



The Association of  
Accountants and  
Financial Professionals  
in Business

December 16, 2024

Mr. Jackson M. Day  
Technical Director  
Financial Accounting Standards Board  
801 Main Avenue  
P.O. Box 5116  
Norwalk, CT 06856-5116

**Re: File Reference No. 2024-ED500**

Dear Mr. Day:

The Financial Reporting Committee (FRC or Committee) 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, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity* (Proposed Update).

The IMA is a global association representing over 140,000 accountants and finance 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](http://www.imanet.org) (About IMA, Advocacy, Financial Reporting Committee).

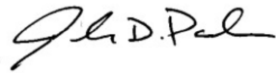
The Committee appreciates the Board's efforts to reduce inconsistent outcomes in accounting for business combinations where the identity of the accounting acquirer is not clear. We believe the Proposed Update will produce more decision-useful information and reduce complexity in financial reporting. However, we believe the Proposed Update would be clearer and easier to apply if the Board simply required all acquisitions of a business where the accounting acquirer is not clear to apply the guidance in ASC 805-10-55-10 through 55-15.

While we understand that, as noted in paragraph BC34 of the Proposed Update, the condition in ASC 805-10-55-12(a) is tailored to transactions effected primarily by exchanging equity interests (as is the condition in ASC 805-10-5-12(e)), the remaining conditions in that paragraph are operable in any transaction, regardless of the form of consideration exchanged. We note that ASC 805-10-55-11 and 55-15 address circumstances where the consideration in an acquisition is other than an exchange of equity interests. We believe that guidance can be effectively applied to transactions involving a variable interest entity.

\* \* \* \* \*

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

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Paul", written in a cursive style.

Josh Paul  
Chair, Financial Reporting Committee  
Institute of Management Accountants  
jpaul@paloaltonetworks.com