

FASB continues pursuit of simplification

Exposure drafts address equity method, share-based payments, and business combinations.

August 1, 2015

FASB continued its work to simplify accounting standards with three new proposals.

The exposure draft *Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Equity Method of Accounting* would eliminate the requirement for an equity-method investor to account for the basis difference.

Comments are due Aug. 4 at FASB's website.

Another exposure draft, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, is intended to simplify several aspects of accounting for share-based payment transactions. These include:

- Income tax consequences.
- Classification of awards as either equity or liabilities.
- Classification on the statement of cash flows.

Some of the areas for proposed simplification apply only to nonpublic entities.

Comments are due Aug. 14 at FASB's website.

A third proposal is designed to make it easier to account for adjustments made to provisional amounts recognized in a business combination.

A Proposed Accounting Standards Update, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, would require that the acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amount is determined.

Comments on the proposal were due July 6.

