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## Stacey Sutay

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**From:** Director - FASB  
**Sent:** Friday, March 19, 2004 1:45 PM  
**To:** Stacey Sutay  
**Subject:** FW: My comments on the Exposure Draft

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

**From:** Yihong Chen [mailto:cherryhc@yahoo.com]  
**Sent:** Friday, March 19, 2004 12:57 PM  
**To:** Director - FASB  
**Cc:** dsatin@csuhayward.edu  
**Subject:** RE: My comments on the Exposure Draft

Dear FASB director,

I am a MBA (accounting option) student in California State University, Hayward. As an accounting option student, we always need to follow up any changes in today's accounting world. With the increasing globalization of commerce, including securities markets, the need for international accounting standards will expand. I can understand the importance for issuing this proposed statement. I am taking an accounting theory class this quarter. Our professor—Dr. Satin often assigns us to read many articles related to current FASB reports. It is really helpful and useful for us to know more relevant accounting articles and follow up any updated documents from FASB. It is a very important step for us accounting students to prepare for future career. After reading the exposure documents of "Accounting Changes and Error Corrections—a replacement of APB Opinion No.20 and FASB Statement No.3", I believe it will make accounting better because of following reasons.

1. Accounting Changes and Error Corrections, a replacement of FASB Statement No. 3, and APB Opinion No. 20, the latter of which requires that most changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. The proposed statement would require retrospective application of a newly adopted accounting policy for most changes in accounting principle, including changes in accounting principle required by issuance of new pronouncements unless it is impracticable to determine either the cumulative effect or the period-specific effects of the change. **This change in accounting principle will enhance the inter-period comparability of financial information between another international company and the United States Company because we know the information provided in financial statements should be both relevant and consistent.**

2. Under the proposed statement, when it is impracticable for an entity to determine the cumulative effect of applying a change in accounting principle to all prior periods, such as a change from FIFO to LIFO, a new accounting principle must be applied as if the change were made prospectively from the earliest date practicable. **This will make the financial statements more reliable and consistent in terms of international convergence.**

3. This proposed statement also would require that a change in depreciation or amortization method be accounted for as a change in accounting estimate that is affected by a change in accounting principle. The change in accounting principle that affects the change in accounting estimate must be justified on the basis that it is preferable. **Since changes sometimes continue processing and will have additional**

**information or revising estimates. So, this change requirement makes international accounting standard more comparable. This proposal will definitely benefit investors in foreign countries as well as investors in the United States.**

4. The Exposure Draft carries forward the guidance in APB Opinion No.20, Accounting changes, for reporting the correction of an error in previously issued financial statements, a change in accounting estimate, and a change in the reporting entity, as well as the guidance in FASB statement No. 3, for reporting and disclosure of accounting changes in inter-period information. **This will provide more full sides of information to investors. When comparative statements are prescribed, it will be more consistent and easier for investors to understand.**

**In conclusion, this Exposure Draft will bring benefits to investors who want to invest in international financial markets because it makes easier to compare and apply for international convergence as the requirement of international accounting standard development. I would say it makes accounting better. Also, these changes will provide users, including investors with reliable and relevant accounting or financial information. The draft will enhance comparability of financial statements prepared in the U.S and other countries under IASB. Therefore, I am in favor of it because it can help fulfill the joint short-term convergence project between FASB and IASB.**

Thank you very much for your time.

Sincerely,

Yihong Chen (Cherry)

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