



## FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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August 1, 2012

Technical Director  
File Reference No. 2012-210  
FASB  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116  
Via email to: [director@fasb.org](mailto:director@fasb.org)

Dear Director:

The Accounting Principles and Auditing Standards Committee ("we" or the "Committee") of the Florida Institute of Certified Public Accountants (the "FICPA") appreciates the opportunity to read and respond to the Exposure Draft of the Proposed Accounting Standards Update '*The Liquidation Basis of Accounting*' issued July 2, 2012. The Committee has reviewed and discussed the subject Exposure Draft, including the questions outlined in the "Summary and Questions for Respondents," and has the following responses:

### **1) Response to Question 1**

Yes, we believe that the proposed guidance about when an entity should apply the liquidation basis of accounting is appropriate and operational.

We agree with the Board's definition of imminent as defined in Section 205-30-25 and as further defined in Paragraph BC7 of the "Background Information and Basis for Conclusions" that focuses on whether an entity's decision makers have approved a plan for liquidation.

We also agree with the Board's specific consideration of limited-life entities and the requirement to only apply the liquidation basis of accounting when significant management decisions about furthering the ongoing operations of the entity have ceased or they are limited to those necessary to carry out a plan for liquidation that differs from that which was specified in the governing documents at inception.

### **2) Response to Question 2**

Yes, we agree with the Board's assertion regarding the myriad of circumstances and impracticability of providing prescriptive guidance and believe the proposed guidance on how to prepare financial statements using the liquidation basis of accounting is sufficient and operational.

To allow the reader to understand the underlying determination of the values as reported under the liquidation basis of accounting, we suggest that the Board consider providing additional guidance to require further quantitative and qualitative disclosures that provide sufficient detail regarding the inputs and assumptions.

**3) *Response to Question 3***

No, we do not believe the proposed guidance should differ for any entities whose primary measurement attribute is fair value.

**4) *Response to Question 4***

Yes, we agree with the proposed guidance about when a limited-life entity should use the liquidation basis of accounting.

**5) *Response to Question 5***

No, we do not believe that any of the proposed amendments should be different for non-public entities.

The Committee appreciates this opportunity to respond to this Exposure Draft and members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Steven Morrison, CPA, Chair  
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Brion L. Sharpe, CPA  
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