RE: Proposed Statement on Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries, a replacement of ARB No. 51

My comments on the specific questions (as stated in the referenced pronouncement) are listed below:

Question 1 – Do you agree that the noncontrolling interest is part of the equity of the consolidated entity?

No. I do not agree with replacing the parent company concept with the single economic unit concept. Noncontrolling interests represent neither a liability of, nor an investor in, the parent company. Noncontrolling interests should remain in the mezzanine section of the balance sheet.

Question 2 – Do you agree with the proposed requirement to present the noncontrolling interest in the consolidated statement of financial position with equity, separately from the parent shareholders’ equity?

No. Non-owner interests should not be included in the equity of the parent company. The Board acknowledges that an equity interest of a noncontrolling shareholder in a subsidiary is not an equity interest in the parent (Paragraph B24).

Question 3 – Do you agree with the proposed requirements for attributing net income or loss and the components of other comprehensive income to the controlling and noncontrolling interest?

Yes.

Question 4 – Do you agree that changes in ownership interests in a subsidiary after control is obtained that do not result in a loss of control should be accounted for as equity transactions?

Yes.

Question 5 – Do you agree that any gain or loss resulting from the remeasurement of a retained investment in a former subsidiary should be recognized in income of the period?

Yes.
Question 6 – Do you agree with the proposed guidance for determining whether multiple arrangements should be accounted for as a single arrangement?

Yes.

Question 7 – Do you agree that earnings per share amounts should be calculated using only amounts attributable to the controlling interest?

Yes.

Question 8 – Do you agree that disclosure of the total amounts of consolidated net income and consolidated comprehensive income, and the amounts of each attributable to the controlling comprehensive income, and the amounts of each attributable to the controlling interest and the noncontrolling interest should be required?

No. The disclosures presented in the exposure draft are too comprehensive. Income attributable to noncontrolling interests should continue to be deducted from consolidated income. Comprehensive income of the noncontrolling interests should be reflected in the mezzanine account.

Question 9 – Do you agree that disclosure of the amounts attributable to the controlling interest should be required?

No. The information reported in the financial statements should be sufficient.

Question 10 – Do you agree that a reconciliation of the changes in the noncontrolling interest should be required?

No. The financial statements should focus on the parent company. An owner or creditor wanting such detailed information concerning a noncontrolling interest would likely have access to the financial statements of the subsidiary.

Question 11 – Do you agree that disclosure of a separate schedule that shows the effects of any transactions with the noncontrolling interest of the equity attributable to the controlling interest should be required?

No. The reporting of any such transaction in the statement of changes in equity should be adequate.

Question 12 – Do you agree that disclosure of the gain or loss recognized on the loss of control of a subsidiary should be required?

Yes.

Comments submitted by:
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