

September 22, 2014

Technical Director
File Reference No. 2014-210
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Electronically submitted to director@fasb.org

Re: Proposed Accounting Standards Update
Inventory (Subtopic 330), *Simplifying the Measurement of Inventory*

Dear Board Members:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Proposed Accounting Standards Update, including the questions posed in the "Questions for Respondents" section. The FICPA has approximately 18,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of more than 20 members, of whom 42% are from local or regional firms, 24% are from large multi-office firms, 14% are sole practitioners, 10% are in international firms, and 10% are in academia or private industry. Therefore we are addressing this exposure draft both from the viewpoint of preparers of financial statements as well as those performing attest services on them. The Committee has the following comments related to the questions numbered below:

1. The Committee agrees that inventory should be measured at the lower of cost and net realizable value. It was noted in discussion that the concept of net realizable value is the most appropriate way to evaluate inventory in terms of comparing to cost.
2. The Committee believes the proposed Update should be applied prospectively due to the potential difficulties in retrospective application. It was noted in the Committee's discussion such difficulties could include: (1) potential turnover at the reporting entity which would make obtaining prior year information difficult; (2) potential change in auditors over the last 3 years, also hindering the use of prior year information; and (3) the possibility that in prior years where replacement cost was deemed to be market that the net realizable value amount was not exactly quantified, as the provisions of the proposed Update were unforeseen. Such potential difficulties are magnified for non-smaller reporting companies due to presenting three years of income statements and cash flows (thus requiring consideration of the proposed Update for three prior balance sheets).
3. The Committee agrees with the effective dates in the proposed Update and notes there are no compelling reasons for a delay in the effective date for entities other than public business entities. Members of the Committee noted an earlier effective date would be

acceptable as well, as the proposed Update is not so much a change in practice as it is a narrowing of possible ways of measurement.

The Committee appreciates this opportunity to respond to this Proposed Accounting Standards Update. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully submitted,

Julian Dozier, CPA
Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Steven Morrison, CPA
Julian Dozier, CPA