



# PSAB AT A GLANCE

Section PS 2400 - Subsequent Events

## Section PS 2400 - *Subsequent Events*

### SCOPE

- This section applies to events that occur between the financial statement date and the date of their completion.

### TYPES OF SUBSEQUENT EVENTS

- 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 PS 1201, *Financial Statement Presentation*<sup>1</sup>);
  - All final adjusting journal entries have been reflected in the financial statements;
  - 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 government's process to finalize its financial statements.
- When events occurring between the date of the financial statements and the date of their completion provide sufficient additional evidence relating to conditions that existed at the date of the financial statements, the financial statements must be adjusted.

### DISCLOSURE

- Financial statements should not be adjusted, but disclosure is required 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 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 government.
- 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.

<sup>1</sup> See also our publication PSAB AT A GLANCE: Section PS 1201 - *Financial Statement Presentation*.



National Office  
36 Toronto Street  
Suite 600  
Toronto ON M5C 2C5  
800 805 9544

[www.bdo.ca](http://www.bdo.ca)

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Canada LLP to discuss these matters in the context of your particular circumstances. BDO Canada LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it. BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.