

U.S. GAAP vs. IFRS: Subsequent events

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February 2020

Introduction

Currently, more than 120 countries require or permit the use of International Financial Reporting Standards (IFRS), with a significant number of countries requiring IFRS (or some form of IFRS) by public entities (as defined by those specific countries). Of those countries that do not require use of IFRS by public entities, perhaps the most significant is the U.S. The U.S. Securities and Exchange Commission (SEC) requires domestic registrants to apply U.S. generally accepted accounting principles (GAAP), while foreign private issuers are allowed to use IFRS as issued by the International Accounting Standards Board (which is the IFRS focused on in this comparison). While the SEC continues to discuss the possibility of allowing domestic registrants to provide supplemental financial information based on IFRS (with a reconciliation to U.S. GAAP), there does not appear to be a specified timeline for moving forward with that possibility.

Although the SEC currently has no plans to permit the use of IFRS by domestic registrants, IFRS remains relevant to these entities, as well as private companies in the U.S., given the continued expansion of IFRS use across the globe. For example, many U.S. companies are part of multinational entities for which financial statements are prepared in accordance with IFRS, or may wish to compare themselves to such entities. Alternatively, a U.S. company's business goals might include international expansion through organic growth or acquisitions. For these and other reasons, it is critical to gain an understanding of the effects of IFRS on a company's financial statements. To start this process, we have prepared [a series of comparisons](#) dedicated to highlighting significant differences between U.S. GAAP and IFRS. This particular comparison focuses on the significant differences between U.S. GAAP and IFRS related to subsequent events.

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

Comparison

The significant differences between U.S. GAAP and IFRS related to subsequent events 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	<p>Subsequent events after the reporting period should be evaluated through the date that the financial statements are issued or available to be issued.</p> <p>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.</p> <p>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.</p>	<p>Events after the reporting period must be evaluated through the date that the financial statements are authorized for issuance.</p>
Reissuance of financial statements	<p>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 other U.S. GAAP or regulatory requirements).</p>	<p>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).</p>

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. In addition, refer to our [U.S. GAAP vs. IFRS comparisons series](#) for more comparisons highlighting other significant differences between U.S. GAAP and IFRS.

Consult your RSM US LLP service provider concerning your situation and any specific questions you may have. You may also contact us toll-free at 800.274.3978 for a contact person in your area.

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U.S. GAAP vs. IFRS: Subsequent events resulted from the efforts and ideas of various RSM US LLP professionals, including members of the National Professional Standards Group, as well as contributions from RSM UK and RSM Canada professionals.

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