From: daly@executiveeducationinc.com Sent: Wednesday, March 04, 2009 11:20 AM

To:Kim Petrone; dgomez@iasb.org

Subject: Financial Statement Presentation Changes

Dear Friends,

I have studied the proposed new financial statement presentation formats that FASB and the IASB are currently considering and would like to offer my insights on these proposed changes.

A major goal of financial statement presentation is to provide readers with an understanding of the financial situation of an entity. This should include not just financial, professionals but the entities management, board of directors, bankers and ordinary shareholders.

I believe that our current financial statements, particularly the Statement of Cash Flows have become too difficult for lay readers to understand. With the existing format, one of the first questions lay readers ask us is "What is the difference between "investing" and "financing" cash flows? Making a distinction between these types of cash flows provides little value for a financial statement reader, yet using this financial statement presentation hides other very valuable piece of information: What are the TOTAL inflows and outflows of the entity.

Making the Income Statement and Statement of Financial Position comparable to the Statement of Cash Flows would effectively take two financial statements that most users understand and makes them inaccessible to lay readers. Our current Statement of Financial Position is well understood by lay people. From that statement, it is easy to identify total assets, total liabilities, total equity and the relationships between these quantities. The proposed new format obscures this valuable information for the sake of providing information that is of little value.

We should be attempting to make financial statements easier to understand, not more difficult to understand. The recent proposal to change the Income Statement and Statement of Financial Positionindicates that the accounting techies at FASB and the IASB have completely lost touch with real world financial statement users.

If you really believe that it provides value to a financial statements reader to know business, financing, income tax, and discontinued operations assets and liabilities. The Statement of Financial Position should be presented in this format:

ASSETS
Business
Financing
Income Tax
Discontinued Operations
TOTAL ASSETS

LIABILITIES
Business
Financing
Income Tax
Discontinued Operations
TOTAL LIABILITIES

## **EQUITY**

The Statement of Cash Flows should have the same format. This presentation would make financial statements much more readable to lay users.

John

John L. Daly MBA, CPA, CMA, CPIM Executive Education, Inc. Phone: 734-475-0600

Fax: 734-475-7145