7500 N. Glenoaks Blvd Burbank, California, 91510 October 21, 2010

Technical Director, FASB, 401 Merritt 7, PO Box 5116, Norwalk, CT 06856-5116

Re: Comments on the Exposure Draft File Reference No. 1820-100

I am a college student from Woodbury University in Burbank, California. Here are my comments on the selected questions on Exposure Draft.

Question 1: Paragraphs 12–19 propose a principle (price interdependence) to help an entity determine whether to:

- (a) Combine two or more contracts and account for them as a single contract;
- (b) Segment a single contract and account for it as two or more contracts; and
- (c) Account for a contract modification as a separate contract or as part of the original contract.

Do you agree with that principle? If not, what principle would you recommend, and why, for determining whether (a) to combine or segment contracts and (b) to account for a contract modification as a separate contract?

In my view, the principle about determining whether to combining two or more contracts and account for them as a single contract is very good. If the prices of the contracts are interdependent, it will be appropriate to combine them into one contract. Doing business in this way could save time and money. Auditors and supervisors would be very happy about this. In this scenario, they may have fewer documents to sign or look at.

On the other hand, combining two or more contracts may have some disadvantages. If there is more than one salesman or manager involved in different contracts, it will not be a good idea to put those contracts together. After all, these contracts have a legal effect. Combining several contracts as one contract could make the business easier and quicker. However, legal ramifications would need to be considered.

The second principle, concerning about how to determine whether a single segment contract should be split into two or more contracts, is a good idea. I have recently intern at an import/export company where the manager always combined several contracts together. However, every product and price was separate. As a result, it was

very hard for other colleagues to find out which product got a discount or rebate. The principle of segmenting a contract would be a good solution for this kind of problem.

I agree entirely, that the entity shall account for the contract modification as a separate contract when it has no price interdependent with the main contract. This principle would make each contract much clearer.

Question 2: The Boards propose that an entity should identify the performance obligations to be accounted for separately on the basis of whether the promised good or service is distinct. Paragraph 23 proposes a principle for determining when a good or service is distinct. Do you agree with that principle? If not, what principle would you specify for identifying separate performance obligations and why?

I do not agree with the first principle that paragraph 23 proposed. The entity, or other entity, sells an identical or similar good or service separately and cannot prove the good or the service is distinct. The entity may not realize that these goods or services, sold separately, are not identical. The best example of this would be the Amazon Company which sells its 2-year extended warranty for Kindle 3, a kind of e-reader, separately on its website. The warranty sold is not identical to any of its other products. It is an additional package only for Kindle 3. However, the good or service is distinct due to it having a distinct profit margin. This is as a result of those goods and services having distinct risks and the entity being able to identify the resources they needed. It also has its own performance obligation.

Question 3: Do you think that the proposed guidance in paragraphs 25–31 and related implementation guidance are sufficient for determining when control of a promised good or service has been transferred to a customer? If not, why? What additional guidance would you propose and why?

I agree that the proposed guidance in paragraphs 25-31 are sufficient for determining when control of a promised good or service has been transferred to a customer. However, I still want to propose some additional advice. If someone wants to get a mortgage loan from a bank and buy a house, he or she may mortgage his or her house to the bank and pay back the loan monthly. In this case, the person has the legal title. He or she also has physical possession of the house. However, the bank owns the house. If the person cannot pay back the loan, bank can take the house back. This is known as repossession. I think the case about mortgage loan should be specifically described in the guidance.

In conclusion, I do agree that segment a contract with several products and service with no interdependent price is a good idea. I also agree the sentences about contract modification part. However, people should be careful when they are combining two or more contracts. On second question, I do not agree with the first principle that

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paragraph 23 proposed. I do agree entirely about the proposed guidance in paragraphs 25-31.

These are three comments I have so far. Please show my affiliation as "Woodbury University". Thank you.

Sincerely yours,

Da Huang

Da Huang

Class of 2011