April 1, 2010

Dear Sir/Madam,

I am pleased to submit my comments to the U.S Financial Accounting Standards Board's (FASB's) exposure draft on the Conceptual Framework for Financial Reporting: The Reporting Entity. Overall I am in support for the issues that were discussed in the draft. Below you will find a more detailed commentary that reflects my opinion about RE7 Control and RE10 Significant Control.

I agree that if an entity that prepares financial statements controls one or more entities, it should present a consolidated financial statement. I support the board's attempt to have a qualitative definition of control because it will allow individuals to use their own professional judgment and will likely prevent people from using creative accounting to structure contracts in a way that would prevent them from consolidating, which was the case with Enron and Special Purpose Entities. Although, I believe that the definition of control should be conceptual, I think that the definition set forth in RE7 of this exposure draft is a bit too general and the board should provide more guidance to determine when consolidation is necessary. Additionally, I feel that in some situations, when an entity has the ability to significantly influence another entity, it should be required to consolidate. RE10 of this exposure draft does not clearly identify the difference between control and significant influence and does not provide adequate guidance to users of how to distinguish between the two.

In addition to a qualitative assessment of control and significant influence, I believe that there should be some sort of quantitative measure to help professionals determine if consolidation is necessary. Quantitative measures alone allows lots of room for loopholes, however in combination with the general qualitative standards set forth in this exposure draft, I believe that the result will lead to a more descriptive and thorough assessment of control.

Sincerely,

Victoria Nael-Decierdo Student