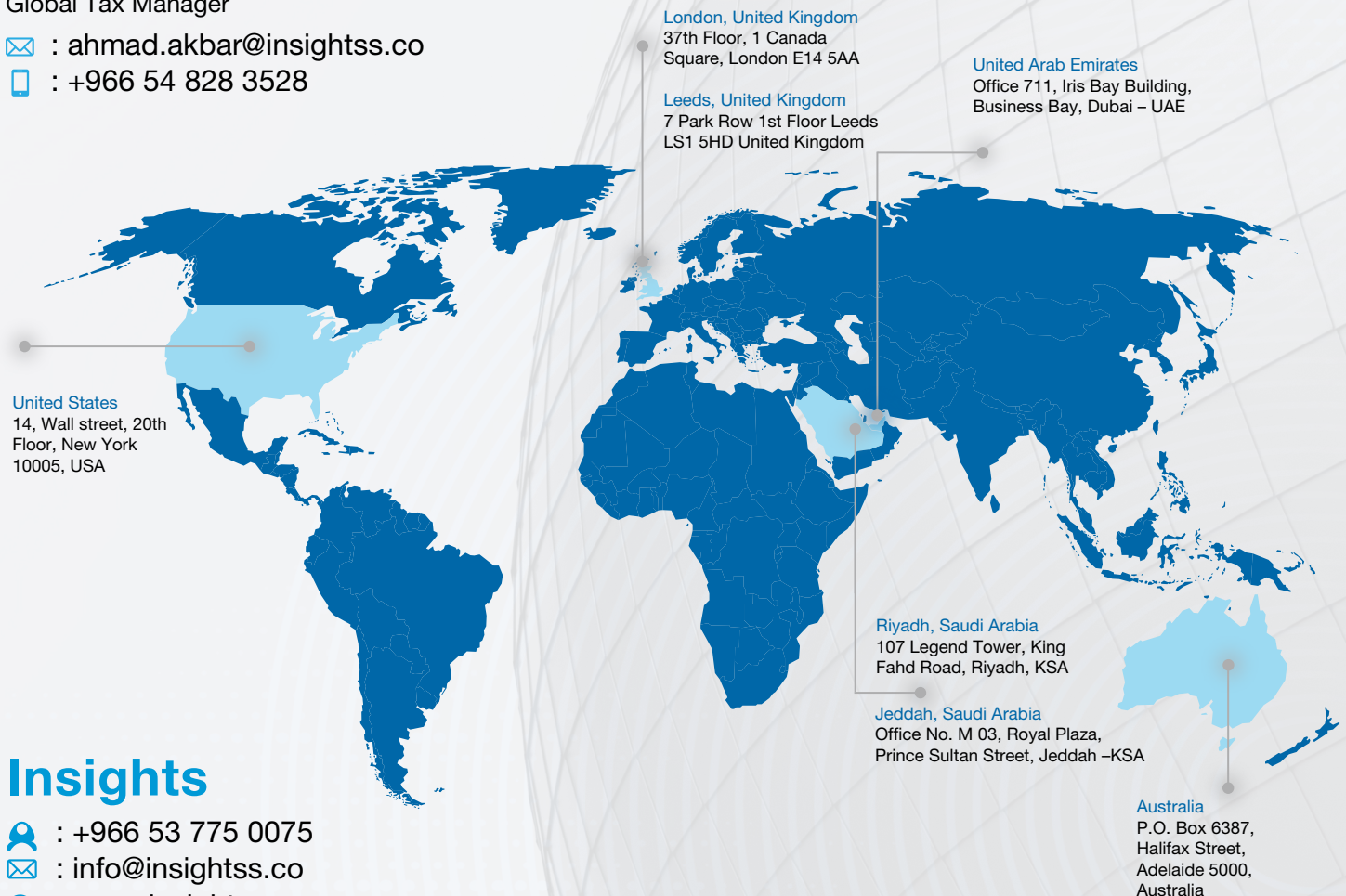
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