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## RIC – öffentliche SITZUNGSUNTERLAGE

<b>RIC-Sitzung:</b>	<b>43. / 11.11.2010 / 13:15 – 15:30 Uhr</b>
<b>TOP:</b>	<b>08 – Request for Input</b> – Risk Sharing Arrangements in Extractive Industries – Events that occur after the date of authorisation
<b>Thema:</b>	<b>Events that occur after the date of authorisation</b>
<b>Papier:</b>	<b>08_1_Rfl_Date_of_Author</b>

### Vorbemerkung

- 1 Auf den nachfolgenden Seiten wird die von einem nationalen Standard Setzer (NSS) vorgelegte Anfrage ohne inhaltliche Änderungen wiedergegen. Es wurden lediglich Hinweise auf die Identität des NSS unterbunden.



## Events that Occur after the date of authorisation

Entities may have a delay between the date the financial statements are authorized for issue and the date the financial statements are issued. A material event may occur in this period and an entity may decide to disclose details of this event in the notes to the financial statements. The board of directors separately authorizes this additional disclosure in a special meeting held prior to issuance of the financial statements.

The issue is how should the entity provide disclosure about when the financial statements were authorized for issue?

IAS 10 *Events after the Reporting Period* provides guidance on adjusting and non-adjusting events that occur after the reporting period. IAS 10 paragraph 3 defines “Events after the reporting period” as:

*“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.”*

Events that occur between the date the financial statements are authorized for issue and the date the financial statements are issued are outside of the scope of IAS 10. Consider the following timeline:

- 31 December 20X1    End of the reporting year.
- 28 February 20X2    Management completes draft financial statements for the year.
- 18 March 20X2    The board of directors reviews the financial statements and authorizes them for issue.
- 25 March 20X2    A material event occurs. Management decides to draft an additional note to the financial statements to disclose this event.
- 26 March 20X2    The board of directors reviews the new note disclosure and approves the amendment to the financial statements.
- 1 April 20X2    The financial statements are made available to shareholders.

The material event on 25 March 20X2 is not within the scope of IAS 10 because the event occurred between the date the financial statements were authorized for issue (i.e. 18 March 20X2) and the date the financial statements were issued (i.e. 1 April 20X2).

IAS 10 does not include explicit guidance on how to determine when the financial statements were authorized for issue in this situation. We have identified two views:

**View 1:**

**Disclose two dates** - the financial statements were authorized for issue on 18 March 20X2, except for note XX which was authorized for issue on 26 March 20X2.

Proponents of this view argue that the financial statements as a whole were authorized for issue on 18 March 20X2 and only the new note disclosure was authorized for issue at the later date, 26 March 20X2. Under this view the entity would comply with the disclosure requirement in paragraph 17 of IAS 10 by disclosing both dates (i.e. “The financial statements were authorized for issue by the board of directors on 18 March 20X2, except for note X which was authorized by the board of directors on 26 March 20X2”).

**View 2:**

**Disclose one date** - the financial statements were authorised for issue on 26 March 20X2

Proponents of this view argue that there can only be one date that the financial statements were authorised for issue. Proponents of this view argue that when the board of directors approved the additional note disclosure, the board withdrew its authorization to issue the financial statements given on 18 March 20X2. Under this view, the entity would comply with the disclosure requirement in paragraph 17 of IAS 10 by disclosing “the financial statements are authorized for issue on 26 March 20X2”. As a result, the entity would need to ensure that all “events after the reporting period” (as defined in paragraph 3 of IAS 10) that occurred between 18 March 20X2 and 26 March 20X2, are reflected in the financial statements.

**We are trying to determine how entities in other jurisdictions applying IFRSs have treated this type of circumstance.**

- 1. In your jurisdiction, how do entities deal with this circumstance in practice<sup>1</sup>?**
- 2. In your jurisdiction, do laws or regulations influence this practice?**

<sup>1</sup> If your jurisdiction has adopted International Standards on Auditing (ISAs), auditors’ reports may include two dates in accordance with paragraphs 12 and A12 in ISA 560?