

September 26, 2014

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

File Reference No. 2014-210

Dear Ms. Cospers:

McGladrey LLP is pleased to comment on the Proposed Accounting Standards Update, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, (the "proposed ASU"). We are supportive of the decisions reached by the Board to simplify the measurement of inventory, as elaborated on in our responses to the "Questions for Respondents" that follow. We support the Board's efforts to reduce complexity in accounting standards and encourage the Board to continue these efforts as part of its overall simplification initiative.

Comments on Certain Questions for Respondents

Question 1: *Should inventory be measured at the lower of cost and net realizable value? If not, what other measurement is more appropriate and why?*

We agree that inventory should be measured at the lower of cost or net realizable value, rather than the lower of cost or market. Existing guidance on the measurement of inventory, wherein market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin, is needlessly complicated and does not provide a better measurement.

Question 2: *Should the proposed Update be applied prospectively to the measurement of inventory after the date of adoption?*

Yes, prospective application is appropriate. Retrospective application of this guidance would be burdensome to preparers and we do not anticipate that it would result in a significant change in value.

Question 3: *Should the proposed Update be effective in annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted? Should there be a delay in the effective date for entities other than public business entities and why?*

We agree with the proposed effective date and with permitting early adoption. We do not believe that a delay in the effective date is necessary for entities other than public business entities, as this proposed ASU will simplify the measurement of inventory and will not be burdensome to implement.

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We appreciate this opportunity to provide feedback on the proposed guidance and would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day at 563.888.4017 or Ginger Buechler at 612.455.9411.

Sincerely,

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

McGladrey LLP