

November 05, 2010

Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Via Email to director@fasb.org

Audit - Tax - Advisory

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Re: File Reference No. EITF100G

Dear Sir:

Grant Thornton LLP appreciates the opportunity to comment on proposed Accounting Standards Update (ASU), Disclosure of Supplementary Pro Forma Information for Business Combinations – a consensus of the FASB Emerging Issues Task Force.

We support the Board's decision to address diversity in practice regarding the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. Our responses to the questions for respondents follow.

1. Do you agree that if comparative financial statements are presented, the acquisition date that should be used for reporting the supplemental pro forma disclosure in Topic 805 should be only as of the beginning of the prior annual reporting period? If not, why not?

We agree that if comparative financial statements are presented, the acquisition date used for reporting pro forma disclosure should be as of the beginning of the prior annual reporting period.

2. Do you agree that the additional disclosure of a description of the nature and amount of material, nonrecurring pro forma adjustments will provide useful information? If not, why not?

We believe that the additional disclosure of a description of the nature and amount of material, nonrecurring pro forma adjustments will be beneficial to the users of the financial statements. However, we offer the following suggestions to clarify the proposed FASB Accounting Standards Codification (ASC) text.

First, we believe that the proposed amendment in ASC 805-10-50-2(h)(4), *Business Combinations*, as drafted, would include actual adjustments recognized in the current reporting period that relate to business combinations that occurred in the comparative



previous reporting period. Therefore, we suggest that ASC 805-10-50-2(h)(4) be revised to require disclosure of "[t]he nature and amount of any material, nonrecurring <u>pro forma</u> adjustments directly attributable to the business combination(s) included in the reported pro forma revenue and earnings (supplemental pro forma information)." Specific reference to "pro forma" adjustments in this context would be consistent with the description of the Board's decision in paragraph BC4 of the proposed ASU.

We also suggest that proposed amendment in ASC 958-805-50-8(e), *Not-for-Profit Entities: Business Combinations*, be similarly revised to specify that disclosures are required for material, nonrecurring <u>pro forma</u> adjustments. In addition, the reference to "earnings" in the proposed subparagraph should be eliminated because it is not required pro forma information for not-for-profit acquirers.

3. Do you agree that the amendments in this proposed Update should be applied prospectively, with early adoption permitted? If not, why not?

We agree that the amendments in the proposed ASU should be applied prospectively, with early adoption permitted.

4. Do you believe that the effective date provides enough time for financial statement preparers to effectively implement the proposed amendments? If not, why not?

We agree with the effective dates of the proposed ASU. However, we recommend that the proposed effective date in ASC 805-10-65-2(a) be described using terms defined for business combination accounting—that is, by referring to a business combination's acquisition date rather than to its "consummation."

We would be pleased to discuss our comments with you. If you have any questions, please contact L. Charles Evans, Partner – Accounting Principles Consulting Group, at 832.476.3614 or Charles.Evans@gt.com.

Sincerely,

/s/ Grant Thornton LLP