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To: <u>director@fasb.org</u>
Subject: File reference 1125.001

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I wish to record a vote in favor of moving toward a principles based approach to US Standard Setting. Actually, I would go somewhat further and call it a Fairly Presented Basis approach to US Standard Setting.

When I started our as a CPA some 50 years ago, we said that in our opinion the financial statements were a fair presentation in accordance with generally accepted accounting principles. We still do. But then the detailed rules were few and the issue was whether the financial statements were a fair presentation. To determine if they were a fair presentation you looked at the broad principles of accounting as defined mostly by writers of accounting textbooks such as William Paton whose courses I attended at the University of Michigan. I believe it was his view that fair presentation was more important than compliance with rules.

Today, CPAs and attorneys vie for who can show a way to structure transactions to be in compliance with rules, but not be required to be clearly and fairly reported. This is wrong. I believe we must get back to determining if financial statements fairly present what has actually happened. To do that, we must refer to compliance with broadly based accounting principles acceptable to a majority of independent impartial accountants rather than compliance with detailed rules. I believe moving toward a principles based approach is a step in the right direction, but that we really need to move toward a place where we see the main issue as whether in our professional opinion the statements are a fair presentation regardless of what rules they do or do not comply with. We need to get away from the press calling us the accounting industry and instead be seen as a skilled profession exercising impartial judgment. We may need to come to a place where we state that in our opinion the statements are in accordance with generally accepted accounting principles but are not a fair presentation and say why. I know this could lead to varying reports and varying treatments of similar transactions, but it appears to me that such approach is necessary if we are to be seen as a true profession, not a rubber stamp to management.

Stanley F. Dole, CPA