

Choi Ian Lao
Woodbury University
7500 N. Glennaoks Blvd
Burbank, CA, 91502

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To whom it may concern:

The revenue recognition exposure draft is a pleasure to read. The changes of U.S. Generally Accepted Accounting Principles (GAAP) are more efficient to compare the financial information between U.S. GAAP and the International Financial Report Standards (IFRS). Besides, after reviewing the revenue recognition exposure draft, I have few questions and concerns on the restrictions for estimation.

Based on the draft of the new framework of revenue recognition, I have a concern with Step 4 (Allocate the Transaction Price). It states, "If a stand-alone price is not observable, a company would estimate it (possibly using a residual estimation approach)." First of all, I am wondering whether there will be any guidelines or instructions that are available that go into detail for every company on how to follow the principle sufficiently.

Another issue that concerns me is that there are no restrictions for the estimation; the company can choose whichever method it subjectively prefers for the stand-alone price estimation. As a result, there is a possibility that this will cause over or under estimation of the transaction price and that will significantly affect the recognized amount of revenue.

Additionally, there is a similar condition for the variable consideration of the transaction price. The unrestricted estimation will cause an over or under estimation of revenue recognition.

Overall, while I think the whole new revenue recognition increases the convergence between U.S. GAAP and the IFRS. However, U.S. GAAP should be decided towards more principle based as mostly the same as the IFRS's.

I am very looking forward for the reply from FASB. Also, if there are any questions or comments, please call on 818-468-7628, email to choiian.lao@gmail.com, or send a letter to the address stated above; I appreciate that.

Sincerely,

Choi Ian Lao

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