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2012-240
Comment Letter No. 10
233 N. Michigan Ave., Suite 2500
Chicago, IL 60601

October 12, 2012

Via email to director@fasb.org

Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856

RE: Proposed Accounting Standards Update, *Presentation of Items Reclassified out of Accumulated Other Comprehensive Income* (File Reference No. 2012-240)

Dear Ms. Cosper:

We are pleased to provide comments on the proposal to address reclassifications out of accumulated other comprehensive income. We appreciate the Board's willingness to reconsider this issue in light of the cost/benefit concerns that were raised in connection with ASUs 2011-5¹ and 2011-12.²

We agree with the Board's decision not to require the presentation of reclassification adjustments on the primary financial statements.

However, we are not certain the new proposed disclosures would be particularly helpful. While they would capture the effect of reclassifications in a single location, they would largely duplicate information that is already available through existing requirements. This seems evident in the feedback from users who have indicated to the Board that the proposed disclosures would not be "critical to their analysis."³ The repetitive effect of the proposed disclosures would also be inconsistent with the disclosure framework project. That is, notes to the financial statements should supplement what is not otherwise apparent, rather than repeat information. In this same context, we do not believe a cross-reference to other footnotes should be required for reclassifications that are not recorded entirely in net income. For example, we believe it will be self evident to users that additional information related to pension adjustments is located in the pension footnote.

We have provided additional responses to the questions posed in the exposure draft below.

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¹ *Presentation of Comprehensive Income*

² *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-5*

³ See paragraph BC19 in the exposure draft.



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We would be pleased to discuss our comments with the FASB staff. Please direct questions to Lee Graul, National Director of Accounting at (312) 616-4667 or Adam Brown, Partner in the National Accounting Department at (214) 665-0673.

Very truly yours,

BDO USA, LLP

BDO USA, LLP



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Appendix

Question 1: The proposed amendments would require an entity to provide enhanced disclosures to present separately by component reclassifications out of accumulated other comprehensive income. In addition, an entity would be required to provide a tabular disclosure of the effect of items reclassified out of accumulated other comprehensive income on the respective line items of net income, to the extent that the items reclassified are required under U.S. GAAP to be reclassified to net income in their entirety. In addition, for other items not required under U.S. GAAP to be reclassified in their entirety to net income, the tabular disclosure would require only a cross-reference to other disclosures providing additional detail about these reclassifications. Would the proposed disclosures provide useful information to users of financial statements? If not, please explain why.

As discussed in our cover letter, we do not believe the proposed disclosures will provide a meaningful benefit to users.

Question 2: Would an entity incur significant costs because of the proposed amendments in Question 1? If so, please explain the nature of those costs. The proposed amendments also would require an entity to provide the disclosures about the effect of reclassifications out of accumulated other comprehensive income by component both on an interim basis and on an annual basis. Would an entity incur significant costs because of the proposed requirement for interim-period disclosures? If so, please explain the nature of those costs.

If adopted, we do not anticipate that significant costs would be incurred to provide the new disclosures.

Question 3: The proposed guidance would apply to both public entities and nonpublic entities (that is, private companies). Should any of the proposed amendments be different for nonpublic entities? If so, please identify those proposed amendments and describe how and why you think they should be different.

We believe public and private entities should be treated the same.

Question 4: The Board has discussed the possibility of making these proposed amendments effective for public entities as early as for annual reporting periods ending after December 15, 2012, and to delay the effective date for nonpublic entities by one year. Would those effective dates be practicable? If not, please explain why.

If the Board simply decided not to require the presentation of reclassification adjustments on the face of the financial statements without also requiring the new proposed disclosures, we believe an effective date for periods ending after December 15, 2012 would be appropriate. However, if the Board adopts its proposed disclosures, we recommend an effective date for periods beginning after December 15, 2012.