

# Covid-19 Outbreak and IAS 10

# OVERVIEW

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# Scope and objectives

It prescribes:

- (a) when an entity should adjust its financial statements for events after the reporting period;
- (b) the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.

The Standard also requires that an 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

It should be applied in the accounting for, and disclosure of, events after the reporting period.

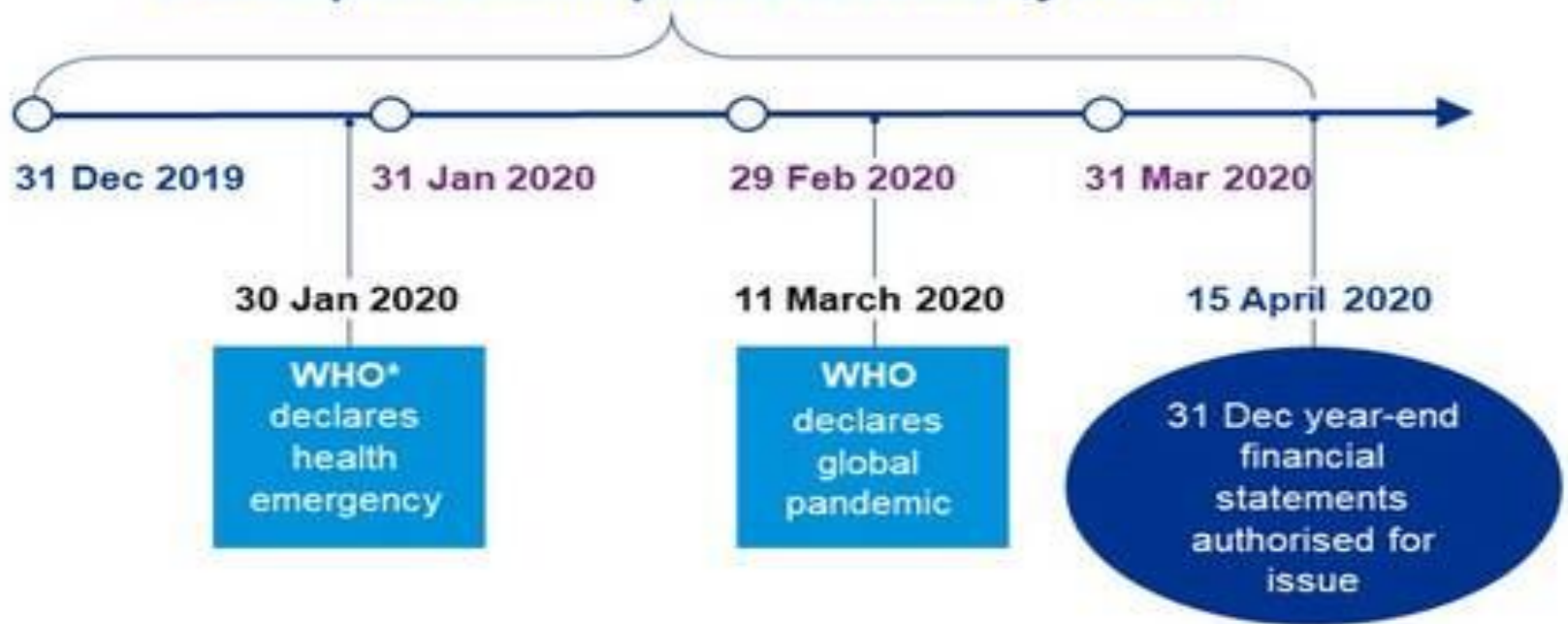
# Events after the reporting period

- Those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.
- Two types of events can be identified:
- (a) those that provide evidence of conditions that existed at the end of the reporting period (*adjusting events* )
- (b) those that are indicative of conditions that arose after the reporting period (*non- adjusting events* )

# Recognition and Measurement

- **Adjusting events:**
- An entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting period
- **Non adjusting events**
- An entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period.

## Subsequent events period covered by IAS 10



\* World Health Organisation

# Dividends

- **If an entity declares dividends to holders of equity instruments (as defined in IAS 32 *Financial Instruments: Presentation*) after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period.**
- It is disclosed in the notes in accordance with IAS 1 *Presentation of Financial Statements*.

# Going

## concern

- **An entity shall not prepare its FS on a going concern basis if :**
- *management determines after the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so.*

# Disclosure

- An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation.
- If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.

# Disclosure

- If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information (When evidence becomes available after the reporting period about a contingent liability that existed at the end of the reporting period)
- In addition to considering whether it should recognise or change a provision under IAS 37, an entity updates its disclosures about the contingent liability in the light of that evidence.

# Disclosure

- An entity shall disclose the following for each material category of non-adjusting event after the reporting period:
  - (a) the nature of the event; and
  - (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.