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**Letter of Comment No:** 72  
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**To:** Financial Accounting Standards Board

**From:** Maureen Leary, Providence College Student

**Subject:** Principle Based Approach to U.S. Standard Setting

**Date:** December 12, 2002

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I am a junior intermediate accounting student at Providence College in Providence RI. Our class has been assigned the task of responding to the proposed principles-based approach to US standard setting.

A shift towards a principle-based approach to accounting standards would simply do more harm than good for several reasons:

1. By moving from our current system to a principles based approach we will loose comparability and verifiability. Financial Statements will be created and presented differently from company to company which will make it much harder to contrast. This will weaken the public's already questionable trust in the accounting practice.
2. Moving to a principle-based approach will also make it harder to find discrepancies in financial statements thereby actually making it easier to falsify them. Each principle will have to have exceptions since there are so many different scenarios and cases that exceptions are necessary.

3. Keeping the system as is and merely refining it a little will maintain the detailed guidance and limits the ability of the SEC and others to second-guess professional judgments or auditors and others.

Overall I believe that switching to a principle-based approach to accounting standards would cause more havoc than already exists. It would be a tremendous mess if we actually decided one year to completely change the process. The best solution to me is to refine what we already have and maybe add a few principles. A balance between principles and rules would seemingly be the best answer to the present accounting problems that our economy is facing.

Thank you for your time and consideration. If you have any additional information available it would be greatly appreciated.