

July 30, 2014

Technical Director
FASB
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: **File Reference No. EITF-12F**

Dear Technical Director,

Please find below my comments on the FASB Exposure Draft on the Proposed Accounting Standards Update on *Business Combinations (Topic 805), Pushdown Accounting*:

Question 1: Do you agree that the guidance in this proposed Update should apply to an acquired entity both public and nonpublic, that is a business or nonprofit activity? If not, please explain why.

RESPONSE: Yes.

Question 2: Do you agree that the threshold for the option to apply pushdown accounting should be when an acquirer has obtained control of the entity? If not, what would be a more appropriate threshold for the option to apply pushdown accounting and why would that threshold be more appropriate?

RESPONSE: Yes.

Question 3: Do you agree that pushdown accounting should be optional for an entity when control over the entity has been obtained by an acquirer? Alternatively, should pushdown accounting be mandatory for certain entities or certain transactions? If so, what types of entities or transactions should require a mandatory application of pushdown accounting?

RESPONSE: No. Pushdown accounting should be mandatory to all entities, both public and nonpublic, whether engaged in business or in a nonprofit activity. The only exception would be if the reporting entity can present sufficient justification that the application of pushdown accounting would make its financial statements materially misleading to external users.

Question 4: Do you agree that an acquired entity that elects the option to apply pushdown accounting should reflect in its separate financial statements the new basis of accounting established by the acquirer for the individual assets and liabilities of the acquired entity by applying Topic 805? If the acquirer did not establish a new basis of accounting for the individual assets and liabilities of the acquired entity, should it reflect in its separate financial statements the new basis of accounting that would have been established by the acquirer had the acquirer applied Topic 805? If not, please explain why.

RESPONSE: I am not in a position to answer the first question because I am in favor of the mandatory application of pushdown accounting. No, to the second question. As long as the accounting basis used by the acquirer is in accordance with GAAP, the accounting basis of the individual assets and liabilities of the acquired entity should be the same in the books of the acquirer and in the books of the acquired entity.

Question 5: Do you agree that an entity that elects the option to apply pushdown accounting should follow the subsequent measurement guidance in Topic 805 and other applicable U.S. GAAP to subsequently measure and account for its assets, liabilities, and equity instruments? If not, please explain why.

RESPONSE: Yes.

Question 6: Do you agree that an entity that elects the option to apply pushdown accounting should not recognize bargain purchase gains, if any, in its separate income statement? If not, please explain why.

RESPONSE: Yes.

Question 7: Do you agree that any acquisition-related debt incurred by the acquirer should be recognized in the acquired entity's separate financial statements only if the acquired entity is required to recognize a liability for the debt in accordance with other applicable U.S. GAAP? If not, please explain why.

RESPONSE: Yes, provided that it can be sufficiently established that the equity interest of the minority stockholders in the acquired entity can be directly or indirectly held legally liable for such debt in the future.

Question 8: Should the final Accounting Standards Update on pushdown accounting include any additional guidance on recognition and measurement of assets, liabilities, and equity instruments of the acquired entity? If yes, please explain for which assets, liabilities, and equity instruments additional guidance should be provided.

RESPONSE: No.

Question 9: Do you agree that an entity that elects the option to apply pushdown accounting should provide the disclosures in Topic 805 to meet the disclosure objective in this proposed Update? Are there any disclosures, other than those required in Topic 805, that should be required by this proposed Update?

RESPONSE: Yes, to the first question. No, to the second question.

Question 10: Do you agree that an entity that does not elect the option to apply pushdown accounting should disclose in the current reporting period that it has (a) undergone a change-in-control event whereby an acquirer has obtained control of the entity during the reporting period and (b) elected to continue to prepare its financial statements using its historical basis that existed before the acquirer obtained control of the entity? Are there any other disclosures that an acquired entity that does not elect the option to apply pushdown accounting should be required to disclose?

RESPONSE: I am not in a position to answer this question because I am in favor of the mandatory application of pushdown accounting.

Question 11: Do you agree that for purposes of disclosure requirements, an entity should assess at each reporting period whether its control has been obtained by an acquirer and whether it would elect the option to apply pushdown accounting? How much incremental cost and effort does such continuous assessment require?

RESPONSE: Yes, and I do not think that such assessment would entail any significant incremental cost because the acquirer would have already generated most of the information needed during their due diligence work, unless, we are talking of a hostile takeover situation.

Question 12: Do you agree that this proposed Update should be effective prospectively to transactions in which an acquirer has obtained control of the acquired entity? Do you also agree that an acquired entity should be allowed to elect the option to apply pushdown accounting each time it has undergone a change-in-control event whereby an acquirer has obtained control of the acquired entity? If not, please explain why.

RESPONSE: Yes, to the first question. I am not in a position to answer the second question because I am in favor of the mandatory application of pushdown accounting.

Question 13: Do you agree that the decision about whether to elect the option to apply pushdown accounting should be made in the reporting period in which the change-in-control event occurs and should be irrevocable? If not, please explain why.

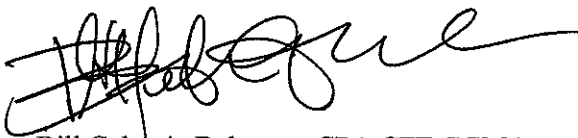
RESPONSE: Yes.

Question 14: Do you agree with the proposed consequential amendments to remove guidance in Subtopic 805-50 on application of pushdown accounting when an acquisition meets certain conditions (previously EITF issue No. 86-9, "IRC Section 338 and Push-Down Accounting")? If not, please explain why.

RESPONSE: Yes.

Thank you for the opportunity to give the foregoing comments.

Very truly yours,



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