

Ind-AS 10
EVENTS AFTER THE
REPORTING PERIOD

INTRODUCTION

- Ind-AS 10 prescribes :
 - a. Circumstances when an entity should adjust its financial statements for events after the reporting period.
 - b. Disclosures which an entity has to give about the date when the financial statements were authorized for issue and about events after the reporting period.

INTRODUCTION

- Ind-AS 10 also requires that entity should not prepare its financial statements on a 'going concern basis' if events after the reporting period indicate that the going concern assumption is not appropriate.

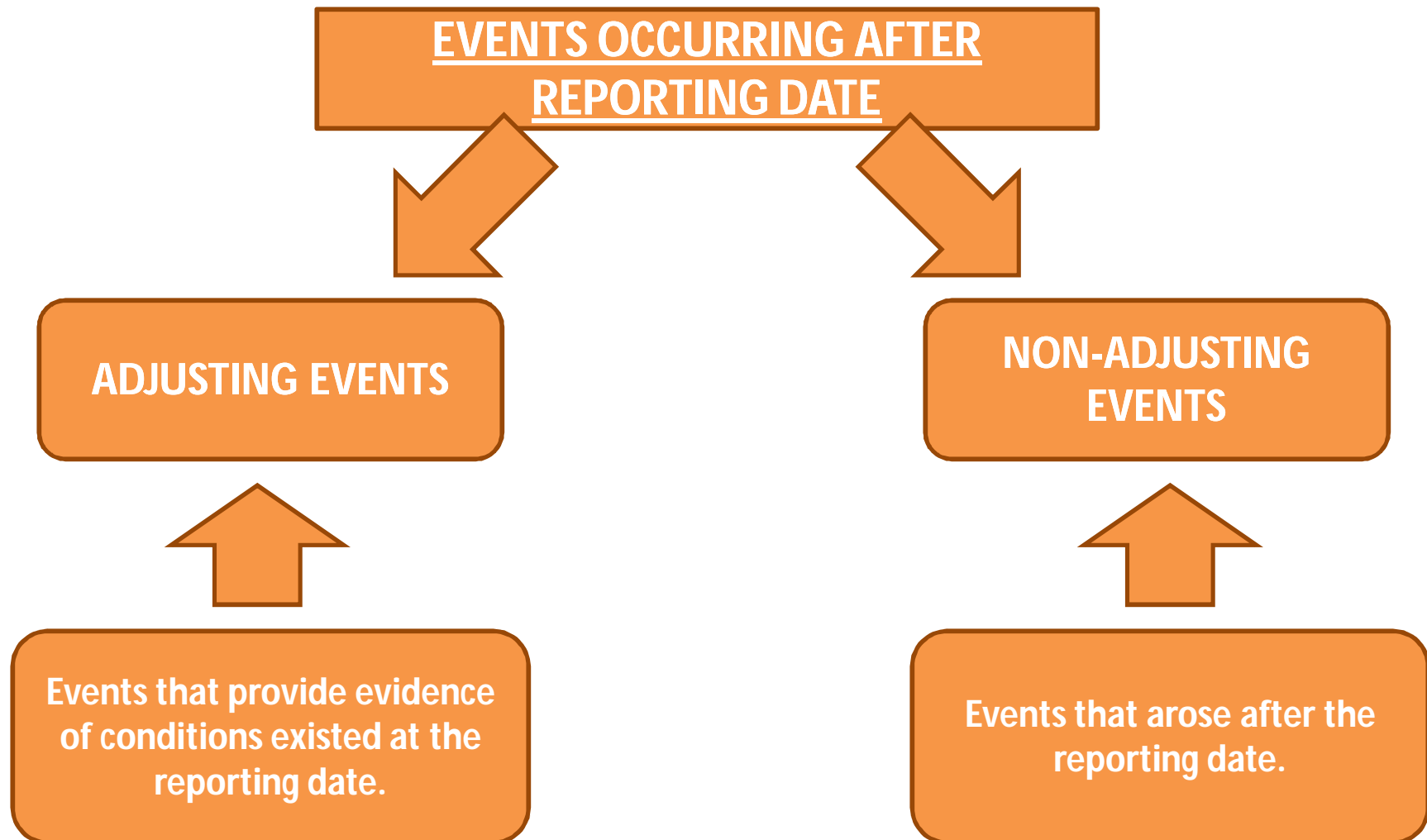
MEANING

- Events Occurring After the Reporting Period are defined as 'events which occur between the end of the reporting date and the date when the financial statements are authorized for issue.'
- These events may be FAVOURABLE and UNFAVOURABLE.

DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

- The date of authorization of financial statements depends upon the management structure and statutory requirements.
- In company form, normally, the Board of Directors authorize the financial statements

CLASSIFICATION OF EVENTS OCCURRING AFTER REPORTING DATE



ADJUSTING EVENTS

- An entity should adjust its financial statements for events after the reporting date that provide further evidence of conditions that existed at the reporting date.
- An enterprise should not adjust its financial statements for events after the reporting period that are indicative of conditions that arose after the reporting date.

NON-ADJUSTING EVENTS

- An entity should not adjust the amount recognized in its financial statements to reflect non-adjustment events which are occurring after the reporting date for which no condition was prevailing on or before the reporting date.

NON-ADJUSTING EVENTS

- **Examples of non-adjusting events are :**

1.

Major business combination after the reporting date or disposing of subsidiaries.

2.

Announcing a plan to discontinue an operation, disposing of assets, etc.

NON-ADJUSTING EVENTS

3.

Purchase of major assets, classification of assets as held for sale under Expropriation of major assets by the Government.

4.

Destruction of a major production plan by a fire after the reporting date.

5.

Announcing or commencing major restructuring.

NON-ADJUSTING EVENTS

6.

Major transaction in ordinary shares like offer of right, bonus, buy back or fresh issue.

7.

Abnormally large change in the asset price or exchange rate.

8.

Change in tax rate that affected deferred tax asset and liability significantly.

NON-ADJUSTING EVENTS

9.

Entering into significant commitment or contingent liability (like providing guarantee)

10.

Beginning of a litigation that arises out of events happening after reporting date.

Adjusting Events

- Settlement of a Court case that confirms that an Entity has a present Obligation at the end of reporting date.
- Receipt of an Information that an asset was impaired or that previous impairment requires reversal, e.g. bankruptcy and inventory valuation.
- Profit sharing or Bonus , if an Entity has legal or constructive obligations
- Discovery or error or fraud
- In Certain cases the cost of an asset purchased or sold

DIVIDENDS

- If dividends to holders of equity instruments are proposed or declared after the reporting date, an entity should not recognize those dividends as liability. There is no obligation as on the reporting date.
- The entity would disclose if any dividend is declared or proposed after the reporting date but before the date of authorization of financial statements.

DIVIDENDS

- An enterprise may give the disclosure of proposed dividends either on the face of the balance sheet as an appropriation within equity or in the notes to the financial statements.

RESTRICTION ON ADOPTION **OF GOING CONCERN BASIS**

- An entity should 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.

RESTRICTION ON ADOPTION OF GOING CONCERN BASIS

- However, there should no longer be a requirement to adjust the financial statements where an event after the reporting date indicates that the going concern assumption is not appropriate.
- In that case there is need for fundamental change in the basis of accounting rather than adjustment.

RESTRICTION ON ADOPTION OF GOING CONCERN BASIS

- Ind-AS 1 requires specific disclosures :

1.

If the entity does not follow going concern assumptions.

2.

Events or conditions from which there arises material uncertainties that may cast significant doubt upon entity's ability to continue as a going concern as per the knowledge of the management-those events or conditions requiring disclosure may arise after the reporting period.

DISCLOSURES

- Ind-AS 10 requires the following disclosures and updating thereof :

- i. Disclosure Of Authorization –

An entity should disclose the date when the financial statements were authorized for issue and who gave that authorization. If the enterprise's owners or others have the power to amend the financial statements after issuance, the enterprise should disclose the fact.

DISCLOSURES

ii. Updating Disclosures-

An entity should update disclosures that relate to the conditions that existed at the reporting date in the light of any new information that it receives after the reporting date about those conditions.

