

WEBER STATE UNIVERSITY

SCHOOL OF ACCOUNTANCY

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FASB

File Reference 154-D 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: Consolidated Financial Statements

It would be a mistake to change from a basis of "legal control" for consolidation to a basis of "effective control".

The Board should study carefully the works of Professor Abraham Briloff regarding the cost and equity methods of accounting and pooling-of-interests accounting.

We currently have a situation where a company must own over 50% of the subsidiary's stock before consolidation is allowed. If the rule is changed to "effective control", it seems clear that accountants will be selective in the use of consoldiated financial statements. You will see the same abuses that Professor Briloff discusses in his articles which appeared mainly in Barrons.

Keep the current rule of 50+% ownership and abusive reporting will be prevented.

Sincerely

Ronald M. Mano, Ph.D., CPA, CFE

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