

Proposed Accounting Standards Update, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date

Question Text	Response
* Please select the type of entity or individual responding to this feedback form.	Preparer
Other, please specify (Specified)	
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)
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<p>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.</p>	<p>Emerson is a diversified global company with international operations representing nearly 60% of total sales. We strongly support deferral of the effective date of ASU No. 2014-09, "Revenue from Contracts with Customers" for many of the same reasons outlined by the Board. However, we believe the effective date should be deferred for two years rather than one, regardless of the transition method elected.</p>
<p>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.</p>	<p>We believe a two year deferral is appropriate for all companys.</p>
3. In addition to	We support a two year deferral for all companys.

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<p>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.</p>	
<p>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.</p>	<p>We support the option to permit adoption as of the original effective date.</p>
<p>Please provide any additional comments on the proposed Update:</p>	<p>We have been analyzing the new standard, identifying areas of greatest concern, and determining how these changes potentially affect our company. We are developing our interpretation of what we think the standard intended on numerous topics, and these conclusions may change with developments over the next couple of years. We are developing educational materials for our global operations.</p> <p>It is clear it will take significant effort to get to the point where our operations will be able to begin to measure initial impacts. There will be much discussion and back to be sure we understand the contractual arrangements and the appropriate interpretations under the new standard. It is particularly challenging as there is more judgment required than ever before to determine the accounting for revenue, the single largest volume of transactions any company must manage. Given our size, diversity of our business products, and scale of international operations, we believe a two year deferral is appropriate for all the reasons outlined by the Board.</p> <p>The Board has not yet completed its work. The Revenue Recognition Transition Resource Group (TRG) has meetings scheduled through at least November 2015, and it is not clear when they will conclude their deliberations. The TRG</p>

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	<p>has already identified several issues that require Board clarification and will likely identify additional issues in upcoming meetings. Issues elevated to the Board must then be deliberated and potentially exposed for public comment. It is therefore unlikely that preparers will have a complete set of rules until 2016 at the earliest.</p> <p>Information technology solutions are not currently available. Preparers will need to either develop their own internal IT solutions to implement the new rules or utilize third party solutions. There is no definitive timetable for when third party solutions will be available and once they are available, they will require significant time for implementation. Internally developed solutions are likely to take even longer to implement.</p> <p>New policies, procedures and internal controls will need to be designed and implemented. Because there is no timetable for completion of the Board's redeliberations or the availability of IT solutions, the process of evaluating, designing and implementing many of the new controls that will be required will be significantly delayed. This is a critical step in the process that can only be accomplished once entities know exactly how their processes will change.</p> <p>Some board members support a longer delay. The Board is not unanimous in its view that a one-year delay is sufficient for a thorough analysis and implementation effort, as the one-year deferral passed by a narrow vote of 4-3. We believe the view of those Board members expressing a preference for a longer transition should be supported. Given the scope and magnitude of this project, it is prudent to proceed with caution. Consider the many years it took the Board to develop the standard and the amount of time companies are being asked to implement it.</p>
<p>Please provide any comments on the electronic feedback process:</p>	<p>The system should be modified so formatting and paragraph breaks show up in the responses.</p>
<p>Below is a printable summary of your responses to the questions in this feedback form.</p>	<p>Not Answered</p>