

# **ACCOUNTING AND AUDITING DISCLOSURE MANUAL 1985**

ALLAN B. AFTERMAN

# ACCOUNTING AND AUDITING DISCLOSURE MANUAL

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**1985**

ALLAN B. AFTERMAN, CPA



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*"If we do not want further advances by government into our field, we must at least make reports so plain that no one of ordinary intelligence can misunderstand them. . . . It is not enough that reports contain the truth; they must tell it so that no one who reads may fail to understand."*

William H. Roberts  
*The Journal of Accountancy*, 1910

## PREFACE

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The required and recommended disclosures that have been formulated by Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS) are spread throughout the whole of our professional accounting and auditing literature. Since each new pronouncement may not only result in new disclosure requirements but may either amend, modify, or supersede previous pronouncements, it has become increasingly burdensome and expensive for practitioners to spend the time it takes to search through the ever-growing mountains of authoritative literature.

The overwhelming number of accounting and auditing pronouncements have been issued within the last 10 years. Thus, in my many years in public accounting, I also have felt a steadily increasing need for a comprehensive reference source. My colleagues' enthusiasm over the prospect of such a unified reference source finally persuaded me to undertake the task of preparing it.

*Accounting and Auditing Disclosure Manual* is designed as a complete reference source for all disclosures that Generally Accepted Accounting Principles and Auditing Standards require or recommend for commercial and industrial companies. The *Manual* incorporates all the currently effective pronouncements by major topic, regardless of their date of issue. In addition, it incorporates such disclosures as have developed over the years in general practice.

This edition includes 9 entirely new sections on disclosures for specialized industries and one new section on futures contracts. One hundred and three additional disclosure requirements have been added to this edition, as well as 49 new examples. Altogether, there are close to 1,000 required and recommended disclosures accompanied by more than 1,000 examples of financial statement presentations, footnotes, and auditor's reports presented under 92 topic headings. For a listing of the recognized sources of GAAP and their order of importance, see SOURCES OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES on page 5.

Certainly, there are enough checklists and other sources available that merely list information that should be disclosed in financial statements and auditor's reports.

## PREFACE

Indeed, the most important benefit to users of this *Manual* is the integration of illustrations and examples with specific disclosure requirements. Its completeness and organization make the *Accounting and Auditing Disclosure Manual* one of the most comprehensive and practical reference sources available.

To reflect the latest pronouncements of the authoritative bodies, this *Manual* will be updated and revised every year.

I would like to express my special thanks and appreciation for the assistance given to me by Richard D. Miller, CPA, who reviewed the entire manuscript of the 1983 edition and who made many helpful technical and editorial suggestions. Mr. Miller did not review changes made in the 1984 and 1985 editions. Without his participation, the *Manual* certainly would not have been as useful as it is. My heartfelt thanks to the staff of Warren, Gorham & Lamont, and especially to Joseph Palazzolo for his continued support and encouragement and to Mel Hecker for his constructive editorial input. I am also indebted to William Byler for his diligent attention to detail in designing the book.

ALLAN B. AFTERMAN

Chicago, Illinois  
September 1984

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## **REFERENCES TO AUTHORITATIVE LITERATURE**

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This *Manual* is current through the following original sources:

- Statement No. 80 of the Financial Accounting Standards Board.
- Interpretation No. 36 of the Financial Accounting Standards Board.
- FASB Technical Bulletin No. 84-1.
- Statement on Auditing Standards No. 48 of the AICPA.
- Interpretations of the Auditing Standards Division through September, 1984.

The original sources, references, and abbreviations used in this *Manual* are as follows:

<i>Original Source</i>	<i>Reference</i>	<i>Abbreviation</i>
Accounting Research Bulletin	Accounting Standards, Current Text (Volumes I and II)	*
Opinion of the Accounting Principles Board	Accounting Standards, Current Text (Volumes I and II)	*
Statement of the Financial Accounting Standards Board	Accounting Standards, Current Text (Volumes I and II)	*
Accounting Interpretation of the AICPA	Accounting Standards, Current Text (Volumes I and II)	*
Interpretation of the Financial Accounting Standards Board	Accounting Standards, Current Text (Volumes I and II)	*
FASB Technical Bulletin	Accounting Standards, Current Text (Volumes I and II)	*
Statement on Auditing Standards of the AICPA	AICPA Professional Standards Service (Volume 1)	AU
Interpretation of the Auditing Standards Division	AICPA Professional Standards Service (Volume 1)	AU9

## REFERENCES TO AUTHORITATIVE LITERATURE

<i>Original Source</i>	<i>Reference</i>	<i>Abbreviation</i>
Regulation S-X of the Securities and Exchange Commission (SEC)	Original Pronouncement	S-X
General Custom and Usage		CU

\*In 1983, FASB adopted a new alpha-numeric reference system to replace the AICPA reference system for accounting principles. The new system is published as "Accounting Standards, Current Text, Volumes I and II."

Readers are alerted that for the most part, the "Current Text" contains only those portions of accounting pronouncements designated as "Standards of Financial Accounting and Reporting" (or its equivalent for pre-FASB pronouncements). The new "Current Text" should simplify matters somewhat in researching an accounting question. However, it is often necessary, in order to gain a full understanding, to review the background materials contained in the FASB Statements themselves. This background information and other materials are not included in the "Current Text"; they can be found only in a new companion volume, "Accounting Standards, Original Pronouncements." This volume is often critical in determining how to apply a particular standard, and both the "Current Text" and "Original Pronouncements" are required reading.