



# IAS 10 Events After the Balance Sheet Date

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# Objective of IAS 10

- To prescribe:
- When an entity should adjust its financial statements for events after the balance sheet date; and
- The disclosure that an entity should give about the date when the financial statements were authorised for issue and about events after the balance sheet date
- The Standard also requires that an entity should not prepare its financial statements on the going concern basis if events after the balance sheet date indicate that the going concern assumption is not appropriate [IAS 10.1]

# [ Key Definitions ]

- **Event after the balance sheet date:** An event, which could be favourable or unfavourable, that occurs between the balance sheet date and the date that the financial statements are authorised for issue. [IAS 10.3]
- **Adjusting event:** An event after the balance sheet date that provides further evidence of conditions that existed at the balance sheet date, including an event that indicates that the going concern assumption in relation to the whole or part of the enterprise is not appropriate. [IAS 10.3]
- **Non adjusting event:** An event after the balance sheet date that is indicative of a condition that arose after the balance sheet date. [IAS 10.3]

# Events include

- Events after the balance sheet date include all events up to the date when the financial statements are authorised for issue even if those events occur after the public announcement of profit or of other selected financial information [IAS 10.7]

# [ Accounting ]

- Adjust financial statements for adjusting events: events after the balance sheet date that provide further evidence of conditions that existed at the balance sheet, including events that indicate that the going concern assumption in relation to the whole or part of the enterprise is not appropriate. [IAS 10.8]
- Do not adjust for non adjusting events: events or conditions that arose after the balance sheet date. [IAS 10.10]
- If an entity declares dividends after the balance sheet date, the entity shall not recognise those dividends as a liability at the balance sheet date. That is a non adjusting event. [IAS 10.12]

# Going Concern Issues Arising After Balance Sheet Date

- An entity shall not prepare its financial statements on a going concern basis if management determines after the balance sheet date either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so. [IAS 10.14]

# [ Disclosure 1 ]

- Non adjusting events should be disclosed if they are of such importance that non disclosure would affect the ability of users to make proper evaluations and decisions. The required disclosure is
  - (a) the nature of the event and
  - (b) an estimate of its financial effect or a statement that a reasonable estimate of the effect cannot be made. [IAS 10.21]

## [ Disclosure 2 ]

- A company should update disclosures that relate to conditions that existed at the balance sheet date to reflect any new information that it receives after the balance sheet date about those conditions. [IAS 10.19]

# [ Disclosure 3 ]

- Companies must disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the enterprise's owners or others have the power to amend the financial statements after issuance, the enterprise must disclose that fact. [IAS 10.17]

Based on <http://www.iasplus.com/standard/ias10.htm>

# [ Reference ]

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