Ford Motor Company

Technical Director -- File Reference No. 2014-250
Financial Accounting Standards Board
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VIA EMAIL: director@FASB.org

File Reference: Comments on Exposure Draft, Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost

Ford Motor Company ("Ford"), a global automotive industry leader based in Dearborn, Michigan, manufactures or distributes automobiles across six continents. Ford Motor Credit Company LLC ("Ford Credit"), an indirect, 100% owned subsidiary of Ford, is one of the world’s largest automotive finance companies. We have over $100 billion of debt and presently record our debt issuance costs as a deferred asset.

We agree with the proposed update issued as part of the Board’s Simplification Initiative. Debt issuance costs should be presented as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. We also note that FASB Concepts Statement No. 6 also indicates that debt issuance costs are similar to a debt discount and are not an asset. Although not considered authoritative guidance, we concur with the view in Concepts Statement No. 6 that costs associated with raising funds do not give rise to future economic benefits and therefore should not be recorded as an asset. We also applaud the fact that the proposed guidance will align the U.S. GAAP and IFRS presentation of debt issuance costs.

We strongly support the continued effort of the Board in their work related to the Simplification Initiative. We believe it is important that the Board continues to assess qualitative characteristics of financial reporting and evaluate cost versus benefit to users of financial statements.

We appreciate the Board’s consideration of our views.

Sincerely,

Susan M. Callahan
Director, Americas Accounting and Global Accounting Policy