

Stacey Sutay

Letter of Comment No: 28
File Reference: 1200-400
Date Received: 3/19/04

From: Director - FASB
Sent: Monday, March 22, 2004 7:15 AM
To: Stacey Sutay
Subject: FW: Comment on exposure draft



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-----Original Message-----

From: Tamanna Dalwai [mailto:tdalwai@horizon.csuhayward.edu]
Sent: Friday, March 19, 2004 4:37 PM
To: Director - FASB
Cc: dsatin@csuhayward.edu
Subject: Comment on exposure draft

Dear Sir/ Madam

I am the under mentioned student from Cal State University, Hayward, enrolled in the MBA (Finance & Accounting) program. For the winter quarter 2004, I was enrolled for an accounting theory class which helped us question why, how and when aspects of the accounting profession evolution. One of the major aspects of this class was to analyze some of the recent exposure drafts issued and as part of our final we had to express an opinion on the exposure document "Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3."

I do believe that the replacement of APB Opinion No. 20 and FASB Statement No. 3 would make accounting better. It has definitely improved the scope by removing the cumulative effect of reporting and making companies show the retrospective effect of the change in accounting principle, unless it was impractical to report the change.

I think that this exposure draft is beneficial for the companies as well as investors. The companies may have more work to do but it definitely does not bring up a questionable year if the cumulative effect was used to account the change. They can report period specific change spreading the impact and still consistently showing their performance. The investors for this very reason would not be mislead that one year has had such a dramatic change compared to the consistent performance the company has shown. It would definitely increase the comparability not only for the company over the years but also enhance the comparisons of companies existing in the same industry.

Also, this new replacement is not enforcing the retrospective method of reporting if it was impracticable to allocate the accounting principle change to prior years. Under these circumstances, it requires the company to report the new accounting change prospectively from the earliest date possible. This again reduces the implementation load for the companies.

This proposed Statement also requires that depreciation, amortization or depletion method as a change in accounting estimate effected by a change in the accounting principle. All these correctly recognized as the changes in the future benefits of an asset.

Since it is the convergence of IASB and FASB it sure is to increase the quality of reporting. And it increases the potential for increasing comparability between firms on a worldwide basis complying with these rules.

I do support this new statement.

Yours Sincerely

Tamanna Dalwai