December 12, 2014

Ms. Susan M. Cosper, Technical Director
FASB
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Via Email to director@fasb.org

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Re: File Reference No. 2014-250

Dear Ms. Cosper:

Grant Thornton LLP appreciates the opportunity to comment on Proposed Accounting Standards Update, *Simplifying the Presentation of Debt Issuance Cost*. We strongly support the efforts of the FASB to simplify accounting standards, especially when simplification, or perhaps modernization, also further aligns U.S. GAAP with IFRS.

Our responses to the Questions for Respondents follow.

Responses on Invitation to Comment questions

Question 1: Should debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts? If not, why?

We encourage the Board to provide more explicit guidance on the accounting for issuance costs incurred on line-of-credit or revolving-debt arrangements. We believe the Board can achieve this goal by clarifying in the implementation guidance that the proposed amendments to ASC 835, *Interest*, do not apply to debt issuance costs incurred on line-of-credit or revolving-debt arrangements.

We support the proposal to present debt issuance costs as a direct deduction from the carrying amount of the debt liability, making this presentation consistent with how debt discounts and premiums are presented. We also support the alignment of the presentation of debt issuance costs with the existing guidance in IFRS.

Question 2: Should the proposed guidance be applied on a retrospective basis?

We encourage the Board to provide relief for entities transitioning to the proposed guidance by requiring retrospective application only for the classification of the issuance costs in the balance sheet. Some reporting entities currently apply an acceptable amortization method to

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debt issuance costs that may differ from how they would have amortized those costs had they been treated as a debt discount (for example, certain debt that is subject to a put, that has increasing interest rates, or has provisions for interest to be paid in-kind). For those entities, retrospective application would also involve remeasurement of their prior-period interest expense. We do not believe that the Board intended the retrospective application to affect previously reported interest expense.

For these reasons, we support the proposal to apply the amendments retrospectively to allow for the comparability of the statements of financial position. Further, we do not believe that retrospective application will be overly difficult or expensive for entities.

Question 3: How much time will be necessary to adopt the amendments in this proposed Update? Should the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?

We believe that implementation of this change should not require substantial changes in skills, systems, processes, or controls by any entity. Therefore, we believe the determined effective date would be appropriate for all entities. Given the nature of this simplification, the ability to early adopt would be practicable and desirable.

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We would be pleased to discuss our comments with you. If you have any questions, please contact Mark Scoles, Partner in the Accounting Principles Consulting Group, at 312-602-8780.

Sincerely,

/s/ Grant Thornton LLP