

December 4, 2017

Technical Director
Financial Accounting Standards Board
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Via e-mail – director@fasb.org

Re: File Reference No. 2017-280. Proposed Accounting Standards Update: Consolidation
(Topic 812): *Reorganization*

Plante & Moran, PLLC is pleased to offer comments on the above referenced Exposure Draft. We support the efforts of the Financial Accounting Standards Board (“Board”) to reorganize the consolidation guidance to make it easier for practitioners and auditors to apply. From our experience, navigating the consolidation guidance in ASC Topic 810 can be difficult, and providing specific Subtopics for the Variable Interest Entity (“VIE”) and Voting Interest Entity (“VOE”) guidance would be beneficial for both practitioners and auditors.

Following, please find our responses to the specific Questions for Respondents in the proposed Update.

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.

Response 1: Yes, we believe the reorganization of Topic 810 into a new Topic 812 with separate Subtopics for VIEs and VOEs will make the guidance easier to understand and navigate. The guidance in Topic 810 can be difficult to understand and navigate as the general consolidation guidance, VIE guidance, and VOE guidance is all contained within the same Subtopic. This is especially challenging for practitioners and auditors that do not spend a significant amount of time working with this guidance. We believe the proposed reorganization will provide significant benefit in making this guidance easier to 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.

Response 2: We agree the guidance for “Consolidation of Entities Controlled by Contract” would be applicable only for not-for-profit entities. As noted in the Basis for Conclusions, this guidance would not be applicable to entities that are required to apply the VIE guidance, and we are not aware of any situations where an entity that is controlled by contract would not qualify as a VIE. We believe it is important to maintain this guidance within Topic 958 given that the VIE guidance does not apply to not-for-profit entities, and the guidance is necessary for not-for-profit entities to determine whether to consolidate an entity that is controlled by contract.

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.

Response 3: We are not aware of any situations where the consolidation guidance for research and development arrangements in Subtopic 810-30 is being used in practice and should be superseded.

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.

Response 4: We did not identify any areas or items in the proposed guidance that were difficult to understand.

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.

Response 5: Because the proposed Update is not intended to change the accounting guidance currently in Topic 810, we do not believe transition guidance needs to be provided.

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?

Response 6: Should the Board conclude to provide transition guidance, we agree with the proposed transition requirements in paragraph 812-30-65-1.

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.

Response 7: If necessary, we agree entities should be required to provide the transition disclosures specified in the amendments. We do not believe any additional disclosures should be required.

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

Response 8: Because the proposed amendments are not intended to change existing consolidation accounting guidance, we believe the 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?

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Response 9: As the amendments are not expected to change existing consolidation accounting guidance, we do not believe the guidance should take a significant amount of time to implement. As stated above, we do not think entities other than public business entities will require additional time to implement the proposed amendments.

Thank you again for the opportunity to comment on this exposure draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at david.grubb@plante Moran.com or (248) 223-3745.

Very truly yours,

PLANTE & MORAN, PLLC