



**PricewaterhouseCoopers LLP**  
400 Campus Dr.  
Florham Park NJ 07932  
Telephone (973) 236 4000  
Facsimile (973) 236 5000  
pwc.com

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Mr. Russell G. Golden  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**File Reference No. 1790-100**

PricewaterhouseCoopers appreciates the opportunity to comment on the proposed Accounting Standards Update, *Statement of Comprehensive Income* (the "Proposal").

We recommend that the FASB and IASB (the "Boards") develop a set of consistent principles to govern the use of other comprehensive income. We encourage the Boards to add to their post-2011 agendas a project to address the reporting of financial performance, the purpose and use of other comprehensive income, and the extent to which recycling is appropriate.

We appreciate that while the FASB and IASB have issued separate proposals, the proposals reflect the Boards' deliberations on a joint project. We also recognize that the Proposal will help further the FASB's convergence agenda and the corresponding IASB proposal will improve International Financial Reporting Standards (IFRS). The Proposal and the corresponding changes to IFRS will give items within other comprehensive income equal prominence with net income. We believe that this is more important under IFRS, in contrast to U.S. GAAP, because certain items included in other comprehensive income are not recycled under IFRS.

Many companies and financial statement users continue to believe that a measure of net income is important. We therefore support the requirement to present this sub-total within a single statement of comprehensive income and we believe strongly that this line item should be retained as the Boards develop their thinking on the presentation of financial statements.

We have answered the specific questions raised in the Proposal in the appendix to this letter. If you have any questions regarding our comments please contact Paul R. Kepple at (973) 236 5293 or Frank G. Hauser at (973) 236 4359.

Sincerely,

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP



## Appendix

### Responses to the Questions for Respondents Contained in the Proposal

**Question 1:** *Do you agree that requiring a continuous statement of comprehensive income will improve the comparability, transparency, and understandability of financial statements such as relationships between changes in the statement of financial position, the components of other comprehensive income, and the components of net income in each period? If not, why not, and what changes would you suggest to the amendments in this proposed Update?*

Most companies currently do not present items of other comprehensive income in their income statement but prefer to use one of the other alternative presentation approaches. Therefore, significant comparability already exists between companies. However, we accept that comparability may be improved, to some degree, by eliminating the current alternative presentation approaches for other comprehensive income. Furthermore, the additional information captured within the proposed continuous statement of comprehensive income is currently available within the financial statements. The Proposal will give equal prominence to these items, but because the information is already contained in the financial statements, we do not believe that transparency will be significantly improved as a result.

**Question 2:** *Do you agree that the option should continue to report the tax effect for each component of other comprehensive income either in the statement of comprehensive income or in the notes to the financial statements?*

Yes, we agree that the alternatives for reporting the tax effect of each component of other comprehensive income should be retained. The current reporting option provides companies with an appropriate level of flexibility. Requiring the tax effects of each component to be presented separately in the continuous statement of comprehensive income could cause the new statement to be cluttered with immaterial items.

**Question 3:** *Do you believe that a requirement to display reclassification adjustments for each component of other comprehensive income in both net income and other comprehensive income in the statement of comprehensive income would improve the understandability and comparability of financial statements?*

No. Accordingly, we do not believe that there should be a requirement to display in the statement of comprehensive income reclassification adjustments for each component of other comprehensive income. We recommend that the current option to disclose reclassification adjustments in the footnotes be retained. Reclassification adjustments displayed in the statement of comprehensive income for each component of other comprehensive income could unnecessarily clutter the face of the new statement.

**Question 4:** *What costs, if any, will a reporting entity incur as a result of the proposed changes?*

We do not expect the cost of implementing this proposal to be significant. The information required for the new statement is already contained within the financial statements. Repositioning that information into the new statement is unlikely to have significant cost implications.



**Question 5:** *The Board plans to align the proposed effective date of the amendments in this proposed Update with the effective date of the amendments in the proposed Update on financial instruments. Are there any significant operational issues that the Board needs to understand to determine the appropriate effective date for the amendments in this proposed Update?*

We are not aware of any significant operational issues that could impact the effective date of the proposal. As previously discussed, the information required for the new statement currently resides within the financial statements. Repositioning that information into the new statement is unlikely to cause significant operational challenges.

**Question 6:** *The amendments in this proposed Update would not change the guidance on the calculation and display of earnings per share. Do you believe that the Board should change the guidance on earnings per share? If so, what changes would you recommend and why?*

No, the guidance on earnings per share should not be modified at this time. We believe that prior to considering any changes to the earning per share guidance, the FASB and IASB should develop principles for identifying the characteristics of performance measures, the items that should be included within other comprehensive income, and the extent to which those items should be recycled.

We also note that the FASB and IASB recently considered amending their respective earnings per share guidance in order to better align the calculation of the denominator used in the earnings per share computation. In our response letter to that proposal, we did not support the Boards proceeding with the proposed changes. Consistent with the views expressed in that response letter, we believe that there cannot be high quality convergence in earnings per share guidance until the Boards have aligned their respective models for liabilities and equity classification and measurement. There also continue to be more urgent topics for the Boards to address at this time.