

July 6, 2015

Susan M. Cospers, CPA
Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

**Re: May 21, 2015 Exposure Draft of a Proposed Accounting Standards Update (ASU),
*Business Combinations (Topic 805): Simplifying the Accounting for Measurement-
Period Adjustments* [File Reference No. 2015-260]**

Dear Ms. Cospers:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the ED and is providing the following comments for your consideration.

GENERAL COMMENTS

TIC supports the provisions of this ED and has recommended a one-year transition period for nonpublic entities with early adoption permitted.

SPECIFIC COMMENTS

Question 1: *Should adjustments to provisional amounts and the corresponding adjustment to goodwill that are identified during the measurement period be recognized in the reporting period in which the adjustment amount is determined? Why or why not?*

Yes, TIC believes the proposal would benefit preparers without causing any negative outcomes for financial statement users. The reported amounts would be identified as provisional amounts which are subject to finalization, along with the reason(s) why the initial accounting was incomplete. The proposed accounting and disclosures would provide the same, relevant information without incurring the cost of retroactive restatement.

Question 2: *If adjustments to provisional amounts as of the acquisition date would have affected earnings in periods subsequent to the initial accounting for the business combination, should the effect on earnings, in periods prior to the adjustment period, of changes in depreciation, amortization, or other income effects be recognized in the income statement in the reporting period in which the adjustment to the provisional amount is determined? Why or why not?*

Yes. When measurement-period adjustments are made to the previously disclosed provisional amounts and those adjustments would affect prior-period earnings, TIC believes prior periods should not be retroactively restated for those changes. Recognition of the prior-period effect in the current period and clear disclosure of the prior-period effects, as illustrated in paragraph ASC 805-10-55-29, would be sufficient for the purposes of providing financial statement users with relevant information related to the prior period.

Question 3: *Should the proposed guidance be applied prospectively to adjustments made to provisional amounts that are identified after the effective date and that are within the measurement period? Why or why not?*

Yes, it should be applied prospectively after the effective date for the reason discussed in paragraph BC8. That is, the costs of applying the adjustments retrospectively would exceed the perceived benefits to be derived.

Question 4: *How much time will be necessary to adopt the amendments in this proposed Update? Should early adoption be permitted? Should the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?*

TIC recommends that the proposed amendments be effective for nonpublic entities for adjustments to provisional amounts that are identified after December 15, 2016, with early adoption permitted. Since the amendments would change the requirements of Topic 805 and would not be optional, TIC believes the Board should allow a full-year transition period so that one complete training cycle may occur before implementation is required. If a one-year transition period is not provided, the final ASU may become effective before many nonpublic entities have an opportunity to become aware of the changes. Once preparers become aware of the new standard, implementation effort would be minimal.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Scot Phillips". The signature is written in a cursive, slightly slanted style.

Scot Phillips, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees