

# EVENTS AFTER THE REPORTING PERIOD IAS10

IAS 10 EVENTS AFTER THE REPORTING PERIOD

# **ADJUSTING AND NON-ADJUSTING EVENTS**

# Events after reporting period



# Adjusting events

- Evidence of conditions that existed at reporting date
- Irrespective whether or not the fact was actually known at the end of the RD
- Adjust recognised amounts in AFS

# Examples of adjusting events

- Settlement of a court case after RD, that confirms the entities present obligation at RD
- Discovery of fraud or errors that existed at RD
- Determination of profit shares / bonuses payable after RD, if the entity had an obligation to make such payments at RD
- Refer IAS 10 par 9 for more

# Non-adjusting events

- Indicative of events that arose after the RD
- Unrelated to conditions that existed at RD
- No recognition adjustments (unless going concern affected)
- Disclose in note only :
  - Nature of event
  - Financial effect OR statement that financial effect cannot be determined

# Examples of non-adjusting events

- Acquisition or disposal of a subsidiary or business combination after RD
- Destruction of fixed assets after RD
- Litigation resulting from events that occurred after reporting period
- Refer IAS 10 par 22 for more examples

IAS 10 EVENTS AFTER THE REPORTING PERIOD

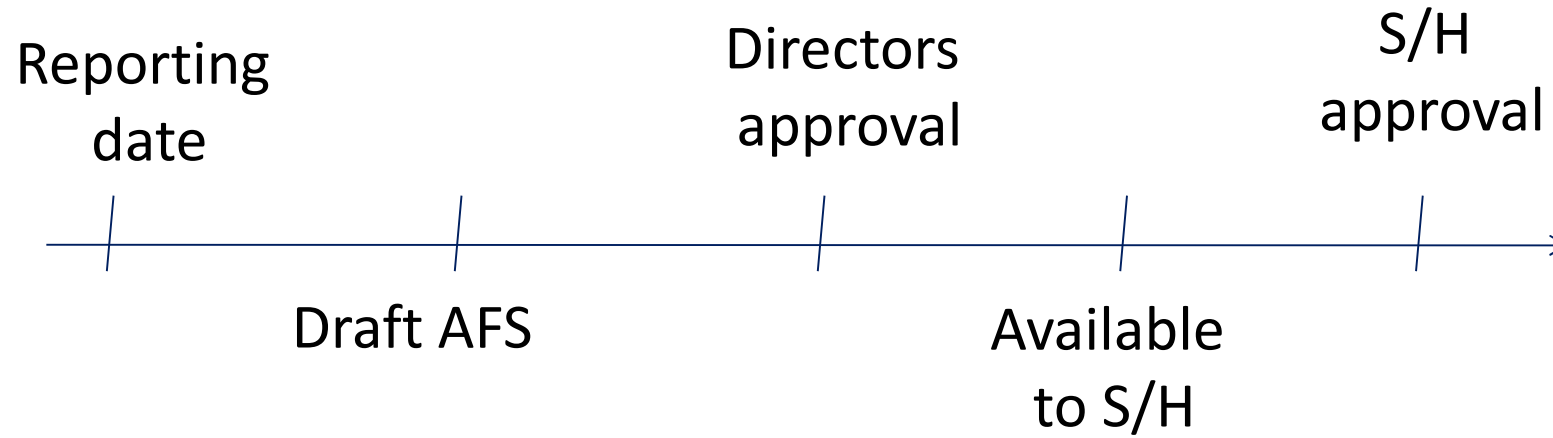
# **DATE OF AUTHORISATION**



# Date of authorisation

- Date which board of directors approves the financial statements
- If management (executive directors) is required to issue AFS to supervisory board for approval (eg. Audit committee)
  - Date of authorisation is date when board authorises for issue to the supervisory board / audit committee

# Date of authorisation



# Disclosure - authorisation

- Date on which financial statements authorised for issue
- Who gave the authorisation
- Disclose if the shareholders or others have the power to change financial statements after they have been authorised (rarely applicable)

IAS 10 – Class Example

# **DATE OF AUTHORISATION FOR ISSUE OF ANNUAL FINANCIAL STATEMENTS**

# Authorisation date - example

- A Ltd has a 31 December 2013 reporting date.
- Draft financial statements are completed on 5 March 2014.
- On 15 March 2014 the Executive Directors (management) authorises the annual financial statements (AFS) for issue to the Audit Committee (made up of non executive directors).
- The audit committee approves the AFS on 29 March 2014.
- The AFS are made available to shareholders on 5 April 2014 and approved by shareholders on 30 May 2014.
- The AFS are then filed with the regulatory body on 30 June 2014.

**Required** – which date is the date of authorisation for issue

# Authorisation date - solution

- a) 31 December 2013 – reporting date
- b) 5 March 2014 – draft AFS
- c) 15 March 2014- executive directors authorise for issue to audit committee
- d) 29 March 2014 – audit committee approval
- e) 5 April 2014 – AFS available to shareholders
- f) 30 May 2014 – AFS approved by shareholders
- g) 30 June 2014 – AFS filing date

## **SOLUTION:**

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IAS 10 EVENTS AFTER THE REPORTING PERIOD

# **DIVIDEND DECLARED AFTER REPORTING DATE**

# Dividend declared after RD

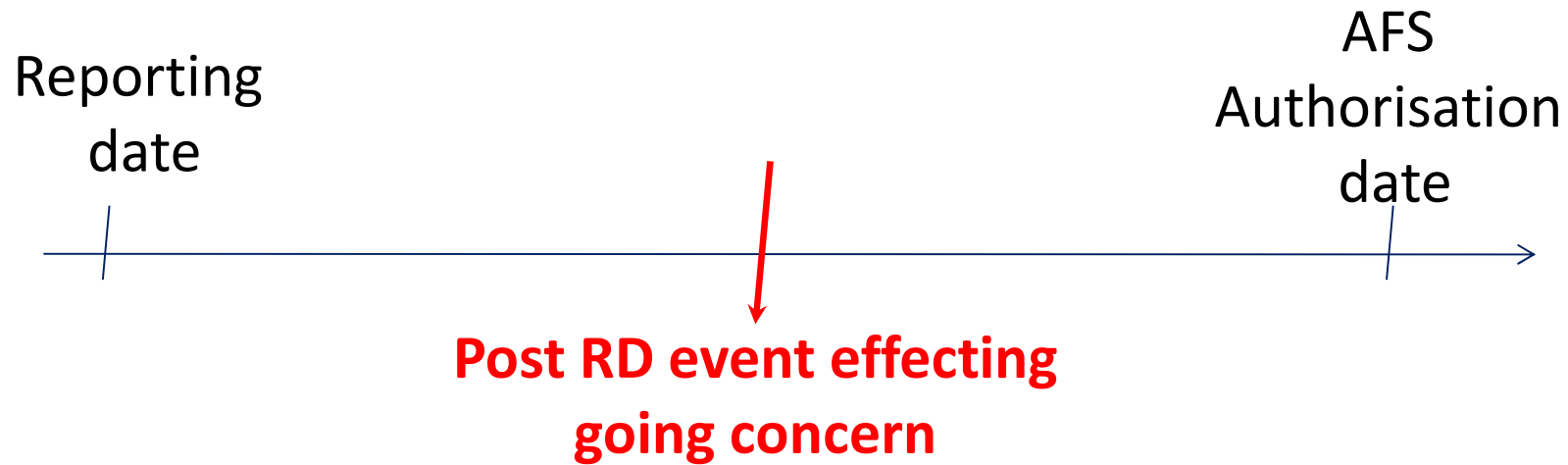
- Dividend declared after RD, but before AFS are authorised,
- No present obligation at RD, therefore no liability recognised
- Non adjusting event after reporting date, therefore disclose:
  - Amount of dividend declared after RD, but before the AFS authorisation date
  - The related amount per share
  - If non cash dividend refer IFRIC 17 for additional disclosures



IAS 10 EVENTS AFTER THE REPORTING PERIOD

# **GOING CONCERN EVENTS AFTER REPORTING DATE**

# Going concern = adjusting event



IAS 10 – Class Example

# **GOING CONCERN EVENTS AFTER REPORTING DATE**

# Going concern- example

- A Ltd has a 31 December 2014 year end, and the AFS are authorised by the board of directors on 15 June 2015.
- On 15 January 2015, A Ltd becomes aware of the fact that their only client is filing for liquidation in February and therefore A Ltd will not be in a position to continue trading as their only debtor will not be collectible resulting in a lack of working capital and no future sales.

## **Required:**

- Discuss the effect of the news of the client liquidation on the 2014 financial statements.

# Going concern- solution

- Will the news of the client liquidation after reporting date be an adjusting or non adjusting event?
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# Going concern- solution

- What will the effect be on the 2014 financial statements?

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