VIA e-mail to: director@fasb.org

January 27, 2011

Financial Accounting Standard Board
401 Merritt, 7
PO Box 5116
Norwalk, CN 06856-5116

File Reference No. 1890-100
Discussion Paper: Effective Dates and Transition Methods

Dear Board Members and Staff,

We are pleased to have this opportunity to comment on the Discussion Paper, "Effective Dates and Transition Methods." This discussion paper and our comments specifically focus only on the accounting for financial instruments, other comprehensive income, revenue recognition, and leases standards, for which exposure drafts have been issued.

Our responses to the questions asked within the Discussion Paper referenced above are set forth below:

**Question 1**

*Please describe the entity (or the individual) responding to this Discussion Paper. For example:*

a. *Please indicate whether you are primarily a preparer of financial statements, an auditor, or an investor, creditor, or other user of financial statements (such as a regulator). Please also indicate whether you primarily prepare, use, or audit financial information prepared in accordance with U.S. GAAP, IFRSs, or both.*

b. *If you are a preparer of financial statements, please describe your primary business or businesses, their size (in terms of the number of employees or other relevant metric), and whether you have securities registered on a securities exchange.*

c. *If you are an auditor, please indicate the size of your firm and whether your practice focuses primarily on public companies, private entities, or both.*

d. *If you are an investor, creditor, or other user of financial statements, please describe your job function (buy side/sell side/regulator/creditor/credit analyst/lending officer), your investment perspective (long, long/short, equity, or fixed income), and the industries or sectors you specialize in, if any.*

e. *Please describe the degree to which each of the proposed new standards will likely affect you and the factors driving that effect (for example, preparers of financial statements might explain the frequency or materiality of the transactions to their business and investors might explain the significance of the transactions to the particular industries or sectors they follow).*
URS Corporation (NYSE: URS) is a leading international provider of engineering, construction and technical services. We offer a broad range of program management, planning, design, engineering, construction and construction management, operations and maintenance, and decommissioning and closure services to public agencies and private sector clients around the world. We also are a major United States ("U.S.") federal government contractor in the areas of systems engineering and technical assistance, construction and operations and maintenance. Our annual revenues are over $9 billion. We have more than 46,000 employees in a global network of offices and contract-specific job sites in more than 40 countries.

We are a preparer of financial statements in accordance with U.S GAAP. We are also a user of financial statements as we are constantly considering and evaluating potential acquisitions. Also, we extensively use financial statements prepared by our customers, vendors and partners in order to assess their financial ability to meet their commitments to us.

Much of our growth over the past twenty years has occurred through mergers and acquisitions. Consequently, we collect financial data from more than 200 subsidiaries worldwide through several different accounting systems. We are highly decentralized, so many critical business decisions, such as the signing of contractual and/or lease agreements, are made at the office, project or regional level, rather than from a central, corporate location. In addition, documentation supporting those agreements is maintained at decentralized locations.

We participate in approximately 200 joint venture entities, each with its own unique set of tax, accounting, operational and legal requirements. This is a unique aspect of the engineering and construction ("E&C") business, which must be carefully managed. We are also not the managing partner of some of our joint ventures. Hence, information about those joint ventures, in which we are the minority party, must be gathered from our partners, and significant differences sometimes arise in accounting policies and practices between our partners and ourselves, adding to the complexity and the challenge of gathering and summarizing accurate and timely information for financial statements, footnote disclosures and management’s discussion and analysis.

The discussion below briefly describes the impact that each of the proposed exposure drafts will have on URS as preparers of financial statements and the reasons for the degree of their impact:

**Financial Instruments, Derivative Instruments and Hedging Activities**

**Low Impact:** Our financial instruments are predominantly trade receivables and payables and our credit facilities. We do not regularly transact in derivatives or hedging activities, although we occasionally enter into interest rate swap contracts and foreign currency hedges. We do not anticipate that this Exposure Draft will have a significant impact on us. Our non-marketable equity investments related to our joint ventures would not be significantly impacted under the proposed equity method investments guidelines, since we meet both of the conditions required to use the equity method of accounting.
Revenue Recognition from Contracts with Customers

High Impact: The impact to URS would be very high under the proposed standard as it is currently drafted for the reasons described below and articulated in greater detail in our response to this Exposure Draft dated October 21, 2010 and in the combined response of several large companies, dated October 21, 2010.

Identification of separate performance obligation:

A core concept in this principle is that long-term projects are generally deemed to contain multiple performance obligations. As indicated in the comment letters referred to above, this concept is counter to the underlying economic activity, wherein we believe there is a single performance obligation, since the contract tasks required under most engineering and construction contracts are performed and managed in an overlapping, concurrent or interrelated manner, which, from our perspective, is also the economic intent and expectation of both the entity and the project owner. Although we agree that multiple performance obligations may exist in certain long-term contracts in our industry, we believe that many, if not most, of the long-term Engineering, Procurement and Construction (“EPC”) contracts consist of a single performance obligation based on the interdependent nature of the contracts.

In the event that we are obliged to identify and account for multiple performance obligations under our long-term contracts, URS Corporation and many other E&C companies will, in fact, be required to report financial results under two methods; one under the proposed standard, and the other under current standards, (meaning with contracts generally treated as single performance obligations), as pivotal users of our financial statements, including sureties and lenders, have indicated to the FASB their intent to continue to require detailed financial information from us under current standards. As URS Corporation typically has, at any given time, approximately 24,000 active contracts, this would place significant burden on the Company.

Continuous transfer of control:

Although we agree with the use of indicators and principles within the continuous transfer of control model, we believe the guidance provided in determining whether continuous transfer of control exists to be unclear and difficult to apply to most long-term contracts, particularly contracts for services, and will lead to widespread diversity in practice. The basic principle underlying current accounting standards for long-term contracts is that the earnings process is continuous as the work progresses, whereas the principle proposed is that transfer of control is continuous. Application for either of these two principles should produce nearly identical results under long-term contracts. This is because, in the majority of cases, construction work is performed at a location owned or controlled by the contract-owner (customer). Some E&C companies fabricate deliverables at their own locations; the contract-owner usually directly oversees the design and construction activities.
Consequently, we continue to believe that the accounting reality of performing long-term construction contracts is that revenue and profits are earned continuously as the work progresses and control is transferred.

The current Exposure Draft is not clear on this point, so there is potential risk that the contract-owner may be deemed not to have control of the work-in-progress. If so, then the long-term contract with a single performance obligation would require deferral of revenue, expenses and gross profit until completion of the contract. Hence, we recommend that the proposed standard include indicators that clarify when control or continuous control transfers for services, such as those shown below:

- When the customer obtains the benefit
- Whether tasks performed represent progress towards completion and do not need to be repeated, and
- Whether the customer’s obligation to pay is unconditional once services are performed.

Allocation of Transaction Price to Multiple Performance Obligations

The proposed standard requires the allocation of the overall price to multiple performance obligations, based on the relative values of standalone performance obligation pricing. We believe that standalone pricing is an unreliable standard for allocation purposes in the E&C industry as it varies widely and there is no standard market prices charged in the E&C industry for services we provide. Each project is unique and for each contract the pricing is determined independently.

We find the proposed accounting for segmentation and pricing of performance obligation difficult to understand and apply. We do not price the tasks individually, nor do we and our contract-owners separately negotiate individual tasks when we establish the value of the contract. The artificial segmenting would result in burdensome activities that will produce subjective and dissimilar allocations.

Additionally, if an entity concluded that the prices of a change order and existing contract are interdependent, the proposed standard requires allocation of any change in the transaction price to all performance obligations on the same basis as at contract inception. Under the proposed standard, we would be required to allocate the incremental revenue arising from a change order relating to a specific activity on a project to all performance obligations, including those completed and those not yet begun, even though they had nothing to do with the change order in question. This type of allocation would be arduous, given the large number of change orders that typically arise for long-term projects.

Further, performance-based incentives, bonuses, un-priced change orders, liquidated damages, and other pricing characteristics that create variable transaction prices are common features in many of our contracts. The Exposure Draft requires an entity to estimate the transaction price based on the probability-weighted amount of consideration that the entity expects to receive from the customer. Current practice under existing U.S GAAP is to utilize the
entity’s best estimate of amounts that are probable of recovery, given all of the information available to the entity as of the end of each reporting period, which results in revenue recognition at each reporting date. Under the proposed standard, the use of a probability-weighted approach to determine the transaction prices would increase the time and expense required to prepare the financial statements.

We believe that the proposed standard should permit the use of the best estimate of probable recovery or loss, if one can be determined, based on the information and data available to the entity. A probability-weighted approach should only be used if an entity cannot form a single best estimate.

Onerous performance obligation:

Similar to the requirements under current accounting literature, the proposed standard requires the recording of a liability and expense when a long-term contract is expected to be unprofitable. We agree with the concept but disagree with the proposed standard that require both a probability-weighted approach and the assessment and recording of liabilities at an individual performance obligation level for a contract that is profitable overall. In order to determine whether a performance obligation is onerous under the proposed standard, an entity would be required to calculate the present value of the probability-weighted costs that relate directly to satisfying each performance obligation and determine if that calculated amount exceeds the transaction price allocated to that performance obligation. Neither accounting for costs incurred by an entity, nor the estimate of cost used in determining progress under the continuous transfer of goods and services currently requires the use of probability-weighted determination of estimated costs. Thus, the requirement of the proposed standard to use probability-weighting techniques would require a second set of cost estimates to be generated for each performance obligation. We believe that the operational difficulties of applying the guidance in practice will outweigh the benefits.

Transition

The proposed standard requires full retrospective application, including application to those contracts that do not affect current or future periods, but affected previously reported periods. Retrospective application would require us to restate the results of our financial statements for the past one to five years. Since many of our contracts have a long duration, often five years and in some cases up to 15 years, we would be required to look back ten or more years in order to determine the appropriate adjustment to make retrospectively. If a five-year contract ended five years prior to the effective date, we would need to examine information created and maintained at the contract inception in order to determine the price, number of contracts, number of performance obligations, whether continuous transfer of control occurred and the appropriate method to use to determine progress, and how to account for contract modifications. In addition, we would have to review historical records for each reporting period, which may not always be readily available or captured and archived in our accounting systems, in order to determine the amount of revenue and profit that should have been recognized during each period. Because each contract is generally unique in its terms, conditions, and set of
estimates made at each reporting period, the exercise to retrospectively determine the accounting under the proposed standard would be extremely onerous for even one historical period.

Given that estimates are a critical element in accounting for long-term contracts, retrospective application would require us to make assumptions about management’s intent in prior periods that cannot be independently substantiated. We believe that retrospective restatement is impracticable for us and our industry to adopt.

Given the reasons described above, we envision a significant impact to our business if the proposed standard is adopted as currently drafted. If the final standard permits the identification of a single performance obligation and, provided that an entity is allowed to account for the contract on this basis, and is allowed to use best estimates to account for contingencies, then the impact to URS and the E&C industry would be significantly reduced.

Leases

High Impact: The impact to URS would be significant as certain aspects of the proposals will be costly and complex. We also believe that the proposed standard is not reflective of the economics of the lease transaction as noted below.

Lease Term and Renewal Options:

The proposed standard requires renewal options to be included in the calculation of the lease asset and obligation if they are “more likely than not” to be exercised. The required recognition of these obligations would be material as we have approximately 500 facility leases in locations throughout the world. The lease terms range from a minimum of month-to-month to a maximum of 28 years with options for renewal, expansions, contraction and termination, sublease rights and allowances for improvement. We also have several thousand equipment leases.

We do not agree with Exposure Draft’s proposal to record renewal options and contingent rent as obligations as we do not believe it meets the definition of a liability. In addition, it would be extremely difficult for a company to determine whether an option will be exercised in the future. The decision to exercise an option for renewal of the lease would be highly dependent on the economic conditions of the company and the market rates of similar rentals at the time near the expiration of the existing lease. Any attempt by companies to determine whether an option will be renewed more than one year in advance of a renewal period would generally be a guess at best, especially in a volatile market. We believe that the obligation from renewal options should be included only if, at lease inception, exercise is “reasonably assured” or at an even higher threshold of “virtually certain.”

Contingent Rentals, Expected Payments Under Term Option Penalties and Residual Value Guarantees:
We lease a wide variety of equipment, tools and property. A majority of our lease contracts include option to renew, contingent rentals, expected payment under term option penalties and residual value guarantees or a combination thereof. The proposed standard would require us to forecast activities well beyond our normal planning and forecasting cycle. We do not believe that it is appropriate to record a liability for a future event that may not occur. Not only would it be impractical to do so, but it would also be a very costly and time consuming effort that would produce less than reliable or meaningful estimates.

Assuming that contingent rent would be included in the determination of assets and liabilities from lease contracts, we believe that the Board should not require the use of a probability-weighted approach, but rather should allow for a best estimate approach. We do not believe that a probability-weighted approach provides a better estimate than a best estimate determination, but rather results in a much more complex and costly analysis without any perceived incremental benefit.

**Economic Impact**

Under the proposed standard, expenses would be front-loaded and straight-line rent expense would be replaced by amortization and interest expense. We do not believe this is consistent with the economics of the expenses. Further, this change would cause a significant and negative impact on the actual revenues and cash flows of URS and all U.S. Government contractors. Although regulatory reporting to government agencies is predicated on U.S. GAAP, reimbursable expenses by government agencies to government contractors follows a different set of regulations, as contained in the Federal Acquisition Regulation (“FAR”). The current FAR disallows interest expense, which means that any amounts U.S. Government contractors record as interest are deemed to be “unallowable” or, in other words, non-reimbursable, and thus, will result in a significant decrease in revenues, operating income and cash flows.

The proposed changes on lease accounting will not just result in a timing difference in terms of when we recognize expense, but will cause a significant permanent difference in the amount of revenues we will recognize and the related cash payments we would receive from our U.S. Government clients, and other public sector clients since many states incorporate the FAR, either in part or in its entirety.

The standard will have a significant impact to URS as leases are frequent and material, and we would be required to thoroughly review all our lease arrangements and develop a detailed, permanent inventory of all leases and critical lease terms in order to be able to make all the decisions the Exposure Draft requires. If the final standard recognizes, as we asserted, that unexercised options should not be included in the lease term, then this would limit the impact of the leases for measurement analysis to a much smaller population of multi-year leases, which are primarily real estate leases.

In our response to the Lease Exposure Draft, we recommended that, before the standard
is finalized, the FASB discuss the potential impact of the proposed lease standard to government contractors with the FAR Council and work to align the standard promulgated by the FASB and the FAR, so that the financial impact to federal contractors can be minimized.

**Comprehensive Income**

*Low Impact:* There is no significant impact to our accounting as the proposed standard is primarily for presentation purposes only. However, this basis does not consider the complexity that the “Financial Statement Presentation” project may create. We suspect, however, that there would not be major alterations.

**Question 2.**

_Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition, and leases):_

*a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adopt each of the new standard?*

**Accounting for financial instruments – Retrospective**

We do not believe that this standard will require a significant amount of time for adoption as this standard has a low impact to our business and financial statements. However, we would still require time to understand the standard in order to fully evaluate the impact to our financial statements and make changes to our operational and financial reporting processes, as required. Based on this standard alone, we would require a minimum of one year from the date of issuance to transition appropriately.

**Revenue recognition - Retrospective**

If the Exposure Draft were finalized as currently drafted, we would require a significant amount of time and resources for adoption, as it is complex in its application and affects key financial statement line items and disclosures. It impacts the very essence and foundation of our business and operations and would require a change of mindset and skill set to adapt to the changes in standard practice and terminology and develop new business strategies. This must be cultivated through various and continuous training through adoption and beyond, including establishing new policies and procedures to ensure consistent application, developing new metrics and target levels to measure comparable financial performance, establishing new internal control policies and procedures to ensure Sarbanes-Oxley compliance, as well as modifying corporate governance. The business implications are far reaching, and training and development must be company-wide for effective management, which not only include accountants and internal auditors, but also the direct project level staff and project managers, Treasury, Financial Planning, Business Strategy and Development, Executive Management, Tax, Legal, and the Board of Directors. The Audit Committee must also show general competence in accounting and financial reporting. We also have to ensure that our joint venture partners and administrators are proficient and compliant with the new standard. Various external networks and users of our financial statement must be educated,
including investors, sureties, creditors, the various market sectors that we serve, and the myriad agencies that regulate U.S. Government contractors.

We would require the assistance of external personnel to assist our staff to gather, assess and reassess information, and to ensure proper application, reporting and disclosure of accurate and auditable data. This endeavor would take a considerable amount of time, particularly should the information be required to comply with retrospective transition.

Significant investment to business systems would be needed to capture the standard requirements and bring conformity to non-aligned changes of the standard. The abundance and complexity of the changes require significant time for development and refinement. Parallel systems must be employed to re-cast comparative information.

We recognize that it would be a long period of time, but we believe we would require five years or more from the date of issuance of the revenue recognition standard in order to properly assess the impact, develop a plan, modify information systems, accumulate the retrospective information, and ultimately implement a resolution for compliance in a measured and efficient manner. We strongly recommend that transition should not be until 2017 or later. The substantial impacts of the proposed standard can only be mitigated by a reasonable transition period.

**Leases – Limited retrospective**

The requirement contained in the proposed standard with regard to reassessment of lease period and contingent rentals, as well as no grandfathering of leases will require significant amounts of analysis and administration for adoption.

Extensive training, information system and process changes would be required to accommodate the proposals. As with all new standards, we would need to establish and document policies and procedures to ensure consistent application at the initial and periodic measurement dates, as well as new internal control policies and procedures to ensure Sarbanes-Oxley compliance. Since the proposed standard will affect our FAR reimbursable costs, we would require evaluation of the full implication to our financial position. Current valuation processes will need to change and model building would be required to assess whether lease, purchase or other strategies would be more advantageous. An inventory system and supporting analytical lease management organization will have to be created.

We would require three to four years from the date of issuance to comply with the proposed standard. However, we may consider adopting this standard in conjunction with the revenue recognition proposed standard, which we noted would require five or more years to adopt.

**Comprehensive Income**

We do not believe that this standard will require a significant amount of time for adoption as this standard has a low impact to our business. The change in presentation in the financial statements could be implemented within two reporting periods after final issuance, and beginning the first quarter of the fiscal year. This timeline does not take into consideration the complexities that the “Financial
Statement Presentation” standard, for which an Exposure Draft has not yet been issued, might create.

b. What are the types of costs you expect to incur in planning for and adopting the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?

We believe that the primary drivers in implementing the proposed standards will be incurred for information systems and internal and external personnel. A more comprehensive list of the types of costs and its relative significance in descending order is shown below:

1. IT systems development – Business systems, particularly in the leasing and revenue areas, will need to be significantly modified or developed to ensure that we capture and report on the data required by the proposed standards.

2. Human capital costs – A substantial amount of time would be required for training and implementation, including applying judgment, as well as providing adequate documentation. New staff and consultants will be required as current staff would not be able to manage the significant amount of additional work responsibilities. Substantial amount of time and effort will be required in gathering and analyzing existing revenue contracts and lease arrangements. Model building and analysis, reconciliations and comparative information to management, sureties, investor communities, creditors and other stakeholders would need to be performed.

3. Internal controls and processes – Significant and complex changes to existing processes would require establishing new internal controls and policies and procedures both for the initial recording of transactions and their re-evaluation.

4. Stakeholder communication – A significant investment will be required to educate both internal and external users of financial statements of the effects on key financial ratios and performance measures, as well as general understanding of the changes in the financial statements.

5. Contracts with financial institutions – The impact of the proposals on financial ratios and performance measure may require revisions to agreements and contracts that embed such measures, for example financial covenants with lenders.

6. Increased audit fees – The complexity and subjectivity of the assumptions, coupled with the extensive up-front costs of implementation will add significantly to the level of audit activity and fees.

Questions 3.

Do you foresee other effects on the broader financial reporting system arising from these new standards? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?
We do not believe that the financial community, investment community, legal, tax, U.S Federal Acquisition Regulations by the Defense Contract Audit Agency and other regulatory oversight bodies are ready to operate and function under the new standards or more broadly, the “principle-based” standards. The implication is that the proposed standards could cause further misunderstanding, which would lead to onerous revisions to the accounting and financial reporting and disclosures, and further domestic and world economic instability. As an example, please refer to our discussion above regarding the effect of the proposed Leases standard on U.S. government contractors.

We are also concerned about the potential dual adoption under the FASB proposed standards, then later adoption to IFRS, which may have different principles or similar principles but different reporting and disclosure requirements. We are especially concerned about the “Financial instruments, derivative instruments and hedging activities” standard as the FASB and the IASB have divergent approaches.

Further, we believe that the proposed revenue and lease standards will change the way companies do business. The lease standard can also have far reaching implications to the profitability of government contracts.

**Question 4.**

*In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their effect on the cost of adopting the new reporting requirements.*

<table>
<thead>
<tr>
<th><strong>Project</strong></th>
<th><strong>ED/DP Date</strong></th>
<th><strong>Proposed Transition</strong></th>
<th><strong>Recommended Transition</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial instruments and revisions to the accounting for derivative instruments and hedging activities, including netting of financial instruments</td>
<td>ED – May 2010</td>
<td>Retrospective</td>
<td>Retrospective or prospective, with early adoption permitted</td>
</tr>
<tr>
<td>Revenue recognition from contracts with customers</td>
<td>ED June 2010</td>
<td>Retrospective</td>
<td>Retrospective or prospective, with early adoption permitted</td>
</tr>
<tr>
<td>Leases</td>
<td>ED August 2010</td>
<td>Limited retrospective</td>
<td>Limited retrospective or prospective, with early adoption permitted</td>
</tr>
<tr>
<td>Comprehensive income (ED May 2010)</td>
<td>ED May 2010</td>
<td>Retrospective</td>
<td>Retrospective or prospective, with early adoption permitted</td>
</tr>
</tbody>
</table>
We believe that Management should have the option to elect the transition method based on the availability of information, practicability, as well as their business strategy to effectively and efficiently manage all the proposed standards. Early adoption should also be allowed. The proposed standards impact an entity or industry differently; hence, the preferred implementation timing may differ for each entity or industry. Early adoption in the past has enabled awareness and understanding of how the requirements actually apply in practice, which helped entities who adopted later to resolve the issues. This has worked well in the past, and we believe it would be most needed at this critical juncture. As resources are limited and we are in the midst of economic difficulties and slow recovery, we believe that the Board should allow flexibility so that Management can balance the timing of adopting accounting standards against other business imperatives. This flexibility would be most helpful to determine what would be required to achieve the best outcome.

We recommend permitting early adoption since some standards are interrelated or interdependent. Management may want to adopt sequentially or implement concurrently for some or for all proposed standards. For example, Management may want to adopt low impact projects first, then high impact projects later, or vice-versa. Others may want to implement standards that have quantitative impact first and standards which are principally presentation and disclosure later when the full consideration of the conceptual basis is complete, or vice-versa. Further, early adoption would provide field testing and time to resolve issues prior to the final effective date.

Prospective transition methods should also be allowed as we believe that the benefit of comparability with retrospective or limited retrospective may not actually exist, given the number of moving parts from multiple standards being adopted, and the impracticality of accurately accumulating the information necessary to successfully provide retrospective results. Given the historic magnitude of the changes sought, we do not believe that it would be fully understood by the user community. The value of transparency through other means such as reconciliations and supplemental information should be considered over the cost of comparability.

Additionally, we believe that the adoption of major sets of changes to the financial reporting standards is a work-in-progress and a learning process for the entire community of users and preparers who must work cooperatively to establish a sense of consistency and comparability, as these attributes would not be forthcoming during the early adoption period. The investor community and analysts must also do a deep dive in analyzing and interpreting the changes and effects to the financial reporting and disclosures through lessons learned from early adopters and the use of reconciliations and comparative information, including pro forma supplemental information that should not necessarily be required by the Board.

**Question 5.**

In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:

a. Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimize the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimizing disruption, or other synergistic benefits).
In conjunction with our response in question #4, we believe that a single effective date for all standards should be provided with the election to early adopt up to two prior fiscal years. For example, if the mandatory effective date is fiscal year 2017, then early adoption can begin at fiscal year 2015.

b. Under a single date approach, what should the mandatory effective date be and why?

We believe that the mandatory effective date under the single date approach should not be earlier than the beginning of fiscal year 2017, with an opening balance in 2016 in accordance with the new rules, and with the earliest comparative data required beginning in 2015. We note that this date is predicated on having all the proposed standards completed by the end of 2011 as we believe that preparers and software companies would not place significant resources into planning and development until all standards are finalized and full implication can be studied.

We also believe that the lead time for adoption is essential to the smooth transition for stakeholders, including the education system, Tax and other government agencies and regulatory bodies. It would also provide time for entities to raise capital. As it is essential that the knowledge-base is maintained in-house, and since the same group of staff would manage or implement the standards, we believe that time should be provided so that a measured transition can be maintained and to ease the enormity of the collective projects.

c. Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new standards.

Please see our responses in questions #4 and questions #5a and #5b.

d. Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.

Please see our responses in question #4, and questions #5a and #5b.

Question 6.

Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

Please see our responses in question #4, and questions #5a and #5b.

Question 7.

For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?
Please see our responses in question #4, and questions #5a and #5b.

Question 8.
Should the FASB and IASB require the same effective dates and transition methods for their comparable standards? Why or why not?

We believe that the FASB and the IASB should work to ensure comparability of standards, which includes the transition method, as we may potentially converge to IFRS. However, in the transition to the standard, we do not believe that an additional complexity of matching the effective dates with the IASB is necessary to the ultimate goal of adoption and would only increase the cost and outweigh the benefit.

Question 9.
How does the Foundation's ongoing evaluation of standards setting for private companies affect your views on the questions raised in this Discussion Paper?

We commend that the Financial Accounting Foundation listen to the issues of private entities, as we believe their point of view should always be considered in any change in accounting standard. However, we believe there should only be one set of high-quality accounting standards for general purpose use by public and private companies, and one set of accounting standards that reflect the economics of transactions.

Thank you for the consideration of our requests and recommendations. We welcome the opportunity to discuss them with you.

Sincerely,

Reed N. Brimhall
Vice-President, Controller
and Chief Accounting Officer