10 Longs Peak Drive
Broomfield, Colorado

April 23, 2019

VIA EMAIL
director@fasb.org

Technical Director
File Reference No. 2019-200 & 2019-300
FASB
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Technical Director,

Thank you for the opportunity to respond to the Invitation to Comment – *Measurement and Other Topics Related to Revenue Contracts with Customers under Topic 805* (File Reference No. 2019-200) and the 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)* (Release No. 2019-300). Ball Corporation ("Ball", "the company", "we" or "our") is a U.S. based Fortune 500, multi-national manufacturer of metal packaging products and of aerospace and other technologies and services with sales in 2018 of $11.6 billion and total assets of $16.5 billion, and is publicly traded on the New York Stock Exchange (NYSE: BLL).

The company supports the Financial Accounting Standards Board's ("FASB" or the "Board") objective in its simplification initiative to reduce the cost and complexity of financial reporting while improving or maintaining the usefulness of the information provided to financial statement users. We have based the below responses and suggestions to both the Invitation to Comment and the proposed Accounting Standards Update on our experience as a preparer of quarterly condensed consolidated financial statements and an issuer of quarterly earnings releases.

Recognition of contract liabilities from revenue contracts with customers assumed in a business combination:

We agree that rather than having the acquirer reevaluate whether the contract liability should be recognized in the business combination based on the legal obligation, it should be based on whether the liability represents an unsatisfied performance obligation (e.g. contract liability under ASC 606). To further simplify, we believe if the acquiree considered the deferred revenue to be a contract liability under ASC 606, the acquirer would as well and no further analysis should be required from the acquirer other than ensuring the acquiree's revenue recognition policies are consistent with that of the acquirer. This would alleviate the debate between the contract liability meeting the definition of a legal obligation to the acquiree and the acquirer.

<u>Measurement of contract liabilities from revenue contracts with customers assumed in a business combination:</u>

While we support the FASB's goal with the invitation to comment of reducing diversity in practice for when and how an entity should recognize a contract liability from revenue with customers assumed in a business combination, we believe there is a simpler approach that should be considered. The current proposal requires the acquirer to measure the contract liability assumed at its fair value, and requests feedback as to what types of costs expected to be incurred to fulfill a performance obligation should be included in the fair value measurement of a contract liability, among other things. However, we believe that this should be simplified and the Board should consider not requiring fair value measurement upon acquisition for contract liabilities. Rather, the acquirer would simply assume the carrying value of the liability from the acquiree, in line with or adjusted to the acquirer's ASC 606 policy elections (e.g. freight as a fulfillment cost).

We believe this approach would still achieve the goals of consistent application across entities, while avoiding the complexities put forth in the invitation to comment around impacts on the timing of payments on subsequent revenue recognition and how to measure the fair value of the contract liability.

The key items that we considered in developing this suggestion are as follows:

- The valuation process that is required to measure the contract liabilities at fair value is complex and costly and will lead to inconsistent application because of these. Our approach would eliminate this burden on entities that enter into business combinations involving contract liabilities.
- There are various approaches to the valuation process (e.g. bottom-up method and top-down method), which could lead to inconsistencies in practice.
- Entities are already required to record and recognize contract liabilities in accordance with ASC 606. The acquirer, as part of the acquisition procedures, should gain comfort over the accounting balances and financial statements of the acquiree and therefore would be able to rely on the contract liability balance upon acquisition (if consistent with acquirer's revenue recognition polices). This would eliminate undue and repetitive work on both entities.

We believe that our proposed approach provides the financial statement users useful information while reducing the costs and complexity of financial reporting.

We appreciate your consideration of our comments and encourage you to contact us if you have any further questions.

Sincerely,

Nate C. Carey
Vice President and Controller