

FASB Interpretation No. 10

Note: This Interpretation has been completely superseded

[FIN10 Status Page](#)

Application of FASB Statement No. 12 to Personal Financial Statements

an interpretation of FASB Statement No. 12

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Financial Accounting Standards Board
of the Financial Accounting Foundation
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FIN 10: Application of FASB Statement No. 12 to Personal Financial Statements

an interpretation of FASB Statement No. 12

INTRODUCTION

1. Paragraph 5 of *FASB Statement No. 12*, "Accounting for Certain Marketable Securities," enumerates the entities excluded from the scope of the Statement but does not mention individuals. The AICPA Industry Audit Guide, "Audits of Personal Financial Statements," states that "...financial statements for individuals should be prepared on a cost basis, in conformity with generally accepted accounting principles" and that "...financial information on an estimated value basis is useful...as additional financial information" (pages 2 and 3). Further, the Industry Audit Guide recommends a two-column presentation of personal financial statements: "The first column should present financial data on the cost basis, paralleled by a second column presenting estimated values" (page 3). The FASB has been asked to clarify whether in personal financial statements prepared in conformity with generally accepted accounting principles the presentation of marketable equity securities on an estimated value basis in the second column supplants the requirement of paragraph 8 of *FASB Statement No. 12* to carry marketable equity securities at the lower of aggregate cost or aggregate market value in the first column.

INTERPRETATION

2. Personal financial statements prepared in conformity with generally accepted accounting principles are included in the scope of *FASB Statement No. 12*. The presentation of marketable equity securities on an estimated value basis as additional financial information in the second column does not supplant the requirement of paragraph 8 of *FASB Statement No. 12* to carry marketable equity securities at the lower of aggregate cost or aggregate market value in the first column.

EFFECTIVE DATE AND TRANSITION

3. The provisions of this Interpretation shall be effective for financial statements for annual and interim periods ending after October 15, 1976. Earlier application is encouraged in financial statements for annual and interim periods ending before October 16, 1976 that have not been previously issued. This Interpretation shall not be applied retroactively for previously issued annual or interim financial statements.

This Interpretation was adopted by the unanimous vote of the six members of the Financial Accounting Standards Board following submission to the members of the Financial Accounting Standards Advisory Council.

Marshall S. Armstrong, *Chairman*
Oscar S. Gellein
Donald J. Kirk
Arthur L. Litke
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