

October 25, 2012

Ms. Leslie Seidman, Chairman Financial Accounting Standards Board 407 Merritt 7 Norwalk, CT 06851

File Reference No. 2012-240

Dear Ms. Seidman,

The Financial Reporting Committee (FRC) of the Institute of Management Accountants (IMA) is writing to provide its views on the proposed ASU, *Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income*. We very much appreciate the FASB's efforts in addressing the issues raised by ASU 2011-05 and we believe that the proposed revisions to the ASU resolve those issues. We do, however, believe that these additional disclosures should be limited to annual reporting periods. We also believe that the requirements should be effective beginning for annual periods ending after December 15, 2013.

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 analysts. The FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. ¹

The FRC agrees with the Board's proposed enhanced disclosures to present separately, by component, reclassifications out of accumulated other comprehensive income. This includes requirement to provide in the notes to the financial statements a tabular disclosure of the effect of items reclassified out of accumulated other comprehensive income on the respective line items of net income, to the extent that the items reclassified are required under U.S. GAAP to be reclassified to net income in their entirety. With these changes, we believe that the U.S. requirements will largely conform to the requirements of international standards.

With regard to the issue of what items should be disclosed in interim periods, we support following the SEC's approach to interim reporting. This approach views interim disclosures as an update to the latest annual financial statements and addresses items that are new or have changed significantly since the last annual statement as well as items that are of sufficient importance that quarterly reporting is necessary.

In recent standard setting projects, there has been a tendency to require the same disclosures in interim and annual financial statements. In this and all future projects, we believe that the FASB needs to institute a higher threshold in selecting what additional disclosures are required in interim

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¹ Additional information about the IMA Financial Reporting Committee can be found at <u>www.imanet.org</u> under the Advocacy section.



reports. In our view, the interim disclosure related to comprehensive income should be limited to providing a condensed statement of comprehensive income. We believe that the details of reclassification adjustments and the proposed enhanced reporting about the effects of those adjustments on individual income statement line items are unnecessary for interim periods. The limited investor interest that we have observed in the new Statement of Comprehensive Income would appear to confirm that this approach is commensurate with the importance of the information.

The FRC believes that the effective date for the proposed ASU, in its present form, should be for annual periods ending after December 15, 2013.

We appreciate the Board's consideration of our comments. We thank the Board and Staff for their efforts over the past year in addressing the issues posed by ASU 2011-05.

Sincerely,

Nancy J. Schroeder

Chair, Financial Reporting Committee Institute of Management Accountants

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