Letter of Comment No: 27 File Reference: 1205-001

October 17, 2005

Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, Connecticut 06856-5116

Attention: Technical Director - File reference 1205-001

Via e-mail: director@fasb.org

RE: Exposure Draft: Proposed Statement of Financial Accounting Standards: Consolidated Financial Statements, Including Accounting and Reporting of Non-controlling Interests in Subsidiaries, a replacement of ARB No. 51.

Dear Director:

The Accounting Principles and Auditing Standards Committee of the Florida Institute of Certified Public Accountants ("the Committee") has reviewed and discussed the above referenced "Exposure Draft".

The Committee's comments and responses to this "Exposure Draft" should be taken separately from issues regarding the Fair Value Method of Accounting, on which this Committee has neither taken a position nor made comment. Additionally, the Committee's responses to this Exposure Draft should not connote blanket acceptance of the Fair Value Method of Accounting.

With regards to the request for comments on all matters in this proposed Statement, particularly specific questions set out within the "Exposure Draft":

Questions 1 and 2 — Reporting Noncontrolling Interests in the Consolidated Statement of Financial Position

- Question 1 The Committee agrees that the noncontrolling interest should be part of the equity of the consolidated entity.
- Question 2 The Committee agrees with the proposed requirement that presents the noncontrolling interest as equity separately from the parent shareholders' equity in the consolidated statement of financial position.

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Question 3 – Attributing Consolidated Net Income and Consolidated Comprehensive Income to Controlling and Noncontrolling Interests

The Committee agrees with the proposed requirement for attributing net income or loss and the components of other comprehensive income to the controlling and noncontrolling interests, including the provision that losses applicable to the noncontrolling interest of a subsidiary would be attributable to the noncontrolling interest even if those losses exceed the noncontrolling interest in the subsidiary's equity. This would make a minority interest entity with cumulative losses more visible to the readers of the financial statements.

Question 4 – Changes in Ownership Interests in a Subsidiary

The Committee agrees that changes in ownership interests in a subsidiary after control is obtained that do not result in loss of control should be accounted for as equity transactions. This would be consistent with our response to questions 1 and 2 above.

Questions 5 and 6 – Loss of Control of Subsidiaries

Question 5 – The Committee agrees that any gain or loss resulting from the remeasurement of a retained interest in a former subsidiary should be recognized in income of the period. This would be consistent with our previous responses. The Committee suggests that the gain or loss be reflected as a separate line item on the face of the income statement after income from operations.

Question 6 — The Committee agrees with the proposed guidance for determining whether multiple arrangements that result in the loss of control of a subsidiary should be accounted for as a single arrangement.

Question 7 – Reporting Earnings per Share

The Committee agrees that earnings per share amounts should be calculated using amounts attributable to the controlling interest.

Questions 8-12 - Disclosures

- Question 8 The Committee agrees that the disclosure of the total amounts of consolidated net income and consolidated comprehensive income, and the amounts of each attributable to the controlling interest and the noncontrolling interest should be required, if it takes into account the effects of FAS 154 on the cumulative effects of changes in accounting principles.
- Question 9 The Committee agrees that disclosure of the amounts attributable to the controlling interest should be required.
- Question 10 The Committee agrees that a reconciliation of the changes in the noncontrolling interest should be required.
- Question 11 The Committee <u>does not</u> agree with a requirement for a separate schedule for these disclosures. This would be redundant, as the effects would already be shown in the statement of changes in stockholders equity. Also, a separate schedule requirement has not been adopted by the IASB, and the Committee understands that one of the purposes of this "Exposure Draft" is to promote convergence with the IASB.
- Question 12 The Committee agrees that the disclosure of the gain or loss recognized on the loss of control of a subsidiary should be required. The Committee further suggests that this disclosure should be on the face of the financial statements as a separate line item (unless not significant), as noted in prior comments.

Question 13 - Transition

The Committee agrees with the proposed transition requirements, as it would be impractical to do otherwise.

The Committee has no further comments on this "Exposure Draft".

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