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EITF-11AR  
Comment Letter No. 3  
330 North Wabash, Suite 3200  
Chicago, IL 60611

December 10, 2012

Via email to [director@fasb.org](mailto:director@fasb.org)

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

RE: Proposed Accounting Standards Update (Revised), *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* (File Reference No. EITF-11Ar)

Dear Ms. Cospers:

We are pleased to provide comments on the exposure draft above related to the derecognition of cumulative translation adjustments (CTA). We support the Board's objective to reduce the diversity in practice about whether Subtopic 810-10, *Consolidation-Overall*, or Subtopic 830-30, *Foreign Currency Matters-Translation of Financial Statements*, applies to such transactions.

However, we are not able to support the amendments as proposed, primarily because we do not agree that the accounting should differ based on the level at which the foreign investment is held. In this light, we believe the proposed amendments introduce an unnecessary level of complexity to CTA derecognition questions by making an arbitrary distinction between investments *in*—as opposed to *within*—a foreign entity. We believe the complexity is made worse by using a loss of control model for some situations, while a substantial liquidation model would apply to others. We note an investor's exposure to foreign currency risk is the same in either case, which implies a single consistent approach should be used in both scenarios.

To simplify the analysis and still achieve the Board's intended objective, we recommend the application of Topic 830 in all circumstances. Accordingly, we support the alternative view expressed in the basis for conclusions.<sup>1</sup> We believe the application of Topic 830 is more operational, conceptually consistent and less complex than the proposed amendments. Moreover, we observe that users do not feel strongly about when CTA is released into income, nor do they incorporate CTA adjustments into their trend analyses.<sup>2</sup> Therefore, we do not believe users would be particularly troubled by guidance that prescribes a similar accounting consequence for all releases of CTAs associated with foreign entities.

Whether the Board adopts our recommendation or moves forward with the exposure draft as drafted, we are supportive of prospective application and a provision permitting early adoption. We do not believe a significant amount of time will be required to adopt the proposed amendments.

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<sup>1</sup> Paragraphs BC15 - BC19.

<sup>2</sup> Consistent with the understanding expressed in Paragraph BC6.

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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,

A handwritten signature in black ink that reads "BDO USA, LLP". The letters are written in a cursive, slightly slanted style.

BDO USA, LLP