IAS 10 EVENTS AFTER THE REPORTING PERIOD

FACT SHEET

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This fact sheet is based on existing requirements as at 31 December 2015 and it does not take into account recent standards and interpretations that have been issued but are not yet effective.

IMPORTANT NOTE

This fact sheet is based on the requirements of the International Financial Reporting Standards (IFRSs). In some jurisdictions, the IFRSs are adopted in their entirety; in other jurisdictions the individual IFRSs are amended. In some jurisdictions the requirements of a particular IFRS may not have been adopted. Consequently, users of the fact sheet in various jurisdictions should ascertain for themselves the relevance of the fact sheet to their particular jurisdiction. The application date included below is the effective date of the initial version of the standard unless otherwise stated.

IASB APPLICATION DATE (NON-JURISDICTION SPECIFIC)

IAS 10 was reissued in December 2003 and is applicable for annual reporting periods commencing on or after 1 January 2005.

OBJECTIVE

The objective of IAS 10 is to prescribe:

a. when an entity should adjust its financial statements for events after the reporting period; and

b. the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.

RECOGNITION AND MEASUREMENT

Adjusting events

An entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting period.

Examples of adjusting events are:

- the settlement after the reporting period of a court case that confirms that the entity had a present obligation at the end of the reporting period;
- the receipt of information after the reporting period indicating that an asset was impaired at the end of the reporting period;
- the discovery of fraud or errors that show that the financial statements are incorrect;
- the determination after the reporting period of the cost of assets purchased, or the proceeds from assets sold, before the end of the reporting period; and
- the determination after the reporting period of the amount of profit sharing or bonus payments, if the entity had a present legal or constructive obligation at the end of the reporting period to make such payments as a result of events before that date.

Non-adjusting events

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

Non-adjusting events that would generally result in disclosure are:

- a major business combination or disposal of a major subsidiary after reporting period;
- announcement of plans to discontinue an operation;
- the destruction of a major production plant by a fire after the reporting period;
- entering into significant commitments or contingent liabilities; and
- commencement of major litigation arising solely out of events occurring after reporting period.

Special considerations

Going concern

An entity shall 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.

Dividends

Dividends declared after the reporting date but before the date when the financial statements are authorised for issue cannot be recognised as a liability at the end of the reporting period because the dividends do not meet the criteria of a present obligation in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. They are disclosed in the notes in accordance with IAS 1 *Presentation of Financial Statements*.

Updating disclosures about conditions at the end of the reporting period

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 these conditions, in the light of the new information.

DISCLOSURES

Refer to Appendix 1 for a checklist to assist with IAS 10 disclosure requirements.

DEFINITIONS

Events after the reporting period	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. Two types of events can be identified: a. those that provide evidence of conditions that existed at the end of the reporting period (**adjusting events after the reporting period**); and b. those that are indicative of conditions that arose after the reporting period (**non-adjusting events after the reporting period**).

AUSTRALIAN SPECIFIC REQUIREMENTS

The Australian equivalent standard is AASB 110 *Events after the Reporting Period* and is applicable for annual reporting periods commencing on or after 1 January 2005.

REDUCED DISCLOSURE REQUIREMENTS (RDR)

On 30 June 2010, the Australian Accounting Standards Board published AASB 1053 *Application of Tiers of Australian Accounting Standards* (and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*) which established a differential reporting framework, consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

a. Tier 1: Australian Accounting Standards; and

b. Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

A Tier 2 entity is a 'reporting entity' as defined in SAC 1 *Definition of the Reporting Entity* that does not have 'public accountability' as defined in AASB 1053 and is not otherwise deemed to be a Tier 1 entity by AASB 1053.

RDR is applicable to annual periods beginning on or after 1 July 2013.

When developing AASB 1053, the AASB concluded that the Australian Government and state, territory and local governments should be subject to Tier 1 requirements. The AASB also decided that General Government Sectors of the Australian Government and state and territory governments should continue to apply AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, without the reduction in disclosures provided by Tier 2. Other public sector entities are able to apply Tier 2 reporting requirements.

The requirements that do not apply to RDR entities are identified in Appendix 1 by shading of the relevant text.

APPENDIX 1 – DISCLOSURE CHECKLIST

This checklist can be used to review your financial statements. You should complete the "Yes / No / N/A" column about whether the requirement is included. To ensure the completeness of disclosures, provide an explanation for "No" answers.

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IAS 10.17	Has the entity disclosed the date when the financial statements were authorised for issue and who gave that authorisation?		
IAS 10.17	If the entity's owners or others have the power to amend the financial statement after issue, has this been disclosed?		
IAS 10.19	If the entity received information after the reporting period about conditions that existed at the end of the reporting period, has it updated disclosures that relate to those conditions, in the light of the new information?		
IAS 10.21	Where non-adjusting events occurring after reporting date are material, has the entity disclosed the nature of the event and an estimate of its financial effect (or a statement that such an estimate cannot be made)?		

OTHER MATTERS

CPAH1814 02/16