



September 17, 2012

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116  
[director@fasb.org](mailto:director@fasb.org)

Re: File Reference No.2012-210: Proposed Accounting Standards Update, *Presentation of Financial Statements (Topic 205): The Liquidation Basis of Accounting*

The Accounting and Auditing Procedures Committee (the Committee) of the Pennsylvania Institute of Certified Public Accountants (PICPA) appreciates the opportunity to comment on the Proposed Accounting Standards Update (ASU) on *Consolidation*. The PICPA is a professional association of more than 20,000 members working to improve the profession and better serve the public interest. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The Committee is composed of practitioners from both regional and small public accounting firms, members serving in financial reporting positions, and accounting educators.

The Committee requests that the FASB clarify the definition of when liquidation would be considered imminent. The proposed guidance at paragraph 205-30-25-2 indicates that liquidation would be imminent when either “(a) a plan for liquidation has been approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties, or (b) a plan for liquidation is being imposed by other forces (for example, involuntary bankruptcy) and the likelihood is remote that the entity will subsequently return from liquidation.” Some committee members thought that companies should not have any operations if liquidation is “imminent.” However, the Committee notes that a plan of liquidation could include continuing operations during a phase-out period, which could potentially span multiple accounting periods. Under the provisions of the proposed guidance in paragraph 205-30-30-3, the company would be expected to accrue anticipated income and costs. This could result in recognizing a potentially subjective estimate of revenues and expenses related to operations. The Committee disagrees with accruing estimated revenues and expenses related to operations when a company is undergoing liquidation and believes that the guidance is not sufficiently clear.

We appreciate your consideration of our comments. We are available to discuss any of these comments with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard E. Wortmann".

Richard E. Wortmann, CPA  
Chairman, PICPA Accounting and Auditing Procedures Committee