

Chapter 20

IAS 10: EVENTS AFTER THE REPORTING PERIOD

1. Introduction

This chapter covers the provisions of IAS 10. The provisions themselves are not difficult to learn, but you must make sure that you learn the terminology.

2. IAS 10: Events after the reporting period

If a company has a year end of 31 December 2008, then it will be some time before the financial statements are finalised and signed by the directors. It will take time to produce the financial statements, and then more time while they are checked by the auditors. It may not be until (say) 20 March 2009 before the financial statements become final and are signed.

Although the financial statements should show the position as at 31 December 2008, we are able to make changes at any time up to 20 March 2009 when the financial statements are finalised. If we discover any errors after 20 March 2009, then it is too late to change anything.

Events after the reporting period refer to events that occur between the date of the Statement of Financial Position and the date on which the financial statements become final.

There are two types of events:

Adjusting events

There are events that provide additional evidence about the estimation of amount at the Statement of Financial Position date (for example, the auditors discover an error in the valuation of inventory).

For these events, the financial statements will be changed.

Non-adjusting events

These are events that do not affect the value of assets and liabilities at the Statement of Financial Position date (for example, a factory is destroyed by fire after the date of the Statement of Financial Position).

For these events, the financial statements will not be changed. However, if the amount is material, they will be disclosed by way of a note giving details of the event.

