



The Association for
Accountants and
Financial Professionals
in Business

November 29, 2011

Ms. Susan M. Cospier
Technical Director Financial Accounting Standards Board
401 Merritt 7 P.O.
Box 5166 Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, “Deferral of Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.”

Dear Ms. Cospier:

The Financial Reporting Committee (FRC) of the Institute of Management Accountants (IMA) is writing to share its views on the Proposed Accounting Standards Update, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05” (the Proposed Update).

The FRC is the financial reporting technical committee of the IMA. The FRC includes preparers of financial statements for some of the largest companies in the world, representatives from the world's largest accounting firms, valuation experts, accounting consultants, academics and analysts¹. The FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations.

We support the Board’s decision to defer the effective date of the requirement in Accounting Standards Update (“ASU”) 2011-05 to present reclassification adjustments by component in both the statements of net income and other comprehensive income for the reasons stated in the Proposed Update.

In addition, we believe the deferral set forth in the Proposed Update should be a permanent change to ASU 2011-05 rather than a temporary deferral. We agree with the feedback the Board has received from various stakeholders that presenting reclassifications by component in the statements of net income and other comprehensive income will add unnecessary complexity to financial statements resulting in the creation of numerous new line items, some of which will be insignificant. Companies will likely face challenges in determining when and how much of AOCI is recognized in net income for items previously capitalized on the balance sheet after being reclassified out of AOCI. While tracking reclassifications out

¹ Additional information about the IMA Financial Reporting Committee can be found at www.imafrf.org.

of AOCI is doable, there are significant issues with reclassification adjustments into net income. We also question the need for displaying on the face of the financial statements.

We also believe that the proposed guidance for interim reporting is unclear. We note in this respect that interim report is much more summarized than annual reporting.

Should you have any questions, you can reach me at 212-664-1733.



Allan Cohen
Chair, Financial Reporting Committee