

Please note that the comments expressed herein are solely my personal views

Financial Accounting Standards Board
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- **File Reference No. 2011-240**
- **Comprehensive Income (Topic 220)**
- **Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05**

Dear Sir,

Thank you for giving us the opportunity to comment on your Exposure Draft: Comprehensive Income (Topic 220); Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, in June 2011. The update aimed to “improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income” in order to “help financial statement users better understand the causes of an entity’s change in financial position and results of operations”.¹ These are important aims that would improve the transparency and understandability of net income (profit or loss) and other comprehensive income. This would therefore help to improve confidence in, and promote the integrity of, financial statement presentation.

I understand that the FASB has received more information about the costs to preparers from implementing some of the changes to the presentation requirements and will need time to reassess the costs and benefits and to evaluate alternative presentation formats. In this case it is not unreasonable to defer those changes until this reassessment and evaluation is completed. For completeness, the FASB should aim to complete its reassessment and evaluation within a limited period, for example six months.

¹ Quotes taken from ASU 2011-05, FASB, June 2011.

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Answers to other specific questions raised by the FASB

Question 1:

Do you agree with the deferral? Why or why not?

I agree that the requirement for presenting the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income should be deferred for a (limited) period, in order for the FASB to be able to reassess costs and benefits and to evaluate alternative presentation formats.

For completeness, the FASB should aim to complete its reassessment and evaluation within a limited period, for example six months.

Question 2:

Are there alternatives that the Board should consider for presenting reclassifications out of accumulated other comprehensive income that would be more cost effective than the one required by Update 2011-05?

In the meantime, footnote disclosure is a reasonable and appropriate compromise.

Yours faithfully

Chris Barnard