

# Financial Reporting Advisory Board Paper

## SECRETARIAT PAPER

### IAS 10: Events after the balance sheet date

<b>Issue:</b>	Including IAS 10 <i>Events after the balance sheet date</i> in the shadow, IFRS-based FReM.
<b>Impact on guidance:</b>	The proposed text in Annex A relates to the shadow FReM.
<b>IAS/IFRS adaptation?</b>	No
<b>IPSAS compliant?</b>	Yes
<b>Interpretation for the public sector context?</b>	Yes: interpretations in respect of 'dividends' on PDC and the dates of authorisation for issue of financial statements have been interpreted in Practice Note 10.
<b>Impact on budgetary regime?</b>	No
<b>Alignment with National Accounts</b>	N/A
<b>Impact on Estimates?</b>	No
<b>Recommendation:</b>	The Board is invited to approve the text including IAS 10 in the shadow-FReM.
<b>Timing:</b>	Not yet known: depends on future decision on date for moving to EU-adopted IFRS.

## DETAIL

### Background

1. At its last meeting, the Board approved amendments to the FReM for 2006-07 to implement FRS 21 (IAS 10) *Events after the balance sheet date* (FRAB (79) 08). This paper asks the Board to approve the FReM text, amended for references to IAS 10, for inclusion in the shadow, IFRS-based FReM.

*Interpreting IAS 10*

2. IAS 10 will be interpreted in the same way as FRS 21 – the dates of authorisation for issue of the financial statements of the entities covered by the Manual have been interpreted in Practice Note 10 *Audit of financial statements of public sector entities in the United Kingdom*. In addition, IAS 10 needs to be interpreted in relation to the treatment of ‘dividends’ on PDC.

**Summary and recommendation**

3. The Board is invited to approve the text on IAS 10 for inclusion in the shadow-FReM.

**David Watkins**  
**16 June 2006**

## PROPOSED TEXT FOR THE SHADOW GOVERNMENT FINANCIAL REPORTING MANUAL

### IAS 10 Events after the balance sheet date

#### **Applicability**

IAS 10 applies in full, as interpreted.

#### **Objectives of IAS 10**

The objectives of IAS 10 are to prescribe when an entity should adjust its financial statements for events after the balance sheet date and what disclosures should be given about events after the balance sheet date, and to require disclosure of the date when the financial statements are authorised.

#### **Interpretations of IAS 10 for the public sector context**

The following interpretations of IAS 10 for the public sector context apply.

- a) Public Dividend Capital is not a financial instrument within the meaning of IAS 32 *Financial Instruments: Presentation*. Unpaid dividends in respect of Public Dividend Capital shall continue to be recognised as liabilities at the balance sheet date; and
- b) the dates of authorisation for issue of the financial statements of the entities covered by this Manual have been interpreted in Practice Note 10 (*Audit of financial statements of public sector entities in the United Kingdom*). The dates are set out in the table below.

Type of entity	Date of issue of financial statements
Entities where the statutory auditors are responsible for the printing of the document containing the audited financial statements.	Date of despatch by the auditors to the Clerk of the House of Commons or House of Lords for laying before Parliament.
Entities where the financial statements are laid before the Houses of Parliament by the Secretary of State of the sponsoring departments or by HM Treasury, and where the statements are considered by an intermediate body* before being laid before Parliament.	Date of despatch by the entity's management to the Secretary of State of the sponsoring department or to HM Treasury, or to the members of the intermediate body, whichever is the earlier.
National Assembly for Wales and its sponsored public bodies.	Date of despatch by the Auditor General or the body or other persons specified by legislation (where applicable) to the Table Office of the National Assembly.
Entities in Scotland.	Date of despatch by the Auditor General to Scottish Ministers for laying before Parliament.

Entities in Northern Ireland.	Date of despatch by the department, body or persons specified by legislation for laying before the Northern Ireland Assembly.
* An intermediate body is interpreted as being a Board of Trustees or other Board, the members of which are not permanent officials of the entity.	