

March 7, 2017

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

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update—*Inventory (Topic 330): Disclosure Framework—Changes to the Disclosure Requirements for Inventory*

(File Reference No. 2017-210)

Dear Ms. Cospers:

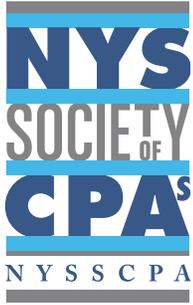
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the Financial Accounting Standards Committee, at (212) 324-7048, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

F. Michael Zovistoski
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**PROPOSED ACCOUNTING STANDARDS UPDATE—*INVENTORY (TOPIC 330):
DISCLOSURE FRAMEWORK—CHANGES TO THE DISCLOSURE REQUIREMENTS
FOR INVENTORY***

(File Reference No. 2017-210)

March 7, 2017

Principal Drafters

**Deepak K. Doshi
Fred R. Goldstein
Craig T. Goodman
Margaret A. Wood**

NYSSCPA 2016–2017 Board of Directors

F. Michael Zovistoski, <i>President</i>	Edward L. Arcara	Barbara A. Marino
Harold L. Deiters III, <i>President-elect</i>	Sol S. Basilyan	Kevin Matz
John J. Lauchert, <i>Secretary/Treasurer</i>	Paul E. Becht	Mitchell J. Mertz
Gregory J. Altman, <i>Vice President</i>	Christopher G. Cahill	Jacqueline E. Miller
Susan M. Barossi, <i>Vice President</i>	Jack M. Carr	Tracey J. Niemotko
Anthony S. Chan, <i>Vice President</i>	Salvatore A. Collemi	Kevin P. O’Leary
John S. Shillingsford, <i>Vice President</i>	Mitchell A. Davis	Iralma Pozo
Joanne S. Barry, <i>ex officio</i>	Edward F. Esposito	Renee Rampulla
	Joseph M. Falbo, Jr.	Brian M. Reese
	Rosemarie A. Giovinazzo- Barnickel	M. Jacob Renick
	Elizabeth A. Haynie	Warren Ruppel
	Elliot L. Hendler	Steven A. Stanek
	Jan C. Herringer	Denise M. Stefano
	Patricia A. Johnson	Janeen F. Sutryk
	Jean G. Joseph	Michael M. Todres
		David G. Young

NYSSCPA 2016–2017 Accounting and Auditing Oversight Committee

Robert M. Rollmann, <i>Chair</i>	Michael J. Corkery	Adam S. Lilling
Charles Abraham	Lourdes Eyer	Renee Mikalopas-Cassidy
Matthew T. Clohessy	Craig T. Goodman	Rita M. Piazza
Salvatore A. Collemi	Jan C. Herringer	William M. Stocker III

NYSSCPA 2016–2017 Financial Accounting Standards Committee

Craig T. Goodman, <i>Chair</i>	Fred R. Goldstein	John J. McEnerney
Margaret A. Wood, <i>Vice Chair</i>	Abraham E. Haspel	Joseph Montero
Agwu Agwu	Orume A. Hays	Denise E. Moritz
Brian M. Aledort	Edward P. Ichart	Lingyun Ou
Olga Bashkatova	Tamar Kadosh	Pedro D. Pile
Christina K. Catalina	Min Jung Kang	Richard M. Posen
Ramona Cedeno	Michael D. Kasperski	Laura C. Prevratil
Timothy P. Demetres	Angela V. Katehis	Renee Rampulla
J. Roger Donohue	Jeffrey A. Keene	Viktoriya Riggs
Deepak K. Doshi	Mueed Kumandan	Robert M. Rollmann
Robert A. Dyson	Young Kwon	Troy P. Segar
William Epstein	Kevin Lee	Ahmed Shaik
Roseanne T. Farley	Joseph A. Maffia	Daniel Shea
Sharon Sabba Fierstein	Nigyar Mamedova	Mark Springer
Christopher Gagliardi	Sean Martell	Joshua D. Verni
Jo Ann Golden	Sean D. Matthews	Yan Zhang

NYSSCPA Staff

Ernest J. Markezin
Keith Lazarus

New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Inventory (Topic 330): Disclosure Framework—Changes to the Disclosure Requirements for Inventory*

(File Reference No. 2017-210)

General Comments

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update—*Inventory (Topic 330): Disclosure Framework—Changes to the Disclosure Requirements for Inventory* (proposed Update).

Specific Comments

We have the following responses to questions posed in the proposed Update.

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

Response: We agree that the amendments in this proposed Update result in more effective decision-useful information about inventory. The information that is to be provided to users of an entity's financial statements would be available in the financial statements of other entities in similar business lines for a basis of comparison. The information to be provided is also, for the most part, available to decision makers and already being used by entity auditors in performing their audits.

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

Response: We believe the proposed disclosure requirements are both operable and auditable.

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

Response: We believe that the proposed disclosures would not 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 roll-forward of inventory impose significantly

greater costs? If so, please describe the nature and extent of the additional costs. Would the informational benefit of a roll-forward 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?

Response: We believe the requirement to disclose certain specific changes in the inventory balance in Paragraph 330-10-50-7 is sufficiently operable since the information is likely already available to management for decision-making, and provided to auditors performing audits of inventories. The informational benefit of a roll-forward is not likely to be sufficient to justify the additional costs. The only cost concerns noted are in situations in which management does not routinely obtain the information necessary for a detailed reconciliation, and obtaining it is difficult, costly and time consuming. We believe the other proposed disclosures concerning inventory changes in the proposed Update's guidance provide sufficient detail about significant changes in 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?

Response: We believe that it is not appropriate to exclude entities that are not public business entities from the guidance. We agree with the proposed amendments to apply the guidance to all entities, except the requirements in Paragraphs 280-10-50-25 and 280-10-50-32, which apply only to those public entities subject to the guidance concerning segment reporting in Topic 280.

Question 6: Paragraph 330-10-50-11 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?

Response: We believe that Question 6 is meant to pertain to Paragraph 330-10-50-10, not to Paragraph 330-10-50-11. If that is indeed the case, we believe the proposed requirement to disclose a qualitative description of types of costs capitalized into inventory in Paragraph 330-10-50-10 would provide useful information to users. We also believe that an example of those disclosures should be provided as part of the guidance.

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?

Response: We believe that the proposed requirement in Paragraph 330-10-50-12 for entities that record inventory using the retail inventory method (RIM) to disclose qualitative and quantitative information about critical assumptions used under the method is incremental to existing guidance

for critical accounting estimates and significant accounting policies. We also believe it would be operable and provide useful information to users.

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.

Response: We do not believe there are any other disclosures that should be required by Topic 330 on the basis of the proposed Concepts Statement or for other reasons at this time.

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.

Response: The disclosures should be required prospectively at the beginning of the year in which the proposed Update becomes effective, in particular so that interim quarterly operating results will not be distorted by adoption of these requirements at a point of time other than at the beginning of the first quarter of the year that the proposed Update becomes effective. Retrospective restatement should be made optional for entities that have the information readily available to make those disclosures retroactively.

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.

Response: We believe that most entities will not require significant time to implement the proposed amendments. However, if re-deliberation of the proposed guidance extends adoption of the proposed Update guidance past the third quarter of 2017, then the FASB should delay the effective date so that implementation can be comfortably accomplished for years beginning after December 15, 2018. We also believe that the time needed by entities other than public entities should not be different than for public entities. We do not believe that early adoption should be permitted. That is because it is useful for users of financial statements of different reporting entities in the same lines of business to have information that reflects similar disclosures in the year of implementation of amended guidance.