

Woodbury University

VIA Electronic Mail (director@fasb.org)

March 12th 2012

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P. O. Box 5116
Norwalk, CT 06856-5116
File Reference: No. 1820-100

Dear Board Members and FASB Staff:

I appreciate the opportunity to comment on the Proposed Accounting Standards Update Topic 605, *Revenue Recognition: Revenues from Contracts with Customers*. The stated objectives of the Proposed Update are to clarify the principles for recognizing revenue and to develop a converged revenue standard for U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB).

Besides recognizing that revenue is a crucial number to users of financial statements in assessing an entity's financial performance and position. It is further recognized that U.S. generally accepted accounting principles (GAAP) differ from those in International Financial Reporting Standards (IFRSs) I agree that all accounting standards need updating periodically but the introduction recognizes that U.S. GAAP comprises broad revenue recognition concepts and numerous requirements for *particular* industries or transactions that can result in different accounting for economically similar transactions. The update acknowledges that IFRSs have fewer requirements on revenue recognition and that the two main revenue recognition standards, IAS 18, *Revenue*, and IAS 11, *Construction Contracts*, are difficult to understand and apply.

The principles based exposure draft characterizes a 'loose' standard capable of 'drift'. It has been recognized that drift of rules and standards becomes increasingly dangerous in such circumstances as they become 'path' dependent.¹

As FASB and the IASB continue to meet on accounting standards convergence, I recommend that the converged standards adopt the more robust guidance for revenue recognition that exists presently with US GAAP.

I appreciate the opportunity to share these comments with the Board. Any questions about my comments should be directed to me, at 818 252-5179 or ashley.burrowes@woodbury.edu.

Sincerely

AWBurrowes

Ashley W. Burrowes PhD. FCA (N.Z.)
Member California CPA Society
Professor of Accounting
Woodbury University

ⁱ Ortman, Günther. (2010) "On drifting rules and standards" Scandinavian Journal of Management, 26, 204-214.