

SREERAM COACHING POINT

AS – 4

**Contingencies and
Events occurring after
The Balance Sheet Date**

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Events occurring after balance sheet date can be adjusted, when following conditions are satisfied:

- 1. There should be an event. The event may be favourable or unfavourable**
- 2 . Such event occurs after Balance Sheet Date**
- 3. Such event occurs before approval of accounts by Board of Directors or by approving authority**

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- 4. The event provide additional information which materially affect the determination of the amounts relating to conditions existing at the balance sheet date.**

If the conditions are not satisfied, then such event cannot be adjusted in the Financial Statements

But there are certain Exceptions

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- 1. If the going concern assumption is affected, adjustment should be made.**
- 2. If it is statutorily required, adjustment should be made. Example: Proposed Dividend**
- 3. If the amount is material, it should not be adjusted but disclosure is required**