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September 5, 2013

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

**Re: April 2, 2013 Exposure Draft of a Proposed Accounting Standards Update (ASU),
*Presentation of Financial Statements (Topic 205): Reporting Discontinued
Operations* [File Reference No. 2013-230]**

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 represent the views of local and regional firms 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

Overall, the proposed standard represents improved, principles-based guidance that will achieve the Board's goal of more decision-useful financial statements.

In the Specific Comments section below, TIC is requesting two modifications to the proposed standard. One recommendation involves a revision to the definition of a discontinued operation to emphasize the Board's intent to limit discontinued operations reporting to those disposals that represent a significant strategic shift for the organization. TIC's second recommendation is an exemption for nonpublic entities to the proposed cash flow disclosures for discontinued operations.

SPECIFIC COMMENTS

Question 1: *Do you agree with the proposed definition of discontinued operations? Is it understandable and operable?*

Yes, TIC supports the proposed definition of a discontinued operation with one modification. Defining a discontinued operation based on the disposal of components that represent “a separate major line of business or major geographical area of operations” is appropriate and should be readily understandable in most cases. TIC also appreciates the discretion/latitude provided to assess and identify an entity’s major line of business or geographical area.

However, to fully meet the Board’s objective of reducing the types of disposals that would qualify for discontinued operations reporting, TIC believes an additional criterion should be added to the definition. TIC noted that paragraph BC29 makes the point that:

The Board believes that the proposed definition would provide more benefits to users because an entity would present discontinued operations only when there is a significant strategic shift in operations, resulting in improved financial reporting that more faithfully represents an entity’s results from continuing operations.

TIC agrees with the above statement but is uncertain whether all constituents will equate the disposition of a major line of business or of a major geographical area with a “significant strategic shift” in all cases. TIC does not believe that the placement of this phrase in the Basis for Conclusions section is sufficient to ensure consistent application of the criteria in the definition; and, furthermore, TIC believes this phrase should be a crucial element in the definition if the number of disposals that qualify for discontinued operations reporting is to be reduced to a truly decision-useful level. Therefore, TIC recommends that paragraph 205-20-45-1A(a)(2) be amended as follows:

The component or group of components is part of a single coordinated plan to dispose of a separate major line of business (for an illustration, see paragraphs 205-20-55-85 through 55-88) or a separate major geographical area of operations (for an illustration, see paragraphs 205-20-55-89 through 55-92) as part of a significant strategic shift for the entity. [Suggested changes are underlined for emphasis.]

Question 2: *Do you agree that the continuing involvement criterion in the existing definition should be eliminated? Why or why not?*

Yes, TIC agrees that the continuing involvement criterion should not be carried forward to the new definition of a discontinued operation, since it is unlikely that any discontinued operation under the proposed standard would continue to generate significant continuing direct or indirect cash flows after the disposal. If a disposed component continued generating significant continuing cash flows, the reporting entity would have to reassess whether or not the disposal actually met the proposed definition of a discontinued operation. In addition, the determination of “significant continuing involvement” has created additional complexity and inconsistent application that adversely affects comparability. Therefore, TIC believes eliminating the criterion is warranted.

TIC also believes the proposed disclosure requirements surrounding any continuing involvement in the discontinued operations would provide adequate information to financial statement users.

Question 3: *Do you agree with the scope of the amendments in this proposed Update? Do you agree that disposals of equity method investments and oil and gas properties that are accounted for using the full-cost method of accounting should be eligible for discontinued operations presentation if they meet the criteria to be reported in discontinued operations?*

TIC agrees that disposals of equity method investments should be eligible for discontinued operations presentation if they meet the criteria to be reported in discontinued operations.

Question 4: *U.S. GAAP and the amendments in this proposed Update do not specify whether an entity should reclassify the assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification. Should an entity be required to reclassify the assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification? Why or why not?*

Yes, TIC supports a requirement to reclassify the assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification. TIC believes reclassification is necessary for consistency and comparability between financial periods when comparative financial statements are presented. The prior-year information is also readily available and would be easy to present.

Question 5: *Do you agree with the disclosures required for disposals of individually material components of an entity? If not, which disclosure or disclosures would you eliminate or add and why?*

TIC agrees with the disclosures required for disposals of individually material components of an entity that do not meet the definition of a discontinued operation.

Question 6: *Do you agree that businesses held for sale on acquisition should be excluded from certain disclosure requirements? Why or why not?*

Yes, TIC agrees that the exclusion of certain disclosures for businesses held for sale on acquisition is appropriate to maintain the relevance of the financial statements. TIC believes a key purpose for disclosures about businesses held for sale is to inform financial statement users about the effect of the disposal on future revenues. This purpose does not apply to businesses held for sale at acquisition since the entity was never a part of the company's operations.

Question 7: *Do you agree with the prospective application transition method? Why or why not?*

Yes, TIC supports the prospective application transition method, since it reduces complexity and the amount of time needed to apply the new standard. In addition, the presentation and disclosure of information about divestitures and discontinued operations have more relevance for future decision-making; retrospective restatement would not provide sufficient additional information toward future decision-making to be cost-beneficial.

Question 8: *How much time do you think will be needed to prepare for and implement the amendments in this proposed Update?*

TIC does not anticipate significant preparation and implementation time for the proposed standard, since the major change from existing standards is definitional in nature and the transition method is prospective. However, please see TIC's response to Question 9 below, which requests an exemption for nonpublic entities from the additional cash flow disclosure related to discontinued operations, which will cause recurring, additional time to complete that would not be important to users of private company financial statements.

Question 9: *Do the modified disclosures for nonpublic entities provide the right level of disclosure? If not, how should the proposed Update be modified for nonpublic entities?*

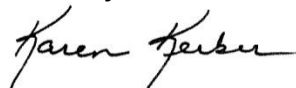
Although the reduced disclosures for nonpublic entities in paragraph 360-10-50-5 are helpful, TIC believes one additional exemption would be appropriate. Paragraph 205-20-50-1A(c)-(e) is a new proposed requirement for all entities to provide cash flow disclosures (segregated by operating, investing and financing activities) for a discontinued operation for each period that its results of operations are reported in the income statement. TIC sees no indication that financial statement users of nonpublic entities would find this additional information useful or relevant in a lending decision and does not support this change.

TIC recommends discussing the relevance of this disclosure with the Private Company Council (PCC) during re-deliberations of the ED to confirm TIC's view that financial statement users of nonpublic entities do not have the same need for this information as investors of public companies. If the Board and the PCC decide to retain a requirement to provide cash flow information for a discontinued operation, TIC recommends that the requirement be limited to discrete cash flows of the component without requiring disaggregation by operating, investing and financing activities.

TIC would prefer, however, that providing cash flow disclosures for a discontinued operation of a nonpublic entity remain an option, not a requirement. The preparation of a statement of cash flows is often a difficult and time-consuming exercise for nonpublic entities. This additional disclosure should not be required unless additional research confirms that the financial statement users of nonpublic entities would use the information in their lending decisions.

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 "Karen Kerber". The signature is written in a cursive, flowing style.

Karen Kerber, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees