

August 30, 2013

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

Via Email to director@fasb.org

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Re: File reference no. 2013-230

Dear Ms. Cosper:

Grant Thornton LLP appreciates the opportunity to comment on the proposed Accounting Standards Update (ASU), Reporting Discontinued Operations.

We support the Board's objective to develop an improved definition of discontinued operations that will enhance convergence between U.S. GAAP and IFRS. We believe that the proposed guidance would be easier for entities to apply than existing guidance on presenting discontinued operations, and result in financial statements that are more decision-useful. However, we have some general comments on the proposed implementation guidance, the category of individually material components of an entity, disclosures about continuing involvement, and the tentative decisions about prior period reclassifications and disclosures about cash flows.

Implementation guidance

We support standards based on clear principles that permit the use of judgment in application to particular facts and circumstances. We also recognize that users benefit from consistent application of accounting principles to help ensure comparability, and therefore we believe that the proposed guidance would be improved with additional examples of how judgment might be applied to determine whether a disposal represents a separate major line of business or separate major geographical area of operations.

We are concerned that the implementation guidance provided in the proposed ASU does not adequately illustrate the application of judgment to individual facts and circumstances. We believe that preparers and users would benefit more from examples that deal with facts and circumstances where the conclusion may require more judgment and what factors might be considered in making that judgment.



Individually material components of an entity

We do not agree with the proposed guidelines for separate disclosures about disposals of individually material components of an entity. In our view, before this distinction can be made, the Board should define what is meant by the materiality of a disclosure as well as what is meant by individual materiality, and how that definition would relate to qualitative materiality or materiality in the aggregate. Therefore, we do not support creation of a third category of disposal group (held-for-sale, individually material component, and discontinued operation).

If the Boards proceed with the proposed guidance, we are concerned about the potential overlap and interplay between the definition of a discontinued operation and an individually material component of an entity. We do not believe that the distinction between a discontinued operation and an individually material component to be disposed will be clear to a financial statement user.

Continuing involvement

We support the Board's decision to remove continuing involvement from the criteria for identifying discontinued operations. We agree with the Board's views expressed in paragraph BC25 of the proposed ASU that the continuing involvement criterion is difficult to apply and does not result in consistent application of FASB Accounting Standards Codification® ASC 205-20, Presentation of Financial Statements: Discontinued Operations. Due to the difficulty in applying the concept of continuing involvement, we question why the Board would continue to require disclosures based on this concept.

We believe that (a) an entity's continuing involvement with a discontinued operation and (b) an entity's involvement with an external operation that it never owned should be subject to the same disclosure requirements. It is our view that the existing disclosure requirements in U.S. GAAP that would apply to (b) are also sufficient for (a). Therefore, we believe that the disclosure requirements related to continuing involvement should be removed from the proposed guidance.

Prior period balance sheet reclassification and cash flows

We believe that entities should not be permitted to reclassify balance sheet amounts associated with a discontinued operation in prior periods, as explained in our response to Question 4. Because entities will need to compute the amounts that would be reclassified in order calculate the cash flows for each period, we also do not believe that entities should be permitted to disclose prior period cash flows associated with a discontinued operation.

Following are our responses to the questions in the proposed ASU.

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

We agree with the proposed definition of discontinued operations. We believe the definition is understandable, but we are concerned whether it will be consistently applied, as we expect there to be significant judgment involved in determining when a component constitutes a "separate



major line of business" or a "separate major geographical area of operations," and when a component is individually material. As mentioned in our general comments, we do not agree with creation of a third category of disposal groups (individually material components). If the Board retains the category of individually material component, we believe the term should be defined and the final standard should include implementation guidance for distinguishing between a discontinued operation and an individually material component and other disposals.

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

We agree with eliminating the continuing involvement criterion. However, we do not believe this criterion has truly been eliminated from the proposed guidance.

Proposed paragraph 205-20-50-4 includes certain disclosure requirements about an entity's continuing involvement with a discontinued operation after the disposal date. In order to determine whether these disclosures are necessary, a preparer would have to determine whether it has continuing involvement in a discontinued operation and the extent of that involvement.

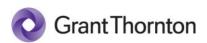
As noted in our general comments, we agree with the Board's views expressed in paragraph BC25 of the proposed ASU that the continuing involvement criterion is difficult to apply and does not result in consistent application of ASC 205-20. On account of this difficulty and resulting inconsistent application we support removing the continuing involvement assessment and disclosure requirements from the proposed guidance.

We are concerned about scenarios where an entity disposes of an operation that qualifies as a discontinued operation and retains an equity method investment in that operation, because (a) the retention of an equity method investment could be an indicator that an entity has not in fact exited a line of business and (b) there is potential that the eventual disposal of the equity method investment could also qualify as a discontinued operation. We encourage the Board to consider these issues in their redeliberations.

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 agree with the scope of the amendments in the proposed Update. We also 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 relevant criteria.

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 be precluded from reclassifying assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification. In our view, such prior period reclassification would be inconsistent with the notion that, in the current period, something happened that caused a component to become held for sale, and that the proposed presentation guidance for the statement of financial position would alert a financial statement user about the timing of this event.

Classifying assets and liabilities as held for sale in a prior period when they were not held for sale would not be representationally faithful. For example, there may have been other assets and liabilities classified as held for sale in the previously issued financial statements, and those amounts should not be combined with assets and liabilities that became held for sale in a subsequent period. If it is important to communicate to users how a disposal affects comparability, we believe that information would be better communicated in the notes to the financial statements on a pro forma basis.

As we noted in our general comments, we believe that the decision to not require prior period reclassification of assets and liabilities and the decision to require prior period cash flows associated with a discontinued operation are inconsistent. Accordingly, if the Board were to preclude prior period reclassification of balance sheet amounts, we believe the Board should also preclude the disclosure of prior period cash flows associated with a discontinued operation.

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?

As stated in our general comments, we do not agree with creation of a third category of disposal group. We question whether there is a need for a separate category of disposal groups that include an individually material component. The issue of whether additional disclosures should be required when a disposal group is or is not an individually material component may be better addressed as part of the Disclosure Framework project.

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 that businesses held for sale on acquisition should be excluded from certain disclosure requirements. In our view, such an acquired business never becomes a part of the continuing operations of the reporting entity so there is no transition to a discontinued operation, and therefore the proposed disclosures for discontinued operations are unnecessary.



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

We agree with the prospective application transition method on account of the difficulty associated with retrospective application and the expedited implementation timeframe, as the Board expressed in paragraph BC27 of the proposed Update.

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

Given the prospective application transition method, we do not believe a significant amount of time will be needed to prepare for and implement the proposed guidance.

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?

We believe that the modified disclosures for nonpublic entities provide the right level of disclosure.

We would be pleased to discuss our comments with you. If you have any questions, please contact John Hepp, Partner – Accounting Principles Consulting Group, at 312.602.8050 or John.Hepp@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP