



IAS 10 Events after the Reporting Period

Objective

This Standard prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that should be given about the date when the financial statements were authorised for issue and about the events after the reporting date.

Scope

This Standard shall be applied in the accounting for, and disclosure of, events after the reporting period.

Effective date

Effective for annual periods beginning on or after 1 January 2005.

Defined terms

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Adjusting events are events occurring after the reporting date that provide evidence of conditions that existed at the end of the reporting period.

Examples of adjusting events include:

- events that indicate that the going concern assumption in relation to the whole or part of the entity is not appropriate;
- settlements after reporting date of court cases that confirm the entity had a present obligation at reporting date;
- receipt of information after reporting date indicating that an asset was impaired at reporting date;
- bankruptcy of a customer that occurs after reporting date that confirms a loss existed at reporting date on trade receivables;
- sales of inventory after reporting date that give evidence about their net realisable value at reporting date;
- discovery of fraud or errors that show the financial statements are incorrect.

Non-adjusting events are events occurring after the reporting date that do **NOT** provide evidence of conditions that existed at the end of the reporting period.

Examples of non-adjusting events, that would generally result in disclosure, include:

- major business combinations or disposal of a major subsidiary;
- major purchase or disposal of assets, classification of assets as held for sale or expropriation of major assets by government;
- destruction of a major production plant by fire after reporting date;
- announcing a plan to discontinue operations;

Examples of non-adjusting events, that would generally result in disclosure (continued), include:

- announcing a major restructuring after reporting date;
- major ordinary share transactions;
- abnormally large changes, after the reporting date, in asset prices or foreign exchange rates;
- changes in tax rates or tax law;
- entering into major commitments such as guarantees;
- commencing major litigation arising solely out of events that occurred after the reporting date.

Recognition and measurement

Adjusting events

An entity shall adjust the amounts recognised in its financial statements and/or relevant disclosures to reflect such events.

Non - adjusting events

An entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period.

Dividends

An entity shall not recognise those dividends that are declared after reporting date as a liability at the end of the reporting period.

Going concern

An entity shall not prepare its financial statements on a going concern basis if management determines after the reporting date that either:

- (a) it intends to liquidate the entity or to cease trading; or
- (b) that it has no realistic alternative but to do so.

Presentation and disclosure

An entity shall present and disclose information that enables users of the financial statements to evaluate the effects of events after reporting period:

In the Notes to the financial statement:

- (a) An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.
- (b) If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the additional information.
- (c) In some cases, an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognises in its financial statements.
- (d) If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:
 - (i) the nature of the event; and
 - (ii) an estimate of its financial effect, or a statement that such an estimate cannot be made.