March 13, 2012

Financial Accounting Standards Board (FASB)
401 Merritt 7 PO Box 5116, Norwalk CT 06856-5116 United States www.fasb.org

International Accounting Standards Board (IASB)
30 Cannon Street London EC4M 6XH UK www.ifrs.org

Dear Hans Hoogervorst, IASB Chair, and Leslie F. Seidman, FASB Chair,

Revised revenue recognition proposals

Thank you for the opportunity to provide feedback on your revised proposals by way of your letter of 30 November 2011 and the IASB Snapshot: Revenue from Contracts with Customers.

The Boards have invited comment on whether the proposals “can be applied in a way that reflects the economic substance of a company's contracts with customers”.

A contract is generally defined as a legally binding agreement between two or more parties. Profit or loss results from completion of contractual provisions including amendments.

Economic substance at contract execution is represented by management’s expectations. Offers and counteroffers made during negotiations may indicate the entity's value of a performance obligation.

From my experience, accountants are not typically included in negotiations and do not have access to negotiation information. How management valued a specific obligation is difficult to determine.

I believe that an accountant-driven allocation process is unlikely to reflect management's estimation of economic substance at the start of the contract or during the contract's life.

At contract completion, economic substance derives from the contract taken as a whole.

I believe that accountants could add value to financial reporting by disclosing cash receipts and cash payments expected in total by year from all executed contracts. Estimates would change over time as experience with deliverables was realized and as contracts were amended, added or terminated.

In memory of Frank Walker, CFE

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