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**To:** [Director - FASB](#)  
**Subject:** Comment Letter to Exposure Draft Topic 220  
**Date:** Monday, June 14, 2010 2:59:16 AM

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Dear FASB,

The changes proposed in Exposure Draft Update to Topic 220 dealing with the Statement of Comprehensive Income have, for the most part, met the FASBs and IASBs reporting objectives. According to the FASBs Conceptual Framework for Financial Reporting, the objective of financial reporting is to provide financial information about the reporting entity that is useful to present and potential equity investors, lenders, and other creditors in making decisions in their capacity as capital providers. The usefulness of the information determines the effectiveness of the information being reported. The characteristics of this information are constrained by the materiality of cost of reporting them. I have included my comments to the questions posed in the Exposure Draft below.

Question 1:

I agree that requiring a continuous statement of comprehensive income will improve the comparability, transparency, and understandability of financial statements. It will achieve comparability since it requires the retroactive restatement of financial information upon its adoption. It also enhances comparability between entities, especially with international companies who follow IFRS for financial reporting. It increases the comprehension and usefulness of information to the users of the statements because it proposes to incorporate net income and comprehensive income into one continuous statement. This addresses the importance of providing profit or loss information to the company and users of the statements. All of these components increase the transparency of information because it helps the company to faithfully represent the economic events that occurred during a certain period. It also allows users to better utilize the information presented to assess how a company is performing.

One criticism I have with requiring a single statement of comprehensive income deals with simplicity and consistency. Since each item of other comprehensive income is required to be displayed separately, you should allow companies to avoid excessive detail in the statements and disclose items included in other comprehensive income.

Question 2:

I think a more effective way to present comprehensive income is to report the tax effect for each component rather than just disclosing the tax effects in the notes to the financial statements. Reporting everything net of tax will allow better consistency and comparability of financial information within the company between different reporting periods as well as between different entities. The net of tax approach is more relevant to users of the financial statement information rather than reporting the amounts before taxes are taken into account.

Question 3:

The requirement to display reclassification adjustments for each component of other comprehensive income in both net income and other comprehensive income in the statement of comprehensive income will improve the understandability and comparability of financial statements. It increases understandability because it shows the holding gain in the years realized as well as the accumulated reclassification of the gains to net income. To increase the understandability and comparability of the financial statements, comparative statements should be issued for the years when this reclassification takes place. On the notes to the financial statements, the calculation of holding gains should be included to clarify any amounts on the primary statements.

Question 4:

The costs a reporting entity will incur as a result of the propose changes depends on how many components of other comprehensive income they must report and reclassify to net income. However, no matter how big or small the entity is, they will incur some costs for the initial implementation of the standard. These costs might not be significant but they include the price of training executives and staff so that they have the right tools to implement successfully. Other valuation costs the company has to take into account are the costs of collecting, processing and

verifying the information. For example, the cost to collect information to value their foreign currency might outweigh the benefits of reporting it separately in other comprehensive income. The Board might consider reevaluating the components required to be classified under comprehensive income. In your efforts of achieving comparability between U.S. GAAP standards and IFRS, the two Boards should meet to discuss what they can do to reconcile the differences that exist between the types of items reports in other comprehensive income.

Question 5:

Before determining the appropriate effective date for the amendments in this proposed Update, there should be enough time to take all of the comments into consideration and make the necessary changes. There are still a few issues that need to be dealt with before the final Update can be issued. Some of the issues even involve discussion with the IASB which can prolong the process since they are a separate organization.

Question 6:

The Board should change the guidance on earnings per share to improve comparability since it is one of the most widely used measures to determine how a company is performing. The Board should work with the IASB to come up with a single method to determine EPS. Although different nations have different rules for calculating earnings, if it is applied consistently within each country, investors will be able to evaluate on a country-basis and later on between two countries when a range is determined.

Thank you for taking my comments into consideration.

Sincerely,

Keri Goto

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