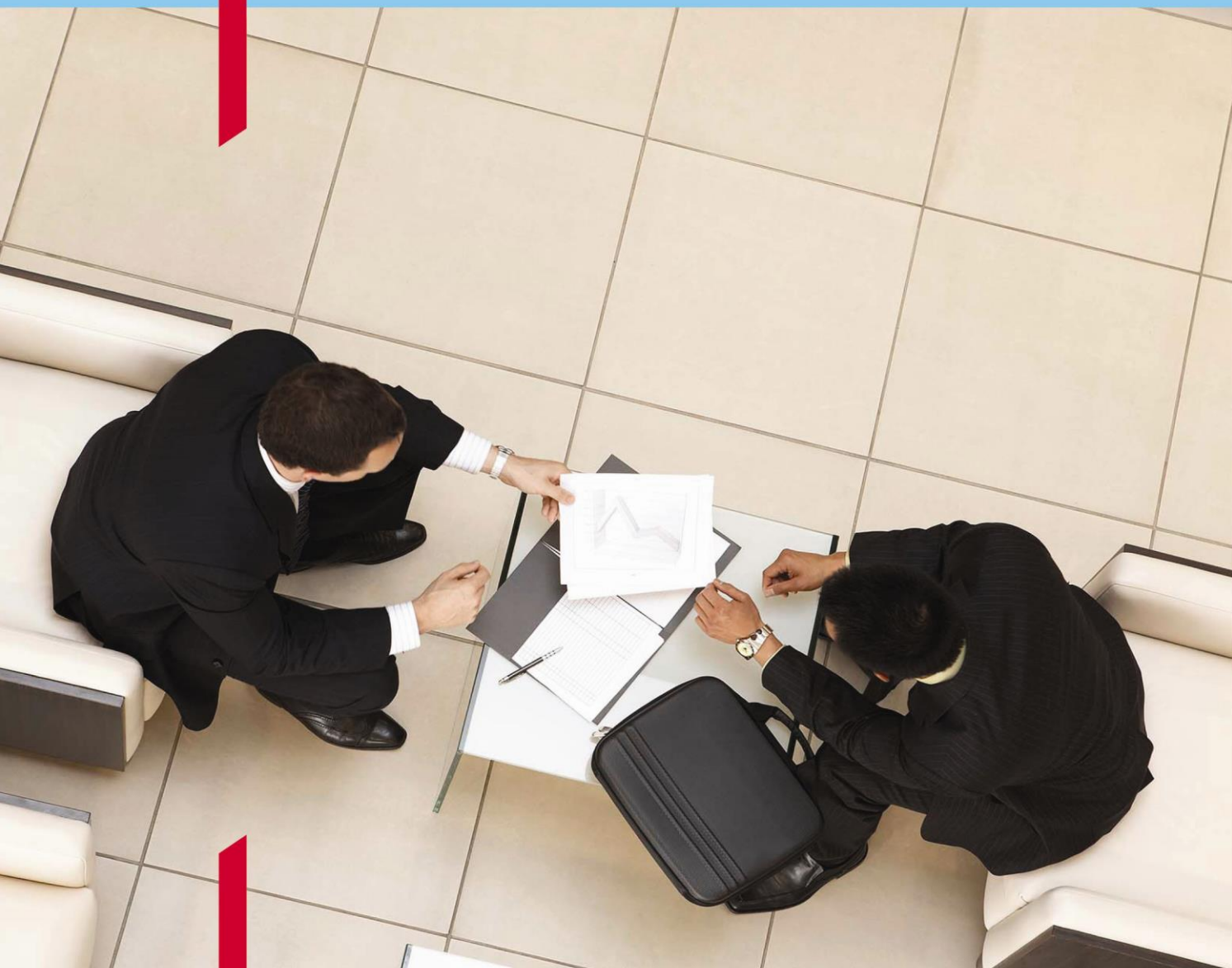


IFRS AT A GLANCE

IAS 10 *Events after the Reporting Period*



IAS 10 Events after the Reporting Period

Effective Date
Periods beginning on or after 1 January 2005

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 shall **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 as held for sale or expropriation of major assets by government
- Destruction of a major production plant by fire after reporting date
- Announcing a plan to discontinue operations
- Announcing a major restructuring after reporting date
- Major ordinary share transactions
- Abnormal large changes after the reporting period in assets 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 condition that arose after the reporting date.

DIVIDENDS

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

DISCLOSURE

Disclose for each material category of non-adjusting events:

- The nature of the event
- 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 is required to 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.

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below. Alternatively, please visit <http://www.bdointernational.com/Services/Audit/Pages/default.aspx> where you can find full lists of regional and country contacts.

Europe

Caroline Allouët	France	caroline.allouet@bdo.fr
Jens Freiberg	Germany	jens.freiberg@bdo.de
Teresa Morahan	Ireland	tmorahan@bdo.ie
Ehud Greenberg	Israel	ehudg@bdo.co.il
Ruud Vergoossen	Netherlands	ruud.vergoossen@bdo.nl
Reidar Jensen	Norway	reidar.jensen@bdo.no
María Sukonkina	Russia	m.sukonkina@bdo.ru
René Krügel	Switzerland	rene.kruegel@bdo.ch
Brian Creighton	United Kingdom	brian.creighton@bdo.co.uk

Asia Pacific

Wayne Basford	Australia	wayne.basford@bdo.com.au
Zheng Xian Hong	China	zheng.xianhong@bdo.com.cn
Fanny Hsiang	Hong Kong	fannyhsiang@bdo.com.hk
Khoon Yeow Tan	Malaysia	tanky@bdo.my

Latin America

Marcelo Canetti	Argentina	mcanetti@bdoargentina.com
Luis Pierrend	Peru	lpierrend@bdo.com.pe
Ernesto Bartesaghi	Uruguay	ebartesaghi@bdo.com.uy

North America & Caribbean

Armand Capisciolto	Canada	acapisciolto@bdo.ca
Wendy Hambleton	USA	whambleton@bdo.com

Middle East

Arshad Gadit	Bahrain	arshad.gadit@bdo.bh
Antoine Gholam	Lebanon	agholam@bdo-lb.com

Sub Saharan Africa

Nigel Griffith	South Africa	ngriffith@bdo.co.za
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