1770-100 Comment Letter No. 11

March 29, 2010

Shidler College of Business

University of Hawaii

Honolulu, HI

Dear Sirs:

After reading through the Proposed Statement of Financial Accounting Concepts, "Conceptual Framework of Financial Reporting: The Reporting Entity", I am not quite agree with your definitions in three aspects and would like to make a few changes.

Firstly, the definition of a reporting entity refers to 'a circumscribed area of economic activities' and 'existing and potential equity investors, lenders, and other creditors', but it does not show the explicit relationship between them. It should be considered whether the financial information of these economic activities is obliged to provide to these dependent users. As a matter of fact, a company or other organization is obliged to prepare general-purpose financial reports and maintain accounting records. This obligation arises when users of financial information are dependent on the reports for the information they need and cannot derive specific information from these organizations.

Secondly, I would like to add something to RE3. In terms of RE3.b, it says that those economic activities can be objectively distinguished from those of other entities and from the economic environment in which the entity exists. It should be distinguished from not only the entities and environment outside, but also the personal

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dealings of its owners or employees.

Finally, I disagree with the definition of control of an entity. In FASB's

viewpoint, control is directly related to generate benefits for the entity and has the

power to direct the activities of the entity. However, the notion of control should be

more broadened. Generally control is the ability to direct the company's policies and

management. Traditionally control is obtained via majority ownership of a

corporation's common stock. Control is also possible with less than majority

ownership, or with no ownership at all through, for example, formal agreements. So

control can be have little influence on the entity itself.

I strongly encourage the Board to rectify the proposal.

Sincerely,

Min Ding

MAcc Program student