

FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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April 12, 2004

Letter of Comment No: 39 File Reference: 1200-400 Date Received: 4/12/04

VIA email: director@fash.org

Financial Accounting Standards Board of the Financial Accounting Foundation Director of Major Projects and Technical Activities File Reference No. 1200-400 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

Re: Exposure Draft Proposed Statement of Financial Accounting Standards - Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3.

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 (ED). The Committee has the following comments regarding this exposure draft.

General comment

The Committee has some concerns with this proposed statement. The Committee is concerned that an increased amount of financial statement restatements would occur if a change in depreciation, amortization or depletion method were to now be accounted for as a change in accounting estimate. The Committee overwhelmingly agreed that given the current financial environment where audited financial statements, accounting changes and restatements are under increased public scrutiny, we believe that such a change will add to the skepticism surrounding our profession. The Committee also believes that the benefits do not appear to out way the costs associated with the retrospective application.

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The Committee believes that more specific guidelines need to be established regarding the measurement of what "impracticable" represents. The Committee believes that without this additional guidance, the reporting entity is left with too many options to determine when retrospective application is practicable and appropriate.

The first paragraph in the Summary on page ii refers to a financial statement title in parenthesis, specifically "...(or other appropriate balance sheet caption)". The Committee recommends that the notation should read the same as Page 2, item h that indicates "or other appropriate caption in the balance sheet or statement of position".

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The ED mentions a joint project with the International Accounting Standards Board (IASB) to "achieve more comparability". The Committee firmly believes that comparability would be lost, as not only would there be retrospective application, but the chance exists for multiple sets of financial statements to be issued with the reader unsure as to which set represents the current financial position, results of operations and cash flows of the entity.

Summary, How the Changes in this Proposed Statement Would Improve Financial Reporting - Page iii

The ED states that "changes in accounting principle required by the issuance of a new accounting pronouncement were not within the scope of Opinion 20". The Committee firmly believes that a change in depreciation, amortization or depletion method is within the scope of Opinion 20. Furthermore, to issue an ED that changes the methodology from a change in accounting principle to a change in accounting estimate does not appear, in the Committee's opinion, to be appropriate.

Paragraph 20, Disclosures

While the ED requires that the financial statements for the period of a change "shall disclose the effect on income before extraordinary items, net income, and related per-share amounts of the current period", the Committee believes that effect on "other comprehensive income" also needs to be disclosed.

The Committee appreciates the opportunity to share our views and concerns. Members of the Committee are available to discuss any questions that you may have regarding this communication.

Very truly yours,

Lizette Pena

Lizette Pena, CPA, Chair FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response: John M. Martinovich, CPA Richard G. Edsall, CPA