



No Change in FASB Loss Contingency Requirements for 2010 Calendar Year Companies

Robert K. Morris, Partner, Philadelphia

Publication Date: November 02, 2010

Public corporations and their advisors have been laboring under uncertainty as to whether new requirements for disclosure of loss contingencies may be adopted by the FASB to be effective for fiscal years ending December 31, 2010. The uncertainty was created by the FASB's publication on July 20, 2010 of new proposed amendments to the existing guidance on contingencies in Topic 450 (originally proposed in June 2008), including a proposal that the amendments would take effect in time for 2010 annual reports.

The proposal called for new disclosures of qualitative and quantitative information that in the opinion of many commenters could be highly prejudicial to a company's litigation posture, including a tabular reconciliation of changes in the amount of loss contingency accruals in annual and interim financial statements.

Minutes of the FASB's October 27, 2010 Board meeting, published October 28, state that the Board has determined that a final standard will not be effective for the 2010 calendar year-end reporting period. The Board will decide on an effective date at an unspecified future meeting, after it has substantially concluded its re-deliberations on the matter.

About Reed Smith

Reed Smith is a global relationship law firm with more than 1,600 lawyers in 23 offices throughout the United States, Europe, Asia and the Middle East.

The information contained herein is intended to be a general guide only and not to be comprehensive, nor to provide legal advice. You should not rely on the information contained herein as if it were legal or other professional advice.

The business carried on from offices in the United States and Germany is carried on by Reed Smith LLP of Delaware, USA; from the other offices is carried on by Reed Smith LLP of England; but in Hong Kong, the business is carried on by Reed Smith Richards Butler. A list of all Partners and employed attorneys as well as their court admissions can be inspected at the website <http://www.reedsmith.com/>.

© Reed Smith LLP 2011. All rights reserved.