December 12, 2002

TO:

Director@fasb.org

FROM: Joseph Solomon

SUBJECT: File Reference 1125-001

My name is Joseph Solomon. I am currently a sophmore at Providence college majoring in Accountancy. The reason why I am sending this memo is to respond to the current issue regarding the principles-based approach to U.S. accounting standard setting because I feel as if it has a direct effect on my accounting future.

Letter of Comment No: 74
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As a small business owner, I agree with the principles-based approach to U.S. Accounting Standard Setting. Right now, businesses are hurting because of the strict standards that have been imposed. Many businesses continue to operate unknowingly breaking accounting standards. There are too many specific standards that have been imposed on businesses therefore impeding their operation.

What is the purpose of strict standards? Is it to keep businesses in line and legitimate? It is a proven fact that the more secure a cage an animal is in, the greater the desire is to break out of it. The illegitimate businessman will always be illegitimate whether there are standards stopping him or not. The only one being affected by strict standards is the economy because strict standards have slowed the growth of his business.

I disagree with the FASB's assumption that by resorting to a principles based approach that there will be an increasing need for professional judgement. Professional judgement has complicated business operating standards requiring "translations" to business operators by those implementing new standards. There are pages upon pages of standards that affect a small business owner. Only those who have initiated those standards have actually read each one of those standards.

Preparers, auditors, the SEC, investors, creditors, and other users of financial information will easily be able to adjust to a principles based approach to U.S. standard setting. These users of financial information can make this change just as a family moves to another neighborhood. This "family" of financial users based upon their professional

1

background and knowledge should easily adjust to a principles based approach to U.S. standard setting.

Change or evolution will always be necessary. The U.S. economy cannot survive if the FASB does not change to a principles based approach. Large companies are scrambling to stay within accounting standards by adapting to comply, forgoing improved operation of their business. Day after day, more and more companies are less efficient because of this. Business is supposed to be run so that it can be profitable. Business should be run in order to optimize profit, improve product, and stay within accounting standards. Something is seriously lacking when profit, product and efficiency are overlooked to shape application to current accounting standards. Businesses should be operating with a focus on the future. Everyone is concerned with today rather than the "wall" that our train is approaching.

The obvious solution is that America needs the principle based approach to U.S. standard setting. This approach will give the U.S. economy time to remove the "wall" from the train track and focus on future economic prosperity for business.