# 210 - Balance Sheet

## 210-**10** - Overall

### 210-10-**00** - Status

> **General Note:** The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

**General**

210-10-00-**1** The following table identifies the changes made to this Subtopic.

| Paragraph | Action | Accounting Standards Update | Date |
| --- | --- | --- | --- |
| 210-10-45-1 | Amended | Accounting Standards Update No. 2016-01 | 01/05/2016 |
| 210-10-45-2 | Amended | Accounting Standards Update No. 2012-04 | 10/01/2012 |
| 210-10-45-10 | Amended | Accounting Standards Update No. 2012-04 | 10/01/2012 |
| 210-10-45-13 | Amended | Accounting Standards Update No. 2016-13 | 06/16/2016 |
| 210-10-45-13 | Added | Accounting Standards Update No. 2012-04 | 10/01/2012 |

### 210-10-**05** - Overview and Background

> **General Note:** The Overview and Background Section provides overview and background material for the guidance contained in the Subtopic. It does not provide the historical background or due process. It may contain certain material that users generally consider useful to understand the typical situations addressed by the standards. The Section does not summarize the accounting and reporting requirements.

**General**

210-10-05-**1** The Balance Sheet Topic includes the following two Subtopics:

a. Overall

b. Offsetting.

210-10-05-**2** The balance sheet is commonly referred to as statement of financial position. For purposes of the Codification, both titles are interchangeable.

210-10-05-**3** The Offsetting Subtopic provides guidance about offsetting amounts for certain contracts and repurchase and reverse repurchase agreements.

210-10-05-**4** The Overall Subtopic provides general guidance on the classification of current assets and current liabilities and discusses the determination of working capital. The balance sheets of most entities show separate classifications of current assets and current liabilities (commonly referred to as classified balance sheets) permitting ready determination of working capital.

210-10-05-**5** Financial position, as it is reflected by the records and accounts from which the statement is prepared, is revealed in a presentation of the assets and liabilities of the entity. In the statements of manufacturing, trading, and service entities, these assets and liabilities are generally classified and segregated; if they are classified logically, summations or totals of the current or circulating or working assets (referred to as current assets) and of obligations currently payable (designated as current liabilities) will permit the ready determination of working capital.

210-10-05-**6** The ordinary operations of an entity involve a circulation of capital within the current asset group. Cash is expended for materials, finished parts, operating supplies, labor, and other factory services, and such expenditures are accumulated as inventory cost. Inventory costs, upon sale of the products to which such costs attach, are converted into trade receivables and ultimately into cash again.

210-10-05-**7** Paragraph Not Used

210-10-05-**8** In addition to the classification guidance provided in this Subtopic, other Topics in the Codification also address specific classification matters.

## 210-10-**15 - Scope and Scope Exceptions**

> **General Note:** The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions, instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

**General**

**Entities**

210-10-15-**1** The guidance in this Subtopic applies to all entities.

210-10-15-**2** Paragraph not used.

**Transactions**

210-10-15-**3** The guidance in this Subtopic that relates to separate classification of current assets and current liabilities (that is, a classified balance sheet) applies only when an entity is preparing a classified balance sheet for financial accounting and reporting purposes.

## 210-10-**20 - Glossary**

> **General Note:** The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that have both of the following characteristics:

a. Readily convertible to known amounts of cash

b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less qualify under that definition. Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year U.S. Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months. Examples of items commonly considered to be cash equivalents are Treasury bills, commercial paper, money market funds, and federal funds sold (for an entity with banking operations).

**Current Assets**

Current assets is used to designate cash and other assets or resources commonly identified as those that are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business. See paragraphs 210-10-45-1 through 45-4.

**Current Liabilities**

Current liabilities is used principally to designate obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities. See paragraphs 210-10-45-5 through 45-12.

**Operating Cycle**

The average time intervening between the acquisition of materials or services and the final cash realization constitutes an operating cycle.

**Short-Term Obligations**

Short-term obligations are those that are scheduled to mature within one year after the date of an entity's balance sheet or, for those entities that use the operating cycle concept of working capital described in paragraphs 210-10-45-3 and 210-10-45-7, within an entity's operating cycle that is longer than one year.

**Working Capital**

Working capital (also called net working capital) is represented by the excess of current assets over current liabilities and identifies the relatively liquid portion of total entity capital that constitutes a margin or buffer for meeting obligations within the ordinary operating cycle of the entity.

## 210-10-**45 - Other Presentation Matters**

> **General Note:** The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

**General**

**Classification of Current Assets**

210-10-45-**1** Current assets generally include all of the following:

a. Cash available for current operations and items that are cash equivalents
b. Inventories of merchandise, raw materials, goods in process, finished goods, operating supplies, and ordinary maintenance material and parts
c. Trade accounts, notes, and acceptances receivable
d. Receivables from officers, employees, affiliates, and others, if collectible in the ordinary course of business within a year
e. Installment or deferred accounts and notes receivable if they conform generally to normal trade practices and terms within the business
f. Marketable securities representing the investment of cash available for current operations
g. Prepaid expenses such as the following:
    1. Insurance
    2. Interest
    3. Rents
    4. Taxes
    5. Unused royalties
    6. Current paid advertising service not yet received
    7. Operating supplies.

210-10-45-**2** Prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during the operating cycle. An asset representing the overfunded status of a single-employer defined benefit pension or postretirement plan shall be classified pursuant to Section 715-20-45.

210-10-45-**3** A one-year time period shall be used as a basis for the segregation of current assets in cases where there are several operating cycles occurring within a year. However, if the period of the operating cycle is more than 12 months, as in, for instance, the tobacco, distillery, and lumber businesses, the longer period shall be used. If a particular entity has no clearly defined operating cycle, the one-year rule shall govern.

210-10-45-**4** The concept of the nature of current assets contemplates the exclusion from that classification of such resources as the following:

a. Cash and claims to cash that are restricted as to withdrawal or use for other than current operations, are designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts. Even though not actually set aside in special accounts, funds that are clearly to be used in the near future for the liquidation of long-term debts, payments to sinking funds, or for similar purposes shall also, under this concept, be excluded from current assets. However, if such funds are considered to offset maturing debt that has properly been set up as a current liability, they may be included within the current asset classification.

b. Investments in securities (whether marketable or not) or advances that have been made for the purposes of control, affiliation, or other continuing business advantage.

c. Receivables arising from unusual transactions (such as the sale of capital assets, or loans or advances to affiliates, officers, or employees) that are not expected to be collected within 12 months.

d. Cash surrender value of life insurance policies.

e. Land and other natural resources.

f. Depreciable assets.

g. Long-term prepayments that are fairly chargeable to the operations of several years, or deferred charges such as bonus payments under a long-term lease, costs of rearrangement of factory layout or removal to a new location.

**Classification of Current Liabilities**

210-10-45-**5** A total of current liabilities shall be presented in classified balance sheets.

210-10-45-**6** The concept of current liabilities includes estimated or accrued amounts that are expected to be required to cover expenditures within the year for known obligations the amount of which can be determined only approximately (as in the case of provisions for accruing bonus payments) or where the specific person or persons to whom payment will be made cannot as yet be designated (as in the case of estimated costs to be incurred in connection with guaranteed servicing or repair of products already sold).

210-10-45-**7** Section 470-10-45 includes guidance on various debt transactions that may result in current liability classification. These transactions are the following:

a. Due on demand loan agreements

b. Callable debt agreements

c. Short-term obligations expected to be refinanced.

**Obligations in the Operating Cycle**

210-10-45-**8** As a balance sheet category, the classification of current liabilities generally includes obligations for items that have entered into the operating cycle, such as the following:

a. Payables incurred in the acquisition of materials and supplies to be used in the production of goods or in providing services to be offered for sale.

b. Collections received in advance of the delivery of goods or performance of services. Examples of such current liabilities are obligations resulting from advance collections on ticket sales, which will normally be liquidated in the ordinary course of business by the delivery of services. On the contrary, obligations representing long-term deferments of the delivery of goods or services would not be shown as current liabilities. Examples of the latter are the issuance of a long-term warranty or the advance receipt by a lessor of rental for the final period of a 10 year lease as a condition to execution of the lease agreement.

c. Debts that arise from operations directly related to the operating cycle, such as accruals for wages, salaries, commissions, rentals, royalties, and income and other taxes.

**Other Liabilities**

210-10-45-**9** Other liabilities whose regular and ordinary liquidation is expected to occur within a relatively short period of time, usually 12 months, are also generally included, such as the following:

a. Short-term debts arising from the acquisition of capital assets

b. Serial maturities of long-term obligations

c. Amounts required to be expended within one year under sinking fund provisions

d. Agency obligations arising from the collection or acceptance of cash or other assets for the account of third persons. Loans accompanied by pledge of life insurance policies would be classified as current liabilities if, by their terms or by intent, they are to be repaid within 12 months. The pledging of life insurance policies does not affect the classification of the asset any more than does the pledging of receivables, inventories, real estate, or other assets as collateral for a short-term loan. However, when a loan on a life insurance policy is obtained from the insurance entity with the intent that it will not be paid but will be liquidated by deduction from the proceeds of the policy upon maturity or cancellation, the obligation shall be excluded from current liabilities.

210-10-45-**10** A liability representing the underfunded status of a single-employer defined benefit pension or postretirement plan shall be classified pursuant to Section 715-20-45.

210-10-45-**11** If the amounts of the periodic payments of an obligation are, by contract, measured by current transactions, as for example by rents or revenues received in the case of equipment trust certificates or by the depletion of natural resources in the case of property obligations, the portion of the total obligation to be included as a current liability shall be that representing the amount accrued at the balance sheet date.

210-10-45-**12** The current liability classification is not intended to include debts to be liquidated by funds that have been accumulated in accounts of a type not properly classified as current assets, or long-term obligations incurred to provide increased amounts of working capital for long periods.

**Valuation Allowances**

210-10-45-**13** Asset valuation allowances for losses such as those on receivables and investments shall be deducted from the assets or groups of assets to which the allowances relate.

## 210-10-**50 - Disclosure**

> **General Note:** The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

**General**

**Current Assets**

210-10-50-**1** It is important that the amounts at which current assets are stated be supplemented by information that reveals, for the various classifications of inventory items, the basis upon which their amounts are stated and, where practicable, indication of the method of determining the cost-for example, average cost, first-in first-out (FIFO), last-in first-out (LIFO), and so forth.

## 210-10-**60 - Relationships**

> **General Note:** The Relationships Section contains links to guidance that may be helpful to, but not required by, a user of the Subtopic. This Section may not be all-inclusive. The relationship items are organized according to the Topic structure in the Codification.

**General**

**Receivables**

210-10-60-**1** For guidance on the presentation of unearned discounts (other than cash or quantity discounts and the like), finance charges, and interest, see paragraph 310-10-45-8.

**Revenue Recognition**

210-10-60-**2** For guidance on the presentation of provisions for losses on contracts, see paragraph 605-35-45-2.

**Reorganizations**

210-10-60-**3** For guidance on the presentation of liabilities subject to compromise and those not subject to compromise during reorganization proceedings, see paragraph 852-10-45-4.

**Entertainment-Films**

210-10-60-**4** For guidance on the presentation of film costs in a classified balance sheet, see paragraph 926-20-45-1.

## 210-10-**S00 - Status**

> **General Note:** The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

**General**

210-10-S00-**1** The following table identifies the changes made to this Subtopic.

| Paragraph | Action | Accounting Standards Update | Date |
|---|---|---|---|
| 210-10-S99-1 | Amended | Accounting Standards Update No. 2019-07 | 07/26/2019 |
| 210-10-S99-1 | Amended | Accounting Standards Update No. 2010-21 | 08/02/2010 |

## 210-10-**S15 - Scope and Scope Exceptions**

> **General Note:** The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions, instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

**General**

**Entities**

210-10-S15-**1** See paragraph 205-10-S99-5, Regulation S-X Rule 5-01, for entities to which this Topic applies.

## 210-10-**S20 - Glossary**

> **General Note:** The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

**Long-Term Contracts**

See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.6(d), for a definition of long-term contracts or programs.

## 210-10-**S45 - Other Presentation Matters**

> **General Note:** The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

**General**

**Classification**

210-10-S45-**1** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02, for the presentation and classification of various items within the balance sheet.

## 210-10-**S50 - Disclosure**

> **General Note:** The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

**General**

**Marketable Securities**

210-10-S50-**1** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.2, for disclosure requirements related to marketable securities.

**Receivables**

210-10-S50-**2** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.3, for disclosure requirements related to receivables.

**Inventory**

210-10-S50-**3** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.6, for disclosure requirements related to inventory.

**Other Investments**

210-10-S50-**4** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.12, for disclosure requirements related to other investments.

**Property, Plant, and Equipment**

210-10-S50-**5** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.13, for disclosure requirements related to property, plant, and equipment.

**Intangible Assets**

210-10-S50-**6** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.15, for disclosure requirements related to intangible assets.

**Other Assets, Including Deferred Costs**

210-10-S50-**7** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.17, for disclosure requirements related to other assets, including deferred costs.

**Debt**

210-10-S50-**8** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.19, for disclosure requirements related to accounts and notes payable.

210-10-S50-**9** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.22, for disclosure requirements related to bonds, mortgages, and other long-term debt.

210-10-S50-**10** See paragraph 220-10-S99-3, SAB Topic 1.B.1, Question 4, for SEC Staff views on disclosure pertaining to intercompany (intra-entity) debt due to a parent from a subsidiary.

#### Redeemable Preferred Stock

210-10-S50-**11** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.28, for disclosure requirements related to redeemable preferred stock.

#### Compensating Balance Arrangements

210-10-S50-**12** See paragraph 210-10-S99-2, SAB Topic 6.H, for SEC Staff views on disclosure of compensating balances and short-term borrowing arrangements.

#### Minority Interest Represented by Preferred Stock

210-10-S50-**13** See paragraph 210-10-S99-1, Regulation S-X Rule 5-02.27, for required disclosures for minority interest that is represented by preferred stock.

## 210-10-**S55 - Implementation Guidance and Illustrations**

> **General Note:** The Implementation Guidance and Illustrations Section contains implementation guidance and illustrations that are an integral part of the Subtopic. The implementation guidance and illustrations do not address all possible variations. Users must consider carefully the actual facts and circumstances in relation to the requirements of the Subtopic.

#### General

#### Compensating Balance Arrangements

210-10-S55-**1** See paragraph 210-10-S99-2, SAB Topic 6.H.3.c, for SEC Staff guidance related to the calculation of float for the purposes of compensating balance arrangements disclosure.

## 210-10-**S99 - SEC Materials**

> **General Note:** As more fully described in About the Codification, the Codification includes selected SEC and SEC Staff content for reference by public companies. The Codification does not replace or affect how the SEC or SEC Staff issues or updates SEC content. SEC Staff content does not constitute Commission-approved rules or interpretations of the SEC.

#### General

#### SEC Rules, Regulations, and Interpretations

#### Regulation S-X

#### Regulation S-X Rule 5-02, Balance Sheets

210-10-S99-**1** The following is the text of Regulation S-X Rule 5-02, Balance Sheets (17 CFR 210.5-02).

The purpose of this rule is to indicate the various line items and certain additional disclosures which, if applicable, and except as otherwise permitted by the Commission, should appear on the face of the balance sheets or related notes filed for the persons to whom this article pertains (see § 210.4-01(a)).

ASSETS AND OTHER DEBITS

Current Assets, when appropriate

1. Cash and cash items. Separate disclosure shall be made of the cash and cash items which are restricted as to withdrawal or usage. The provisions of any restrictions shall be described in a note to the financial statements. Restrictions may include legally restricted deposits held as compensating balances against short-term borrowing arrangements, contracts entered into with others, or company statements of intention with regard to particular deposits; however, time deposits and short-term certificates of deposit are not generally included in legally restricted deposits. In cases where compensating balance arrangements exist but are not agreements which legally restrict the use of cash amounts shown on the balance sheet, describe in the notes to the financial statements these arrangements and the amount involved, if determinable, for the most recent audited balance sheet required and for any subsequent unaudited balance sheet required in the notes to the financial statements.

Compensating balances that are maintained under an agreement to assure future credit availability shall be disclosed in the notes to the financial statements along with the amount and terms of such agreement.

2. Marketable securities. The accounting and disclosure requirements for current marketable equity securities are specified by generally accepted accounting principles. With respect to all other current marketable securities, state, parenthetically or otherwise, the basis of determining the aggregate amount shown in the balance sheet, along with the alternatives of the aggregate cost or the aggregate market value at the balance sheet date.

3. Accounts and notes receivable.

(a) State separately amounts receivable from

(1) customers (trade);

(2) related parties (see § 210.4-08(k));

(3) underwriters, promoters, and employees (other than related parties) which arose in other than the ordinary course of business; and

(4) others.

(b) If the aggregate amount of notes receivable exceeds 10 percent of the aggregate amount of receivables, the above information shall be set forth separately, in the balance sheet or in a note thereto, for accounts receivable and notes receivable.

(c) If receivables include amounts due under long-term contracts (see §210.5-02.6(d)), state separately in the balance sheet or in a note to the financial statements the following amounts:

(1) Balances billed but not paid by customers under retainage provisions in contracts.

(2) Amounts representing the recognized sales value of performance and such amounts that had not been billed and were not billable to customers at the date of the balance sheet.

Include a general description of the prerequisites for billing.

(3) Billed or unbilled amounts representing claims or other similar items subject to uncertainty concerning their determination or ultimate realization.

Include a description of the nature and status of the principal items comprising such amount.

(4) With respect to (1) through (3) above, also state the amounts included in each item which are expected to be collected after one year. Also state, by year, if practicable, when the amounts of retainage (see (1) above) are expected to be collected.

4. Allowances for doubtful accounts and notes receivable. The amount is to be set forth separately in the balance sheet or in a note thereto.

5. Unearned income.

6. Inventories.

(a) State separately in the balance sheet or in a note thereto, if practicable, the amounts of major classes of inventory such as:

(1) Finished goods;

(2) inventoried costs relating to long-term contracts or programs (see paragraph (d) of this section);

(3) work in process;

(4) raw materials; and

(5) supplies.

If the method of calculating a LIFO inventory does not allow for the practical determination of amounts assigned to major classes of inventory, the amounts of those classes may be stated under cost flow assumptions other that LIFO with the excess of such total amount over the aggregate LIFO amount shown as a deduction to arrive at the amount of the LIFO inventory.

(b) The basis of determining the amounts shall be stated.

If cost is used to determine any portion of the inventory amounts, the description of this method shall include the nature of the cost elements included in inventory. Elements of cost include, among other items, retained costs representing the excess of manufacturing or production costs over the amounts charged to cost of sales or delivered or in-process units, initial tooling or other deferred startup costs, or general and administrative costs.

The method by which amounts are removed from inventory (e. g., average cost, first-in, first-out, last-in, first-out, estimated average cost per unit) shall be described. If the estimated average cost per unit is used as a basis to determine amounts removed from inventory under a total program or similar basis of accounting, the principal assumptions (including, where meaningful, the aggregate number of units expected to be delivered under the program, the number of units delivered to date and the number of units on order) shall be disclosed.

If any general and administrative costs are charged to inventory, state in a note to the financial statements the aggregate amount of the general and administrative costs incurred in each period and the actual or estimated amount remaining in inventory at the date of each balance sheet.

(c) If the LIFO inventory method is used, the excess of replacement or current cost over stated LIFO value shall, if material, be stated parenthetically or in a note to the financial statements.

(d) For purposes of §§ 210.5-02.3 and 210.5-02.6, long-term contracts or programs include

(1) all contracts or programs for which gross profits are recognized on a percentage-of-completion method of accounting or any variant thereof (e. g., delivered unit, cost to cost, physical completion), and

(2) any contracts or programs accounted for on a completed contract basis of accounting where, in either case, the contracts or programs have associated with them material amounts of inventories or unbilled receivables and where such contracts or programs have been or are expected to be performed over a period of more than twelve months. Contracts or programs of shorter duration may also be included, if deemed appropriate.

For all long-term contracts or programs, the following information, if applicable, shall be stated in a note to the financial statements:

(i) The aggregate amount of manufacturing or production costs and any related deferred costs (e. g., initial tooling costs) which exceeds the aggregate estimated cost of all in-process and delivered units on the basis of the estimated average cost of all units expected to be produced under long-term contracts and programs not yet complete, as well as that portion of such amount which would not be absorbed in cost of sales based on existing firm orders at the latest balance sheet date. In addition, if practicable, disclose the amount of deferred costs by type of cost (e. g., initial tooling, deferred production, etc.).

(ii) The aggregate amount representing claims or other similar items subject to uncertainty concerning their determination or ultimate realization, and include a description of the nature and status of the principal items comprising such aggregate amount.

(iii) The amount of progress payments netted against inventory at the date of the balance sheet.

7. Prepaid expenses.

8. Other current assets. State separately, in the balance sheet or in a note thereto, any amounts in excess of five percent of total current assets.

9. Total current assets, when appropriate.

10. Securities of related parties. (See § 210.4-08(k).)

11. Indebtedness of related parties-not current. (See § 210.4-08(k).)

12. Other investments. The accounting and disclosure requirements for non-current marketable equity securities are specified by generally accepted accounting principles. With respect to other security investments and any other investment, state, parenthetically or otherwise, the basis of determining the aggregate amounts shown in the balance sheet, along with the alternate of the aggregate cost or aggregate market value at the balance sheet date.

13. Property, plant and equipment.

(a) State the basis of determining the amounts.

(b) Tangible and intangible utility plant of a public utility company shall be segregated so as to show separately the original cost, plant acquisition adjustments, and plant adjustments, as required by the system of accounts prescribed by the applicable regulatory authorities. This rule shall not be applicable in respect to companies which are not required to make such a classification.

14. Accumulated depreciation, depletion, and amortization of property, plant and equipment. The amount is to be set forth separately in the balance sheet or in a note thereto.

15. Intangible assets. State separately each class of such assets which is in excess of five percent of the total assets, along with the basis of determining the respective amounts. Any significant addition or deletion shall be explained in a note.

16. Accumulated depreciation and amortization of intangible assets. The amount is to be set forth separately in the balance sheet or in a note thereto.

17. Other assets. State separately, in the balance sheet or in a note thereto, any other item not properly classed in one of the preceding asset captions which is in excess of five percent to total assets.

Any significant addition or deletion should be explained in a note. With respect to any significant deferred charge, state the policy for deferral and amortization.

18. Total assets.

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities, When Appropriate

19. Accounts and notes payable.

(a) State separately amounts payable to

(1) banks for borrowings;

(2) factors or other financial institutions for borrowings;

(3) holders of commercial paper;

(4) trade creditors;

(5) related parties (see § 210.4-08(k));

(6) underwriters, promoters, and employees (other than related parties); and

(7) others.

Amounts applicable to (1), (2) and (3) may be stated separately in the balance sheet or in a note thereto.

(b) The amount and terms (including commitment fees and the conditions under which lines may be withdrawn) of unused lines of credit for short-term financing shall be disclosed, if significant, in the notes to the financial statements. The weighted average interest rate on short term borrowings outstanding as of the date of each balance sheet presented shall be furnished in a note. The amount of these lines of credit which support a commercial paper borrowing arrangement or similar arrangements shall be separately identified.

20. Other current liabilities. State separately, in the balance sheet or in a note thereto, any item in excess of 5 percent of total current liabilities. Such items may include, but are not limited to, accrued payrolls, accrued interest, taxes, indicating the current portion of deferred income taxes, and the current portion of long-term debt. Remaining items may be shown in one amount.

21. Total current liabilities, when appropriate.

Long-Term Debt.

22. Bonds, mortgages and other long-term debt, including capitalized leases.

(a) State separately, in the balance sheet or in a note thereto, each issue or type of obligation and such information as will indicate:

(1) The general character of each type of debt including the rate of interest;

(2) the date of maturity, or, if maturing serially, a brief indication of the serial maturities, such as "maturing serially from 1980 to 1990";

(3) if the payment of principal or interest is contingent, an appropriate indication of such contingency;

(4) a brief indication of priority; and

(5) if convertible, the basis. For amounts owed to related parties, see § 210.4-08(k).

(b) The amount and terms (including commitment fees and the conditions under which commitments may be withdrawn) of unused commitments for long-term financing arrangements that would be disclosed under this rule if used shall be disclosed in the notes to the financial statements if significant.

23. Indebtedness to related parties-noncurrent. Include under this caption indebtedness to related parties as required under § 210.4-08(k).

24. Other liabilities. State separately, in the balance sheet or in a note thereto, any item not properly classified in one of the preceding liability captions which is in excess of 5 percent of total liabilities.

25. Commitments and contingent liabilities.

26. Deferred credits. State separately in the balance sheet amounts for (a) deferred income taxes, (b) deferred tax credits, and (c) material items of deferred income.

Redeemable Preferred Stocks.

27. Preferred stocks subject to mandatory redemption requirements or whose redemption is outside the control of the issuer.

(a) Include under this caption amounts applicable to any class of stock which has any of the following characteristics:

(1) it is redeemable at a fixed or determinable price on a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise;

(2) it is redeemable at the option of the holder; or

(3) it has conditions for redemption which are not solely within the control of the issuer, such as stocks which must be redeemed out of future earnings.

Amounts attributable to preferred stock which is not redeemable or is redeemable solely at the option of the issuer shall be included under § 210.5-02.28 unless it meets one or more of the above criteria.

(b) State on the face of the balance sheet the title of each issue, the carrying amount, and redemption amount. (If there is more than one issue, these amounts may be aggregated on the face of the balance sheet and details concerning each issue may be presented in the note required by paragraph (c) below.) Show also the dollar amount of any shares subscribed but unissued, and show the deduction of subscriptions receivable therefrom.

If the carrying value is different from the redemption amount, describe the accounting treatment for such difference in the note required by paragraph (c) below.

Also state in this note or on the face of the balance sheet, for each issue, the number of shares authorized and the number of shares issued or outstanding, as appropriate (See § 210.4-07).

(c) State in a separate note captioned "Redeemable Preferred Stocks"

(1) a general description of each issue, including its redemption features (e. g. sinking fund, at option of holders, out of future earnings) and the rights, if any, of holders in the event of default, including the effect, if any, on junior securities in the event a required dividend, sinking fund, or other redemption payment(s) is not made;

(2) the combined aggregate amount of redemption requirements for all issues each year for the five years following the date of the latest balance sheet; and

(3) the changes in each issue for each period for which a statement of comprehensive income is required to be filed. (See also § 210.4-08(d).)

(d) Securities reported under this caption are not to be included under a general heading "stockholders' equity" or combined in a total with items described in captions 29, 30 or 31 which follow.

Non-Redeemable Preferred Stocks.

28. Preferred stocks which are not redeemable or are redeemable solely at the option of the

issuer. State on the face of the balance sheet, or if more than one issue is outstanding state in a note, the title of each issue and the dollar amount thereof. Show also the dollar amount of any shares subscribed but unissued, and show the deduction of subscriptions receivable therefrom. State on the face of the balance sheet or in a note, for each issue, the number of shares authorized and the number of shares issued or outstanding, as appropriate (see § 210.4-07). Show in a note or separate statement the changes in each class of preferred shares reported under this caption for each period for which a statement of comprehensive income is required to be filed. (See also § 210.4-08(d).)

Common Stocks.

29. Common stocks. For each class of common shares state, on the face of the balance sheet, the number of shares issued or outstanding, as appropriate (see § 210.4-07), and the dollar amount thereof. If convertible, this fact should be indicated on the face of the balance sheet. For each class of common shares state, on the face of the balance sheet or in a note, the title of the issue, the number of shares authorized, and, if convertible, the basis of conversion (see also § 210.4-08(d)). Show also the dollar amount of any common shares subscribed but unissued, and show the deduction of subscriptions receivable therefrom. Show in a note or statement the changes in each class of common shares for each period for which a statement of comprehensive income is required to be filed.

Other Stockholders' Equity.

30. Other stockholders' equity.

(a) Separate captions shall be shown for

(1) additional paid-in capital,

(2) other additional capital and

(3) retained earnings (i) appropriated and (ii) unappropriated. (See § 210.4-08(e)), and

(4) accumulated other comprehensive income.

Note 1 to Paragraph 30.(a). Additional paid-in capital and other additional capital may be combined with the stock caption to which it applies, if appropriate.

(b) For a period of at least 10 years subsequent to the effective date of a quasi-reorganization, any description of retained earnings shall indicate the point in time from which the new retained earnings dates and for a period of at least three years shall indicate, on the face of the balance sheet, the total amount of the deficit eliminated.

Noncontrolling Interests

31. Noncontrolling interests in consolidated subsidiaries. State separately in a note the amounts represented by preferred stock and the applicable dividend requirements if the preferred stock is material in relation to the consolidated equity.

32. Total liabilities and equity.

[45 FR 63671, Sept. 25, 1980, as amended at 46 FR 43412, Aug. 28, 1981; 47 FR 29837, July 9, 1982; 50 FR 25215, June 18, 1985; 50 FR 49533, Dec. 3, 1985; 59 FR 65636, Dec. 20, 1994; 74 FR 18615, Apr. 23, 2009; 83 FR 50201, Oct. 4, 2018]

**SEC Staff Guidance**

**Staff Accounting Bulletins**

**SAB Topic 6.H, Accounting Series Release 148-Disclosures of Compensating Balances and Short-Term Borrowing Arrangements**

210-10-S99-**2** The following is the text of SAB Topic 6.H, Accounting Series Release 148-Disclosures of

Compensating Balances and Short-Term Borrowing Arrangements.

Facts: ASR 148 (as modified) amends Regulation S-X to include:

1. Disclosure of compensating balance arrangements.

2. Segregation of cash for compensating balance arrangements that are legal restrictions on the availability of cash.

SAB Topic 6.H.1, Applicability

a. Arrangements with other lending institutions.

Question: In addition to banks, is ASR 148 applicable to arrangements with factors, commercial finance companies or other lending entities?

Interpretive Response: Yes.

b. Bank holding companies and brokerage firms.

Question: Do the provisions of ASR 148 apply to bank holding companies and to brokerage firms filing under Rule 17a-5?

Interpretive Response: Yes; however, brokerage firms are not expected to meet these requirements when filing Form X-17a-5.

c. Financial statements of parent company and unconsolidated subsidiaries.

Question: Are the provisions of ASR 148 applicable to parent company financial statements in addition to consolidated financial statements? To financial statements of unconsolidated subsidiaries?

Interpretive Response: ASR 148 data for consolidated financial statements only will generally be sufficient when a filing includes consolidated and parent company financial statements. Such data are required for each unconsolidated subsidiary or other entity when a filing is required to include complete financial statements of those entities. When the filing includes summarized financial data in a footnote about such entities, the disclosures under ASR 148 relating to the consolidated financial statements will be sufficient.

d. Foreign lenders.

Question: Are ASR 148 disclosure requirements applicable to arrangements with foreign lenders?

Interpretive Response: Yes.

SAB Topic 6.H.3, Compensating balances

a. Compensating balances for future credit availability.

Facts: Rule 5-02.1 of Regulation S-X requires disclosure of compensating balances in order to avoid undisclosed commingling of such balances with other funds having different liquidity characteristics and bearing no determinable relationship to borrowing arrangements. It also requires footnote disclosure distinguishing the amounts of such balances maintained under a formal agreement to assure future credit availability.

Question: In disclosing compensating balances maintained to assure future credit availability, is it necessary to segregate compensating balances for an unused portion of a regular line of credit when a total compensating balance amount covering both used and unused amounts of a line of credit is disclosed?

Interpretive Response: No.

b. Changes in compensating balances.

Facts: ASR 148 guidelines indicate the need for additional disclosures where compensating balances were materially greater during the period than at the end of the period.

Question: Does this disclosure relate to changes in the arrangement (e. g., the required compensating balance percentage) or changes in borrowing levels?

Interpretive Response: Both.

c. Float.

Facts: ASR 148 states that "compensating balance arrangements... are normally expressed in terms of collected bank ledger balances but the financial statements are presented on the basis of the company's books. In order to make the disclosure of compensating balance amounts... consistent with the cash amounts reflected in the financial statements, the balance figure agreed upon by the bank and the company should be adjusted if possible by the estimated float."

Question: In determining the amount of "float" as suggested by ASR 148 guidelines, frequently an adjustment to the bank balance is required for "uncollected funds." On what basis should this adjustment be estimated?

Interpretive Response: The adjustment should be estimated based upon the method used by the bank or a reasonable approximation of that method. The following is a sample computation of the amount of compensating balances to be disclosed where uncollected funds are involved.

Assumptions: The company has agreed to maintain compensating balances equal to 20% of short-term borrowings.

| | |
|---|---|
| Short-term borrowings | $ 10,000,000 |
| Compensating balances per bank balances | 2,000,000 |
| Estimated float (approximates the excess of outstanding checks over deposits in transit) | 480,000 |
| Estimated uncollected funds | 320,000 |
| Computation: | |
| Compensating balances per bank balances | 2,000,000 |
| Estimated uncollected funds | 320,000 |
| Estimated float | (480,000) |
| | |
| Compensating balances stated in terms of a book cash balance and to be disclosed | $ 1,840,000 |

SAB Topic 6.H.4, Miscellaneous

a. Periods required.

Question: For what periods are ASR 148 disclosures required?

Interpretive Response: Disclosure of compensating balance arrangements and other disclosures called for in ASR 148 are required for the latest fiscal year but are generally not required for any later interim period unless a material change has occurred since year end.

b. 10-Q Disclosures.

Question: Are ASR 148 disclosures required in 10-Q's?

Interpretive Response: In general, ASR 148 disclosures are not required in Form 10-Q. However, in some instances material changes in borrowing arrangements or borrowing levels may give rise to the need for disclosure either in Form 10-Q or Form 8-K.

# 210-**20 - Offsetting**

## 210-20-**00 - Status**

**General Note:** The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates.

The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

**General**

210-20-00-**1** The following table identifies the changes made to this Subtopic.

| Paragraph | Action | Accounting Standards Update | Date |
|---|---|---|---|
| Cash | Added | Accounting Standards Update No. 2012-04 | 10/01/2012 |
| Commencement Date of the Lease (Commencement Date) | Added | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| Contract | Added | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| Lease | Added | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| Lessee | Added | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| Lessor | Added | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| Leveraged Lease | Added | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| Repurchase Agreement Accounted for as a Collateralized Borrowing (formerly **Repurchase Agreement** [2nd def.]) | Added | Accounting Standards Update No. 2014-06 | 03/14/2014 |
| **Repurchase Agreement** (2nd def) | Superseded | Accounting Standards Update No. 2014-06 | 03/14/2014 |
| Reverse Repurchase Agreement Accounted for as a Collateralized Borrowing (formerly **Reverse Repurchase Agreement**) | Added | Accounting Standards Update No. 2014-06 | 03/14/2014 |
| **Reverse Repurchase Agreement** | Superseded | Accounting Standards Update No. 2014-06 | 03/14/2014 |
| Underlying Asset | Added | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| 210-20-05-3 | Amended | Accounting Standards | 03/14/2014 |

| | | | |
|---|---|---|---|
| | | Update No. 2014-06 | |
| 210-20-15-3 | Amended | Maintenance Update 2017-21 | 12/22/2017 |
| 210-20-15-3 | Amended | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| 210-20-15-3 | Amended | Accounting Standards Update No. 2013-11 | 07/18/2013 |
| 210-20-15-3 | Amended | Accounting Standards Update No. 2012-04 | 10/01/2012 |
| 210-20-45-11 | Amended | Accounting Standards Update No. 2014-06 | 03/14/2014 |
| 210-20-50-1 | Amended | Accounting Standards Update No. 2013-01 | 01/31/2013 |
| 210-20-50-1 | Amended | Accounting Standards Update No. 2014-06 | 03/14/2014 |
| 210-20-50-1 through 50-6 | Added | Accounting Standards Update No. 2011-11 | 12/16/2011 |
| 210-20-50-2 | Amended | Accounting Standards Update No. 2013-01 | 01/31/2013 |
| 210-20-55-1 through 55-22 | Added | Accounting Standards Update No. 2011-11 | 12/16/2011 |
| 210-20-55-2 through 55-5 | Superseded | Accounting Standards Update No. 2013-01 | 01/31/2013 |
| 210-20-55-7 | Amended | Accounting Standards Update No. 2013-01 | 01/31/2013 |
| 210-20-55-10A | Added | Accounting Standards Update No. 2013-01 | 01/31/2013 |
| 210-20-55-18A | Added | Accounting Standards Update No. 2012-04 | 10/01/2012 |
| 210-20-55-20 through 55-22 | Amended | Accounting Standards Update No. 2013-01 | 01/31/2013 |

| | | | |
|---|---|---|---|
| 210-20-55-22 | Amended | Accounting Standards Update No. 2016-19 | 12/14/2016 |
| 210-20-60-3 | Amended | Accounting Standards Update No. 2013-11 | 07/18/2013 |
| 210-20-60-3A | Added | Accounting Standards Update No. 2012-04 | 10/01/2012 |
| 210-20-60-4 | Amended | Accounting Standards Update No. 2016-02 | 02/25/2016 |
| 210-20-60-7 | Amended | Maintenance Update 2017-21 | 12/22/2017 |
| 210-20-65-1 | Amended | Accounting Standards Update No. 2013-01 | 01/31/2013 |
| 210-20-65-1 | Added | Accounting Standards Update No. 2011-11 | 12/16/2011 |
| 210-20-65-2 | Added | Accounting Standards Update No. 2013-01 | 01/31/2013 |

## 210-20-**05 - Overview and Background**

> **General Note:** The Overview and Background Section provides overview and background material for the guidance contained in the Subtopic. It does not provide the historical background or due process. It may contain certain material that users generally consider useful to understand the typical situations addressed by the standards. The Section does not summarize the accounting and reporting requirements.

**General**

210-20-05-**1** This Subtopic provides criteria for offsetting amounts related to certain contracts and provides guidance on presentation. It is a general principle of accounting that the offsetting of assets and liabilities in the balance sheet is improper except if a right of setoff exists.

210-20-05-**2** The general principle that the offsetting of assets and liabilities is improper except where a right of setoff exists is usually thought of in the context of unconditional receivables from and payables to another party. That general principle also applies to conditional amounts recognized for contracts under which the amounts to be received or paid or items to be exchanged in the future depend on future interest rates, future exchange rates, future commodity prices, or other factors.

**Repurchase and Reverse Repurchase Agreements**

210-20-05-**3** As defined, repurchase agreements accounted for as collateralized borrowings and reverse repurchase agreements accounted for as collateralized borrowings represent collateralized borrowing and lending transactions. These transactions may involve a master netting agreement between the parties. This Subtopic addresses offsetting for such borrowing and lending transactions.

## 210-20-**15 - Scope and Scope Exceptions**

> **General Note:** The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions,

instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

**General**

**Entities**

210-20-15-**1** The guidance in this Subtopic applies to all entities.

**Transactions**

210-20-15-**2** The guidance in this Subtopic does not apply to the following types of transactions and contract arrangements:

a. The derecognition or nonrecognition of assets and liabilities. Derecognition by sale of an asset or extinguishment of a liability results in removal of a recognized asset or liability and generally results in the recognition of gain or loss. Although conceptually different, offsetting that results in a net amount of zero and derecognition with no gain or loss are indistinguishable in their effects on the statement of financial position. Likewise, not recognizing assets and liabilities of the same amount in financial statements achieves similar reported results.

**Other Considerations**

210-20-15-**3** The general principle of a right of setoff involves only two parties, and exceptions to that general principle shall be limited to practices specifically permitted by the Subtopics listed in this paragraph. Various accounting Subtopics specify accounting treatments in circumstances that result in offsetting or in a presentation in a statement of financial position that is similar to the effect of offsetting. The guidance in this Subtopic does not modify the accounting treatment in the particular circumstances prescribed by any of the following Subtopics:

a. Subtopic 842-50 (leveraged leases)

b. Subtopic 715-30 (accounting for pension plan assets and liabilities)

c. Subtopic 715-60 (accounting for plan assets and liabilities)

d. Subtopic 740-10 (net tax asset or liability amounts reported)

dd. Paragraphs 815-10-45-1 through 45-7 (derivative instruments with the right to reclaim cash collateral or the obligation to return cash collateral)

e. Subtopics 940-320 (trade date accounting for trading portfolio positions) and 910-405 (advances received on construction contracts)

f. Paragraph 942-210-45-3A (reciprocal balances with other banks).

## 210-20-**20 - Glossary**

**General Note:** The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

**Cash**

Consistent with common usage, cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. All charges and credits to those accounts are cash receipts or payments to both the entity owning the account and the bank holding it. For example, a bank's granting of a loan by crediting the proceeds to a customer's demand deposit account is a cash payment by the bank and a cash receipt of the customer when the entry is made.

**Commencement Date of the Lease (Commencement Date)**

The date on which a 842-10-55-19 through 55-21 for implementation guidance on the commencement date.

**Contract**

An agreement between two or more parties that creates enforceable rights and obligations.

**Daylight Overdraft**

Daylight overdraft or other intraday credit refers to the accommodation in the banking arrangements that allows transactions to be completed even if there is insufficient cash on deposit during the day provided there is sufficient cash to cover the net cash requirement at the end of the day. That accommodation may be through a credit facility, including a credit facility for which a fee is charged, or from a deposit of collateral.

**Derivative Instrument**

Paragraphs 815-10-15-83 through 15-139 define the term derivative instrument.

**Lease**

A contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

**Lessee**

An entity that enters into a contract to obtain the right to use an underlying asset for a period of time in exchange for consideration.

**Lessor**

An entity that enters into a underlying asset for a period of time in exchange for consideration.

**Leveraged Lease**

From the perspective of a lease that was classified as a leveraged lease in accordance with the leases guidance in effect before the effective date and for which the commencement date is before the effective date.

**Repurchase Agreement Accounted for as a Collateralized Borrowing**

A repurchase agreement (repo) refers to a transaction in which a seller-borrower of securities sells those securities to a buyer-lender with an agreement to repurchase them at a stated price plus interest at a specified date or in specified circumstances. A repurchase agreement accounted for as a collateralized borrowing is a repo that does not qualify for sale accounting under Topic 860. The payable under a repurchase agreement accounted for as a collateralized borrowing refers to the amount of the seller-borrower's obligation recognized for the future repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a reverse repo.

**Reverse Repurchase Agreement Accounted for as a Collateralized Borrowing**

A reverse repurchase agreement accounted for as a collateralized borrowing (also known as a reverse repo) refers to a transaction that is accounted for as a collateralized lending in which a buyer-lender buys securities with an agreement to resell them to the seller-borrower at a stated price plus interest at a specified date or in specified circumstances. The receivable under a reverse repurchase agreement accounted for as a collateralized borrowing refers to the amount due from the seller-borrower for the repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a repo.

**Right of Setoff**

A right of setoff is a debtor's legal right, by contract or otherwise, to discharge all or a portion of the debt owed to another party by applying against the debt an amount that the other party owes to the debtor.

#### Securities Custodian

The securities custodian for a securities transfer system may be the bank or financial institution that executes securities transfers over the securities transfer system, and book entry securities exist only in electronic form on the records of the transfer system operator for each entity that has a security account with the transfer system operator.

#### Underlying Asset

An asset that is the subject of a lease for which a right to use that asset has been conveyed to a lessee. The underlying asset could be a physically distinct portion of a single asset.

## 210-20-**45 - Other Presentation Matters**

> **General Note:** The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

### General

#### Right of Setoff Conditions

210-20-45-**1** A right of setoff exists when all of the following conditions are met:

a. Each of two parties owes the other determinable amounts.
b. The reporting party has the right to set off the amount owed with the amount owed by the other party.
c. The reporting party intends to set off.
d. The right of setoff is enforceable at law.

210-20-45-**2** A debtor having a valid right of setoff may offset the related asset and liability and report the net amount.

210-20-45-**3** If the parties meet the criteria specified in paragraph 210-20-45-1, specifying currency or interest rate requirements is unnecessary. However, if maturities differ, only the party with the nearer maturity could offset because the party with the longer term maturity must settle in the manner that the other party selects at the earlier maturity date.

210-20-45-**4** If a party does not intend to set off even though the ability to set off exists, an offsetting presentation in the statement of financial position is not representationally faithful.

210-20-45-**5** Acknowledgment of the intent to set off by the reporting party and, if applicable, demonstration of the execution of the setoff in similar situations meet the criterion of intent.

#### Offsetting Securities Against Taxes Payable

210-20-45-**6** The offset of cash or other assets against the tax liability or other amounts owing to governmental bodies shall not be acceptable except in the circumstances described in the following paragraph.

210-20-45-**7** Most securities issued by governments are not by their terms designed specifically for the payment of taxes and, accordingly, shall not be deducted from taxes payable on the balance sheet. The only exception to this general principle occurs when it is clear that a purchase of securities (acceptable for the payment of taxes) is in substance an advance payment of taxes that will be payable in the relatively near future, so that in the special circumstances the purchase is tantamount to the prepayment of taxes. This occurs at times, for example, as an accommodation to a local government and in some instances when governments issue securities that are specifically designated as being acceptable for the payment of taxes of those governments.

### Assurance that Right of Setoff Is Enforceable in a Bankruptcy

210-20-45-**8** State laws about the right of setoff may provide results different from those normally provided by contract or as a matter of common law. Similarly, the U.S. Bankruptcy Code imposes restrictions on or prohibitions against the right of setoff in bankruptcy under certain circumstances. Legal constraints should be considered to determine whether the right of setoff is enforceable.

210-20-45-**9** The phrase enforceable at law encompasses the idea that the right of setoff should be upheld in bankruptcy. The nature of support required for an assertion in financial statements that a right of setoff is enforceable at law is subject to a cost-benefit constraint and depends on facts and circumstances. All of the information that is available, either supporting or questioning enforceability, should be considered. Offsetting is appropriate only if the available evidence, both positive and negative, indicates that there is reasonable assurance that the right of setoff would be upheld in bankruptcy.

210-20-45-**10** Paragraph not used.

### Repurchase and Reverse Repurchase Agreements

210-20-45-**11** Notwithstanding the condition in paragraph 210-20-45-1(c), an entity may, but is not required to, offset amounts recognized as payables under repurchase agreements accounted for as collateralized borrowings and amounts recognized as receivables under reverse repurchase agreements accounted for as collateralized borrowings if all of the following conditions are met:

a. The repurchase and reverse repurchase agreements are executed with the same counterparty.

b. The repurchase and reverse repurchase agreements have the same explicit settlement date specified at the inception of the agreement.

c. The repurchase and reverse repurchase agreements are executed in accordance with a master netting arrangement.

d. The securities underlying the repurchase and reverse repurchase agreements exist in book entry form and can be transferred only by means of entries in the records of the transfer system operator or securities custodian. Book entry securities meeting the criterion in this paragraph exist only as items in accounting records maintained by a transfer system operator. This requirement does not preclude offsetting of securities held in book entry form solely because other securities of the same issue exist in other forms.

e. The repurchase and reverse repurchase agreements will be settled on a securities transfer system that operates in the manner described in paragraphs 210-20-45-14 through 45-17, and the entity must have associated banking arrangements in place as described in those paragraphs. Cash settlements for securities transferred shall be made under established banking arrangements that provide that the entity will need available cash on deposit only for any net amounts that are due at the end of the business day. It must be probable that the associated banking arrangements will provide sufficient daylight overdraft or other intraday credit at the settlement date for each of the parties. The term probable is used in this Subtopic consistent with its use in paragraph 450-20-25-1 to mean that a transaction or event is likely to occur.

f. The entity intends to use the same account at the clearing bank or other financial institution at the settlement date in transacting both the cash inflows resulting from the settlement of the reverse repurchase agreement and the cash outflows in settlement of the offsetting repurchase agreement.

210-20-45-**12** The entity's choice to offset or not shall be applied consistently. Net receivables resulting from the application of this Subtopic shall not be offset against net payables resulting from the application of this Subtopic in the statement of financial position.

210-20-45-**13** Paragraph 210-20-45-11 does not apply to amounts recognized for other types of repurchase and reverse repurchase agreements executed under a master netting arrangement; however, those amounts could otherwise meet the conditions of paragraph 210-20-45-1 for a right of setoff. Therefore, unless all conditions in that paragraph are met, the amount recognized under a repurchase agreement that does not settle in accordance with all the conditions of paragraphs 210-20-45-11 through 45-17 may not be offset against the amount recognized under a reverse repurchase agreement merely because the agreements are executed with the same counterparty under a master netting arrangement. The gross unconditional receivables and payables recognized in the statement of financial position related to those types of repurchase and reverse repurchase agreements provide useful information about the timing and amount of future cash flows that would be lost if those amounts were offset.

**Securities Transfer System**

210-20-45-**14** This guidance describes a securities transfer system for repurchase agreements and reverse repurchase agreements (and associated banking arrangements) that meets the requirements of paragraph 210-20-45-11. In a securities transfer system for repurchase agreements and reverse repurchase agreements that meets the requirements of that paragraph, cash transfers are initiated by notification from the owner of record of the securities to its securities custodian to transfer those securities to the counterparty to the agreement. The securities custodian for a securities transfer system may be the bank or financial institution that executes securities transfers over the securities transfer system, and book entry securities exist only in electronic form on the records of the transfer system operator for each entity that has a security account with the transfer system operator. Book entry securities exist only as items of account on the controlling records of the transfer system operator. Banks or other financial institutions may maintain subsidiary records of book entry securities. Book entry securities may be transferred on the subsidiary records of a bank or financial institution but, for entities that have a security account with the transfer system operator, may be transferred from the account of such an entity only through the transfer system operator.

210-20-45-**15** Under associated banking arrangements, each party to a same-day settlement of both a repurchase agreement and a reverse repurchase agreement would be obligated to pay a gross amount of cash for the securities transferred from its counterparty but would be able to reduce that gross obligation by notifying its securities custodian to transfer other securities to that counterparty the same day.

210-20-45-**16** Thus, each party is responsible for maintaining available cash on deposit only for the amount of any net payable unless it fails to instruct its securities custodian to transfer securities to its counterparty. Failure by either party to instruct its securities custodian to transfer securities owned of record would result in that party's failing to receive cash from the counterparty and, thereby, would require that party to have available cash on deposit for the gross payable due for securities transferred to it. The failure also shall be an event of default under the master netting arrangement required by paragraph 210-20-45-11. The event of default, in turn, shall entitle the other party to terminate the arrangement and demand the immediate net settlement of all contracts.

210-20-45-**17** If both parties transfer the appropriate securities in settlement of the repurchase and reverse repurchase agreements, the party with a net receivable will not need any cash to facilitate the settlement, while the party with a net payable will need only to have available the required net amount due at the end of the business day.

## 210-20-**50 - Disclosure**

> **General Note:** The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

**General**

**Offsetting of Derivatives, Repurchase Agreements, and Securities Lending Transactions**

210-20-50-**1** The disclosure requirements in paragraphs 210-20-50-2 through 50-5 apply to both of the following:

a. Subparagraph superseded by Accounting Standards Update No. 2013-01.

b. Subparagraph superseded by Accounting Standards Update No. 2013-01.

c. Recognized derivative instruments accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements accounted for as collateralized borrowings and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset in accordance with either Section 210-20-45 or Section 815-10-45

d. Recognized derivative instruments accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with either Section 210-20-45 or Section 815-10-45.

210-20-50-**2** An entity shall disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities within the scope of paragraph 210-20-50-1. This includes the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities that are in the scope of paragraph 210-20-50-1.

210-20-50-**3** To meet the objective in paragraph 210-20-50-2, an entity shall disclose at the end of the reporting period the following quantitative information separately for assets and liabilities that are within the scope of paragraph 210-20-50-1:

a. The gross amounts of those recognized assets and those recognized liabilities

b. The amounts offset in accordance with the guidance in Sections 210-20-45 and 815-10-45 to determine the net amounts presented in the statement of financial position

c. The net amounts presented in the statement of financial position

d. The amounts subject to an enforceable master netting arrangement or similar agreement not otherwise included in (b):

   1. The amounts related to recognized financial instruments and other derivative instruments that either:

      i. Management makes an accounting policy election not to offset.

      i. Do not meet some or all of the guidance in either Section 210-20-45 or Section 815-10-45.

   2. The amounts related to financial collateral (including cash collateral).

e. The net amount after deducting the amounts in (d) from the amounts in (c).

210-20-50-**4** The information required by paragraph 210-20-50-3 shall be presented in a tabular format, separately for assets and liabilities, unless another format is more appropriate. The total amount disclosed in accordance with paragraph 210-20-50-3(d) for an instrument shall not exceed the amount disclosed in accordance with paragraph 210-20-50-3(c) for that instrument.

210-20-50-**5** An entity shall provide a description of the rights of setoff associated with an entity's recognized assets and recognized liabilities subject to an enforceable master netting arrangement or similar agreement disclosed in accordance with paragraph 210-20-50-3(d), including the nature of those rights.

210-20-50-**6** If the information required by paragraphs 210-20-50-1 through 50-5 is disclosed in more than a single note to the financial statements, an entity shall cross-reference between those notes.

## 210-20-**55 - Implementation Guidance and Illustrations**

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> **General Note:** The Implementation Guidance and Illustrations Section contains implementation guidance and illustrations that are an integral part of the Subtopic. The implementation guidance and illustrations do not address all possible variations. Users must consider carefully the actual facts and circumstances in relation to the requirements of the Subtopic.

**General**

**Implementation Guidance**

210-20-55-**1** This Section provides additional guidance and illustrations that address the application of the disclosures for derivative instruments and other financial instruments.

210-20-55-**2** Paragraphs 210-20-55-2 through 55-5 superseded by Accounting Standards Update No. 2013-01.

**Disclosure of Quantitative Information for Recognized Assets and Liabilities within the Scope of Paragraph 210-20-50-1**

210-20-55-**6** Instruments disclosed in accordance with paragraph 210-20-50-3 may be subject to different measurement attributes (for example, a payable related to a repurchase agreement may be measured at amortized cost, while a derivative will be measured at fair value). An entity should include instruments at their recognized amounts and describe any resulting measurement differences in the related disclosures.

**Disclosure of the Gross Amounts of Recognized Assets and Liabilities**

210-20-55-**7** The disclosures required by paragraph 210-20-50-3(a) relate solely to recognized assets and liabilities within the scope of paragraph 210-20-50-1.

**Disclosure of the Amounts Offset in Accordance with Sections 210-20-45 and 815-10-45**

210-20-55-**8** Paragraph 210-20-50-3(b) requires that entities disclose the amounts offset in accordance with Sections 210-20-45 and 815-10-45 to determine the net amounts presented in the statement of financial position. The amounts of both the recognized assets and the recognized liabilities subject to setoff under the same arrangement will be disclosed in the respective tables; however, the amounts included in the tables are limited to the amount that is subject to setoff. For example, an entity may have a recognized derivative asset and recognized derivative liability that meet the offsetting guidance in Section 815-10-45. If the gross amount of the derivative asset is larger than the gross amount of the derivative liability, the asset disclosure table will include the entire amount of the derivative asset and the entire amount of the derivative liability. The liability disclosures table, however, will include the entire amount of the derivative liability, but it will only include the amount of the derivative asset equal to the amount of the derivative liability.

**Disclosure of the Net Amounts Presented in the Statement of Financial Position**

210-20-55-**9** If an entity has instruments that meet the scope of the disclosures but that do not meet the offsetting guidance in either Section 210-20-45 or Section 815-10-45 or that management does not elect to offset, the amounts required to be disclosed by paragraph 210-20-50-3(c) would equal the amounts required to be disclosed by paragraph 210-20-50-3(a).

210-20-55-**10** The amounts required by paragraph 210-20-50-3(c) must be reconciled to the individual line item amount(s) presented in the statement of financial position. For example, if an entity determines that the aggregation or disaggregation of individual financial statement line items provides more relevant information, it must reconcile the aggregated or disaggregated amounts disclosed in accordance with paragraph 210-20-50-3(c) to the statement of financial position.

210-20-55-**10A** An entity also may elect to include all recognized derivatives accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions in the scope of paragraph 210-20-50-1 to reconcile to the individual line-item amount(s) presented in the statement of financial position. For instruments not subject to an enforceable master netting arrangement or similar agreement, the amounts disclosed in accordance with paragraph 210-

20-50-3(a) would equal the amounts disclosed for those instruments in accordance with both paragraph 210-20-50-3(c) and paragraph 210-20-50-3(e).

**Disclosure of Amounts Subject to an Enforceable Master Netting Arrangement or Similar Agreement Not Otherwise Included in Paragraph 210-20-50-3(b)**

210-20-55-**11** Paragraph 210-20-50-3(d) requires that entities disclose other amounts for instruments that are within the scope of paragraph 210-20-50-1 but are not included in paragraph 210-20-50-3(b). These amounts include those that meet the guidance in either Section 210-20-45 or Section 815-10-45 to qualify for offsetting but management elects not to offset.

210-20-55-**12** An entity should also disclose the fair value amounts related to cash or financial instrument collateral received or pledged (see paragraph 210-20-50-3(d)(2)).

**Limits on the Amounts Disclosed in Paragraph 210-20-50-3(d)**

210-20-55-**13** When disclosing amounts in accordance with paragraph 210-20-50-3(d), an entity must take into account the effect of overcollateralization by instrument. To do so, an entity must first deduct the amounts disclosed in accordance with paragraph 210-20-50-3(d)(1) from the amount disclosed in accordance with paragraph 210-20-50-3(c). An entity should then limit the amounts disclosed in accordance with paragraph 210-20-50-3(d)(2) to the remaining amount for the related instrument. However, if rights to collateral can be enforced across financial instruments, such rights may be included in the disclosure provided in accordance with 210-20-50-3(d).

**Description of the Rights of Setoff Subject to Enforceable Master Netting Arrangements and Similar Agreements**

210-20-55-**14** An entity should describe the types of rights of setoff and similar agreements disclosed in accordance with paragraph 210-20-50-3(d), including the nature of those rights. For example, for a conditional right of setoff, an entity should describe the related condition(s). For any financial collateral received or pledged, an entity should describe the terms of the collateral agreement (for example, when the collateral is restricted).

**Disclosure by Type of Financial Instrument or by Counterparty**

210-20-55-**15** The disclosures required by paragraph 210-20-50-3(a) through (e) may be grouped by type of instrument or transaction (for example, derivatives, repurchase and reverse agreements, and securities borrowing and lending agreements).

210-20-55-**16** Alternatively, an entity may group the information required by paragraph 210-20-50-3(a) through (c) by type of instrument and paragraph 210-20-50-3(c) through (e) by counterparty. If an entity provides the required information by counterparty, the entity is not required to identify the counterparties by name. However, designation of the counterparties (Counterparty A, Counterparty B, Counterparty C, and so forth) should remain consistent from year to year to maintain comparability, and qualitative disclosures should be considered to give further information about the types of counterparties. When disclosure of the amounts in paragraph 210-20-50-3(c) through (e) is provided by counterparty, the amounts related to individually significant counterparties with respect to total counterparty amounts should be separately disclosed, and the remaining individually insignificant counterparties should be aggregated into one line item.

**Other Considerations**

210-20-55-**17** The disclosures required by paragraphs 210-20-50-3 through 50-5 are minimum requirements, and to meet the objective in paragraph 210-20-50-2 an entity may need to supplement the disclosures with additional (qualitative) disclosures depending on the terms of the enforceable master netting arrangements and related agreements, including the nature of the rights of setoff and their effect or potential effect on the entity's financial position.

210-20-55-**18** An entity should present the disclosures in a manner that clearly explains to users of its financial statements the nature of rights of setoff and related arrangements and their effect on the entity's assets and liabilities in the scope of paragraph 210-20-50-1 and its financial position. An entity should determine how much detail it must provide to satisfy the disclosure requirements.

The entity must strike a balance between obscuring important information because of excessive aggregation and obscuring important information because of excessive detail that may not help users of financial statements to understand the entity's financial position. For example, an entity should not disclose information that is so aggregated that it obscures important differences between the different types of rights of setoff or related arrangements.

210-20-55-**18A** Cash on deposit at a financial institution shall be considered by the depositor as cash rather than as an amount owed to the depositor.

**Illustrations**

210-20-55-**19** The following Examples illustrate ways to meet the quantitative disclosure requirements in paragraphs 210-20-50-1 through 50-5 by type of financial instrument or other derivative instrument.

**Example 1: Disclosure by Type of Financial Instrument**

210-20-55-**20** In this Example, the reporting entity has entered into transactions subject to an enforceable master netting arrangement or other similar agreement with the following counterparties. The reporting entity has the following recognized financial assets and financial liabilities resulting from those transactions that meet the scope of the disclosure requirements in paragraph 210-20-50-1. This Example has the following assumptions.

a. Counterparty A:

    1. The reporting entity has a derivative asset (fair value of $100 million) and a derivative liability (fair value of $80 million) with Counterparty A. Assume that the entity qualifies for and makes an accounting policy election to offset in accordance with Section 815-10-45. Cash collateral also has been received from Counterparty A for a portion of the net derivative asset ($10 million). The derivative liability and the cash collateral received are set off against the derivative asset in the statement of financial position, resulting in the presentation of a net derivative asset of $10 million.

b. Counterparty B:

    1. The reporting entity had entered into a sale and repurchase agreement with Counterparty B that is accounted for as a collateralized borrowing. The carrying value of the financial asset (bonds) used as collateral and held by the reporting entity for the transaction is $79 million, and their fair value is $85 million. The carrying value of the collateralized borrowing (repo payable) is $80 million.

    2. The reporting entity also has entered into a reverse sale and repurchase agreement with Counterparty B that is accounted for as a collateralized lending. The fair value of the asset (bonds) received as collateral (and not recognized in the statement of financial position) is $105 million. The carrying value of the secured lending (reverse repo receivable) is $90 million.

    3. Assume that the transactions are not offset.

**Application of Paragraph 210-20-50-3(a)–(e)**

**Offsetting of Financial Assets and Derivative Assets**

| $ million<br>As of December 31, 20XX | (i) | (ii) | (iii) = (i) – (ii) | (iv) | | (v) = (iii) – (iv) |
|---|---|---|---|---|---|---|
| | | | | Gross Amounts Not Offset in the Statement of Financial Position | | |
| **Description** | **Gross Amounts of Recognized Assets** | **Gross Amounts Offset in the Statement of Financial Position** | **Net Amounts of Assets Presented in the Statement of Financial Position** | **Financial Instruments** | **Cash Collateral Received** | **Net Amount** |
| Derivatives | $ 100 | $ (90) | $ 10 | – | $ – | $ 10 |
| Reverse repurchase, securities borrowing, and similar arrangements | 90 | – | 90 | (90) | – | – |
| Total | $ 190 | $ (90) | $ 100 | $ (90) | $ – | $ 10 |

**Offsetting of Financial Liabilities and Derivative Liabilities**

| $ million<br>As of December 31, 20XX | (i) | (ii) | (iii) = (i) – (ii) | (iv) | | (v) = (iii) – (iv) |
|---|---|---|---|---|---|---|
| | | | | Gross Amounts Not Offset in the Statement of Financial Position | | |
| **Description** | **Gross Amounts of Recognized Liabilities** | **Gross Amounts Offset in the Statement of Financial Position** | **Net Amounts of Liabilities Presented in the Statement of Financial Position** | **Financial Instruments** | **Cash Collateral Pledged** | **Net Amount** |
| Derivatives | $ 80 | $ (80) | $ – | $ – | $ – | $ - |
| Repurchase, securities lending, and similar arrangements | 80 | – | 80 | (80) | – | – |
| Total | $ 160 | $ (80) | $ 80 | $ (80) | $ – | $ - |

**Example 2: Disclosure by Type of Financial Instrument and Type of Counterparty**

210-20-55-**21** The following table illustrates how an entity might provide the quantitative disclosure requirements in paragraph 210-20-50-3(a) through (c) by type of instrument and the information required in paragraph 210-20-50-3(c) through (e) by counterparty.

**Application of Paragraph 210-20-50-3(a)–(c) by Instrument and Paragraph 210-20-50-3(c)–(e) by Counterparty**

**Offsetting of Financial Assets and Derivative Assets**

| $ million<br>As of December 31, 20XX | (i) | (ii) | (iii) = (i) – (ii) |
|---|---|---|---|
| **Description** | **Gross Amounts of Recognized Assets** | **Gross Amounts Offset in the Statement of Financial Position** | **Net Amounts of Assets Presented in the Statement of Financial Position** |
| Derivatives | $ 100 | $ (90) | $ 10 |
| Reverse repurchase, securities borrowing, and similar arrangements | 90 | – | 90 |
| Total | $ 190 | $ (90) | $ 100 |

**Financial Assets, Derivative Assets, and Collateral Held by Counterparty**

| $ million<br>As of December 31, 20XX | (iii) | (iv) | | (v) = (iii) – (iv) |
|---|---|---|---|---|
| | | Gross Amounts Not Offset in the Statement of Financial Position | | |
| | **Net Amount of Assets in the Statement of Financial Position** | **Financial Instruments** | **Cash Collateral Received** | **Net Amount** |
| Counterparty A | $ 10 | $ – | $ – | $ 10 |
| Counterparty B | 90 | (90) | – | – |
| Other | | | | |
| Total | $ 100 | $ (90) | $ – | $ 10 |

Application of Paragraph 210-20-50-3(a)–(c) by Instrument and Paragraph 210-20-50-3(c)–(e) by Counterparty
Offsetting of Financial Liabilities and Derivative Liabilities

$ million

| As of December 31, 20XX | (i) | (ii) | (iii) = (i) – (ii) |
|---|---|---|---|
| | Gross Amounts of Recognized Liabilities | Gross Amounts Offset in the Statement of Financial Position | Net Amounts of Liabilities Presented in the Statement of Financial Position |
| **Description** | | | |
| Derivatives | $ 80 | $ (80) | $ – |
| Repurchase, securities lending, and similar arrangements | 80 | – | 80 |
| Total | $ 160 | $ (80) | $ 80 |

Financial Liabilities, Derivative Liabilities, and Collateral Pledged by Counterparty

$ million

| As of December 31, 20XX | (iii) | (iv) | | (v) = (iii) – (iv) |
|---|---|---|---|---|
| | | Gross Amounts Not Offset in the Statement of Financial Position | | |
| | Net Amounts of Liabilities Presented in the Statement of Financial Position | Financial Instruments | Cash Collateral Pledged | Net Amount |
| Counterparty A | $ – | $ – | $ – | $ – |
| Counterparty B | 80 | (80) | – | – |
| Other | | | | |
| Total | $ 80 | $ (80) | $ – | $ – |

**Example 3: Sophisticated Entity Disclosure by Type of Financial Instrument and Type of Counterparty**

210-20-55-**22** The following table illustrates how a sophisticated entity that engages in significant derivative activity might provide the quantitative disclosure requirements in paragraph 210-20-50-3(a) through (c) by type of instrument and paragraph 210-20-50-3(c) through (e) by type of counterparty. In this Example, the entity further disaggregates the derivative line item by type of contract as discussed in paragraph 815-10-50-4D, with further disaggregation based on how the derivative is transacted.

**Application of Paragraph 210-20-50-3(a)–(c) by Instrument and Paragraph 210-20-50-3(c)–(e) by Counterparty**

**Offsetting of Financial Assets and Derivative Assets**

$ million

| As of December 31, 20XX | (i) | (ii) | (iii) = (i) – (ii) |
|---|---|---|---|
| | **Gross Amounts of Recognized Assets** | **Gross Amounts Offset in the Statement of Financial Position** | **Net Amounts of Assets Presented in the Statement of Financial Position** |
| **Description** | | | |
| Derivatives | | | |
| Interest rate contracts | | | |
| Over the counter | $XX,XXX | $XX,XXX | $XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Foreign exchange contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Equity contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Commodity contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Credit contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Other contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Total derivatives, subject to a master netting arrangement or similar arrangement | XX,XXX | XX,XXX | XX,XXX |
| Total derivatives, not subject to a master netting arrangement or similar arrangement | XX,XXX | XX,XXX | XX,XXX |
| Total derivatives | XX,XXX | XX,XXX | XX,XXX |
| Reverse repurchase, securities borrowing, and similar arrangements | XX,XXX | XX,XXX | XX,XXX |
| Total | $XX,XXX | $XX,XXX | $XX,XXX |

**Financial Assets, Derivative Assets, and Collateral Held by Counterparty**

$ million

| As of December 31, 20XX | (iii) | (iv) | | (v) = (iii) – (iv) |
|---|---|---|---|---|
| | | **Gross Amounts Not Offset in the Statement of Financial Position** | | |
| | **Net Amount of Assets in the Statement of Financial Position** | **Financial Instruments** | **Cash Collateral Received** | **Net Amount** |
| Counterparty A | $XX,XXX | $XX,XXX | $XX,XXX | $XX,XXX |
| Counterparty B | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| Other | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| Total | $XX,XXX | $XX,XXX | $XX,XXX | $XX,XXX |

Application of Paragraph 210-20-50-3(a)–(c) by Instrument and Paragraph 210-20-50-3(c)–(e) by Counterparty

Offsetting of Financial Liabilities and Derivative Liabilities

$ million

| As of December 31, 20XX | (i) Gross Amounts of Recognized Liabilities | (ii) Gross Amounts Offset in the Statement of Financial Position | (iii) = (i) – (ii) Net Amounts of Liabilities Presented in the Statement of Financial Position |
|---|---|---|---|
| **Description** | | | |
| Derivatives | | | |
| Interest rate contracts | | | |
| Over the counter | $XX,XXX | $XX,XXX | $XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Foreign exchange contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Equity contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Commodity contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Credit contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Other contracts | | | |
| Over the counter | XX,XXX | XX,XXX | XX,XXX |
| Exchange traded | XX,XXX | XX,XXX | XX,XXX |
| Exchange cleared | XX,XXX | XX,XXX | XX,XXX |
| Total derivatives, subject to a master netting arrangement or similar arrangement | XX,XXX | XX,XXX | XX,XXX |
| Total derivatives, not subject to a master netting arrangement or similar arrangement | XX,XXX | XX,XXX | XX,XXX |
| Total derivatives | XX,XXX | XX,XXX | XX,XXX |
| Reverse repurchase, securities borrowing, and similar arrangements | XX,XXX | XX,XXX | XX,XXX |
| Total | $XX,XXX | $XX,XXX | $XX,XXX |

Financial Liabilities, Derivative Liabilities, and Collateral Held by Counterparty

$ million

| As of December 31, 20XX | (iii) | (iv) Gross Amounts Not Offset in the Statement of Financial Position | | (v) = (iii) – (iv) |
|---|---|---|---|---|
| | Net Amount of Liabilities in the Statement of Financial Position | Financial Instruments | Cash Collateral Pledged | Net Amount |
| Counterparty A | $XX,XXX | $XX,XXX | $XX,XXX | $XX,XXX |
| Counterparty B | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| Other | XX,XXX | XX,XXX | XX,XXX | XX,XXX |
| Total | $XX,XXX | $XX,XXX | $XX,XXX | $XX,XXX |

## 210-20-**60 - Relationships**

**General Note:** The Relationships Section contains links to guidance that may be helpful to, but not required by, a user of the Subtopic. This Section may not be all-inclusive. The relationship items are organized according to the Topic structure in the Codification.

**General**

**Compensation-Retirement Benefits**

210-20-60-**1** For guidance on accounting for pension plan assets and liabilities, see Subtopic 715-30.

210-20-60-**2** For guidance on accounting for plan assets and liabilities, see Subtopic 715-60.

**Income Taxes**

210-20-60-**3** For guidance on amounts reported for net tax assets or liabilities, see Subtopic 740-10.

**Derivatives and Hedging**

210-20-60-**3A** For guidance on derivative instruments with the right to reclaim cash collateral or the obligation to return cash collateral, see paragraphs 815-10-45-1 through 45-7.

**Leases**

210-20-60-**4** For guidance on leveraged leases, see Section 842-50-35.

**Contractors-Federal Government**

210-20-60-**5** For guidance on advances received on construction contracts, see Subtopic 910-405.

**Financial Services-Brokers and Dealers**

210-20-60-**6** For guidance on trade date accounting for trading portfolio positions, see Subtopic 940-320.

**Financial Services-Depository and Lending**

210-20-60-**7** For guidance on reciprocal balances with other banks, see paragraph 942-210-45-3A.

## 210-20-**65 - Transition and Open Effective Date Information**

> **General Note:** The Transition Section contains a description of the required transition provisions and a list of the related paragraphs that have been modified. This Section will retain the transition content during the transition period. After the transition period, the transition content will be removed yet will be available in archived versions of the Section.

**General**

210-20-65-**1** Paragraph superseded on 07/02/2014 after the end of the transition period stated in Accounting Standards Update No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities.

210-20-65-**2** Paragraph superseded on 07/02/2014 after the end of the transition period stated in Accounting Standards Update No. 2013-01, Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities.