

## ARB 46: Discontinuance of Dating Earned Surplus

### ARB 46 STATUS

Issued: February 1956

Effective Date: February 1956

Affects: No other pronouncements

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1. Paragraph 10 of Chapter 7(a), *Quasi-Reorganization or Corporate Readjustment*, of Accounting Research Bulletin No. 43, *Restatement and Revision of Accounting Research Bulletins*, reads as follows:

After such a readjustment earned surplus previously accumulated cannot properly be carried forward under that title. A new earned surplus account should be established, dated to show that it runs from the effective date of the readjustment, and this dating should be disclosed in financial statements until such time as the effective date is no longer deemed to possess any special significance.

2. The committee believes that the dating of earned surplus following a quasi-reorganization would rarely, if ever, be of significance after a period of ten years. It also believes that there may be exceptional circumstances in which the discontinuance of the dating of earned surplus could be justified at the conclusion of a period less than ten years.

*The statement entitled "Discontinuance of Dating Earned Surplus" was adopted by the assenting votes of twenty members of the committee. One member, Mr. Keating, did not vote.*

### NOTES

(See Introduction to Accounting Research Bulletin No. 43.)

1. *Accounting Research Bulletins represent the considered opinion of at least two-thirds of the members of the committee on accounting procedure, reached on a formal vote after examination of the subject matter by the committee and the research department. Except in cases in which formal adoption by the Institute membership has been asked and secured, the authority of the bulletins rests upon the general acceptability of opinions so reached.*

2. *Opinions of the committee are not intended to be retroactive unless they contain a statement of such intention. They should not be considered applicable to the accounting for transactions arising prior to the publication of the opinions. However, the committee does not wish to discourage the revision of past accounts in an individual case if the accountant thinks it desirable in the circumstances. Opinions of the committee should be considered as applicable only to items which are material and significant in the relative circumstances.*

3. *It is recognized also that any general rules may be subject to exception; it is felt, however, that the burden of justifying departure from accepted procedures must be assumed by those who adopt other treatment. Except where there is a specific statement of a different intent by the committee, its opinions*

*and recommendations are directed primarily to business enterprises organized for profit.*

**Committee on Accounting Procedure (1955-1956)**

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Superseded by FASB Accounting Standards Codification  
on July 1, 2009