



Robert H. Herz  
Chairman  
FASB  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856  
USA

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Dear Sir,

BUSINESSEUROPE, representing the European companies, takes an active part in the standard setting debate in Europe by commenting on the due process documents of the IASB but is also interested in convergence among standards and in particular between US GAAP and IFRS.

We also believe that convergence should result from the common work of standard setters across the Atlantic as defined in the memorandum of understanding between the IASB and the FASB (the Boards). This implies that important accounting decisions should be taken after appropriate discussions at the joint meetings between the Boards. We were therefore surprised to learn that, at its July 15 meeting concerning recognition and measurement of financial instruments, the FASB *"agreed to propose to require one statement of financial performance with subtotals for net income and other comprehensive income. It also agreed to propose to continue to only require earnings per share for net income"* (press release on FASB Website).

The financial statement presentation and convergence thereon is a crucial issue for European preparers because it drives the way they communicate with their investors and analysts. The move to one statement of financial performance (or comprehensive income) would considerably undermine the significance of net income as a key indicator of the performance of an entity even though earnings per share continue to be reported on net income. This is the case because the need for the application of the cohesiveness principle should not compromise the presentation of the income statement. For the project to succeed, the outcome must be accepted by both parties. Internal and external reporting should not be driven apart.



The Boards are now deliberating the comment letters on the Discussion Paper on Financial Statement Presentation with a view to issuing an Exposure Draft in the first half of 2010. Any decision concerning the presentation of the primary financial statements in general and the decision to present one statement of comprehensive income in particular are integral parts of the aforementioned due process. The FASB has considered that its proposal is the same as the proposal in the Discussion Paper on financial statement presentation (Minutes of the FASB meeting of July 15, paragraph 151). However, we consider that neither of the two Boards can pre-empt the decisions that would be taken in the deliberation of the future Exposure Draft on Financial Presentation and take a tentative decision that could influence such deliberations.

We remain at your disposal should you wish to discuss this subject further and will send a copy of this letter to Sir David Tweedie, Chairman of the IASB.

Yours sincerely,

*Best regards,*

Philippe de Buck