

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*¹);
 - 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.

¹ See also our publication PSAB At a Glance: Section PS 1201 - *Financial Statement Presentation*.

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