



May 13, 2014

Ms. Susan M. Cospers, CPA
Technical Director
File Reference No. EITF-12F
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update Business Combinations (Topic 805) Pushdown Accounting

Dear Ms. Cospers:

We appreciate the opportunity to offer comments on the above referenced Accounting Standards Update (ASU).

ParenteBeard LLC is a large regional accounting firm headquartered in Philadelphia, Pennsylvania, with operations throughout the Mid-Atlantic Region. We are currently ranked in the top 25 of U.S. accounting firms, with approximately 1,000 team members including approximately 120 partners. Our practice is diverse; we have large concentrations in health care, higher education, manufacturing and distribution and construction. Our practice is primarily privately owned businesses and not for profit organizations, but we do have a public company practice and are a PCAOB triennially inspected firm.

In general, we support the overall approach within the ASU. Our comments are limited to selected questions for respondents.

1. Agree.
2. Agree; the threshold should be a change in control as defined in ASU 805.
3. We believe pushdown accounting should generally be an option. However, we believe there is one situation where the Board should consider making pushdown accounting a requirement. The situation relates to Question 7 and acquisition-related debt. In many cases, acquisition-related debt is required by the lender to be a direct obligation of the target and thus be reported on the target's balance sheet. In this situation, the debt has often been used for a substantial or 100% redemption of the owners' interest. This usually creates a situation where the balance sheet reflects a substantial deficit, along with a substantial debt load. In effect, the target is technically insolvent post closing. We believe this may be misleading for the users of the financial statements and by requiring pushdown accounting in these situations, the financial statements are more meaningful. This recommendation would only be applicable to for profit business acquisitions.
4. In general we agree with the concept that the acquired entity should reflect the same adjusted basis that the acquirer reflects in its financial statements. We are less supportive of permitting a somewhat "hypothetical" new basis of accounting at the target when the acquirer was not required to apply the acquisition method. Admittedly, we cannot foresee this sort of transaction, but believe the accounting should be symmetrical, when possible.

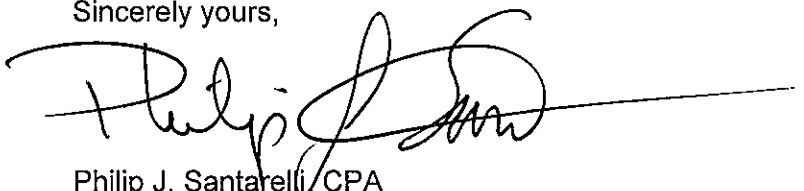
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5. Agree.
6. Agree.
7. Agree; however, please note comments above related to question 3.
We do not believe additional guidance beyond ASC 805 is required for measuring assets and liabilities, but we believe that guidance should be provided for the equity section, notably the concept of resetting retained earnings to zero as a result of the pushdown accounting and restructuring common stock and APIC to reflect the post acquisition ownership structure, including the elimination of treasury stock or other contra equity accounts that are no longer meaningful.
8. Agree.
9. Agree; this disclosure which appears to a self evident requirement should be mandatory. We also believe disclosures to related debt guarantees or other new obligations related to the acquisition, for payment of management fees, etc. should be codified in the ASU.
10. Agree.
11. Agree.
12. Agree.
13. Agree.

In addition to the comments described above, we suggest the Board consider whether guidance is required in situations where the change in control might be somewhat transitory. In other words, suppose the change in control was less than 100% ownership, and there was the possibility that the remaining original shareholders could "buy back" the company after a period of time, etc. perhaps if the sale of the stock included a provision for a recall in the future based on certain conditions, etc. Should the ASU place restrictions on the election in such a situation?

Thank you again for this opportunity to comment on this important proposed ASU.

Sincerely yours,



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