NZ IAS 10: EVENTS AFTER THE REPORTING PERIOD

Version 1: 2020

Effective Periods Beginning
1 January 2007

DEFINITION

Favourable or unfavourable event, that occurs between the reporting date and the date that the financial statements are authorised for issue.

ADJUSTING EVENTS

An event after the reporting date that provides further evidence of conditions that **existed** at the reporting date.

Examples:

- Events that indicate that the going concern assumption in relation to the whole or part of the entity is not appropriate.
- Settlement after reporting date of court cases that confirm the entity had a present obligation at reporting date.
- Bankruptcy of a customer that occurs after reporting date that confirms a loss existed at reporting date on trade receivables.
- Sales of inventories after reporting date that give evidence about their net realisable value at reporting date.
- Determination after reporting date of cost of assets purchased or proceeds from assets sold, before reporting date.
- Discovery of fraud or errors that show the financial statements are incorrect.

Financial statements are **adjusted** for conditions that **existed** at reporting date.

GOING CONCERN

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

NON-ADJUSTING EVENTS

An event after the reporting date that is indicative of a condition that **arose after** the reporting date.

Examples:

- Major business combinations or disposal of a subsidiary.
- Major purchase or disposal of assets, classification of assets held for sale or expropriation of major assets by government.
- Announcing plans to discontinue operations.
- Announcing a major restructuring after reporting date.
- Destruction of a major production plant by fire after reporting date.
- Major ordinary share transactions.
- Abnormal large changes after the reporting period in asset prices or foreign exchange rates.
- Changes in tax rates or tax law.
- Entering into major commitments such as guarantees.
- Commencing major litigation arising solely out of events that occurred after the reporting period.

Financial statements are **not adjusted** for conditions that arose after the reporting date.

DIVIDENDS

Dividends that are declared after reporting date are **non-adjusting** events.

DISCLOSURES

Disclose for each material category of non-adjusting events:

- The nature of the event; and
- An estimate of its financial effect or the statement that such estimate cannot be made.

DISCLOSURES FOR ADJUSTING AND NON-ADJUSTING EVENTS

- Date of authorisation of issue of financial statements and by whom.
- If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.
- For any information received about conditions that existed at reporting date, disclosure that relate to those conditions should be updated with the new information.

TIER 2 NZ IFRS RDR REPORTERS

NZ IFRS RDR Reporters must comply fully with the recognition and measurement principles of NZ IAS 10. However, there are certain disclosure exemptions available.

Although every effort is made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular facts and circumstances of the situation.
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