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LKAS - 10 Events After Reporting Date

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1. Events After Reporting Period

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

2. Adjusting Events

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

2.1. Accounting requirement

Adjust the financial statement or already recognized amount to reflect the developments from the adjusting events.

2.2. Examples:

1. Settlement after reporting date of court cases that confirm the entity had a present obligation at reporting date
2. Bankruptcy of a customer
3. Events that indicate that the going concern assumption in relation to the whole or part of the entity is not appropriate
4. Sales of inventories after reporting date that give evidence about their net realizable value at reporting date
5. Discovery of fraud or errors that show the financial statements are incorrect.

3. Non-Adjusting Events

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

3.1. Accounting requirement

Not to adjust the financial statement, rather disclose the effect of the transactions as a note to the financial statement.

3.2. Examples:

1. Major business combinations or disposal of a subsidiary
2. Destruction of a major production plant by fire after reporting date after the reporting period in assets prices or foreign exchange rates
3. Changes in tax rates or tax law
4. Entering into major commitments such as guarantees
5. Commencing major litigation arising solely out of events that occurred after the reporting period.
6. Dividends that are declared after reporting date are non-adjusting events.