Grant Thornton

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Re: File reference number 2017-210

Dear Ms. Cosper:

Grant Thornton LLP appreciates this opportunity to comment on proposed Accounting Standards Update, *Inventory (Topic 330): Disclosure Framework – Changes to the Disclosure Requirements for Inventory* (the proposed Update). We commend the Board on its efforts to improve the effectiveness of disclosures required by generally accepted accounting principles (GAAP) in the notes to financial statements by facilitating clear communication of information that is most important to financial statement users.

Responses to Invitation to Comment questions

Question 1: Would the proposed amendments result in more effective, decision-useful information about inventory? Please explain why or why not.

While we believe that certain of the proposed amendments would result in more effective, decision-useful information about inventory, we do not believe that the Board has justified the need for certain quantitative disclosures as discussed in our responses to questions 4 and 7 below.

Question 2: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability concerns and why?

We believe the proposed disclosure requirements are operable and auditable with the exception of the proposed requirement to disclose atypical losses as discussed in our response to question 4 below.

Question 3: Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

We do not believe that the proposed disclosures would impose significant incremental costs.

Question 4: Paragraph 330-10-50-7 proposes a requirement to disclose certain specific changes in the inventory balance. Is this requirement sufficiently operable? Why or why not? Would a requirement to include a rollforward of inventory impose significantly greater costs? If so, please describe the nature and extent of the additional costs. Would the informational benefit of a rollforward be sufficient to justify the additional costs? Are there other ways to provide users with this information without imposing significant incremental costs, and, if so, what are they?

We believe that information about atypical losses from the subsequent measurement of inventory or shrinkage, spoilage, or damage would not be decision useful without contextual information about typical losses from the subsequent measurement of inventory or shrinkage, spoilage, or damage. It is unclear whether a reporting entity would define atypical losses in the context of materiality or some other measure. Also, information about atypical losses in inventory would be more useful when disclosed in the context of other unusual or infrequent events or transactions which have historically been described in Management's Discussion and Analysis of Financial Condition and Results of Operations by public business entities.

A rollforward of inventory could provide more decision useful information for some reporting entities and would address the aforementioned issue regarding atypical losses; however, for a number of reporting entities that do not have changes of the type outlined in paragraph 330-10-50-7 a rollforward may provide very little decision useful information. As such, we believe that, with the exception of the requirement to disclose atypical losses from the subsequent measurement of inventory or shrinkage, spoilage, or damage, the proposed requirements in paragraph 330-10-50-7 are superior to a requirement that entities disclose a rollforward of inventory.

Question 5: The proposed amendments would apply to all entities, except for the requirements in paragraphs 280-10-50-25 and 280-10-50-32, which apply only to those public entities subject to the guidance in Topic 280. Is it appropriate to exclude entities that are not public business entities from this guidance? Are there other disclosures for which entities other than public business entities should be allowed a modification?

We believe it is appropriate to exclude entities that are not public business entities from segment disclosures or other inventory disclosures that would be disaggregated at a level lower than the reporting entity.

Question 6: Paragraph 330-10-50-10 proposes a requirement to disclose a qualitative description of types of costs that an entity capitalizes into inventory. Would this requirement provide useful information to users?

While there may be some small benefit in providing a qualitative description of the types of costs that an entity capitalizes into inventory, we believe that such disclosures are likely to become boilerplate and for that reason we do not support these disclosures.

Question 7: Paragraph 330-10-50-12 proposes a requirement for entities that record inventory using the RIM to disclose qualitative and quantitative information about the critical assumptions used under that method. Is this disclosure requirement incremental to existing guidance for critical accounting estimates and significant accounting policies? Would it be operable and provide useful information to users?

We believe this information is incremental to existing guidance for critical accounting estimates and significant accounting policies. While we believe the information is operable we do not see justification for requiring only entities using the retail inventory method to provide the disclosures set forth in the implementation guidance. If markdown and shrinkage disclosures are decision useful for entities using the retail inventory method, they would be decision-useful for all retailers. In addition, we do not believe that disclosure of an average cost to-retail-inventory percentage is relevant given the factors that can impact this ratio.

Question 8: Are there any other disclosures that should be required by Topic 330 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

We do not believe that any other disclosures should be required by Topic 330.

Question 9: Should the proposed disclosures be required only for the fiscal year in which the requirements are effective and years after that fiscal year, or should prior periods be restated in the year in which the requirements are effective? Please explain why.

Because the proposed disclosures would be based on information that would be available for prior periods, we believe that prior periods should be restated to include the disclosures.

Question 10: How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities? Should early adoption be permitted? Please explain why.

We defer to preparers to comment on the time that will be required to implement the proposed amendments.

We generally believe that non-public business entities may require more time to implement proposed amendments given they often have less personnel and financial resources than public business entities. Accordingly, we believe they would benefit from a later effective date.

We believe that early adoption should be permitted for all entities.

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We would be pleased to discuss our comments with you. If you have any questions, please contact Mark Scoles at 312-602-8780, mark.scoles@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP