

## EVENTS AFTER THE REPORTING PERIOD: IAS 10

### Definition

- Events after the reporting period are those events, that occur **between the end of the reporting period and the date when the financial statements are authorised for issue**. Two types of events can be identified:
  - 1) those that provide evidence of conditions **that existed at the end of the reporting period (adjusting events** after the reporting period); and
  - 2) those that are indicative of **conditions that arose after the reporting period (non-adjusting events** after the reporting period).
- The date when the F/S are authorized for issue is when the **board of directors approve the F/S (not when the shareholders approve the F/S)**

### Recognition and measurement

#### Adjusting events after the reporting period

- For events that provide evidence of conditions **that existed at the end of the reporting period; adjust the amounts recognised in its financial statements**
- examples of adjusting events:
  - lawsuits settled after the year end that confirms that the company had an obligation at the end of the reporting period
  - information after year end indicating impairment of assets at the end of the reporting period
    - bankruptcy of a customer (indicates A/R was impaired)
    - sale of inventory after reporting period may give evidence of net realizable value (and possible inventory impairment)
  - more information RE the cost or the proceeds of a disposition
  - fraud or errors that misstate the financial statements

#### Non-adjusting events after the reporting period

- For events that are indicative of **conditions that arose after the reporting period; do not adjust the amounts recognised in its financial statements**
- Non-adjusting events that are **material** (i.e. if it could influence users); the following should be disclosed
  - the nature of the event; and
  - an **estimate of its financial effect**, or a statement that such an estimate cannot be made
- Examples of non-adjusting events:
  - Decline in the market value of investments after the reporting period
  - Dividends declared after the reporting period

### Going Concern:

An entity **should not** prepare its financial statements on a **going concern basis** if management determines after **the reporting period** either that it **intends to liquidate** the entity or to **cease trading**, or that it has **no realistic alternative** but to do so.

### Comparison to ASPE

- Under ASPE, the subsequent event period is between the reporting date and when the F/S are completed (this means that the subsequent event period under IFRS could be later than ASPE)