



In This Issue

- [Overview](#)
- [Background](#)
- [Main Provisions of the Proposed Amendments](#)
- [Proposed Effective Date and Transition](#)
- [Contacts](#)
- [Appendix — Other Interim Disclosure Requirements for Condensed Statements](#)

FASB Proposes Improvements to Interim Reporting Requirements

Overview

On November 13, 2024, the FASB issued a [proposed ASU](#)¹ to clarify the interim reporting requirements in ASC 270.² The Board issued the proposal in response to concerns from stakeholders regarding the complexity of applying these requirements. While the FASB notes that the proposal's objective is to make the guidance more understandable and easier to navigate, the amendments are not intended to "change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements." Comments on the proposal are due by March 31, 2025.

Background

Originating from APB Opinion 28³ (issued in 1973), ASC 270 has evolved but has not been updated to reflect the effects of the SEC's form and content requirements related to interim reporting that were added in 1981. In 2021, the FASB considered amending ASC 270 as part of its ongoing disclosure framework project. Such consideration resulted in the issuance of a proposed ASU, *Interim Reporting (Topic 270): Disclosure Framework — Changes to Interim Disclosure Requirements*. However, respondents expressed concerns about the proposed amendments, and the FASB therefore decided to develop guidance on the specific disclosures an entity should include in interim reporting periods.

¹ FASB Proposed Accounting Standards Update (ASU), *Interim Reporting (Topic 270): Narrow-Scope Improvements*.

² For titles of *FASB Accounting Standards Codification* (ASC or "Codification") references, see Deloitte's ["Titles of Topics and Subtopics in the FASB Accounting Standards Codification."](#)

³ Accounting Principles Board (APB) Opinion No. 28, *Interim Financial Reporting*.

Main Provisions of the Proposed Amendments

The proposed ASU would apply to all entities that provide interim financial statements and notes in accordance with GAAP.⁴ Guidance under the proposal would include:

- The current disclosure requirements under ASC 270.
- A compilation of interim disclosures required under other GAAP (see the [appendix](#)), including conforming amendments to clarify the applicability of the disclosure requirements to interim reporting periods in other GAAP.
- A new disclosure principle, which would require entities using condensed statements to disclose events and changes occurring since the end of the most recent fiscal year that have a material impact on the entity. Specifically, proposed ASC 270-10-50-68 states:

However, disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the entity. Disclosures shall encompass (but not be limited to), for example, significant changes since the end of the most recently completed fiscal year in such items as accounting principles and practices; estimates inherent in the preparation of financial statements; status of long-term contracts; capitalization including significant new borrowings or modification of existing financing arrangements; and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material contingencies exist, disclosure of such matters shall be provided even though a significant change since year-end may not have occurred.



Connecting the Dots

As noted in the proposed ASU, the proposed disclosure principle “is modeled after (and intended to be applied consistently with) a previous SEC disclosure requirement” under which registrants had to disclose in interim financial statements certain changes during the interim period that were material to the entity. The objective of the proposed disclosure principle “is to help entities determine whether disclosures not specified in Topic 270 should be provided in interim reporting periods.” The proposed ASU also indicates that when applying the proposed disclosure principle to interim financial statements, entities should consider the annual disclosure requirements for events or transactions that occurred after year-end. For example, if an entity made a significant share-based award during an interim period, it may be appropriate for the entity to include all disclosures required by ASC 718-10-50 for that specific award in the interim financial statements.

The proposed ASU adds guidance that defines condensed statements as “[f]inancial statements that either are aggregated in a condensed format or have limited notes subject to the disclosure requirements in Topic 270 or both.” It also indicates that condensed financial statements may be issued only if the entity has previously issued annual financial statements. In addition, certain guidance on the form and content of condensed interim financial statements and notes would apply to both SEC registrants and non-SEC registrants by reference to SEC Regulation S-X, Rules 10-01⁵ and 8-03⁶ (reproduced in ASC 270-10-S45-2).



Connecting the Dots

If the ASU is adopted as proposed, the requirements in Rules 10-01(a) and 8-03(a) related to the form and content of condensed statements would apply to non-SEC registrants⁷ as well as SEC registrants. These rules include certain bright-line thresholds for determining financial statement line items that must be provided

⁴ Under the proposed ASU, the term “financial statements and notes in accordance with GAAP” refers to a full set of financial statements as specified in ASC 205-10-45-1A. The FASB also notes that “if an entity only issues an income statement, that would not be considered a full set of financial statements and therefore would not be subject to the guidance in this Topic.”

⁵ SEC Regulation S-X, Rule 10-01, “Interim Financial Statements.”

⁶ SEC Regulation S-X, Rule 8-03, “Interim Financial Statements.”

⁷ Non-SEC registrants whose financial statements are subject to SEC rules on form and content (e.g., an acquired business whose financial statements are included in an SEC registrant’s filing under Rule 3-05) would be subject to the form and content requirements for SEC registrants.

on the face of the condensed financial statements. The rest of the disclosure requirements in Rules 10-01 and 8-03 apply to SEC registrants only. In addition, while an SEC registrant must meet the SEC's definition of a smaller reporting company to apply the scaled requirements in Rule 8-03, non-SEC registrants may choose whether to apply the requirements in Rule 10-01(a) or the scaled requirements in Rule 8-03(a).

The proposed ASU also adds guidance in ASC 270-10-45-24 related to the presentation considerations for condensed financial statements of a not-for-profit entity.

Proposed Effective Date and Transition

Effective Date

The Board will determine the effective date and whether to permit early adoption after considering stakeholder feedback on the proposed ASU.

Transition

Entities would be able to apply the proposed amendments prospectively to interim financial statements and notes in accordance with GAAP that are issued for interim reporting periods after the effective date.

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Appendix — Other Interim Disclosure Requirements for Condensed Statements

The table below lists (1) all other ASC paragraphs that contain interim disclosure requirements for condensed statements and (2) paragraphs of the proposed ASU that refer to that guidance.

ASC Topic	ASC Subtopic	ASC Paragraphs	Reference in Proposed ASU
205, <i>Presentation of Financial Statements</i>	205-10, <i>Overall</i>	205-10-50-1 through 50-2	270-10-50-12
	205-20, <i>Discontinued Operations</i>	205-20-50-1	270-10-50-13
		205-20-50-3 through 50-3A	
		205-20-50-4A through 50-4B	
		205-20-50-5A through 50-5D	
		205-20-50-7	
205-40, <i>Going Concern</i>	205-40-50-12 through 50-14	270-10-50-14	
210, <i>Balance Sheet</i>	210-20, <i>Offsetting</i>	210-20-50-1 through 50-6	270-10-50-15
220, <i>Income Statement — Reporting Comprehensive Income</i>	220-10, <i>Overall</i>	220-10-50-4 through 50-6	270-10-50-16
	220-20, <i>Unusual or Infrequently Occurring Items</i>	220-20-50-1	270-10-50-17
	220-40, <i>Expense Disaggregation Disclosures</i>	220-40-50-4	270-10-50-18
		220-40-50-6 through 50-11	
		220-40-50-19 through 50-22	
		220-40-50-26 through 50-36	
250, <i>Accounting Changes and Error Corrections</i>	250-10, <i>Overall</i>	250-10-50-1 through 50-4	270-10-50-19
		250-10-50-6 through 50-9	
		250-10-50-11 through 50-12	
260, <i>Earnings Per Share</i>	260-10, <i>Overall</i>	260-10-50-1 through 50-3	270-10-50-20
280, <i>Segment Reporting</i>	280-10, <i>Overall</i>	280-10-50-22 through 50-26C	270-10-50-21
		280-10-50-28A through 28B	
		280-10-50-32	
310, <i>Receivables</i>	310-10, <i>Overall</i>	310-10-50-11	270-10-50-22
		310-10-50-35	
		310-10-50-41 through 50-44	
320, <i>Investments — Debt Securities</i>	320-10, <i>Overall</i>	320-10-50-2 through 50-3	270-10-50-23
		320-10-50-5 through 50-5C	
		320-10-50-9 through 50-10	
321, <i>Investments — Equity Securities</i>	321-10, <i>Overall</i>	321-10-50-3 through 50-4	270-10-50-24
326, <i>Financial Instruments — Credit Losses</i>	326-20, <i>Measured at Amortized Cost</i>	326-20-50-4 through 50-18	270-10-50-25
	326-30, <i>Available-for-Sale Debt Securities</i>	326-30-50-4 through 50-5	270-10-50-26
		326-30-50-7 through 50-9	
350, <i>Intangibles — Goodwill and Other</i>	350-60, <i>Crypto Assets</i>	350-60-50-1	270-10-50-27
		350-60-50-6 through 50-7	

(Table continued)

ASC Topic	ASC Subtopic	ASC Paragraphs	Reference in Proposed ASU
360, <i>Property, Plant, and Equipment</i>	360-10, <i>Overall</i>	360-10-50-3A	270-10-50-28
405, <i>Liabilities</i>	405-50, <i>Liabilities — Supplier Finance Programs</i>	405-50-50-4	270-10-50-29
420, <i>Exit or Disposal Cost Obligations</i>	420-10, <i>Overall</i>	420-10-50-1	270-10-50-30
460, <i>Guarantees</i>	460-10, <i>Overall</i>	460-10-50-2 through 50-4 460-10-50-8	270-10-50-31
470, <i>Debt</i>	470-20, <i>Debt with Conversion and Other Options</i>	470-20-50-2A 470-20-50-2C	270-10-50-32
505, <i>Equity</i>	505-10, <i>Overall</i>	505-10-50-2 through 50-3	270-10-50-33
606, <i>Revenue from Contracts with Customers</i>	606-10, <i>Overall</i>	606-10-50-5 through 50-6 606-10-50-8 606-10-50-12A through 50-15	270-10-50-34
715, <i>Compensation — Retirement Benefits</i>	715-20, <i>Defined Benefit Plans — General</i>	715-20-50-6 through 50-7	270-10-50-35
	715-60, <i>Defined Benefit Plans — Other Postretirement</i>	715-60-50-3 715-60-50-6	270-10-50-36
740, <i>Income Taxes</i>	740-270, <i>Interim Reporting</i>	740-270-50-1	270-10-50-37
	740-323, <i>Equity Method and Joint Ventures</i>	740-323-50-1 through 50-2	270-10-50-38
805, <i>Business Combinations</i>	805-10, <i>Overall</i>	805-10-50-1 through 50-5 805-10-50-7	270-10-50-39
	805-20, <i>Identifiable Assets and Liabilities, and Any Noncontrolling Interest</i>	805-20-50-1 through 50-5	270-10-50-40
	805-30, <i>Goodwill or Gain from Bargain Purchase, Including Consideration Transferred</i>	805-30-50-1 through 50-4	270-10-50-41
808, <i>Collaborative Arrangements</i>	808-10, <i>Overall</i>	808-10-50-1	270-10-50-42
810, <i>Consolidation</i>	810-10, <i>Overall</i>	810-10-50-3 and 810-10-50-4	270-10-50-43
		810-10-50-5A	
		810-10-50-6	
		810-10-50-9	
		810-10-50-21	

(Table continued)

ASC Topic	ASC Subtopic	ASC Paragraphs	Reference in Proposed ASU
815, <i>Derivatives and Hedging</i>	815-10, <i>Overall</i>	815-10-50-1 through 50-4EEE	270-10-50-44
		815-10-50-4F through 50-4H	
		815-10-50-4K through 50-4L	
		815-10-50-5C	
		815-10-50-8	
	815-15, <i>Embedded Derivatives</i>	815-15-50-2	270-10-50-45
	815-30, <i>Cash Flow Hedges</i>	815-30-50-1 through 50-2	270-10-50-46
	815-40, <i>Contracts in Entity's Own Equity</i>	815-40-50-2A	270-10-50-47
820, <i>Fair Value Measurement</i>	820-10, <i>Overall</i>	820-10-50-2	270-10-50-48
		820-10-50-2G	
		820-10-50-3	
		820-10-50-4A	
		820-10-50-6A through 50-6B	
		820-10-50-8	
825, <i>Financial Instruments</i>	825-10, <i>Overall</i>	825-10-50-10 through 50-11	270-10-50-49
		825-10-50-12	
		825-10-50-20 through 50-21	
		825-10-50-28	
		825-10-50-30 through 50-32	
842, <i>Leases</i>	842-30, <i>Lessor</i>	842-30-50-5	270-10-50-50
860, <i>Transfers and Servicing</i>	860-10, <i>Overall</i>	860-10-50-4A	270-10-50-51
		860-20, <i>Sales of Financial Assets</i>	
		860-20-50-2A through 50-4	
		860-20-50-4D through 50-5	
	860-30, <i>Secured Borrowing and Collateral</i>	860-30-50-1A	270-10-50-53
		860-30-50-7	
	860-50, <i>Servicing Assets and Liabilities</i>	860-50-50-2 through 50-5	270-10-50-54
932, <i>Extractive Activities — Oil and Gas</i>	932-270, <i>Interim Reporting</i>	932-270-50-1	270-10-50-55
942, <i>Financial Services — Depository and Lending</i>	942-320, <i>Investments — Debt and Equity Securities</i>	942-320-50-2 through 50-4	270-10-50-56

(Table continued)

ASC Topic	ASC Subtopic	ASC Paragraphs	Reference in Proposed ASU
944, <i>Financial Services — Insurance</i>	944-30, <i>Acquisition Costs</i>	944-30-50-2A through 50-2B	270-10-50-57
	944-40, <i>Claim Costs and Liabilities for Future Policy Benefits</i>	944-40-50-3	270-10-50-58
		944-40-50-4A	
		944-40-50-4E	
		944-40-50-6 through 50-7C	
		944-40-50-9(a)(5)	
	944-60, <i>Premium Deficiency and Loss Recognition</i>	944-60-50-2	270-10-50-59
	944-80, <i>Separate Accounts</i>	944-80-50-1 through 50-2	270-10-50-60
	944-310, <i>Receivables</i>	944-310-50-3	270-10-50-61
	944-605, <i>Revenue Recognition</i>	944-605-50-4	270-10-50-62
946, <i>Financial Services — Investment Companies</i>	946-20, <i>Investment Company Activities</i>	946-20-50-3	270-10-50-63
		946-20-50-10	
	946-205, <i>Presentation of Financial Statements</i>	946-205-50-18	270-10-50-64
954, <i>Health Care Entities</i>	954-805, <i>Business Combinations</i>	954-805-50-1 through 50-3	270-10-50-65
958, <i>Not-for-Profit Entities</i>	958-805, <i>Business Combinations</i>	958-805-50-2 through 50-6	270-10-50-66
		958-805-50-8 through 50-12	
		958-805-50-16 through 50-17	

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