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October 12, 2005

Ms. Suzanne Q. Bielstein  
Director of Major Projects and Technical Activities  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5112  
Norwalk, CT 06856-5116

Reference: Proposed Statement of Financial Accounting Standards, *Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries, a replacement of ARB No. 51* (File Reference No. 1205-001).

Dear Ms. Bielstein:

We appreciate the opportunity to respond to the Exposure Draft on *Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries, a replacement of ARB No. 51*. Our comments on specific questions in the Exposure Draft are shown in order.

**Question 1-Do you agree that noncontrolling interest is part of equity of the consolidated entity? If not, what alternative do you propose and why?**

Yes. We believe that noncontrolling interest should be part of equity in the consolidated financial statements because noncontrolling shareholders have an equity interest in the subsidiary, and the purpose of financial statements is to report the parent and its subsidiaries as a single economic unit. It is apparent that the noncontrolling interest of an entity generally has significant influence on the net assets (equity) of the subsidiary. The previous "mezzanine" treatment of noncontrolling interest between liabilities and equity does not simplify financial statements, but creates a quasi-element in current financial statements that does not address the intrinsic nature of the single economic entity.

**Question 2-Do you agree with the proposed requirement to present the noncontrolling interest in the consolidated statement of financial position within equity, separately from the parent shareholders' equity? If not, what alternative do you propose and why?**

Yes. Noncontrolling interest within equity should be presented separately from the parent shareholders' equity. While the net amounts of a parent and its subsidiaries as a whole are useful to most decision makers, other users may find the separated segments more useful. Each piece of the consolidated entity provides unique information that can help in determining the financial profile of the company as a whole. Presenting both parts of equity allows users to see both the big picture and the separate noncontrolling interest piece, thus creating a financial statement that is more relevant and useful.

**Question 3-Do you agree with the proposed requirements for attributing net income or loss and the components of other comprehensive income to the controlling and noncontrolling interests? If not, what alternative do you propose and why?**

Yes. Attributing net income or loss and the components of other comprehensive income to the controlling and noncontrolling interests would be appropriate. We agree with the Board's statement that "losses be attributed to the noncontrolling interest over, if that attribution exceeds, the equity attributable to the noncontrolling interest." This presentation is consistent with the nature of the transaction. Neither the controlling nor noncontrolling interests have further obligation; so, it would not be appropriate to put the entire charge to the majority interest.

**Question 4-Do you agree that changes in ownership interests in a subsidiary after control is obtained that does not result in a loss of control should be accounted for as equity transactions? If not, what alternative do you propose and why?**

Yes. Changes in ownership interests in a subsidiary after control is obtained that do not result in a loss of control should be accounted for as equity transactions. Because both noncontrolling interests and controlling interests are recorded in the financial statements as equity, recording changes in ownerships interests should be accounted for as equity transactions. Therefore, no gains or losses should be recognized because there are no changes in assets or liabilities, but only in the residual interest. If Question 1 is accepted, that noncontrolling interests are a part of equity, it follows logically that changes in control should be treated as equity transactions.

It also follows that the earnings per share data should not be adjusted because doing so would negate the fundamental assertion that there is one economic entity. And because all changes of ownership that do not result in a loss are

recognized in equity, the numerator in the EPS calculation will not be affected because there is no loss or gain reported to change net income

**Question 5-Do you agree that any gain or loss resulting from the remeasurement of a retained investment in a former subsidiary should be recognized in income of the period? If not, what alternative do you propose and why?**

Yes. When the parent owns stock as a controlling owner, the subsidiary's stock is an extension of equity. When that investment no longer gives them control over the subsidiary, it should be accounted for as an investment asset rather than as a component of equity.

**Question 6-Do you agree with the proposed guidance for determining whether multiple arrangements should be accounted for as a single arrangement? If not, what alternative do you propose and why?**

No. We do not agree with the entire proposed guidance for determining whether multiple arrangements should be accounted for as a single arrangement. The conditions listed in paragraph 29b and 29d seem to work well, because they all demonstrate a connection between arrangements made to achieve a single and particular accounting result.

However, the condition listed in paragraph 29c is vague in its wording and should be eliminated or expanded in greater detail. Also, the condition listed in paragraph 29a should be altered to remove "or as part of a continuous sequence." Certain economic factors, changes in business plans, as well as market forces could lead an entity to change its positions but could be construed as one single arrangement under the current language in the Exposure Draft.

**Question 7-Do you agree that earnings per share amounts should be calculated using only amounts attributable to the controlling interest? If not, what alternative do you propose and why?**

Yes. Earnings per share amounts should be calculated using only amounts attributable to the controlling interest. The nature of earnings per share data is that it is for the benefit of shareholders of the controlling interests. Including noncontrolling interest in the calculation would provide misleading information to the shareholders and would create confusion as the earnings per share attributable to the controlling shareholders.

**Question 8-Do you agree that disclosure of the total amounts of consolidated net income and consolidated comprehensive income, and the amounts of each attributable to the controlling and the noncontrolling interest should be required? If not, why?**

Yes. The disclosure of the total amounts of consolidated net income and consolidated comprehensive income, and the amounts of each attributable to the controlling and the noncontrolling interest should be required. This presentation would provide better information to the readers of financial statements, thus creating a more complete document. By presenting both the controlling and noncontrolling interests, users would get a better overall picture of the subsidiary and its contributions to the consolidated results.

**Question 9-Do you agree that disclosure of the amounts attributable to the controlling interest should be required? If not, why?**

Yes. The disclosure of the amounts attributable to the controlling interest should be required. This disclosure also will provide useful information as to the nature of amounts from the subsidiary or subsidiaries that affect the consolidated entity financial statements, which will allow users of the information to be aware of how the individual components of the subsidiaries fit into the larger picture as a whole and make up consolidated comprehensive income.

**Question 10-Do you agree that a reconciliation of the changes in noncontrolling interest should be required? If not, why?**

Yes. A reconciliation of the changes in noncontrolling interest should be required. Even though consolidated financial statements primarily serve shareholders of the parent company, a reconciliation of the changes in the noncontrolling interests could be beneficial to users because users are concerned about the well being of both the parent and its subsidiaries as a whole.

**Question 11-Do you agree that disclosure of a separate schedule that shows the effects of any transactions with the noncontrolling interest on the equity attributable to the controlling interest should be required? Please provide the basis for your response.**

Yes. A disclosure of a separate schedule that shows the effects of any transactions with the noncontrolling interest on the equity attributable to the controlling interest should be required. This is an intuitive extension of our previous comments to the Board. Reliability dictates that if noncontrolling interests is a part of equity, disclosure of transactions with noncontrolling interest should be required to provide useful, pertinent information to users of financial

statements, and assist in clarifying the nature of equity changes. Users of financial statements will be able to differentiate changes in equity associated with normal external business transactions and changes due to transactions with noncontrolling interests.

**Question 12-Do you agree that the disclosure of the gain or loss recognized on the loss of control of a subsidiary should be required? If not, why?**

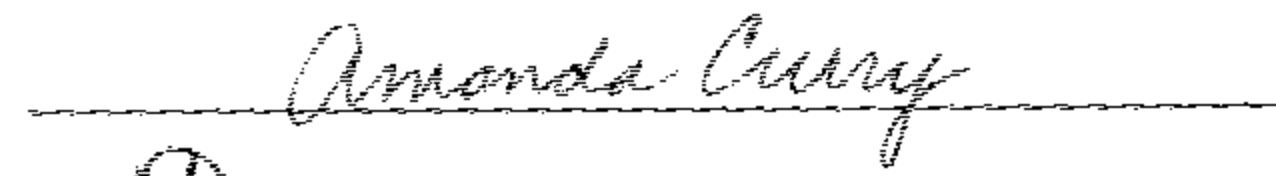
Yes. The disclosure of the gain or loss recognized on the loss of control of a subsidiary should be required. Because that gain or loss is included in income, a disclosure of this sort is necessary so one can ascertain the difference between income due to ongoing operations of the economic entity and a gain/loss in investment activities.

**Question 13-Do you agree with the proposed transition requirements? If not, what alternative do you propose and why?**

Yes. The transition requirements will provide consistency and comparability to end-users. By applying these changes retrospectively, the transition requirements conform with GAAP, which requires that changes in accounting principles be handled retrospectively.

Sincerely,

Amanda Curry,



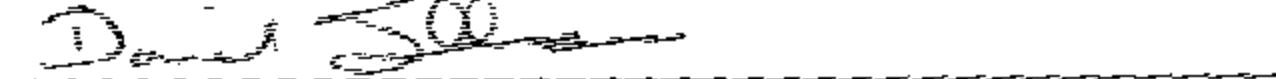
Kudzie Chasosa,



Daren Poe,



Daniel Sullivan,



Andrew Taggart;

