

April 30, 2019

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](mailto:director@fasb.org)

**Re: Proposed Accounting Standards Update—*Business Combinations (Topic 805): Revenue from Contracts with Customers—Recognizing an Assumed Liability (a consensus of the FASB Emerging Issues Task Force)***

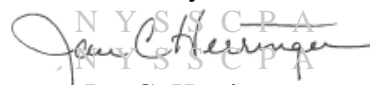
**(File Reference No. 2019-300)**

Dear Ms. Cospers:

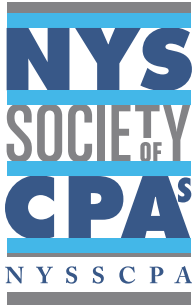
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 24,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

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 Margaret A. Wood, Chair of the Financial Accounting Standards Committee, at (201) 401-7844, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

  
Jan C. Herringer  
President

Attachment



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

**COMMENTS ON**

**PROPOSED ACCOUNTING STANDARDS UPDATE—*BUSINESS COMBINATIONS*  
(*TOPIC 805*): *REVENUE FROM CONTRACTS WITH CUSTOMERS—RECOGNIZING AN*  
*ASSUMED LIABILITY (A CONSENSUS OF THE FASB EMERGING ISSUES TASK*  
*FORCE)***

**(File Reference No. 2019-300)**

**April 30, 2019**

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Robert M. Rollmann  
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## New York State Society of Certified Public Accountants

### Comments on

#### **Proposed Accounting Standards Update—*Business Combinations (Topic 805): Revenue from Contracts with Customers—Recognizing an Assumed Liability (a consensus of the FASB Emerging Issues Task Force)***

(File Reference No. 2019-300)

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on Proposed Accounting Standards Update—*Business Combinations (Topic 805): Revenue from Contracts with Customers—Recognizing an Assumed Liability (a consensus of the FASB Emerging Issues Task Force)*.

**Question 1:** Should entities be required to recognize a contract liability from a revenue contract with a customer acquired in a business combination using the definition of a performance obligation in Topic 606? If not, please explain why and what recognition criteria are more appropriate.

We believe, subsequent to the adoption of Topic 606, entities should be required to recognize a contract liability from a revenue contract with a customer acquired in a business combination using the definition of a performance obligation within Topic 606. Based on the timing of the exposure draft, we do not expect there to be many reporting entities that have not adopted Topic 606 at the time of finalization of this exposure draft.

**Question 2:** Is the recognition that would be required by the amendments in the proposed Update operable? If not, please explain why.

We believe the recognition that would be required by the amendments in the proposed Update is operable.

**Question 3:** Would the proposed amendments result in financial reporting outcomes that are appropriate and meaningful to users of the financial statements? If not, please explain why.

We believe the proposed amendments would result in financial reporting outcomes that are appropriate and meaningful to users of the financial statements.

**Question 4:** Should the proposed amendments be more broadly applied to similar transactions beyond contracts with customers, such as contracts within the scope of Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets? If yes, please provide examples of potentially affected transactions.

We do not believe the proposed amendments should be more broadly applied to similar transactions beyond contracts with customers, such as contracts within the scope of Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets.

**Question 5:** The proposed amendments require no incremental disclosures. Should disclosures related to the proposed amendments or transition disclosures be required? If yes, please explain why and provide the additional disclosures that should be required.

We do not believe that incremental disclosures are necessary either for the proposed amendments or transition disclosures.

**Question 6:** Do you agree with the proposed prospective transition requirement? If not, what transition method would be more appropriate and why? How much time would be needed to implement the proposed amendments? Should early adoption be permitted? Should entities other than public business entities be provided with an additional year to implement the proposed amendments? Why or why not?

We agree with the proposed transition requirements, which would apply the proposed amendments to business combinations occurring after the effective date. We do not believe significant time would be required to implement the proposed amendments. We note that identifying performance obligations is necessary for the accounting immediately following the acquisition and, therefore, extending to the business combination should not create significant incremental time. Early adoption should be permitted. Entities other than public business entities should not be provided with an additional year to implement the proposed amendments. These entities are currently assessing and implementing Topic 606, and adding another year to implement this proposed amendment creates a period of dual evaluation of revenue arrangements.

**Question 7:** What would be the implications, if any, of finalizing the proposed amendments on the recognition of a contract liability from a revenue contract with a customer acquired in a business combination without finalizing amendments on measurement and other topics that may result from feedback received as part of the concurrently issued Invitation to Comment?

In order to maintain consistency and comparability, stakeholders need to understand both the guidance for recognizing a contract liability from a revenue contract with a customer acquired in a business combination and guidance for measuring and other topics included in the Invitation to Comment.