

Statement of Financial Accounting Standards No. 30

Note: This Statement has been completely superseded

[FAS30 Status Page](#)
[FAS30 Summary](#)

Disclosure of Information
About Major Customers

an amendment of FASB Statement No. 14

August 1979



Financial Accounting Standards Board

of the Financial Accounting Foundation

401 MERRITT 7, P.O. BOX 5116, NORWALK, CONNECTICUT 06856-5116

Copyright © 1979 by Financial Accounting Standards Board. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the Financial Accounting Standards Board.

Statement of Financial Accounting Standards No. 30

Disclosure of Information about Major Customers

an amendment of FASB Statement No. 14

August 1979

CONTENTS

	Paragraph Numbers
Introduction and Background Information.....	1-5
Standards of Financial Accounting and Reporting:	
Amendment to FASB Statement No. 14.....	6
Effective Date and Transition.....	7

FAS 30: Disclosure of Information about Major Customers an amendment of FASB Statement No. 14

FAS 30 Summary

Paragraph 39 of *FASB Statement No. 14*, "Financial Reporting for Segments of a Business Enterprise," requires disclosure of the amount of revenue derived from sales to domestic governmental agencies in the *aggregate* or to foreign governments in the *aggregate* when those revenues are 10 percent or more of the enterprise's revenues. The Board was requested to consider the usefulness of disclosing aggregate amounts and concluded that such disclosure has limited general usefulness and should not be required. Therefore, this Statement amends that paragraph to require disclosure of the amount of sales to an individual domestic government or foreign government when those revenues are 10 percent or more of the enterprise's revenues. Consequently, disclosure of sales to a governmental customer is now the same as disclosure of sales to any other customer.

INTRODUCTION AND BACKGROUND INFORMATION

1. Paragraph 39 of *FASB Statement No. 14*, "Financial Reporting for Segments of a Business Enterprise," requires disclosure of information about major customers as follows:

If 10 percent or more of the revenue of an enterprise is derived from sales to any single customer, that fact and the amount of revenue from each such customer shall be disclosed. (For this purpose, a group of customers under common control shall be regarded as a single customer.) Similarly, if 10 percent or more of the revenue of an enterprise is derived from sales to domestic government agencies in the aggregate or to foreign governments in the aggregate, that fact and the amount of revenue shall be disclosed. The identity of the industry segment or segments making the sales shall be disclosed. The disclosures required by this paragraph shall be made even if the enterprise is not required by this Statement to report information about operations in different industries or foreign operations.

2. The Board has received a number of questions concerning the disclosure of revenue derived from sales to domestic governmental agencies in the aggregate or to foreign governments in the aggregate. The questions pertain to the usefulness of disclosing aggregate amounts, such as aggregate revenue derived from sales to federal, state, and county agencies when there is no apparent relationship, such as common control. Similar questions have been asked about aggregating sales to foreign governments.

3. The purpose of the major customer disclosure requirement of *FASB Statement No. 14* is to inform financial statement users of the extent of an enterprise's reliance on a customer. Accordingly, the Board has concluded that disclosure of revenue derived from sales to domestic governmental agencies in the *aggregate* or to foreign governments in the *aggregate* has limited general usefulness and should not be required. Instead, the major customer disclosure requirements of Statement No. 14 should apply for sales to domestic governmental agencies and foreign governments. Therefore, if 10 percent or more of the revenue of an enterprise is derived from sales to a domestic government or a foreign government, that fact and the amount of revenue from each such source should be disclosed.

4. An Exposure Draft of a proposed Statement on "Disclosure of Information about Major Customers" was issued on March 29, 1979. The Board received 36 letters of comment in response to that Exposure Draft, virtually all of which expressed agreement with the proposed Statement.

5. The Board has concluded that it can reach an informed decision on the basis of existing information without a public hearing and that the effective date and transition specified in paragraph 7 are advisable in the circumstances.

STANDARDS OF FINANCIAL ACCOUNTING AND REPORTING

Amendment to FASB Statement No. 14

6. Paragraph 39 of *FASB Statement No. 14* is superseded by the following:

An enterprise shall disclose information about the extent of the enterprise's reliance on its major customers. If 10 percent or more of the revenue of an enterprise is derived from sales to any single customer, that fact and the amount of revenue from each such customer shall be disclosed. For this purpose, a group of entities under common control shall be regarded as a single customer, and the federal government, a state government, a local government (for example, a county or municipality), or a foreign government shall each be considered as a single customer.* The identity of the customer need not be

disclosed, but the identity of the industry segment or segments making the sales shall be disclosed. The disclosures required by this paragraph shall be made by an enterprise subject to this Statement [Statement No. 14] even if the enterprise operates only in one industry or has no foreign operations.

*If sales are concentrated in a particular department or agency of government, disclosure of that fact and the amount of revenue derived from each such source is encouraged.

Effective Date and Transition

7. This Statement shall be effective for fiscal years beginning after December 15, 1979. Earlier application is encouraged in financial statements for fiscal years beginning before December 16, 1979. This Statement may be, but is not required to be, applied retroactively to previously issued financial statements.

<p style="text-align: center;">The provisions of this Statement need not be applied to immaterial items.</p>

This Statement was adopted by the unanimous vote of the seven members of the Financial Accounting Standards Board:

Donald J. Kirk, *Chairman*
Frank E. Block
John W. March
Robert A. Morgan
David Mosso
Robert T. Sprouse
Ralph E. Walters