



November 18, 2015

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

Re: File Reference No. 2015-320, Proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606) — Narrow-Scope Improvements and Practical Expedients*

Dear Ms. Cospers:

The Financial Reporting Committee (FRC) of the Institute of Management Accountants (IMA) is writing to share its views on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606) — Narrow-Scope Improvements and Practical Expedients* (Proposed ASU).

The IMA is a global association representing over 75,000 accountants and finance team professionals. Our members work inside organizations of various sizes, industries and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities and multinational corporations. The FRC is the financial reporting technical committee of the IMA. The committee includes preparers of financial statements for some of the largest companies in the world, representatives from the world's largest accounting firms, valuation experts, accounting consultants, academics and analysts. The FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. Additional information on the FRC can be found at www.imanet.org (About IMA, Advocacy Activity, Areas of Advocacy, Financial Reporting Committee).

The FRC commends the FASB for issuing the Proposed ASU to address concerns regarding the application of Topic 606. We support the FASB's objective to provide additional clarifications and examples to reduce diversity in practice when entities adopt the new revenue standard and to reduce the costs and complexity of applying the new guidance both at transition and in subsequent application.

The FRC supports the Proposed ASU because the additional clarifications should improve consistency and, in many cases, provide a practical approach to applying the new standard. We believe the proposed amendments would address many of the concerns raised by constituents about the new guidance on collectability, presentation of sales and similar taxes, noncash consideration and transition.

While we support the fundamental decisions in the Proposed ASU, we note that other stakeholders have raised issues about certain of the details the Proposed ASU, as discussed in the comment letters submitted to the FASB. Without necessarily agreeing with each individual commentator's concern, the FRC believes that it is important for the FASB to consider and address these comments during its redeliberations to narrow what likely would be diversity in application.

The FRC continues to support the convergence of Topic 606 with International Financial Reporting Standards 15, *Revenue from Contracts with Customers*. We believe both the FASB and the International



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Accounting Standards Board should issue the same guidance (same words) in their standards whenever possible and that any differences should be acknowledged in the final standards. We do not believe different words will necessarily lead to similar application as some might think.

Although the proposed changes will not resolve all Topic 606 implementation issues, the FRC believes that the changes proposed will improve the understandability of the principles and narrow diversity in practice. Accordingly, we are supportive of the proposal.

We would be pleased to discuss our comments with the Board or the FASB staff at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "N. Schroeder". The signature is written in a cursive, flowing style.

Nancy J. Schroeder, CPA
Chair, Financial Reporting Committee
Institute of Management Accountants
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