

9F.-1, No.1, Nanhai Rd.,  
Zhongzheng Dist.,  
Taipei City 100, Taiwan  
R.O.C.  
October 5, 2012

IAASB  
529 Fifth Avenue, 6th Floor,  
New York, NY 10017  
U.S.A

Dear Sir/Madam,

It's our pleasure to express our opinions to the Invitation to Comment about improvements in the auditor reporting. Please refer to our opinions as below:

We agree with the revision to place independent auditor's opinion at the first paragraph. It enables readers to know the type and content of opinion immediately when reading the report.

In our view, to add the conclusion regarding the management's and auditor's assessments of going concern assumption of preparing financial statements is proper only if the management's assessment is presented in the footnote as well. According to Section 8 of No.16 of Generally Accepted Auditing Standards of R.O.C, the effectiveness of management's assessment of going concern assumption lasts for one year (In real practice, auditors' responsibility might last for one year since the audit report date) and ISA 570.A10 mentions the effective period of management's assessment as well. It is management's responsibility to evaluate the assumption of going concern and fully disclose the methodology of evaluation and assumptions in the footnote. Accordingly, we suggest the management's assessment and effective period should be specified clearly in the footnote. If and only if auditors have doubts on the assumption, then the additional explanatory paragraph will be necessary to emphasize this issue.

As to Paragraph for Auditor Commentary, we think the sufficiency and appropriateness of auditor commentary are connected to auditors' professional judgment. It might be inconsistent with the financial statement readers' judgment. If there are no concrete rules about the sufficiency and appropriateness of this disclosure, it's easy to trigger arguments among the management, financial statement readers, monitoring organization and auditors. Therefore, we recommend that Auditor Commentary Paragraph should be encouraged to disclose rather than required to disclose.

Furthermore, regarding other information, we are fine with the recommendation if other information is presented together with the auditor report. Auditors only need to be responsible for information related to financial statements been audited. Therefore, it would be better to identify auditors' service scope and responsibility. In addition, we recommend that Other Information Paragraph should be encouraged to disclose rather than required to disclose. According to laws currently in effect in Taiwan, issue date of auditor report is early than that of annual report. This may not be an issue in Taiwan.

Last, disclosure of engagement partner in the auditor report will provide the engagement partners with greater sense of personal accountability. It's the current practice in Taiwan as well.

If you have any further information, please feel free to contact our Director, Beatrice Liu, either by email or phone at the following address and number:

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Best Regards,

Accounting and Auditing Committee

National Federation of CPA Associations

R.O.C.