



May 27, 2015

Ms. Susan Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2015-240

Dear Ms. Cosper:

We appreciate the opportunity to respond to the FASB's Exposure Draft, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarizes the views of those member firms who commented on the exposure draft. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We support the FASB and IASB's (the boards') efforts to respond to concerns raised by constituents about the revenue standard. We commend the boards for their ongoing collaboration, including efforts to maintain convergence of the mandatory effective date of the standards by proposing a one-year deferral of both standards. We support the proposed one-year deferral of the effective date for all entities and also support the option for entities that apply U.S. GAAP to adopt the standard as of the original effective date.

We encourage the boards to continue to work toward converged solutions to implementation issues related to the revenue standard whenever possible. We believe the converged revenue standard is a significant achievement for financial reporting that will provide substantial benefits to both preparers and users over the long run. We are concerned that those benefits may be eroded if the boards decide to propose different solutions to implementation issues. We acknowledge that the financial reporting outcomes might not be significantly different, even if the boards pursue different approaches. However, we believe that the outcomes will not be the same in all cases and the risk of divergence over time is much greater. We are also concerned that using different words to clarify or amend the standard will introduce additional complexity, particularly for those organizations that will have reporting obligations under both U.S. GAAP and IFRS. Our view is that, if the boards agree on the underlying principles and intend the financial reporting outcomes to be the same, they should make the same amendments to maintain a converged standard.

We do not support a longer deferral at this time and encourage the boards to maintain alignment of their effective dates. We also encourage the boards to finalize the upcoming amendments to their standards as soon as possible. This will reduce the risk of coming under pressure to consider an additional deferral.

Following are answers to the FASB's specific questions related to the proposal.



Question 1 – Should the effective date of the guidance in Update 2014-09 be deferred for one year for public business entities, certain not-for-profit entities, and certain employee benefit plans? Please explain why.

We support a one-year deferral for public business entities, certain not-for-profit entities, and certain employee benefit plans. We agree with the reasons the FASB provided in the exposure draft for deferring the effective date. These include the impact of the upcoming amendments to the standard, availability of technology solutions, and the standard's significant implications to internal controls and processes. As noted above, we also support alignment of the effective dates of the U.S. GAAP and IFRS standards.

Question 2 – Should the effective date of the guidance in Update 2014-09 be deferred for one additional year for all other entities? Please explain why.

We support a one-year deferral for all other entities for the same reasons noted above. We also think an additional one-year deferral would be beneficial to these entities as it would allow them to learn from the experiences of entities that will adopt the standard earlier.

Question 3 – In addition to providing a one-year deferral of the effective date of the guidance in Update 2014-09, should the Board also provide an optional two-year deferral for all entities that apply that guidance retrospectively to each reporting period presented? Please explain why.

We do not support an optional two-year deferral for entities that apply the guidance retrospectively to each reporting period presented. We believe this option could create confusion and complexity for both preparers and users. It would also result in an additional year of non-comparability. We believe it is important to maintain alignment of the effective dates, and this option would create divergence if adopted by the FASB but not the IASB.

We are also concerned that this option could create challenges for an entity that initially plans to adopt the standard retrospectively to each reporting period, but is unable to do so within the required timeline and has already failed to comply with the earlier effective date for modified retrospective transition.

As noted above, we encourage the boards to finalize the amendments to the standard as soon as possible. There may be pressure on the boards to consider an additional one-year deferral for both standards if the amendments are not finalized in the near future. We do not believe that any possible future deferral should be linked to a reporting entity's choice of transition method.

Question 4 – Should earlier application of the guidance in Update 2014-09 be permitted as of the effective date originally included in Update 2014-09? Please explain why.

We support allowing early adoption to minimize implementation costs for those entities that are ready to adopt as of the original effective date.



If you have any questions, please contact Patrick Durbin (+1 973 236 5152), Paul Fitzsimon (+1 416 869 2322), Brett Cohen (+1 973 236 7201), or Tony de Bell (+44 207 213 5336).

Sincerely,

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

PricewaterhouseCoopers LLP

cc: International Accounting Standards Board