national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 14 – Events After Reporting Date

Effective 1 April 2021

DEFINITION

Events after the reporting date: Favourable and unfavourable events, that occur between the reporting date and the date when the financial statements are authorised for issue

ADJUSTING EVENTS

An event after the reporting date that provides further evidence of conditions that existed at the reporting date
Examples:
- ✓ Events that indicate that the going concern assumption in relation to the whole or part of the entity is not appropriate
- ✓ Settlement after reporting date of court cases that confirm the entity had a present obligation at reporting date
- ✓ Bankruptcy of a customer that occurs after reporting date that confirms a loss existed at reporting date on trade receivables
- ✓ Sales of inventories after reporting date that give evidence about their net realisable value at reporting date
- ✓ Determination after reporting date of cost of assets produced or proceeds from assets sold, before reporting date
- ✓ Discovery of fraud or errors that show the financial statements are incorrect

Financial statements are **adjusted** for conditions that existed at reporting date

GOING CONCERN

An entity should not prepare its financial statements on the going concern basis if management determines after the reporting date either that there is an intention to liquidate the entity or to cease operating, or that there is no realistic alternative but to do so

Disclose:
- Date when the financial statements were authorised for issue and who gave that authorisation
- For any information received about conditions that existed at reporting date, disclosure that relate to those conditions are updated with the new information

NON-ADJUSTING EVENTS

An event after the reporting date that is indicative of a condition that arose after the reporting date
Examples:
- ✓ Major entity combination or disposal of a controlled entity
- ✓ Major purchase or disposal of assets
- ✓ Destruction of a major production plan by fire after reporting date
- ✓ Announcing a plan to discontinue operations or transfer of functions / merger
- ✓ Announcing a major restructuring after reporting date
- ✓ Abnormal large changes after the reporting period in assets prices or foreign exchange rates
- ✓ Entering into major commitments such as guarantees
- ✓ Commencing major litigation arising solely out of events that occurred after the reporting period

Financial statements are not **adjusted** for conditions that arose after the reporting date

DIVIDENDS OR SIMILAR DISTRIBUTIONS

If an entity declares dividends or similar distributions after the reporting date, the entity does not recognise those dividends or similar distributions as a liability at the reporting date

Disclose for each material category of non-adjusting event after the reporting date:
- The nature of the event
- An estimate of its financial effect, or a statement that such an estimate cannot be made