

# Statement of Financial Accounting Standards No. 82

Note: This Statement has been completely superseded

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Financial Reporting and Changing Prices:  
Elimination of Certain Disclosures

an amendment of FASB Statement No. 33

November 1984



Financial Accounting Standards Board  
of the Financial Accounting Foundation  
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**Financial Reporting and Changing Prices:**

**Elimination of Certain Disclosures**

**an amendment of FASB Statement No. 33**

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# FAS 82: Financial Reporting and Changing Prices: Elimination of Certain Disclosures

## an amendment of FASB Statement No. 33

### FAS 82 Summary

This Statement eliminates the requirement for supplementary disclosure of historical cost/constant dollar information for those enterprises that present current cost/constant purchasing power information.

This Statement is effective for fiscal years ending on or after December 15, 1984, with earlier application permitted.

Another proposed Statement is in process that will address current cost/constant purchasing power disclosures and will combine all pronouncements related to FASB Statement No. 33, *Financial Reporting and Changing Prices*.

### INTRODUCTION AND SCOPE

1. In the course of its review of the issues raised in the FASB Invitation to Comment, *Supplementary Disclosures about the Effects of Changing Prices* (December 27, 1983), the Board decided to amend FASB Statement No. 33, *Financial Reporting and Changing Prices*, to eliminate the requirement for supplementary disclosure of historical cost/constant dollar information. The Board believes that the change should be implemented as soon as possible to reduce costs incurred in preparing financial reports.

2. This Statement does not change the acceptability of adjusting historical costs using an index of general purchasing power to provide substitutes for current cost amounts of the following specialized assets: timberlands and growing timber, income-producing real estate, motion picture films, and oil and gas mineral resource assets. In addition, an enterprise may substitute historical cost/constant purchasing power information <sup>1</sup> for current cost/constant purchasing power information if there is no material difference between the amount of income from continuing operations that would be disclosed by the two methods.

# STANDARDS OF FINANCIAL ACCOUNTING AND REPORTING

## Amendments to FASB Statement No. 33

3. Paragraphs 29(a) and 35(b) of Statement 33, which require certain information on a historical cost/constant dollar basis, are deleted.

4. The first two sentences of paragraph 31 of Statement 33, as amended by paragraph 9 of FASB Statement No. 70, *Financial Reporting and Changing Prices: Foreign Currency Translation*, are superseded by the following:

An enterprise may substitute historical cost/constant purchasing power information for the current cost/constant purchasing power information specified in paragraphs 30 and 35(c) if there is no material difference between the amount of income from continuing operations that would be disclosed by the two methods. In such circumstances, the disclosures specified in paragraphs 30(c) and 35(c)(4) are not required.

## Effective Date and Transition

5. The provisions of this Statement shall be effective for fiscal years ending on or after December 15, 1984, with earlier application permitted.

**The provisions of this Statement need  
not be applied to immaterial items.**

*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  
Victor H. Brown  
Raymond C. Lauver  
John W. March  
David Mosso  
Robert T. Sprouse

## **Appendix: BACKGROUND INFORMATION AND BASIS FOR CONCLUSIONS**

6. An Exposure Draft of a proposed FASB Statement, *Financial Reporting and Changing Prices: Elimination of Certain Disclosures*, was issued on October 10, 1984. The Board received 120 responses to the Exposure Draft. This appendix discusses factors deemed significant by the Board in reaching the conclusions in this Statement. Individual Board members gave greater weight to some factors than to others.

7. A substantial majority of the respondents to the Exposure Draft supported the elimination of the requirement for supplementary disclosure of historical cost/constant dollar information for those enterprises that present current cost/constant purchasing power information. They cited as reasons the elimination of confusion on the part of users, the elimination of complexity, the reduction in the cost of compliance, and the greater usefulness of current cost/constant purchasing power information. Some respondents supported retaining the use of the historical cost/constant dollar method for reasons of cost, objectivity, comparability, and simplicity.

8. The Board has decided to eliminate the historical cost/constant dollar disclosure requirements of Statement 33 because the evidence has indicated that reporting effects of changing prices using two different methods may detract from the usefulness of the information and that the historical cost/constant dollar information is less useful than the current cost/constant purchasing power information. Responses to the Exposure Draft and the Invitation to Comment, the findings of various research studies, and the recommendations from members of the advisory task force on supplementary disclosures about the effects of changing prices generally support that conclusion. Statement 70 previously eliminated the requirement to disclose historical cost/constant dollar information for enterprises that do not use the U.S. dollar as the functional currency for all significant operations. Enterprises may continue to use historical cost information adjusted by an index of general purchasing power as a substitute for current cost information in the circumstances specified in paragraph 2 of this Statement.

9. Some respondents suggested changes that are beyond the scope of this Statement. Those suggested changes include elimination of all changing prices requirements, modification to exclude certain enterprises that are subject to the provisions of the Statement, additional study and potential modification of the current cost disclosure requirements, consideration of the unique problems of special industries such as banking and public utilities, and elimination or alternative display of the purchasing power gain or loss. The Board decided not to expand the scope of this Statement because of its limited purpose.

10. This is the first Statement issued as a result of the Board's review of Statement 33. The Board expects to issue a second Statement that will address current cost/constant purchasing

power disclosures and will combine all pronouncements related to Statement 33. However, the Board concluded that the second Statement would not be issued in time to be effective for 1984 financial statements and that it would be cost beneficial to issue this amendment of Statement 33 rather than delay deleting the historical cost/constant dollar requirements until 1985.

## Footnotes

FAS82, Footnote 1--For operations for which the U.S. dollar is the functional currency, constant purchasing power restatements are based on the Consumer Price Index for All Urban Consumers (CPI-U). For operations for which the functional currency is other than the U.S. dollar, constant purchasing power restatements are based either on the CPI-U or on a general price index appropriate to the environment of the functional currency.