

**The Business Roundtable
Accounting Principles Task Force
Update of Activities
March 8, 1988 Policy Committee Meeting**

The efforts of the Accounting Principles Task Force to bring to light the business community's growing dissatisfaction with the FASB's performance is starting to show results. After the concerns expressed by the Policy Committee at the January meeting, the Financial Accounting Foundation (FAF), requested a meeting to discuss this issue. As the sponsoring organization of the FASB, the FAF is likely to be critical to the success of our initiative.

February 22, I met with Rholan Larson, President of the Financial Accounting Foundation, and FAF Trustee Jack Ruffle, to convey the concerns of the Accounting Principles Task Force regarding the balance and pace of FASB activities. I told them that many companies believe the FASB has not achieved an appropriate balance between its desire for theoretically correct solutions and the practical problems faced by preparers of financial statements. I also pointed out that the pace of the FASB's activities has led to an excessive proliferation of new accounting standard.

Larson and Ruffle were genuinely concerned about the business community's growing lack of confidence in the FASB and seemed interested in exploring possible steps that might be taken to address our concerns. They mentioned that the FAF is currently reviewing the standard-setting process and the responsibilities of the Board of Trustees. They also expressed an interest in having a representative of the Business Roundtable fill a trustee-at-large position that is currently open.

The FAF representatives commented that the FASB and FAF have received mixed signals regarding the FASB's recent performance. While CEO's have been very negative, CFO's and controllers who work more closely with the FASB have been more supportive of the FASB's actions. This lack of a consistent posture within the business community, while somewhat understandable, is undermining Task Force's efforts and the Roundtable members should get their CFO's and controllers on board with our views on the FASB.

Larson and Ruffle suggested that a meeting be held between the Task Force and the full FAF Board of Trustees at the earliest possible date, and I agreed. The Task Force is also scheduled to meet with the FASB Board members on May 19 and with the managing partners of the Big 8 accounting firms on June 28. In addition, a meeting with the SEC is also being scheduled.

John S. Reed, Chairman
Accounting Principles Task Force
February 26, 1988

cc: Accounting Principles Task Force Members