August 1, 2013

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

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update –
Presentation of Financial Statements (Topic 205): ***Reporting Discontinued Operations***

(File Reference No. 2013-230)

Dear Ms. Cosper:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 29,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Robert M. Rollmann, Chair of the Financial Accounting Standards Committee at (914) 421-5605, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

N Y S S C P A

J. Michael Kirkland
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE –
PRESENTATION OF FINANCIAL STATEMENTS (TOPIC 205): *REPORTING DISCONTINUED OPERATIONS*

(FILE REFERENCE NO. 2013-230)

August 1, 2013

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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update –
Presentation of Financial Statements (Topic 205): ***Reporting Discontinued Operations***

General Comments

We welcome the Financial Accounting Standards Board's (Board's) efforts to improve the accounting standards applicable to the reporting of discontinued operations. Overall, we agree with the above referenced proposed Accounting Standards Update (the "Update").

Responses to Questions

Question 1: Do you agree with the proposed definition of discontinued operations? Is it understandable and operable?

Response: We agree with the proposed definition of discontinued operations. However, we believe that the understanding and operational effectiveness of the definition could be improved with enhanced and greater number of examples of matters such as what constitutes a major line of business or a geographic component of a business.

Question 2: Do you agree that the continuing involvement criterion in the existing definition should be eliminated? Why or why not?

Response: We agree that the continuing involvement criterion in the existing definition should be eliminated. We also agree with the Board's observation that the continuing involvement criterion is difficult to apply and does not result in consistent application. However, we believe it is imperative that the disclosures concerning continuing involvement outlined in Paragraph 205-20-50-4 be retained in the final Update because the continuing involvement criterion is being eliminated from the proposed guidance.

Question 3: Do you agree with the scope of the amendments in this proposed Update? Do you agree that disposals of equity method investments and oil and gas properties that are accounted for using the full-cost method of accounting should be eligible for discontinued operations presentation if they meet the criteria to be reported in discontinued operations?

Response: As we do not consider ourselves to be subject matter experts in oil and gas properties, we limit our response to the following:

We agree with the scope of the proposed amendments in this Update. We also agree that disposals of equity method investments should be eligible for discontinued operations presentation if they meet the criterion to be reported within discontinued operations.

Question 4: U.S. GAAP and the amendments in this proposed Update do not specify whether an entity should reclassify the assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification. Should an entity be required to reclassify the assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification? Why or why not?

Response: We believe that an entity should be required to reclassify assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification. An uninformed reader can gain a better understanding of what is being disposed and its relative importance to the entity in periods prior to the planned disposal. This is consistent with the reclassification of the operating results of the discontinued operations and provides a more accurate and useful depiction of the continuing assets and liabilities historically deployed to produce the continuing operations.

Question 5: Do you agree with the disclosures required for disposals of individually material components of an entity? If not, which disclosure or disclosures would you eliminate or add and why?

Response: We agree with the need for most of the disclosures proposed in the update for individually material components of an entity. However, the disclosures pertaining to investing cash flows and financing cash flows in paragraphs 205 – 20 – 50 – 1A (d) and (e) are unnecessary disclosures that should be excluded from the final update. We believe that these disclosures for public companies will be included in management's discussion and analysis. Furthermore, we believe that these disclosures provide little to no value to users of private company financial statements and should be scoped out of the final Update.

Question 6: Do you agree that businesses held for sale on acquisition should be excluded from certain disclosure requirements? Why or why not?

Response: We agree. The information may not be available or may not be in a form that provides the information without the addition of considerable time and cost. In the case of an asset acquisition, the accounts and records of the business held for sale may not be included in the assets sold. We also believe that the information is not meaningful to the users of the financial statements as the assets were not previously included in the financial statements and the user community is more interested in the continuing entity and monetization from the sale of the assets held for sale on acquisition.

Question 7: Do you agree with the prospective application transition method? Why or why not?

Response: We agree with the proposal to use the prospective application method as retrospective application in many cases may prove to be difficult, time consuming and costly.

Question 8: How much time do you think will be needed to prepare for and implement the amendments in this proposed Update?

Response: If a final Update is issued in 2013, the amended guidance for reporting discontinued operations should be applied for fiscal years beginning after December 15, 2014, and interim periods within those fiscal years for both publically traded and privately owned entities.

Question 9: Do the modified disclosures for nonpublic entities provide the right level of disclosure? If not, how should the proposed Update be modified for nonpublic entities?

Response: The modified disclosures for nonpublic entities provide the right level of disclosures.

We also believe the Private Company Council (PCC) should review the Update and provide its comments on it – specifically, should there be any other relief for nonpublic entities. The purpose of the PCC is to identify parts of GAAP that may be improved if an alternative accounting treatment is available for private companies. The entire process would be more effective if the PCC evaluated proposed changes to GAAP during the Exposure Draft stage so that the actual change to GAAP would incorporate any relief for nonpublic entities upon the issuance of the new standard rather than as a change to a recently issued standard. It would be helpful for preparers, auditors and users if this was done early in the process because preparers and others may need to start to gather data needed to comply with the new standard as soon as it is approved.