Greetings Technical Director:

We are students in the Intermediate Accounting class at Southwestern Community College, Sylva NC. As part of a group project, we have conducted research and are contacting you in regards to the proposal for comments concerning the five topics that address the Framework for Disclosure Notes.

We believe establishing requirements for disclosure notes to address only relevant information should involve developing stricter guidelines of the notes’ content. Since reviewers commonly complain that there are inconsistencies between various companies in the amount and nature of details given in note disclosures, guidelines could vary depending upon the level of the industry, but should center on a similar framework. Companies could be required to reduce the amount of irrelevant information presented in disclosures by implementing fines that particularly target excessive or unexplainable details.

Reporting organizations can adapt and apply specific circumstantial information by reporting only the information that will affect future cash flow and that may be specifically requested by the SEC. Establishing a standardized order of disclosures is complex, because not all businesses are the same and each, at times, needs to report different things. Any information that affects the decisions made by shareholders and stakeholders of the company should be reported, but less important information should be reported on a company’s website or other easily accessed source of data. This makes the information readily available and allows only the necessary information to be presented with the financial statements.

A guideline for judgment framework would help reporting organizations determine which disclosures are relevant to the organization’s circumstances. Since many reporters are unsure about what information is actually relevant, they choose borderline information that actually clutters disclosure notes and is useless to reviewers. This information has little impact on reviewer’s decisions and should be eliminated, placed at the very end of disclosures, or placed on the company’s website.
A technique to help organize and format information for better understanding and easier locating would involve disclosure notes presented in order of most relevance to the topic being addressed. Chronologically organizing the disclosures would allow ease of location and fluid construction. Reporters can simplify this technique by listing topics from most relevant to least relevant based a stakeholder’s point of view or by one topic after another. We also discovered the need for disclosure notes to contain more graphical detail. Charts are a good way to organize highly detailed information for simplification and understandability. Charts and graphs visually enhance report presentation, as well as make information easier to find and easier to interpret.

Disclosure requirements for interim period financial statements should focus on reporting information that has actually changed from the previous annual statement. Interim period reports should not repeat information that is relatively unchanged or was disclosed previously. To investors and stakeholders there appears to be large discrepancies between interim period and annual reporting. Since interim and annual reporting differs, the framework for interim period reports will depend upon the decisions that are reached for the improvement of the four other framework topics.

Sincerely,

Karen Bloem  
Melissa Carpenter  
Randi McMahan  
Tamara Thompson  
Rocanne Sneed  
Ashley Locklear  
Justin Wike  
Lana Buchanan  

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Intermediate Accounting Fall 2012 Class  
Southwestern Community College