



March 29, 2008

Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Dear FASB:

This letter is in response to your call for comments on the joint Discussion Paper with the IASB entitled "Preliminary Views on Financial Statement Presentation" file reference No. 1630-100. These comments were generated during our discussion of the proposal during a Masters of Accountancy class at the University of Richmond. While we did not address all of the questions posed in the document, reported below is our collective response to several of those questions.

Overall, we commend the FASB in addressing how to best present financial information to users in a form that is understandable and depicts a clear picture of the operations and activities of the reporting company. A collaborative effort with the IASB is also beneficial in order to eliminate inconsistencies in format between the two standard-setters.

Question 1 –

We believe that the three proposed objectives of Financial Statement presentation would improve the usefulness of the information reported, but that these objectives should be discussed in conjunction with the overall objectives of financial reporting in the joint FASB/IASB conceptual framework project and not in isolation within this document.

Question 2 -

While less sophisticated users may have some difficulty at first, we generally agree that the separation of business activities from financing activities provides users more decision-useful information.

Question 3 –

We believe that the Equity section of the Statement of Financial Position and Statement of Cash Flows is still an important concept (beyond “net assets”) that should be separately disclosed. This is particularly true for privately held corporations and partnerships.

Question 4 –

We agree with the idea of having discontinued operations reported separately. When projecting future cash flows (FCFs), income from discontinued operations are probably of little value, and thus should be taken out for presentation purposes. However, there needs to a clear definition of what constitutes a “discontinued operation.” Allowing companies to pick and choose items to present as “discontinued” will only confuse users and lead to non-comparable financial statements.

Question 5a –

Management decisions for classification better reflect the business’s intent and actual use than current requirements.

Question 5b –

Barring intentional manipulation, the possible lack of comparability across firms is potentially useful in that it helps to identify how firms are actually different with respect to management’s intent and perspective/strategy regarding running the business. The management approach to classification is an improvement over the current requirements because FS users can more readily see management’s perspective on the company in a way that the current reporting does not allow. By using the management approach, items are presented in the manner in which they are utilized by the entity. Although this would result in presentation that may lack uniformity across entities, it would provide the clearest picture of the entity’s activities to outside parties. Comparability may actually be enhanced when outside users have a greater understanding of the way in which the company actually operates.

However, of more concern is the level of detail to be presented under a management approach to financial reporting. While the exhibits depict a considerable level of detail (e.g., eight separate components of costs of goods sold on the Statement of Comprehensive Income for Tool Co.) a concern is the actual level of disaggregated information that will be disclosed in practice. The proposal calls for disaggregate information by nature and function when such disaggregation

would, in management's perception, "enhance the usefulness of the information in predicting the entity's future cash flows." However, this may well lead to financial statements that are less disaggregated and less useful than intended if management does not properly disaggregate information by nature and function. For example, they may choose not to disaggregate General and Administrative expenses by arguing that disaggregation does not aid in predicting future cash flows when in reality they really just do not like disclosing administrative salaries as a component of these expenses. Accordingly, additional consideration should be given to require disclosure of particularly useful information such as salaries and/or compensation, or when nature and function categories exceed certain thresholds, regardless of their ability to aid in predicting future cash flows.

Question 6 –

Combining assets and liabilities in the business section and in the financing section of the statement of financial position would make it easier for users to calculate some key financial ratios for an entity's business activities and financing activities. However, it is important that the statement of financial position also contain subtotals and grand totals for assets and liabilities for users to calculate other key financial ratios. Thus, we would strongly urge the FASB to **require** the optional sub-totals (as illustrated in the Exhibits) and the short-term and long-term assets and liability disclosures at the bottom of the statement. These should both be **required** presentations. Users want to know this useful and traditional information.

Question 10-

Bonds and long-term payables should be classified as Financing activities and not Business operations. These are essentially financing decisions for most all entities and should be classified as such.

Question 12 –

Separating cash from non-cash current investments seems more appropriate and accurately reported than combining these into a modified "cash" amount.

Question 13 –

We generally believe that statement items should be disaggregated as the Board suggests. The goal of reporting is to create a fair representation of the firm's financial position and aligning

these items will enable users to get a better view of the Company's big picture and will increase transparency.

Question 14 –

In order to improve comparability of financial statements, entities should present net income and comprehensive income (and its components) in a single statement of comprehensive income (SCI). Users prefer to have all the necessary information on one page rather than have to go back and forth between two or more places. However, we strongly encourage the FASB to continue to **require** the separate presentation of NET PROFIT on the SCI. This is a fundamental component of income, no matter how defined, that should continue to be presented in the new format. Net profit was the cornerstone of the previous financial statements, and we believe that requiring its presentation will improve the transition.

Question 15 –

To further improve comparability, items of other comprehensive income should be presented in the same manner as all other income and expense items. Moreover, consistent presentation would be beneficial when comparing two potential M&A target companies.

Question 16 –

In order to aid the user of the financial statements better understand the company, we believe that the FASB should **require** detailed subtotals for income statement items (e.g., COGS, G&A) and not just encourage their presentation (see Question 5b above).

Additionally, in the Exhibits for Tool Co., interest expense is not classified consistently between the Statement of Financial Position and the Statement of Comprehensive Income. Lease liabilities and Other Long-term liabilities as classified as Operating on the SFP, but Interest Expense in the SCI is classified as an Operating item for leases but a Financing item for the other items. These should be classified similarly on the SCI if they are classified similarly on the SFP.

Question 19 –

The FASB should eliminate the alternative to do the “indirect method” and mandate the “direct method” on the Statement of Cash Flows (SCF). The direct method is much easier to understand and presents the information in a manner that users can readily use and interpret.

Additionally, we generally believe that all interest should be reported as a financing activity.

Further, purchases and sales of PP&E should be classified in the same section on the SCF – the “Other Operating Activities” section. In the Exhibit for Tool Co., PP&E *purchases* are in General and Admin and *sales* are in Other Operating activities. It is too confusing if they are not classified similarly for the same entity.

Question 21-

It is preferable to use the allocation approach to presenting the effects of basket transactions. Selecting only one category, or separating the aggregate effects into their own category, lacks the transparency users desire. Entities should be provided with guidance on the methods for allocating the effects of the basket transactions, and then expected to allocate accordingly in the future. The benefits in transparency outweigh the costs of implementation, and given the infrequency of their occurrence, would not be a substantial problem for many companies.

Question 22 -

Disclosing the maturities of short-term contractual assets and liabilities on interim reports would be beneficial for users. However, disclosing the maturities on annual reports seems excessive because the user is aware that the short-term assets and liabilities are due within the next year. As long as the assets and liabilities are identified as short-term and long-term, an entity should not need to disclose the maturities of short-term assets and liabilities on its annual financial statements.

Question 23 –

The Reconciliation of SCF to Comprehensive Income is a great addition to the financial statements. We believe that it very beneficial to more sophisticated investors and provides more transparent information about their accruals. However, at first glance, it appears to be very complex and might certainly be more focused on the needs of equity investors/analysts.

Question 25-

While we agree with the Board on the need for further disaggregation of fair value changes in financial instruments, we think there needs to be a simpler method for achieving this. While the method suggested works, it is a long, complex process that is difficult to follow. Our concern is

that companies would not understand how to properly disaggregate, and mistakes would lead to a system that is less transparent.

#### Question 27 -

Both public and nonpublic smaller businesses may bear substantial costs under the proposed presentation model. It may be costly for smaller businesses to reclassify relevant line items to the footnotes. However, if the proposed presentation model does indeed help users better understand an entity's past and present financial position and assess potential future cash flow, then it should be used by both public and nonpublic entities.

Overall, we generally agree with the thrust of the proposed changes and the fact that there is a lot more detail in the information that is presented. However, our general concerns are twofold:

1. With so much information being presented, investors may be more likely to skip over some of the parts of the financial statements that they might not under the old format. This "information overload" should be considered by the Board in any final pronouncement. In addition, the added cost of compliance, presentation and additional audit fees, especially for smaller firms, should also be carefully considered by the Board before a final pronouncement is issued.
2. With the recent XBRL mandate by the SEC, these changes may be unnecessary as one of the primary objectives of XBRL is to eliminate the current obstacles of financial reporting. Financial statement users will be able to pick and choose desired line items with XBRL capabilities. In addition, XBRL will allow both users and reporting companies to use financial statements for the intent of accurately conveying business activities. Lastly, with the XBRL mandate and discussions of an impending shift to IFRS, we believe that an additional change in financial reporting would create yet another learning curve and may cause undue stress on users and reporting companies.

#### A Final Student Perspective -

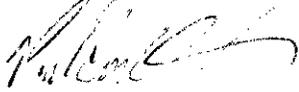
As accounting students, it was easy to remember that an asset is increased by debiting the account and a liability is increased by crediting the account because we learned to prepare balance sheets in account form. The proposed changes may make it harder for students to grasp the concept of debits and credits when assets and liabilities are netted together. Not only will executives and investors have to learn the new changes, but accounting professors and textbooks will have to present and teach the material differently.

Thank you for the opportunity to comment.

Sincerely,



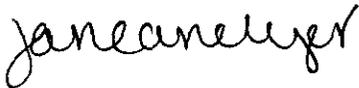
Brian C. Alas



Paul Conboy



Michele Howe



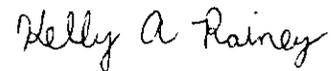
Janeane Leyer



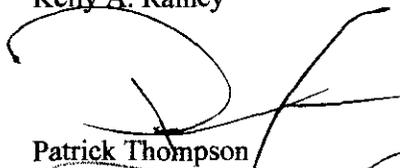
Cameron Purves



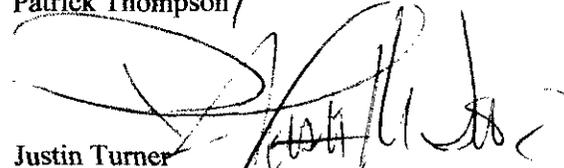
Katelyn Quigley



Kelly A. Rainey



Patrick Thompson



Justin Turner



Colin White