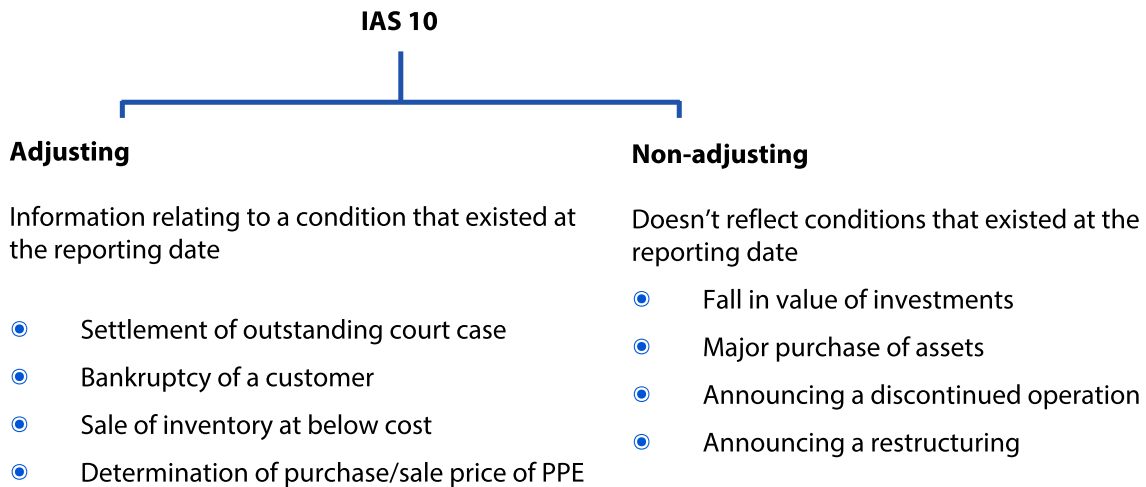


Chapter 14

EVENTS AFTER THE REPORTING DATE (IAS 10)



Example 1 – Events after the reporting period

Which of the following material events after the reporting date and before the financial statements are approved are adjusting events?

1. A valuation of property providing evidence of impairment in value at the reporting date.
2. Sale of inventory held at the reporting date for less than cost.
3. Discovery of fraud or error affecting the financial statements.
4. The insolvency of a customer with a debt owing at the reporting date which is still outstanding.

- A** 1, 2 and 4 only
B 1, 2, 3 and 4
C 1 and 4 only
D 2 and 3 only



Example 2– Events after the reporting period

The following events took place between the 31 December 2017 reporting date and the date the financial statements were authorised for issue.

- The company makes an issue of 100,000 shares which raises \$200,000 shortly after the Statement of Financial Position date.
- A legal action had been brought against the company for breach of contract prior to the year end. The outcome was decided shortly after the Statement of Financial Position date, and as a result the company will have to pay costs and damages totalling \$80,000. No provision has currently been made for this event.
- Inventory included in the accounts at the year end at cost \$25,000 was subsequently sold for \$15,000.
- A building in use at the Statement of Financial Position date and valued at \$500,000 was completely destroyed by fire. Unfortunately, only half of the value was covered by insurance

Which of the above events are adjusting events in the financial statements.

