

EVENT AFTER REPORTING DATE - DEFINITION

An event, which could be favourable or unfavourable, 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.

Includes items such as:

- 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 debtor that occurs after reporting date that confirms a loss existed at reporting date on 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 shall **not** prepare its financial statements on a going concern basis if it is determined 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.

(For Public Benefit Entities the impact of such a change will depend on the particular circumstances of the entity.)

NON-ADJUSTING EVENTS

An event after the reporting date that is indicative of a condition that **arose after** the reporting date. Includes items such as:

- Decline in property value after reporting date.
- Decision to provide/distribute additional benefits directly/indirectly to participants in community service programmes.
- Destruction of a major production plant by fire after reporting date.

NO adjustment to financial statements.

DIVIDENDS

Dividends that are declared after reporting date are **NON** adjusting events.

(For Public Benefit Entities, dividends include **all** distributions to owners.)

DISCLOSURES

Non-adjusting events

Disclose 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:

- the nature of the event; and
- an estimate of its financial effect, or a statement that such an estimate cannot be made.

ADDITIONAL DISCLOSURE

- Date of authorisation of issue of financial statements and by whom.
- If the entity's owners or another body 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 RDR REPORTERS

RDR Reporters are granted certain disclosure exemptions within the standard.