August 30, 2013

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

Via Email: director@fasb.org

From: Tim Chatting

Re: File Reference No. 2013-230

Thank you for the opportunity to comment on the Proposed Accounting Standards Update, *Presentation of Financial Statements (Topic 205): Reporting Discontinued Operations*. I am a preparer of financial statements for a publicly held company in the technology industry with annual revenue of approximately $4 billion. The views provided in this comment letter are my own and do not necessarily represent those of my employer.

While I support the objective of raising the threshold for qualifying as a discontinued operation, I question the usefulness of reporting discontinued operations on the income statement in today's business environment. Technology companies regularly make decisions to further develop or exit existing technologies and related products; therefore, the ability to assess an entity's ongoing financial performance may or may not be improved by the reporting of discontinued operations depending on the facts and circumstances. I believe preparers should be permitted to disclose the year-to-year impact on income statement line items that were materially affected by discontinued operations in a single location in the notes to the financial statements rather than changing the face of the income statement. The performance of XBRL detailed tagging by public companies should assist users of financial statements in the retrieval of this information.

Responses to selected questions are provided below.

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

Response to Question 1: I agree with raising the threshold for discontinued operations and that only disposals representing major strategic shifts in operations should qualify as discontinued operations. However, in practice, I believe that distinguishing between a disposition of a major line of business and a disposition of a product family that is a part of a major line of business may be difficult and somewhat arbitrary in some cases. As stated above, making this distinction may or may not improve year-to-year comparability of a company's financial results. Furthermore, I do not believe the proposed definition would improve comparability of financial results among peer companies as operating characteristics naturally vary from entity to entity.

Additional guidance regarding the determination of a component of an entity would also be helpful in my view. For example, when determining whether cash flows can be clearly distinguished operationally and for financial reporting purposes, does the use of "for financial reporting purposes" mean that a reporting entity must be able to segregate the disposal group's cash flows into operating, investing, and financing activities, as now required under the newly proposed disclosures for discontinued operations, to qualify as a component?

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?

Response to Question 5: As stated previously, I believe the Board should explore the possibility of preparers communicating the financial statement effects of discontinued operations through note disclosures only. However, I do not agree with the incremental disclosures included in the proposal as I believe these will likely add to the problem of disclosure overload that exists today. I believe the Board should reconsider the proposed incremental disclosures as part of the disclosure framework project.

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

Response to Question 7: I agree that prospective application should be the required transition method; however, I believe that retrospective application should be permitted to improve comparability across reporting periods if needed by preparers.

In my view, additional transition guidance would be helpful for entities that have begun, but have not completed, the execution of a plan of disposition as of the effective date. For example, a reporting entity may have initiated a plan to dispose of a component, but the completed disposals and reclassifications to held for sale do not constitute a component as of the effective date. Would the entire disposal of the component be accounted for under the amended guidance once operations cease following the effective date?

Regards,

Tim Chatting, CPA