Grant Thornton

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Via Email to director@fasb.org

Re: File reference number 2015-260

Dear Ms. Cosper:

Grant Thornton LLP appreciates the opportunity to comment on Proposed Accounting Standards Update, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement Period Adjustments*. We broadly support the Board's Simplification Initiative and specifically support the proposed amendments related to measurement period adjustments.

Our responses to the questions for respondents follow.

Question 1: Should adjustments to provisional amounts and the corresponding adjustment to goodwill that are identified during the measurement period be recognized in the reporting period in which the adjustment amount is determined? Why or why not?

Yes, we believe that adjustments to provisional amounts should be recognized in the reporting period in which the adjustment is determined.

We would like to comment, however, on the proposed revisions to ASC 805-10-25-17 that state, in part, "…with a corresponding adjustment to goodwill in the reporting period in which the adjustments to the provisional amounts are determined." When applied to a fact pattern in which adjustments to provisional amounts are identified after the end of a reporting period but before the financial statements are issued, that proposed wording might suggest that an adjustment identified after the end of a period would not be reflected in current financial statements that have not been issued. The proposed words "…in the reporting period … in which determined" could lead to misinterpretation that the adjustments were determined and should be reflected in the financial statements of the next reporting period.

We therefore recommend that either the wording be revised to refer to guidance on recognized subsequent events (measurement period adjustments would be recognized subsequent events), or perhaps a simpler approach is to change the facts in the proposed revisions to Example 1 beginning at paragraph 805-10-55-27. That is, change the date the final appraisal is received to April 5 instead of "Six months after the acquisition date" (March 30 as drafted in the last sentence of paragraph 805-10-55-27). The example therefore would illustrate not only the recognition of the adjustment in the March 31 interim financial statements, but also the application of recognized subsequent event guidance for the appraisal received after the end of the period but before the issuance of the financial statements.

Question 2: If adjustments to provisional amounts as of the acquisition date would have affected earnings in periods subsequent to the initial accounting for the business combination, should the effect on earnings, in periods prior to the adjustment period, of changes in depreciation, amortization, or other income effects be recognized in the income statement in the reporting period in which the adjustment to the provisional amount is determined? Why or why not?

In our view, yes, the effect of adjustments to provisional amounts on earnings should be recognized in the income statement in the reporting period in which the adjustments are determined. Our comment regarding recognized subsequent events at Question 1 is also applicable to income statement adjustments.

In forming our response to this question, we considered and agree with the penultimate sentence of paragraph BC6 in the proposed ASU that notes the Board's determination that current recognition would more effectively highlight the impact of adjustments. We recognize that some entities with negative current period adjustments might prefer recasting prior periods under existing GAAP instead of the proposal's current period recognition, while others with positive current period adjustments might prefer the proposal. In both circumstances, however, we believe that current period recognition will enable financial statement users to more clearly see the impact of both positive and negative adjustments, and the financial reporting process will be simplified.

Question 3: Should the proposed guidance be applied prospectively to adjustments made to provisional amounts that are identified after the effective date and that are within the measurement period? Why or why not?

We agree that the proposed guidance should be applied prospectively to adjustments identified after the effective date and within the measurement period.

Presuming that the alternative to prospective application is retrospective application, we have been unable to identify a benefit to either preparers or users of financial statements that would arise from restating prior period financial statements. That is, restating upon adoption to bring past adjustments forward to a later prior period when they were identified, but that is still within the measurement period, would not seem to improve financial reporting. Business combinations are nonrecurring transactions and the measurement period is relatively short.

Question 4: How much time will be necessary to adopt the amendments in this proposed Update? Should early adoption be permitted? 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 the time necessary to adopt the amendments will not be significant and that, in most circumstances, less time overall would be required to report measurement period adjustments under the amended guidance because prior periods would not be subject to restatement.

We further believe early adoption should be allowed, including in any period for which financial statements have not been issued, and that there should not be a different effective date for entities other than public business entities. Any entity with a recent business combination for which the measurement period has not ended when the ASU is released would benefit from the simplified presentation guidance.

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We would be pleased to discuss our comments with you. If you have any questions, please contact Doug Reynolds, Partner, Accounting Principles Consulting Group, 617-848-4877, doug.reynolds@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP