

■ Public Company Financial Executive Briefing ■

# AMENDMENTS TO CERTAIN SUBSEQUENT EVENTS DISCLOSURE REQUIREMENTS

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TUESDAY, FEBRUARY 2, 2010

A proposed Accounting Standards Update, Amendments to Certain Recognition and Disclosure Requirements, was released on December 29, 2009 to amend FASB ASC Topic 855 so that (1) an entity that files or furnishes financial statements with the SEC would not be required to disclose the date through which subsequent events have been evaluated, and (2) the reissuance disclosure requirement would apply only to restated financial statements.

## WHAT WOULD BE AFFECTED BY THE AMENDMENTS IN THIS PROPOSAL UPDATE?

### The amendments in this proposed update would affect all entities.

Currently, an entity having a current expectation of widely distributing its financial statements to its shareholders and other financial statement users (including a public entity) must evaluate subsequent events through the date that the financial statements are issued. All other entities are required to evaluate subsequent events through the date that the financial statements are available to be issued. In addition, disclosure is required of the date through which subsequent events have been evaluated and whether it is the date the financial statements were issued, or the date the financial statements were available for issuance. Such disclosure is also required for reissued statements.

Because of potential conflicts with SEC requirements concerning the identification and

disclosure of subsequent events, this proposed update addresses both the interaction of the requirements of Topic 855 with the SEC's registration requirements, and the intended breadth of the reissuance disclosures provision related to subsequent events.

Additionally, the Board has clarified that if the financial statements have been restated, then an entity that does not file or furnish financial statements with the SEC would disclose both the original date that the financial statements were issued, or available to be issued, and the date the restated financial statements were issued, or available to be issued.

Note that an SEC reporting entity (as well as all other entities having a current expectation of wide distribution of its financial statements) would still have to evaluate subsequent events through the date on which the financial statements are issued. Entities that do not file reports with the SEC and entities not having expectations of wide distribution of their financial statements would continue to evaluate subsequent events through the date on which the statements are available for issuance.

### A brief discussion of the proposed amendments to FASB ASC Topic 855:

■ FASB ASC 855-10-50 would be amended so that (1) entities filing or furnishing financial statements with the SEC are not required to

disclose the date through which subsequent events have been evaluated, either in originally issued or reissued financial statements, and (2) all other entities would be required to disclose such date in originally issued statements and those that have been reissued due to restatement (i.e., revised as a result of either the correction of an error or the retrospective application of U.S. GAAP).

■ FASB ASC 855-10-25 would be amended to clarify that (1) entities filing or furnishing financial statements with the SEC and all other entities having a current expectation of widely distributing its financial statements to shareholders, or other users, must evaluate subsequent events through the date the financial statements are issued, and (2) all other entities are required to evaluate subsequent events through the date on which the financial statements are available for issue.

■ The term "public entity" would be removed from the Glossary. The definition of a public entity in Topic 855 was used to determine the date through which subsequent events should be evaluated. Based on the proposed amendments, that definition would no longer be necessary.

## EFFECTIVE DATE

The proposed guidance is opened for comments until January 28, 2010. The amendments in this proposed update would be effective upon issuance of the final update.

### FOR FURTHER INFORMATION, PLEASE CONTACT ONE OF THE FOLLOWING:

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