



LETTER OF COMMENT NO. 9B

## Committee on Private Companies

April 21, 2009

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

Alan Teixeira  
Director of Technical Activities  
International Accounting Standards Board  
30 Cannon Street  
London EC4M6XH

Re: File Ref. No. 1630-100, Preliminary Views on Financial Statement Presentation

Dear Mr. Golden and Mr. Teixeira:

The Committee on Private Companies (CPC) Standards Subcommittee of Financial Executives International (FEI) wishes to express its concern about the joint Financial Accounting Standards Board ("FASB") and International Accounting Standards Board (IASB) Discussion Paper, *Preliminary Views on Financial Statement Presentation*.

FEI is the leading advocate for the views of corporate financial management in the United States. It is a professional association of more than 15,000 CFOs, treasurers, controllers and other senior financial managers. With approximately 7,500 members from private companies, FEI has a strong base of knowledge to draw upon with regard to the financial reporting needs and requirements of the private sector. The CPC is a technical committee of FEI, which formulates private company positions for FEI in line with the views of the membership. This letter represents the views of the Committee on Private Companies Standards Subcommittee and not necessarily the views of FEI.

Our concerns center on four areas:

### **Cohesiveness objective**

Although we appreciate the conceptual value of having a like structure or organization across the financial statements, we are concerned that this much of a fundamental change, when companies are facing other pressing challenges during the current economic crisis, should be delayed as companies strive to achieve stability and investors are looking for stability.

We believe that while the concept of cohesion is worthy of further consideration, some incremental improvements could perhaps be made in financial statement presentation, vs. the entire rewrite of the financial statements, since a major rewrite would impact standard ratios used by investors, rating agencies, creditors, and contracts, and cause an imbalance between costs and benefits.

Such additional disclosure may best be developed through suggested best practices, and may vary based on the type of entity and its facts and circumstances. For example, some metrics, like EBITDA, are viewed as having a great deal of relevance for some companies, but not others.

### **Disaggregation objectives.**

We believe there is an excessive amount of disaggregation recommended in the discussion paper, which will entail burdens with questionable benefits, indeed we believe limited benefits to our users, who have

not asked for this granular of a level of disaggregation. Moreso, this level of disaggregation could contribute to losing the 'forest for the trees.'

**Direct vs. indirect cash flow**

Our committee members represent a range of companies in terms of size and geographic reach. We have varying views as to whether it is practicable to provide a direct cash flow statement, with companies with more complexity and size generally of the view it could be very burdensome to create new systems to capture this information at the transaction level; and furthermore, some of our members question whether a direct cash flow statement would add sufficient incremental value for the burden that would be incurred.

**Relative emphasis of comprehensive income vs. operating (core) income**

We are concerned that the emphasis on comprehensive income may actually take away from the usefulness of operating (core) income.

Thank you for considering our comments. If you have any questions or wish to discuss this issue please feel free to contact me at (412) 257-3885 or [Bill.Koch@ddiworld.com](mailto:Bill.Koch@ddiworld.com), or Edith Orenstein at FEI (973) 765-1046 or [eorenstein@financialexecutives.org](mailto:eorenstein@financialexecutives.org).

Sincerely,



William Koch  
Chair, Standards Subcommittee  
Committee on Private Companies  
Financial Executives International