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Acquired Rohm and Haas for 15.7 billion



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Acquired Contingencies Recognized

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Dow Chemical recognized certain contingent environmental liabilities of Rohm and Haas and certain contingent liabilities of Rohm and Haas in accordance with GAAP for Accounting for Contingencies.

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Recognizing Acquired Assets or Liabilities Assumed

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Accounting for Acquired Contingencies

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In periods after the acquisition date, Dow Chemical should develop a systematic and rational basis for subsequently measuring and accounting for these contingencies.

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Required Disclosures



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Dow Chemical should disclose the amounts recognized for the acquisition and the measurement basis applied, and also the disclosure information that enables users of its financial statements to assess the nature and financial impact of a business combination that occurs either during the current reporting period or after the reporting period but before the financial statements are issued.

Potential Concerns

# The Dow Acquisition of Rohm and Haas (D)

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Acquired Rohm and Haas for 15.7 billion



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Acquired Contingencies Recognized

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Dow Chemical recognized certain contingent environmental liabilities of Rohm and Haas and a liability of \$100 million related to Ozone and Hydro Fluoride Alkyls, which, at the time, were valued in accordance with IASB 37's "Accounting for Contingencies".

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Recognizing Acquired Assets or Liabilities Assumed

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In periods after the acquisition date, Dow Chemical should disclose the amounts recognized for the recognition and measurement of the acquired assets and liabilities assumed.

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Accounting for Acquired Contingencies

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In periods after the acquisition date, Dow Chemical should disclose a systematic and consistent basis for subsequently measuring and accounting for these contingencies.

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Required Disclosures



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Dow Chemical should disclose the amounts recognized for the recognition and measurement of the acquired assets and liabilities assumed and the measurement basis applied, and also the disclosure information that enables users of its financial statements to assess the nature and financial impact of a business combination that occurs either during the current reporting period or after the reporting period but before the financial statements are issued.

Potential Concerns

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# The Dow Acquisition of Rohm and Haas (D)

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Acquired Rohm and Haas for 15.7 million



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## Acquired Contingencies Recognized

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Dow Chemical recognized certain contingent environmental liabilities of \$159 Million and a liability of \$185 million related to Rohm and Haas Pension Plan matters, which were valued in accordance with SFAS No 5, "Accounting for Contingencies."

# Recognizing Acquired Assets or Liabilities Assumed

An acquirer shall recognize at fair value, at the acquisition date an asset acquired or a liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of that asset or liability can be determined during the measurement period.

According to FASB ASC, an asset acquired or a liability assumed in a business combination that arises from a contingency needs to be recognized if the acquisition-date fair value is determinable or if the contingency is both probable and estimable at the acquisition date.

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## Accounting for Acquired Contingencies

In periods after the acquisition date, Dow Chemical should develop a systematic and rational basis for subsequently measuring and accounting for these contingencies.

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# Required Disclosures



Dow Chemical should disclose the amounts recognized at the acquisition date and the measurement basis applied, and also the nature of the contingencies. An acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effects of a business combination that occurs either during the current reporting period or after the reporting period but before the financial statements are issued.

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## Potential

There is concern that the asset may not be operational. The FASB ASC does not provide guidance on how to make the assessment of the value of an asset. The standard assumed in a business combination does not address how an asset or a liability is measured subsequent to its recognition in a business combination.