



LETTER OF COMMENT NO. 143

April 15, 2009

Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

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The Small Business Financial and Regulatory Affairs Committee ("the Committee") of the Institute of Management Accountants ("IMA") appreciates the opportunity to comment on the Discussion Paper, *Preliminary Views on Financial Statement Presentation*, issued by the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB"; together with the FASB, "the Boards").

IMA is the world's leading association for management accounting and finance professionals. The Committee advocates on behalf of smaller business entities to ensure that financial standards, laws, rules, and regulations do not disproportionately burden or disadvantage such entities. The advocacy efforts of the Committee include reviewing and responding to consultative documents issued by standard-setters, legislators, regulators, and other organizations.

Our comments on the Boards' Discussion Paper consist of (1) a general observation; and (2) a response to Question 27.

General Observation

The Committee believes that an external user of financial statements prepared under the proposed presentation model is likely to find that the financial statements are more decision-useful, relative to current practice, only if the reporting entity is complex and/or the user is sophisticated. But many reporting entities are not complex and many external users of entities' financial statements are not sophisticated. This is especially true for smaller entities, both public and private. Consequently, the Committee perceives a significant risk that the proposed model would fail to improve the decision-usefulness of financial reporting for many, if not most, entities and users.





Response to Question 27

"As noted in paragraph 1.18(c), the FASB has not yet considered the application of the proposed presentation model to nonpublic entities. What issues should the FASB consider about the application of the proposed presentation model to nonpublic entities?"

The Committee has identified two issues for the FASB to consider with regard to the application of the proposed presentation model to nonpublic entities. The first issue is that a failure of the Boards to converge on scope exceptions for nonpublic entities could preclude at least some private U.S. companies from using entity-appropriate differential standards and therefore disadvantage those companies relative to their non-U.S. competitors. The Committee therefore encourages the FASB to give strong consideration to embracing the IASB's intended exclusion of entities within the scope of the forthcoming *International Financial Reporting Standard for Non-publicly Accountable Entities* ("IFRS for NPAEs", referred to in the Discussion Paper as the "IFRS for Private Entities") from the scope of future standards.

The second issue is that if the FASB attempts to introduce differential GAAP for nonpublic entities on a project-by-project basis, then preparers, auditors, and users of financial statements will bear unwelcome costs and complexities. In contrast, the Committee believes that the FASB should pursue differential standards for all aspects of financial reporting on a holistic basis, as the IASB has done with the IFRS for NPAEs. The Committee further believes the FASB should work with the IASB to converge on a set of high-quality differential standards for nonpublic entities using the IFRS for NPAEs as a starting point.

I would be pleased to discuss the Committee's comments with members of the Boards and/or their staffs. Please feel free to contact me at +1 (828) 254-4812.

Sincerely,

Bruce Pounder

Chair, Small Business Financial and Regulatory Affairs Committee

Institute of Management Accountants

