Financial Accounting Standards Board
Technical Director
Subsequent Events 1640-100
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Background: The Statement sets forth the period after the balance sheet date; wherein, management may evaluate events which may occur for potential recognition or disclosure. Subsequent events may occur after the balance sheet date but before financial statements are issued or available. Financial statements are available to be issued when they are complete formatively and in compliance with GAAP with the requisite approvals of management and the Board of Directors.

Critique: Litigation may be in place prior to the balance sheet date yet settled afterward for an amount different from the original liability recorded. An example would be liabilities under warranty. Certain subsequent events may affect receivables and inventory or the settlement of estimated liabilities when the triggering events are the culmination of conditions longstanding in existence.

Classic non-recognition of subsequent events include:
- sale of bonds after the balance sheet date
- business combinations after the balance sheet date
- settlement of litigation when the claims give rise after the balance sheet date
- loss on receivables from conditions after the balance sheet date
- changes in the quoted market price of securities after balance sheet date

Computer algorithmic trading may impact the financial statements at or around the balance sheet date. The accountant should become familiar with the parameters of the computer programs which generate significant trades during this period of time. Examples of these computer programs are as follows:
- cash management algorithms in operations research
- the transportation, transshipment and assignment models
- "advice giving systems" which render credit scoring judgments by a community of experts
- queuing and waiting line algorithms for airlines, financial institutions etc.

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