**New Jersey Society of Certified Public Accountants**
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August 28, 2013

*Via email to director@fasb.org*

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

Re: Proposed Accounting Standards Update – Presentation of Financial Statements (Topic 205) *Reporting Discontinued Operations*, File Reference No. 2013-230

Dear Technical Director:

The Accounting and Auditing Standards Interest Group of the New Jersey Society of Certified Public Accountants (NJSCPA) is pleased to offer its comments on the above referenced proposed standard. The NJSCPA represents over 15,000 certified public accountants and prospective CPAs. The comments herein represent those of some of the individuals of our Accounting and Auditing Standards Interest Group only and do not necessarily reflect the views of all members of the NJSCPA.

**General Comments**

We appreciate the Financial Accounting Standards Board's (FASB) effort to address and improve the reporting of discontinued operations. Generally, we agreed with the proposed update. Our response to the following specific questions are derived from individuals representing both auditors and accountants in industry

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

We agree with the proposed definition of a discontinued operation.

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

We believe the proposed continuing involvement criterion more accurately reflects the economic activity of an entity with a discontinued operation. Often, when an entity divests a business line or location residual transactions continue between the entity and discontinued operation that are satisfied over time (i.e. transitional purchases, sales and services) even though the entity is no longer engaged in that business operation.

**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?*

We are limiting our response only to the disposal of equity method investments and are not providing commentary on proposed amendments for oil and gas properties.

We agree that equity method investments should be eligible for discontinued operations presentation provided they meet the criterion to be reported within discontinued operations. However, we request implementation and illustration guidance.

**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?*

We believe that an entity should disclose the assets and liabilities of a discontinued operation as held for sale for periods before reclassification. We believe that this could be accomplished by reclassifying the amounts in the prior period's statement of financial opinion or by footnote disclosure. Irrespective of the approach, we believe that prior period information should be disclosed.

**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?*

We agree that isolating the disposal of individually material components of an entity would provide the user with a greater understanding of the entity's activities, its discontinued operations and the effect that the individually material component has on each. However, we believe that the disclosures pertaining to operating cash flows, investing cash flows, and financing cash flows as described in proposed paragraph 205-20-50-1A (c), (d) and (e), while useful, may be cost prohibitive for private company financial reporting. Therefore we request that the disclosure information proposed in paragraph 205-20-50-1A (c) – (e) be optional for Private Companies. .

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

We agree, because obtaining this information will result in additional costs, time and effort without providing enough benefit to the users. Additionally, users of the financial statements are generally more interested in an entity's continuing operations than those operations held for sale.

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

We agree with the transition method and the prospective application. . A retrospective application would be too costly and difficult to implement.

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

We propose at least one year from issuance of the final standard for public companies, and at least one year after that for private companies.

**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?*

No, we believe that additional disclosure relief should be made available for private companies, as described in our respond to question 5, pertaining to the disclosure of operating, investing, and financing cash flows.

Thank you for the opportunity to comment. We are available to discuss our comments at your convenience.

Respectfully submitted,

Renee Rampulla / ms

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