



# FASB issues ASU

## Improving interim reporting guidance

December 9, 2025



## FASB amends Topic 270 to clarify interim reporting requirements and enhance consistency.

### Source and applicability

- ASU 2025-11, [Interim Reporting \(Topic 270\): Narrow-Scope Improvements](#).
- Applies to all entities that prepare interim financial statements and notes under US GAAP.

### Fast facts, impacts, actions

Topic 270 contains guidance on accounting and disclosure issues specific to interim reporting – i.e. for a period that is shorter than a fiscal year. ASU 2025-11 clarifies the interim reporting requirements by improving navigability of Topic 270 and more clearly specifying what disclosures are required in an interim reporting period. It is not intended to significantly change interim reporting or expand or reduce interim disclosure requirements.

The ASU has three primary objectives.

Clarify the form and content of interim financial statements	The ASU specifies the form and content choices for interim financial statements and accompanying notes.
List the required interim disclosures	The ASU adds a comprehensive list of required interim disclosures from numerous Codification Topics to Topic 270.
Provide a disclosure principle for condensed interim financial statements	The ASU introduces a disclosure principle that requires disclosure of events since the end of the previous annual reporting period that materially affect the entity.

The final ASU reflects the substantive provisions in the proposed ASU, but the final ASU adds additional clarifications about the format of condensed interim financial statements. See [Form and content of interim financial statements and notes](#).

The ASU is effective for interim reporting periods in fiscal years beginning after December 15, 2027 for public business entities, with a one-year deferral for all other entities. Early adoption is permitted for all entities.

## Background

Currently, most entities that prepare interim financial statements and notes under US GAAP are SEC registrants that apply not only Topic 270 but also SEC Regulation S-X Rule 10-01 (or if a smaller reporting company, S-X Rule 8-03). Feedback the FASB received through its 2021 disclosure framework project indicated that Topic 270 is challenging to navigate due to initial codification of historical content and subsequent amendments as new accounting guidance has been issued. In addition, in 2018 the SEC eliminated a requirement in S-X Rule 10-01 to disclose events with a material effect in condensed interim financial statements, thereby highlighting the need to add a similar disclosure principle to the FASB Codification.

## Amendments

### Scope


The amendments clarify that Topic 270 applies only to full sets of financial statements and notes. In this context, a full set of financial statements shows all of the following: financial position, earnings, comprehensive income, cash flows and investments by and distributions to owners. The amendments also clarify that Topic 270 does not apply to less extensive interim financial information, such as single statements, certain account balances, financial statement elements or ratios.

### Form and content of interim financial statements and notes

The amendments provide more detailed guidance on the form and content of interim financial statements.

Entities that are...	Form and content of financial statements and notes...
SEC registrants	Must present condensed format financial statements in accordance with S-X Rule 10-01 (or S-X Rule 8-03 if applicable) and limited notes subject to disclosure requirements in Topic 270.
Not SEC registrants	<p>May present interim financial statements and notes as one of the following.</p> <ul style="list-style-type: none"><li>• Financial statements presented like annual statements and notes subject to applicable annual disclosure requirements in GAAP; or</li><li>• 'Condensed statements' that are financial statements:<ul style="list-style-type: none"><li>– aggregated in a condensed format with notes subject to applicable annual disclosure requirements in GAAP;</li><li>– presented like annual financial statements with limited notes subject to disclosure requirements in Topic 270; or</li><li>– aggregated in a condensed format with limited notes subject to disclosure requirements in Topic 270.</li></ul></li></ul> <p>Condensed statements may be presented in accordance with S-X Rules 10-01 or 8-03 or follow the new Topic 270 guidance, which specifies to present:</p> <ul style="list-style-type: none"><li>• For the balance sheet, separate captions for components that are 10% or more of total assets, as well as cash and retained earnings and totals for current assets and current liabilities.</li><li>• For the statement of earnings, net sales or gross revenue, cost and expense categories exceeding 20% of sales (or net interest income for financial institutions), income tax expense and discontinued operations.</li><li>• For the statement of cash flows, totals for operating, investing and financing activities, as well as cash balances at the beginning and end of the period and the net change in cash.</li></ul>

Entities that are...	Form and content of financial statements and notes...
	<ul style="list-style-type: none"> <li>For investments by and distributions to owners, an analysis of changes in each statement of financial position caption as a reconciliation from beginning to ending balance, either in a note or a separate statement.</li> </ul>



Before the amendments, Topic 270 did not provide specific form and content guidance for non-SEC registrants. In our experience, these entities generally apply the form and content guidance in Topic 270 and S-X Rule 10-01. However, the FASB added the new Topic 270 guidance for condensing non-SEC registrant financial statements in response to feedback that complying with SEC regulations may be difficult for non-registrants.

### Comprehensive list of interim disclosures required by GAAP

The ASU inserts a comprehensive list of interim disclosure requirements into Topic 270, including those disclosures required for all interim financial statements and those disclosures required only for condensed interim financial statements with limited notes. This list responds to stakeholder concerns that the current interim disclosure guidance is fragmented and difficult to navigate.


#### Disclosure principle

In addition to the listed required interim disclosures, the amendments require entities issuing condensed interim financial statements to disclose any events or significant changes that have occurred since the most recent annual reporting period and have a material effect on the entity, such as:

- changes in accounting principles and practices;
- estimates inherent in the preparation of financial statements;
- status of long-term contracts;
- new borrowings or modification of existing financing arrangements; and
- changes in the reporting entity resulting from business combinations or dispositions.

Fundamental to this disclosure principle is a presumption that users of the interim financial statements and notes have read or have access to the latest annual financial statements. Therefore, the disclosure principle allows for the omission of disclosures that would substantially duplicate those in the latest annual financial statements.

In addition, when an entity discloses a change under the disclosure principle, it would consider the annual disclosure requirements for that type of event or transaction as a basis for the relevant interim period disclosures. Judgment typically will be required to determine which of the annual disclosures are relevant to the specific event or transaction.



The disclosure principle incorporated into US GAAP is based on guidance that was removed from S-X Rule 10-01 in 2018. However, SEC registrants generally continue to apply the disclosure principle to their interim financial statements, and therefore codification of this disclosure principle is not expected to change practice.

## Effective dates and transition

	Public business entities	All other entities
Interim periods in fiscal years beginning after	December 15, 2027	December 15, 2028
Early adoption permitted?	Yes	Yes

On adoption, the ASU may be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements.

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### Contributing authors

Valerie Boissou, Jennifer Yruma, Jenna Terrell, and Ryan Sparks

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