



December 4, 2017

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

Re: File Reference No. 2017-280

Dear Ms. Cospers:

PricewaterhouseCoopers LLP appreciates the opportunity to respond to the FASB's Proposed Accounting Standards Update, *Consolidation (Topic 812) – Reorganization* (the "ED").

We support the ED's proposed reorganization of the consolidation guidance currently housed in Topic 810. We believe that preparers of financial statements and practitioners alike will find the reorganized Topic 812 easier to understand and apply. We endorse the proposed construct of the new Topic, consisting of a separate standalone Subtopic for each of the two consolidation models accompanied by an introductory Subtopic. Given the degree of commonality that the two consolidation models share, this standalone approach causes the two Subtopics to provide identical guidance in certain instances. Nonetheless, we believe this to be the most practicable (and user-friendly) path in the circumstances.

The appendix to this letter contains our response to each of the Questions for Respondents in the ED.

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If you have any questions, please contact David Schmid at (973) 236-7247 or John Bishop at (973) 236-4420.

Sincerely,

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

PricewaterhouseCoopers LLP



Appendix

General

Question 1: Would the reorganization of Topic 810 into a new Topic 812 with separate Subtopics for VIEs (Subtopic 812-20) and voting interest entities (Subtopic 812-30) be easier to understand and navigate? If not, please explain what other approaches the Board should consider.

Yes. We believe that preparers of financial statements and practitioners alike will find the reorganized Topic 812 easier to understand and apply.

Question 2: Is the guidance for “Consolidation of Entities Controlled by Contract” applicable only for not-for-profit entities and, thus, should be within Topic 958? If not, please explain why.

Yes. In our experience, the subject guidance is applied chiefly by not-for-profit entities. Moving this material into Topic 958 is appropriate in the circumstances.

Question 3: Is the consolidation guidance for research and development arrangements currently in Subtopic 810-30 not used in practice and, therefore, should be superseded? If not, please explain why or why not and the types of transactions that may still be within the scope of that Subtopic.

We concur with the proposed elimination of the subject guidance, the source of which was EITF Issue 99-16, *Accounting for Transactions with Elements of Research and Development Arrangements*. In our experience, the variable interest entity consolidation guidance currently codified in ASC 810-10 has rendered application of the provisions in Subtopic 810-30 moot.

Question 4: Are there any areas or items in proposed Topic 812 that, as reorganized or clarified, are difficult to understand? If so, please describe the areas or items and explain why they are difficult to understand.

Given the limited scope of this project, we believe that the Topic, as proposed to be reorganized and clarified, accomplishes its stated objectives. We observe, however, that the consolidation models under current GAAP are intrinsically complex and, particularly with respect to variable interest entities, frequently entail consideration of detailed prescriptive guidance that will continue to be challenging to apply in practice. The reorganized content does not address or mitigate these inherent complexities.



Transition

Question 5: Given that the Board does not anticipate changes to accounting for consolidation or changes in outcomes reached as a result of the amendments in this proposed Update, should transition guidance be provided? If so, please explain what changes in this proposed Update may cause changes in practice or outcomes.

We agree with the proposed transition guidance. We do not believe that the reorganized content, and the modest clarifying-type edits proposed to be made to various terms and concepts currently in ASC 810, should result in changes in previous consolidation conclusions. However, in the unlikely event that the Update results in any such changes, we consider it prudent for the Update to provide for transition.

Question 6: Do you agree with the proposed transition requirements in paragraph 812-30-65-1? If not, what transition approach would be more appropriate?

We concur with the proposed transition requirements.

Question 7: Should a reporting entity be required to provide the transition disclosures specified in the amendments in this proposed Update? Should any other disclosures be required? If so, please explain why.

We concur with the proposed transition requirements.

Question 8: Should the effective date be the same for both public business entities and entities other than public business entities?

Yes. Since the Update is not intended to alter current consolidation standards, we believe its effective date should be the same for all entities.

Question 9: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided with more time? If so, how much more time?

Assuming that it is issued no later than the middle of 2018, we believe that the Update should be effective for all entities for fiscal years beginning after December 15, 2018, with earlier adoption permitted. Since Topic 812 will consist almost entirely of reorganized material, we believe that reporting entities will not require much time to understand and apply its content.