

November 18, 2014

Technical Director  
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Proposed Accounting Standards Update: Interest—Imputation of Interest (Subtopic 835-30) *Simplifying the Presentation of Debt Issuance Cost*

The Accounting Principles and Assurance Services Committee (the “Committee”) of the California Society of Certified Public Accountants (“CalCPA”) respectfully submits its comments on the referenced proposal. The Committee is the senior technical committee of CalCPA. CalCPA has approximately 40,000 members. The Committee consists of 53 members, of whom 47 percent are from local or regional CPA firms, 27 percent are from large multi-office CPA firms, 12 percent are sole practitioners in public practice, 10 percent are in academia and 4 percent are in international CPA firms. Members of the Committee are with CPA firms serving a large number of public and nonpublic business entities, as well as many non-business entities such as not-for-profits, pension plans and governmental organizations.

***Question 1:*** *Should debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts? If not, why?*

Yes, the Committee concurs with the Board's proposal. The Committee believes that the proposal should be clarified to state that debt issuance costs do not need to be disclosed separately from debt discount; this is consistent with the Board's lack of theoretical distinction between debt discount and debt issuance costs.

***Question 2:*** *Should the proposed guidance be applied on a retrospective basis?*

Yes, the Committee agrees that the proposed guidance be applied on a retrospective basis.

The Committee considered whether adoption after issuance of the final ASU but before its effective date should (i.e., early adoption) should be permitted. The Committee was split on this question. Half favored permitting early adoption because entities should be permitted to adopt better accounting at an early date. The other half opposed early adoption because they felt it would be confusing to permit alternate accounting methods for the period of time before mandatory implementation.

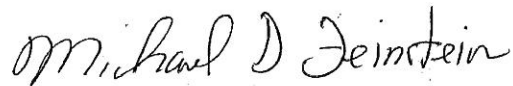
***Question 3:*** *How much time will be necessary to adopt the amendments in this proposed Update? Should the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?*

The Committee does not see any significant time or difficulty in implementation, and does not believe 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.

\* \* \* \* \*

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Very truly yours,

A handwritten signature in cursive script that reads "Michael D. Feinstein".

Michael D. Feinstein  
Chair  
Accounting Principles and Assurance Services Committee  
California Society of Certified Public Accountants