

IAS 10 EVENTS AFTER THE REPORTING PERIOD

Disclaimer:

This communication contains general information only, and none of M Al Ali Auditing, its member firms, or their related entities (collectively, the “M Al Ali Auditing network”) is, by means of this communication, rendering professional advice or services. No entity in the M Al Ali Auditing network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

IAS 10 EVENTS AFTER THE REPORTING PERIOD

Effective Date Periods beginning on or after 1 January 2005

DEFINITIONS

Favorable or unfavorable event, that occurs between the reporting date and the date the financial statements are authorized for issue by the management.

Adjusting events

Events after the reporting date and before the date of authorization of financial statements that provides evidence of conditions that ***existed at*** the reporting date.

Example-

- A court case after the end of the reporting period confirming that the entity had a present obligation at the reporting date.
- An evidence that an asset was impaired at the reporting date.
- An asset purchase/sell before the year end but the price have not been finally agreed.
- Discovery of fraud or errors that shows the financial statements are incorrect.

Adjusted in the financial statements that is an increase /decrease in assets revenue liability capital expense.

In this case, the entity will assess the information affects the amounts that it recognizes in the financial statements. The Entity will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information.

Non- Adjusting events

Event after the reporting date and before date of authorization of financial statements that is indicative of conditions that arose after the reporting date.

Example-

- Fall in the value of an asset after year end.
- The acquisition/disposal of a major subsidiary.
- Announcement of a plan to discontinue a major operation.
- Declaration of events.

IAS 10 requires disclosure of nature of events.

In this case, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable

DISCLOSURE: A building with a net book value of AED 1,695,000 was severely damaged by flooding and inventories with a net book value of AED 857,000 were destroyed. It is expected that insurance proceeds will fall short of the costs of rebuilding and loss of inventories by AED 850,000.