

Stacey Sutay

From: Anita Laird [anita_laird@yahoo.com]
Sent: Friday, March 19, 2004 2:41 PM
To: Director - FASB
Cc: dsatin@csuhayward.edu
Subject: File Ref 1200-4400, Accounting Changes and Error Corrections

Dear FASB Director:

I am a graduate student in an accounting theory class and I am writing to comment on the above referenced exposure draft. I support the requirement to apply accounting changes to prior period financial statements instead of accounting for the affect in the income of the period of change. I believe the change will improve the quality of financial statements for users. The new rule will improve comparability and allow users to understand how the company would have preformed historically using the accounting policy. This will improve users' insight on how the company may perform in the future using the new policy. Without the ability to compare results over multiple years, users are missing important information on the upward or downward trend of income and financial ratios.

The new rule will also prevent misleading users about the income results for the period of the accounting change. Users may bestow too much importance to the net income number and fail to understand the significance of the income or loss associated with the accounting change. The user may misinterpret the earnings persistence associated with the net income reported in the period of the accounting change.

I also support international consistency in accounting standards. Many large corporations compete globally, trade stock globally, and raise capital globally. Standardizing financial standards will improve market efficiency in facilitating results interpretation by users who invest globally. Global accounting standards will also reduce accounting costs for corporations that submit financial statements to regulatory agencies in foreign countries.

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