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July 2, 2015

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

File Reference No. 2015-260

Re: Proposed Accounting Standards Update, *Simplifying the Accounting for Measurement-Period Adjustments*

Dear Ms. Cospers:

Deloitte & Touche LLP is pleased to comment on the FASB's proposed Accounting Standards Update (ASU) *Simplifying the Accounting for Measurement-Period Adjustments*.

We support the Board's efforts to make improvements to aspects of U.S. GAAP that are unnecessarily complex and costly as part of its simplification initiative, and we believe that this proposed ASU will simplify the accounting for measurement-period adjustments. We agree that an acquirer should recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amount is determined. Eliminating the requirement to account for these adjustments retrospectively should reduce cost and complexity since it will relieve entities from having to recast prior-period financial information for measurement-period adjustments or assess the materiality of any measurement-period adjustments not accounted for retrospectively. In addition, eliminating the requirement to retrospectively account for measurement-period adjustments should not disadvantage financial statement users because the proposed ASU would retain the reporting and disclosure requirements for measurement-period adjustments.

One related item we encourage the Board to clarify as part of this ASU is the reporting when negative goodwill (bargain purchase gain) is provisionally measured before the end of the measurement period. We are aware of alternative views expressed in practice in such a situation. One alternative expressed is to recognize the bargain purchase gain and disclose that the gain is provisional. Another alternative expressed is to defer recognition of any gain until the measurement period is closed, at which time the earning process is deemed to be complete.

The appendix below contains our responses to the proposed ASU's questions for respondents.

We appreciate the opportunity to comment on the proposed ASU. If you have any questions concerning our comments, please feel free to contact Michael Morrissey at (203) 761-3630.

Yours truly,

Deloitte & Touche LLP

cc: Robert Uhl

Appendix
Deloitte & Touche LLP
Responses to Questions for Respondents

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 agree with the Board's conclusion in the proposed ASU. We believe that this guidance should reduce cost and complexity since it will relieve entities from having to recast prior-period financial information for measurement-period adjustments or assess the materiality of any measurement-period adjustments not accounted for retrospectively.

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?*

Yes, we believe that recording the effect on earnings in the current period (a cumulative catch-up) is preferable to accounting for the effect prospectively. We support this cumulative catch-up primarily because it ensures that the accounting for future periods will be identical to what the results would have been had the adjustment been retrospectively applied to prior periods.

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?*

Yes, we believe that the guidance in the proposed ASU should be applied prospectively to adjustments made to provisional amounts that are identified after the effective date and that are within the measurement period rather than only to acquisitions occurring after the effective date of the ASU. Such prospective application affords the greatest simplification benefits and aligns the requirements with what is most likely occurring in practice without the need to assess materiality of the failure to revise comparative information for prior periods presented in financial statements.

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?*

While we defer to preparers' views on the time needed to implement the guidance in the proposed ASU, we would not expect the transition period to be significant. We believe that entities should be allowed to early adopt this guidance for measurement-period adjustments that they have identified since issuing their last financial statements and that are within the measurement period. Permitting early adoption would help simplify financial statement reporting while enhancing or maintaining its accuracy. As long as early adoption is permitted, we would not object to granting entities other than public business entities additional time to implement the guidance in the proposed ASU if they believe that such an extension is necessary.