

# Alphabet

April 30, 2019

Sent via email ([director@fasb.org](mailto:director@fasb.org))

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

**Re: File Reference No. 2019-300, 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**

Dear Technical Director:

Alphabet Inc. (“Alphabet,” the “Company,” “we,” “us,” or “our”) appreciates the opportunity to provide feedback on 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 (the “Proposal”), exposed for comment by the Financial Accounting Standards Board (the “Board”).

Alphabet is a collection of businesses, the largest of which is Google, and we generate revenues primarily by delivering relevant, cost-effective online advertising. It also includes non-Google businesses, collectively referred to as Other Bets, that use technology to try and solve big problems across many industries. We regularly enter into business combination transactions.

We commend the Board’s willingness to address the diversity in views about how to apply Topic 805, Business Combinations, to a contract with a customer acquired in a business combination after the acquirer has adopted Topic 606. Overall, we are supportive of the proposed amendment requiring an acquirer recognize a liability assumed in a business combination from a contract with a customer if that liability represents an unsatisfied performance obligation under Topic 606 for which the acquiree has received consideration (or the amount is due) from the customer.

In addition, we agree with the proposed ASU and believe that no incremental disclosures related to the proposed amendments or transition are necessary because the disclosures currently required under Topics 606 and 805 are sufficient. We also agree with the proposed

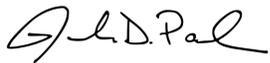
ASU and believe that a prospective transition is preferable as it would be cleaner, simpler, and less costly.

However, we believe that finalizing the proposed amendments without also finalizing the guidance on measurement (that may result from feedback received as part of the FASB Invitation to Comment, *Measurement and Other Topics Related to Revenue Contracts with Customers under Topic 805*, issued concurrently with this Proposal) would not fully and effectively address the existing diversity in practice for the accounting of revenue contracts acquired in a business combination. We believe, in this situation, that the recognition and measurement inform the application of each other. Also, the Invitation to Comment discusses potential alternatives for measuring the contract liability acquired in a business combination, some of which are consistent with the proposed amendments requiring application of the performance obligation concept under Topic 606 for the purpose of recognizing a contract liability acquired in a business combination while others that are not.

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Thank you for the opportunity to respond. We would be pleased to discuss our comments at your convenience.

Kind regards,

A handwritten signature in black ink that reads "Josh Paul". The signature is written in a cursive style with a large initial "J" and a distinct "P".

Josh Paul  
Director of Accounting