

all existing and future differences in recognition and measurement guidance. Below, the staff has included some initial observations raised by a limited number of stakeholders about this topic. The staff is seeking to obtain broader input to help inform the Board and the PCC as they further assess the implications of this decision.

Some users of private company financial statements stated that they prefer an all or nothing approach of applying recognition and measurement differences to achieve consistency within a private company's financial statements and promote comparability among the financial statements of private companies that choose to apply all exceptions and modifications provided under the framework....

Most preparers of private company financial statements acknowledged the concerns of some users, but stated that preparers should be allowed an option to select the differences provided under the framework that they wish to apply....

- a) Do you think that a private company that elects to apply any difference in recognition or measurement guidance should be required to apply all existing and future differences in recognition and measurement guidance? Please explain your response, including how you separately considered the benefits to preparers of private company financial statements and the effect on users of private company financial statements.*
- b) Do you think that a private company should have the option to choose which differences it applies in all other areas of the framework (disclosure, display, effective date, and transition method)? Please explain your response to the extent that you considered the benefits to preparers and the effect on users differently than you described in your response to Question 13(a).*

TIC believes that a private company that elects to apply any difference in recognition or measurement guidance should be required to apply all existing and future differences in recognition and measurement guidance. TIC believes optionality in applying differences in recognition and measurement guidance will add complexity and confusion for both preparers and users of financial statements and could encourage preparers to pick and choose exceptions or modifications to achieve the best financial outcome.

However, in all other sections (display, disclosure, transition and effective date) of the framework, TIC believes that a private company should have an option to choose on a case-by-case basis which modifications and exceptions would be appropriate to apply. Currently, such optionality exists in current GAAP. In addition, any optionality granted for the above areas would not likely cause differences in reported amounts for private companies in the main financial statements.

TIC also suggests that the framework address disclosures and transition guidance needed when switching between private and public company frameworks. Such guidance would include when this would be deemed appropriate, as well as transition guidance.

