

ASPE

At a Glance

Section 3820 - Subsequent
Events

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Effective Date
Fiscal years beginning on or after January 1, 2011

Scope

- This section applies to events that occur subsequent to the financial statement date.
- The extent to which, and the manner in which, the effect of a subsequent event is reflected in the financial statements depends on its type.
 - There are two types of subsequent events:
 - Those that provide further evidence of conditions that existed at the financial statement date; and
 - Those that are indicative of conditions that arose subsequent to the financial statement date.

Accounting Treatment

- Financial statements are complete when:
 - A complete set of financial statements, including all required note disclosures, has been prepared (See Section 1400, *General Standards of Financial Statement Presentation*, paragraphs .10-.11);
 - All final adjusting journal entries have been reflected in the financial statements (for example, adjustments for income taxes and bonuses);
 - No changes to the financial statements are planned or expected; and
 - The financial statements meeting the above requirements have been approved in accordance with the entity's process to finalize its financial statements.
- When events occurring between the date of the financial statements and the date of their completion provide additional evidence relating to conditions that existed at the date of the financial statements, the financial statements must be adjusted.
- Financial statements must not be adjusted for events occurring between the date of the financial statements and the date of their completion that do not relate to conditions that existed at the date of the financial statements.

Disclosure

- Disclosure must be made of events occurring between the date of the financial statements and the date of their completion that do not relate to conditions that existed at the date of the financial statements but:
 - Cause significant changes to assets or liabilities in the subsequent period; or
 - Will, or may, have a significant effect on the future operations of the enterprise.
- At a minimum, the disclosure must include:
 - A description of the nature of the event; and
 - An estimate of the financial effect, when practicable, or a statement that such an estimate cannot be made.

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