

FASB Issues Statement No.165, Subsequent Events

The Financial Accounting Standards Board (FASB) issued FASB Statement No. 165, Subsequent Events on May 28, 2009. This Statement is effective for interim and annual periods ending after June 15, 2009.

This Statement is intended to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued.

It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented.

In particular, this Statement sets forth:

- The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements;
- The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements;
- The disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

How Will This Statement Change Current Practice?

This Statement should not result in significant changes in the subsequent events that an entity reports—either through recognition or disclosure—in its financial statements. This Statement introduces the concept of financial statements being available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented.

What Is the Effect of This Statement on Convergence with International Financial Reporting Standards?

This Statement does not address all differences between previous guidance in the United States; AU Section 560, Subsequent Events; and IAS 10, Events after the Reporting Period—for example, refinancing short-term obligations and curing violations of borrowing covenants. The requirement to disclose the date through which the entity has evaluated subsequent events is consistent with the guidance in IAS 10. IAS 10 requires evaluation of subsequent events through the date on which the financial statements are authorized to be issued, while this Statement requires evaluation of subsequent events through the date that the financial statements are issued or are available to be issued.

Source: FASB 165.

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Atlanta | 3731 Lake Pass Lane, Suwanee GA 30024, USA T : +1 770 831 3574 F: + 1 678 765 2377

London | 8/9, Surbiton Business Center, 46, Victoria Road, Surbiton, London KT64JL, UK T: +44 208 390 8092 F: +44 208 390 2721

Mumbai | 101 RNA Azzure, Service Road, Bandra (E), Mumbai – 400051, India T: 91 22 2647 0044 F: 91 22 2647 0033

E: admin@knavcpa.com

W: www.knavcpa.com