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U.S. GAAP VS. IFRS: SUBSEQUENT EVENTS AT-A-GLANCE

Increasing globalization coupled with related regulations continues to put pressure on moving towards a common global accounting framework – International Financial Reporting Standards (IFRS). Currently, more than 100 countries use IFRS, so if your business goals include global expansion, it is critical to educate yourself about the impact of IFRS on your financial reporting processes and business now. To gain a better understanding of what IFRS means for your organization, we have prepared a series of comparisons dedicated to highlighting significant differences between IFRS and U.S. generally accepted accounting principles (GAAP). This particular comparison focuses on the significant differences between U.S. GAAP and IFRS related to subsequent events. For other comparisons available in this series, refer to our U.S. GAAP vs. IFRS comparisons at-a-glance series.

A discussion about U.S. GAAP and IFRS would not be complete without mentioning the status of the Securities and Exchange Commission's (SEC) activities focused on determining whether the application of IFRS by U.S. registrants should be required or allowed. While the SEC has not made any final decisions with respect to use of IFRS by U.S. registrants, its activities are ongoing. For more information, refer to our IFRS Resource Center.

The guidance related to subsequent events in U.S. GAAP is included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 855, *Subsequent Events*. In IFRS, the guidance related to events after the balance-sheet date is contained in International Accounting Standard (IAS) 10, *Events after the Reporting Period*. In addition, IAS 1, *Presentation of Financial Statements*, addresses one specific subsequent event.

Although differences exist, the accounting for subsequent events under U.S. GAAP and IFRS is substantially similar. For example, under both U.S. GAAP and IFRS, if an event occurs that is indicative of conditions that arose after the end of the reporting period, financial statements generally are not adjusted. In addition, the financial statements would be adjusted under both U.S. GAAP and IFRS to reflect events that occur after the end of the reporting period if the events provide additional evidence about conditions that existed prior to the end of the reporting period.

While the accounting for subsequent events under U.S. GAAP and IFRS is substantially similar, there are a limited number of significant differences, which are summarized in the following table.

	U.S. GAAP	IFRS
Relevant guidance	ASC 855	IAS 1 and 10
Date through which events must be evaluated	Subsequent events after the reporting period should be evaluated through the date that the financial statements are issued or available to be issued.	Events after the reporting period must be evaluated through the date that the financial statements are authorized for issuance.

	U.S. GAAP	IFRS
Relevant guidance	ASC 855	IAS 1 and 10
Date through which events must be evaluated (continued...)	Entities that file their financial statements with the SEC, as well as conduit bond obligors, evaluate subsequent events through the date the financial statements are issued. Financial statements are *issued* when they are in a form that complies with U.S. GAAP and have been widely distributed to shareholders or other users. Entities other than those that file their financial statements with the SEC and conduit bond obligors should evaluate events through the date the financial statements are *available to be issued*. Financial statements are considered available to be issued when they are in a form that complies with U.S. GAAP and all necessary approvals have been obtained.	
Going concern	No specific guidance exists for a situation in which the entity determines after the balance-sheet date, but before the financial statements are issued or available to be issued, that it intends to liquidate or cease engaging in trade, or that it has no realistic alternative other than to do so.	If the entity determines after the reporting period but before the financial statements are authorized for issuance that it intends to liquidate or cease engaging in trade, or that it has no realistic alternative other than to do so, the financial statements should not be prepared on a going concern basis.
Reissuance of financial statements	An entity should not recognize events occurring between the date the financial statements were issued or available to be issued and the date that the financial statements were reissued (unless required to do so by U.S. GAAP or regulatory requirements).	Reissuance of financial statements is not specifically addressed. The only date that is recognized as the date through which events after the reporting date are evaluated is the date at which the financial statements are authorized for issuance (even if the financial statements are being reissued).
Refinancing of short-term loans	Short-term loans are classified as long-term if the entity intends to refinance the loan on a long-term basis and the entity can demonstrate an ability to refinance the loan prior to when the balance sheet is issued or available to be issued.	Short-term loans refinanced after the reporting period may not be classified as long-term.

These are the significant differences between U.S. GAAP and IFRS related to subsequent events. Refer to ASC 855 and IAS 1 and 10 for all of the specific requirements applicable to subsequent events. Refer to our U.S. GAAP vs. IFRS comparisons at-a-glance series for more comparisons highlighting other significant differences between U.S. GAAP and IFRS.

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