

Letter of Comment No: 20

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From: Qing Wei [mailto:qwei2@horizon.csuhayward.edu]

Sent: Friday, March 19, 2004 8:21 PM

To: Director - FASB

Cc: dsatin@csuhayward.edu

Subject: Revised Exposure Draft: Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3."

College of Business & Economics
California State University, Hayward
25800 Carlos Bee Blvd
Hayward, CA 94542

March 16, 2004

Director of Research and Technical Activities
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk CT 06856-5116

Re: Revised Exposure Draft: Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3."

Dear RTA Director:

I am writing on behalf of the College of Business & Economics, California State University, Hayward to comment on certain aspects of the above-referenced revised exposure draft. I am a MBA student with option in accounting. The comments, issues and questions presented in this letter are based upon my study of accounting course of accounting theory. First, I am glad to hear that the FASB and International Accounting Standards Board (IASB) have made progress on a first phase of a short term convergence project, which involves both the FASB and IASB comparing existing standards conforming the two sets of standards to the higher-quality solution. Therefore, It tends to be easy to apply higher-quality accounting standard nationwide.

Second, this proposed Statement would improve comparability of financial information between periods presented by requiring retrospective application of all comparative financial statements when reporting most accounting changes. Also, in instances where full retrospective application is impracticable, this proposed statement would improve comparability of financial information between periods by requiring that a new accounting principle be applied as of the earliest date practicable.

But I have some question about this proposed Statement. First, most of Financial Statement readers would like relevant accounting information. Even this statement increase the comparability, how much information that retrospective application can provide for decision-making will leave question. For example, who will need accounting information 10 years ago? Second, we have to use cost and benefit analysis to access proposed statement. If we have to address the accounting change 10 years ago, absolutely the cost will be huge. Is it worth?

Thanks for your time to read my comment.

Sincerely,

Qing Wei