




Integrated Report

2018

Accounting Research and Development Foundation

2018 Integrated Report

If you have any questions or opinions about our integrated report, please contact us at :
accounting@ardf.org.tw



2018 Integrated Report

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2018 Our Highlights

■ Media Exposure

2,077,803 Views

Digital technology continues to innovate in response to the digital era, the Foundation successfully produced videos to promote our specialty and training courses via social media.

■ Advocacy Results

17,264 Participants

Under the guidance of the Board of Directors and the support from all areas, the Foundation actively organized accounting relevant education and promotion activities, and the results were quite remarkable. Through a full range of accounting professional promotion and digital learning, we hope professionals in relevant fields of accounting will be able to enhance their professional knowledge and application capabilities.







About Us

The Foundation was founded in 1984 and aims at enhancing Taiwan's academic level of accounting, promoting the development of accounting standards and assisting evitites to improve their accounting system. We develop, issue and promote standards applicable in the areas of financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL) as a way to achieve an overall improvement in the quality and transparency of financial information and to promote the development of the capital market. We take professionalism, advocacy, leadership, capacity and sustainable value as our strategic goals, in order to respond to the dynamic business environment.

■ Responding to the Sustainable Development Goals (" SDGs ")

As the only accounting professional standard setter in Taiwan, the Foundation is committed to publishing professional standards and leading the development of practice with a view to assisting stakeholders to enhance their value in the workplace. This is in line with **the eighth goal** of the United Nations' Sustainable Development Goals "**Decent Work and Economic Growth**". The goal is to promote inclusive and sustainable economic growth, to achieve full and productive employment, and to have a decent job for everyone.

The Foundation provides knowledge and innovative perspectives, collaborates with relevant professional bodys, organizes high-quality professional courses and seminars, and advocates lifelong learning to stakeholders, which echoes **the fourth goal** of the United Nations Sustainable Development Goals "**Quality Education**". This goal seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

The Foundation maintains an effective management mechanism and operational model, supports project development and public welfare activities through undertaking projects, organizing courses and fundraising activities, and actively participating in domestic and international activities, international standard-setting body meetings and feedback to international standard-setting bodies to enhance the professional image and value of the Foundation and provide better services to achieve sustainable development, this is in line with **the seventeenth goal** of the United Nations' Sustainable Development Goals "**Partnerships for the Goals**", which seeks to strengthen the means of implementation and revitalize the global partnership for sustainable development.

Sustainable Development Goals



8. Promote inclusive and sustainable economic growth, full and productive employment and decent work for all

4. Ensure inclusive and equitable quality of education and promote lifelong learning opportunities for all

17. Strengthen the means of implementation and revitalize the global partnership for sustainable development



■ Our Influence and Resource

We are dedicated to facilitating communications and exchanges of views about accounting issues in Taiwan. By collaborating with experts from the academics, regulatory agencies and practitioners, conducting researches on emerging issues with professionals, and holding seminars or forums, we issue professional standards which meet the needs of today's changing environment. We believe that the Foundation has become an indispensable resource in the fields of accounting, auditing, valuation and XBRL professions in Taiwan. The Foundation aims to become the most powerful professional organization in those areas. Our influence and resources are summarized in the following indicators :

- The number of standards issued : **308**
- The number of interpretations and Q&As issued : **1,104**

- The number of courses held : more than **7,000**
- The number of course participants : more than **220,000**

- Online members : **53,284**
- E-newsletter subscription : **51,032**

- The number of views on Youtube Channel : **1,201,176**
- The number of visitors to our website : **7,338,184**

About the Report

To enhance stakeholders' trust in us, we started preparing an integrated report since 2016 under the principle of transparency and accountability. We became the first non-profit organization in Taiwan to prepare integrated report based on the International <IR> Framework. The purpose of this report is to provide an in-depth understanding of the Foundation's value structure and governance, strategic goals and other important information.

If you wish to know more about the Foundation, please contact us.
<http://www.ardf.org.tw>



■ Oversight and Assurance

◆ Oversight of the preparation of the report

This report is prepared under the supervision of the Integrated Report Review Team, which includes the chairperson, three standing directors and one board member. The final report is approved by the Board.

◆ Assurance of the financial statements

Our financial statements have been approved by the Board and audited by BDO Taiwan. According to the auditor's opinion, the Foundation's financial statements fairly present the Foundation's financial position, financial performance and cash flow.

Chairperson's Message



Since established, the Foundation has been committed to promoting the development of accounting profession, shouldering the heavy responsibility of the development, education and promotion of financial accounting, auditing, valuation and XBRL standards. Under the guidance and supervision of the Board of Directors, all employees are devoted to developing our business and to maintaining the soundness of the capital market.

As the only accounting professional standard setter in Taiwan, it is very important to connect with international professional groups. In early October 2018, I attended the "World Standard-Setters Conference 2018" and "The Second Accounting Standard-Setters International Forum 2018" in London, UK. I also exchanged ideas with the International Accounting Standards Board (IASB) Insurance team about Taiwan insurance companies' views and comments on IFRS17. In mid-December, we held a video conference with IASB and insurers in Taiwan and discussed the implementation problem of IFRS17.

In November, relevant members of the Taiwan Stock Exchange and the Financial Information Co., Ltd. and I participated in the "XBRL International Annual Meeting 2018" in Dubai, and reported how XBRL technology has been adopted recently and the current status of applying blockchain on the audit procedure of confirmation, which fully demonstrated that the Foundation actively participates in international accounting professional seminars and activities. In addition, the Foundation is also committed to promoting the interaction between cross-strait accounting professional groups. In February, employees of the Foundation and I visited related enterprises in Shenyang and Harbin, China

and exchanged ideas with them. In late August, I also attended accounting and technology-related seminars in Shandong, China.

To face the rapid development of the global knowledge economy, continuing innovation of digital technology, the creation and right of intangible assets are becoming more and more important to enterprises and individuals. With the adoption of international financial reporting standards, fair value affects every aspect of business operations, with the hope to fairly report the value of the enterprise. The Valuation Committee of the Foundation established the valuation criteria and aims to promote relevant research, to improve the valuation standard in practice, and to improve the practical development of valuation. In addition, the Foundation established an intangible asset valuation research and editorial team to jointly complete the primary and intermediate examination materials of intangible assets valuation; thereby, it will assist candidates or other people who would like to understand the valuation of intangible assets to have more understanding in this area, and thus improve the popularity of valuation knowledge and professional standards of valuation.

The annually held "Accounting Elite Cup Debate Competition" is an important event for the inter-school exchange. This year marks the 30th anniversary. "Accounting, Debate, Talents" is the main theme of the event, the scope of the activities, closing parties and awards ceremony were all expanded. This year, we invited teachers and students of the participating schools, as well as the regulators, VIPs, teachers and friends who have been involved in the debate for the last 30 years, to witness the results of the debates. We hope competition can be a platform to demonstrate participants' excellence in accounting, cleverness and responsiveness, and present these accounting talents to the world.

With the guidance and support of the Board of Directors, the Foundations started to compile integrated report since 2016. The content reveals the annual highlights, strategic goals and performance results of the Foundation, and fully demonstrates our social responsibility. In the future, we will continue to produce high-quality accounting professional standards and provide new insights on accounting practices to enhance the Foundation's overall competitiveness.

Dawn Yi Hsin Wang

Secretary General's Overview



In 2018, we continued to grow and, more importantly, to enhance our visibility by involving in activities related to public interest such as participation in co-creative alliance and providing consulting service on accounting, tax and corporate governance in Fin-Tech Space.

On the other hand, we still maintain our competence and capabilities on professional researches. In the beginning of the year, we accomplished “Illustrations of Procedures and Assurance Reports on Special Audits of Insurance Corporations’ Internal Control on Anti-Money Laundry and Countering Terrorism Financing by Certified Public Accountants”. The development of “Educational Material for Industry Professional Assessment of Intangible Asset Valuation- Intermediate Level” was completed as well by the end of this year.

Regarding the achievements of the professional committees under the Foundation, Taiwan Financial Reportings Standard Committee completed the translation of the 2018 version of the International Financial Reporting Standards including IFRS17 “Insurance Contracts”. The Auditing Standards Committee issued SAS No. 67 “Related Parties”, SAS No.68 “Communication Deficiencies in Internal Control to Those Changed with Governance and Management”, SAS No.69 “External Confirmation” and SAS No.70 “Audit Evidence-Specific considerations for selected items.”. The Valuation Standards Committee issued Guidance of Valuation Practice No.2 “Valuation Uncertainty”. Besides, the Enterprise Accounting Standards Committee also pronounced new standard, i.e. EAS No. 23 “Share-based Payment”, and amendments to EAS No. 12 “Income Tax” and EAS No. 15 “Financial Instruments”.

Furthermore, the 30th accounting professional debate contest hosted by Accounting Research Monthly brought us to another mile stone. We also cooperated with Taiwan Stock Exchange Corporation and Taiwan Insurance Guaranty Fund to promote the development and application of XBRL in Taiwan. Those achievements resulted from team work of the organization with the support of various stakeholders. Employees across the organization continue to work with passion and commitment to allow ARDF to continue its leading role in accounting profession.

As a leader of accounting profession in Taiwan, the Foundation will continue to march forward with a strong sense of public interest. Under the trend of digitalization and globalization, the business environment of the world is moving at an incredible speed. We would like to embrace changes and continue to enhance our value and improve quality of our services to meet the needs of various stakeholders. Of course, your supports and encouragements are the most important drivers for us to move forward.

Louis Jyn Wu

Our Value Creation Model



- Research and development of accounting standards, auditing standards, valuation standards, and taxonomy of XBRL.
- Sustained profession promotion service.
- The continuing education and continuous growth of professionals.

Social and relationship capital

- The Number of members
- Total event costs

Intellectual capital

- The Number of committee meetings
- Annual research expenses

Human capital

- The Number of Board of directors
- The Number of committee members and consultants
- The Number of lecturers
- The Number of employees

Financial Capital

- Donations

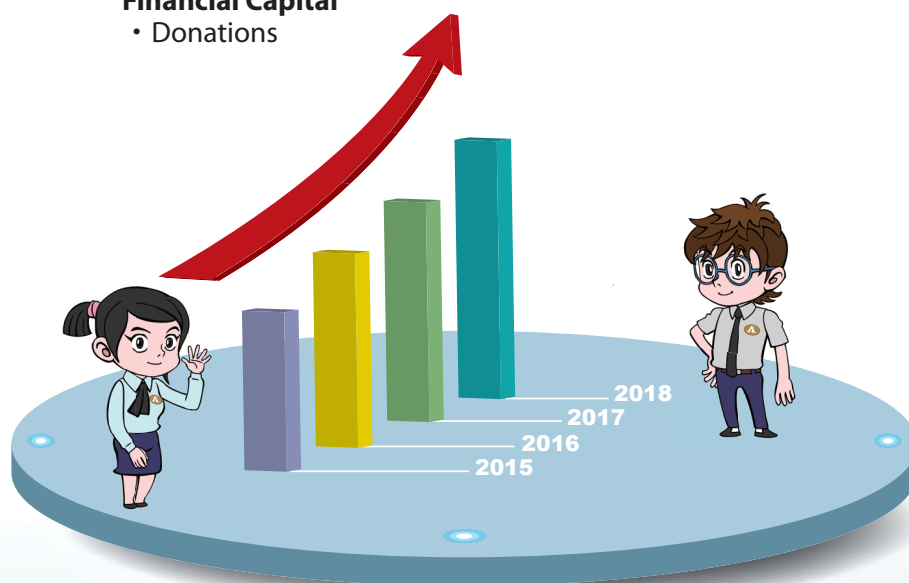
Research on standard settings and professional developments

Conduct educational courses

Issue publications

Provide services to members and the public

Host seminars and events



Key outputs	Key capital outputs	Key outcomes	Public value
<p>Professional standards, related Q&As, interpretations and professional research reports</p> <p>Professional talents</p> <p>Promotion of professional knowledge</p> <p>Enhance image</p>	<p>Social and relationship capital</p> <ul style="list-style-type: none"> • The number of participants attending professional conferences, courses and events • The number of viewers of digital video courses • The number of visitors to the Foundation's website • The number of visitors to the Foundation's social media sites • Course satisfaction rate • Event satisfaction rate <p>Intellectual capital</p> <ul style="list-style-type: none"> • The number of standards issued • The number of Q&As issued • The number of seminars or forums on emerging issues held <p>Financial Capital</p> <ul style="list-style-type: none"> • Fund balance • Total revenue 	<p>External outcome</p> <ul style="list-style-type: none"> • Facilitate convergence of our professional standards to international standards. • Improve the proficiency of practitioners. • Enable professionals to meet the needs of the era. • Promote accounting knowledge to the general public. • Improve the level of proficiency in Taiwan. <p>Internal outcome</p> <ul style="list-style-type: none"> • Become the authoritative organization of accounting profession in Taiwan • Become the communication platform for accounting profession in Taiwan. • Create healthy financial performance to support the Foundation's sustainable development. • Enhance our staff's capacity of research and development. 	<ul style="list-style-type: none"> ■ Strengthen the professionals' capacity, promote stable economic growth, and protect public interest. ■ The Foundation becomes a sustainable organization with professionalism, advocacy, leadership, and capacity.

Structure and Governance

■ Our Value

◆ Influence in Areas of Accounting Standards

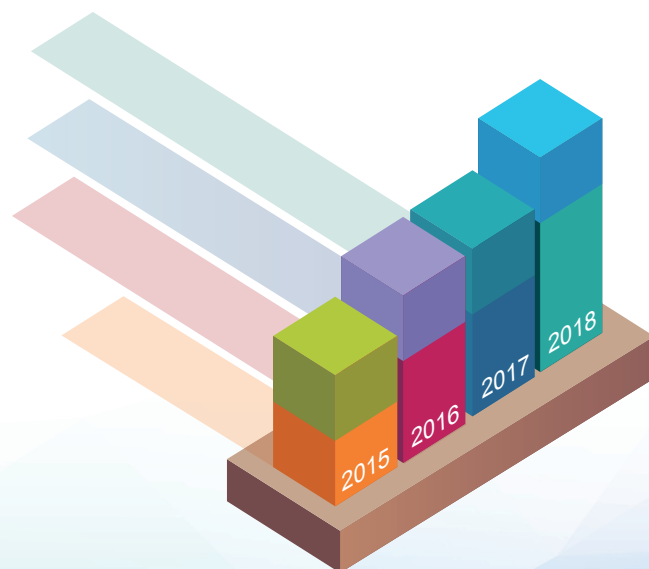
In order to develop the accounting profession, we set up Taiwan Financial Reporting Standard Committee, Auditing Standard Committee, Valuation Standard Committee and eXtensible Business Reporting Language (XBRL) Committee. We devoted our efforts to improving the quality of professional services, including financial accounting, auditing, valuation and XBRL.

◆ The Only Accounting Standard Setter in Taiwan

We are an independent and objective standard setter organization. Approved and recognized by government agencies, we follow the standard setting procedures strictly and release credible standards for the public. The standard setting processes involve discussions between industry representatives and academic experts.

◆ Governance Structure

Our Board of Directors is the ultimate decision-making authority. Board meetings are held at least once a quarter. Affiliated to the Board, the Board of Standing Directors manages material issues promptly to respond the changing economic environment.



■ Organization Chart



■ Our operation

◆ Structure of Our Board of Directors

Our Board of Directors is responsible for planning and supervising the executive team, overseeing financial management and reporting, and ensuring that all operations are in compliance with relevant laws and regulations. There are 27 directors on the Board, comprising 13 standing directors. The chairperson is the representative of the Board.

The Board of Directors consists of representatives from academics, regulatory agencies and practitioners. Academic representatives include accounting professors from reputable colleges and universities; regulatory representatives are from Financial Supervisory Commission, Securities and Futures Bureau of Financial Supervisory Commission, Taxation Administration of Ministry of Finance, Department of Commerce of Ministry of Economic Affairs, Directorate-General of Budget, Accounting and Statistics of Executive Yuan, National Audit Office, Taiwan Stock Exchange, and Taipei Exchange (GreTai Securities Markets); and practitioners include representatives from Certified Public Accountants Association, the Bankers Association of the Republic of China, Taiwan Securities Association, and Chinese National Association of Industry and Commerce.

◆ Responsibilities of the Board of Directors and the Board of Standing Directors

1. The Board of Standing Directors reviews each division's performance regularly, and discusses material issues promptly.
2. The Board of Directors meets at least quarterly to review the operation of each division, ensures revenues and expenditures meet the budget, and provide guidance about the Foundation's goals and strategies. At the end of the year, the Board of Directors approve work plans and budgets for the following year; at the beginning of the following year, the Board of Directors approves the financial statements of the previous fiscal year.

◆ Annual Achievements of the Board of Directors and the Board of Standing Directors

1. Set up "Integrated Report Review Team" to oversee the preparation of our 2018 integrated report.
2. Plan and execute the "30th Accounting Elite Cup Debate Competition". The topic of this event is "Accounting, Debate and Talents" and the Foundation held promotional activities, closing party and flash to celebrate the 30th anniversary of the debate competition.
3. Approve the amendment of "Work Rules".
4. Conduct the project on "Whistle Blower of Insurance Industry and the Use of XBRL on Financial Examination Reports as the Standard of Information Exchange".
5. Conduct lecture and consultation in "Fintech Space".
6. Conduct the project on "Promoting Quality of the Accounting Information".
7. Conduct the project on "Illustrations of Procedures and Assurance Reports on Special Audits of Anti-Money Laundry and Countering Terrorism Financing of Insurance Companies by Certified Public Accountants".
8. Conduct the project on "Research and Development of 2017 TIFRS Taxonomy Upgrade".
9. Conduct the project on "Educational Material for Industry Professional Assessment of Intangible Asset Valuation and Case Study".
10. Conduct the project on "Youth Finance Lecture" to promote financial knowledge to students.
11. Conduct the "Financial Knowledge Courses" to promote financial knowledge to the elderly, farmers, soldiers, women and primary school students.
12. Conduct the "Promote the Use of International Financial Reporting Standard Seminar" to introduce the latest IFRS standard to enterprises.
13. Conduct the "Elite Seminars", inviting experts in practice and discussing related accounting issues in practice cases.
14. Participate in the "2018 Financial Service and Public Welfare Carnival" held by Taiwan Financial Services Roundtable.
15. Produce the "Fintech and Anti Scam" video to preach financial policies in a creative way.
16. Conduct the project on "Using Inline XBRL to Declare Financial Reports Propaganda".

◆ Directors





Performance Summary

Goals	Key Performance Indicators	2015	2016	2017	2018
Leadership	1. The number of professional dialogues and commentaries held on issues related to financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL)	79	68	78	65
	2. The number of reporting and discussion held on current and emerging issues	12	12	23	28
	3. The number of members from the Board of Directors and professional committees who participated in domestic and international events	60	71	51	47
Professionalism	1. The number of standards issued	88	68	71	73
	2. The completion percentage of standards within deadline	100%	100%	100%	100%
	3. The number of Q&As and interpretations issued	12	103	25	22
	4. The number of seminars or forums on emerging issues held and the number of new courses held	189	304	322	385
Advocacy	1. The number of external feedbacks on proposed standards received and the number of feedbacks sent to the international standard-setting organizations	475	266	239	146
	2. The number of participants attending the Foundation's professional conferences, courses and events	12,983	15,991	16,667	17,264
	3. The number of continuing education courses held for directors and supervisors	254	224	292	297
	4. The number of seminars on financial accounting, auditing, valuation and the eXtensible Business Reporting Language (XBRL) held in collaboration with relevant professional organizations	15	19	15	27
	5. The amount of revenue generated from promotional contracts signed (NT\$ thousands)	4,080	5,532	4,656	7,931
	6. The number of viewers on digital video courses	445	15,217	26,639	43,815
Capacity	1. The amount of revenue generated from research projects (NT\$ thousands)	15,127	17,200	18,936	19,408
	2. Course satisfaction rate	4.408	4.405	4.486	4.496
	3. Event satisfaction rate	4.5	4.6	4.87	4.86
Sustainable Value	1. The number of visitors to the Foundation's website	1,834,520	1,825,551	1,860,743	1,817,370
	2. The number of visitors to the Foundation's social media sites	5,737	235,798	699,208	260,433
	3. Fund balance (NT\$ thousands)	100,279	100,579	100,779	101,039
	4. Total revenue (NT\$ thousands)	94,166	102,763	99,025	104,838
	5. Employee education and training hours	42	593	992	900

Stakeholders Engagement

■ The Foundation's key stakeholders



Members of Accounting Research Center

The Accounting Research Center integrates resources of the Foundation to provide a comprehensive array of professional service for its members. These services include advertisement on the Accounting Research Monthly, consultation on professional standards, publication in physical forms as well as in the on-line database, Accounting Research Monthly and on-line library, e-newsletter, free lectures, and etc. It is very important for the Foundation to understand the members' needs in order to provide services of high quality.



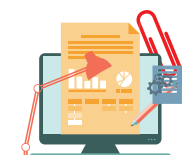
Courses participants

The Foundation promotes continuous learning by providing an array of courses in accounting and other areas to fulfill the participants' needs of pursuing further education.



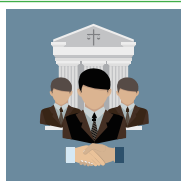
Enterprises/ Associations

Financial statements are required to be prepared with consistent application of standards across different enterprises in order for these statements to be of high quality. Therefore, the accounting standards issued by the Foundation are very important to enterprises. In this regard, the Foundation shall understand the dynamics of enterprises and associations and take their comments into consideration.



CPA association/ CPA firms

Auditor's reports are required to be issued with consistent application of standards across different CPA firms in order for these reports to be of high quality. Therefore, the standards issued by the Foundation are very important to accountants. Given this, the Foundation shall understand the views of the accountants and take the comments received from them into consideration.



Competent authorities

The competent authorities (including the Financial Supervisory Commission, Ministry of Finance, and Ministry of Economic Affairs) are highly relevant to the operation and business of the Foundation. The competent authorities' opinions are very important to the Foundation.



Universities and colleges

Professors and students of accounting-related departments are the Foundation's key target audiences for the promotion of professional standards.



The Foundation's employees

Our employees play important roles in achieving the missions, targets and strategies of the Foundation.

■ The material issues

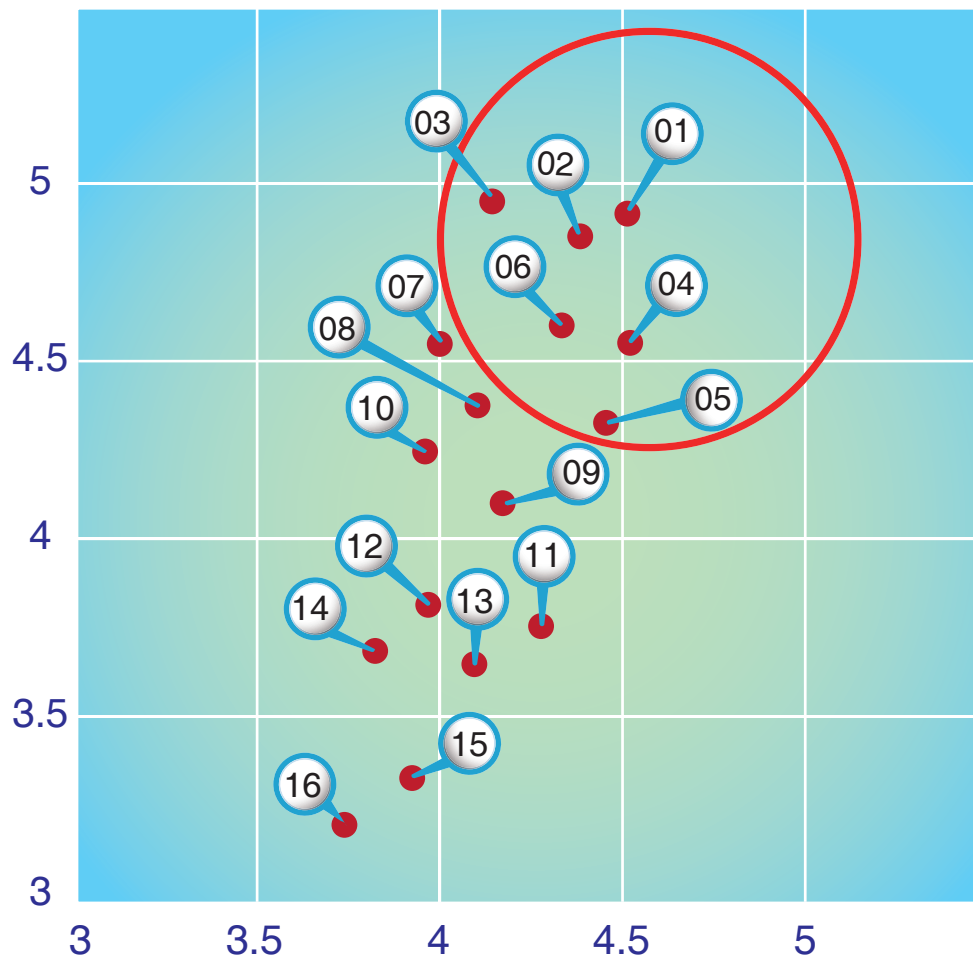
In order to prepare the Integrated Report, the Foundation sent out questionnaires to key stakeholders to identify the material issues from their perspective.

According to “the Foundation’s goals and strategies to 2020”, the Foundation identified potential material issues. Taking into consideration the survey results of last year, the original 20 issues were analyzed and condensed into 16 issues this year. We asked stakeholders to prioritize these issues based on their importance to the Foundation. A statistical analysis was performed to identify the material issues from their perspective.

◆ Result of the survey

Ranking of the Potential material topics	Variance
① Quality of products/services	↑
② Promotion of professional standards and ethics	↑
③ External recognition	↑
④ Value of products/services	—
⑤ Creditability of the Foundation	↓
⑥ Professional influence and leadership	↑
⑦ Employee engagement	↑
⑧ Stakeholder engagement and responsiveness	↑
⑨ Financial health	↓
⑩ Flexible and robust IT systems	↑
⑪ Efficiency and effectiveness of governance and compliance	↓
⑫ Growth in the number of people trained	↓
⑬ Accessibility via multiple platforms to products/services	↓
⑭ The Foundation's global presence	—
⑮ Strength of relationships with external strategic partners	—
⑯ Participation in community services	↓

This report will focus on the material topics which were highly or moderately concerned by the stakeholders. The result of survey conducted in 2018 is similar to that conducted in 2017. The “Professional influence and leadership” is the new material topic of this year.



Horizontal X-axis :

The material topics ranked by external stakeholders. (on a scale of 5 points)

Vertical Y-axis: :

The material topics ranked by internal stakeholders
(the Foundation's management). (on a scale of 5 points)

■ The material issues of separate stakeholders

Stakeholders	Material Issues	The Foundation's Response
Members of Accounting Research Center	<ul style="list-style-type: none"> ⑤ Creditability of the Foundation ④ Value of the products/services ② Promotion of professional standards and ethics 	<p>The Foundation timely provide members of Accounting Research Center the latest relevant professional and practical information.</p> <p>Related indicators : The number of standards and related Q&As and interpretations issued, the number of participants attending the educational events, and the event satisfaction rate. Please see page 41-47.</p>
Course participants	<ul style="list-style-type: none"> ① Quality of products/services ② Promotion of professional standards and ethics ⑤ Creditability of the Foundation ⑥ Professional influence & leadership ⑪ Efficiency and effectiveness of governance and compliance 	<p>Continuously conduct professional courses to satisfy participants' demands.</p> <p>Related indicators : The number of courses held, the number of participants attending, and the course satisfaction rate. Please see page 43-47.</p>
Enterprises/Associations	<ul style="list-style-type: none"> ① Quality of products/services ④ Value of the services and products ② Promotion of professional standards and ethics ③ External recognition ⑥ Professional influence and leadership ⑬ Accessibility via multiple platforms to receive products/services 	<p>Proactively communicate with enterprises/associations to expand the benefits and influence.</p> <p>Related indicators : Conference held in collaboration with relevant professional organizations. Please see page 43-45.</p>
CPA association/ CPA firms	<ul style="list-style-type: none"> ③ External recognition ⑤ Creditability of the Foundation ⑥ Professional influence & leadership 	<p>Positively communicate with CPA association/ CPA firms to lead the development of accounting and auditing practice.</p> <p>Related indicators : The reporting and conference held on current and emerging issues. Please see page 39-42.</p>

Stakeholders	Material Issues	The Foundation's Response
Competent authorities	<ul style="list-style-type: none"> ④ Value of products/services ① Quality of products/services ② Promotion of professional standards and ethics ③ External recognition 	<p>Issue standards and provide educational events according to policies of the competent authorities.</p> <p>Related indicators : The completion percentages of standards within deadline, and promotions. Please see page 41-47.</p>
Universities and colleges	<ul style="list-style-type: none"> ⑤ Creditability of the Foundation ② Promotion of professional standards and ethics ④ Value of products/services ⑧ Stakeholder engagement and responsiveness 	<p>Committed to cultivating talents in campus and deepen the roots of accounting profession. Improve the promotion results with internet and social media.</p> <p>Related indicators : The number of participants attending the Foundation's professional conferences, courses and events, the number of visitors to the Foundation's website, digital educational courses and social media. Please see page 43-49.</p>
The Foundation's employees	<ul style="list-style-type: none"> ③ External recognition ① Quality of products/services ② Promotion of professional standards and ethics 	<p>Continuously provide educational training to improve the talent and service capability for our employees.</p> <p>Related indicators : The Employee education and training hours. Please see page 48-49.</p>

External Environment and Our Strategy

◆ The migration of global trends

Application of financial innovation and development of internet technology continue to flourish. High tech applications such as artificial intelligence, blockchain and Fintech, became the three pillars of the digital triangular framework. Each collaborates with others to achieve missions assigned by decision makers. In addition, more and more frequent international trades makes laws and regulations become much more complete to handle the evolution of technology and globalication.

Introduction of IFRS 16 Leases and IFRS 17 Insurance Contracts are examples of quick adaption to the global trends which improve the transparency of financial information. "New Audit Report" was also effected. Furthermore, countries began to adopt Inline XBRL (iXBRL) technology.

The speed and the extent of global changes bring new uncertainties and opportunities, and also significantly increase the demand for the accounting profession.

◆ New policies introduced by the competent authorities

In terms of professional standards, the Financial Supervisory Commission (the FSC) announced the policies on "IFRS Adoption by Standards" to be in compliance with the latest regulation. As such, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments became effective in 2018.

As for the promotion of valuation, the Ministry of Economic Affairs promotes "Certificate of Valuation of Intangible Assets" licensing system with three levels of examination: basic, intermediate and advanced to provide sufficient talents for industrial innovation.

◆ Actions taken by the Foundation

In terms of accounting standards, the Foundation made strategic alliance with relevant organizations to promote the latest information about IFRS and assist companies to achieve a smooth adoption. In terms of XBRL, the Foundation participated in government projects and will assist the introduction of XBRL-based supervisory applications.

In terms of promoting valuation, the Foundation cooperated with the policies of the Ministry of Economic Affairs, conducted researches on and published the "Intangible Assets Evaluation - Primary Ability Identification Collection", and held courses to assist candidates to pass the exam and enhance their employment competitiveness.

◆ The Foundation's goals

The external environment described above have provided a great opportunity for the Foundation's stakeholders to enhance their values. With the strategic goals of Leadership, Professionalism, Advocacy, Capacity and Sustainable Value, we will continue to help the Foundation's stakeholders to become professionals with value-adding expertise.







Global Trends to 2020

In order to issue professional standards which meet the demands of today's environment and conduct quality promotional activities and educational courses, the Foundation keeps observing the latest international professional dynamics. This also provides insights for the Foundation to better understand the Global Trend to 2020. From our observation, the Foundation foresees the changing roles for the accounting and auditing professionals in the future. The Foundation identifies four main drivers of global change. We believe these drivers will influence the development of accounting standards and this in turn will impact the planning of promotional activities and educational courses in the future.

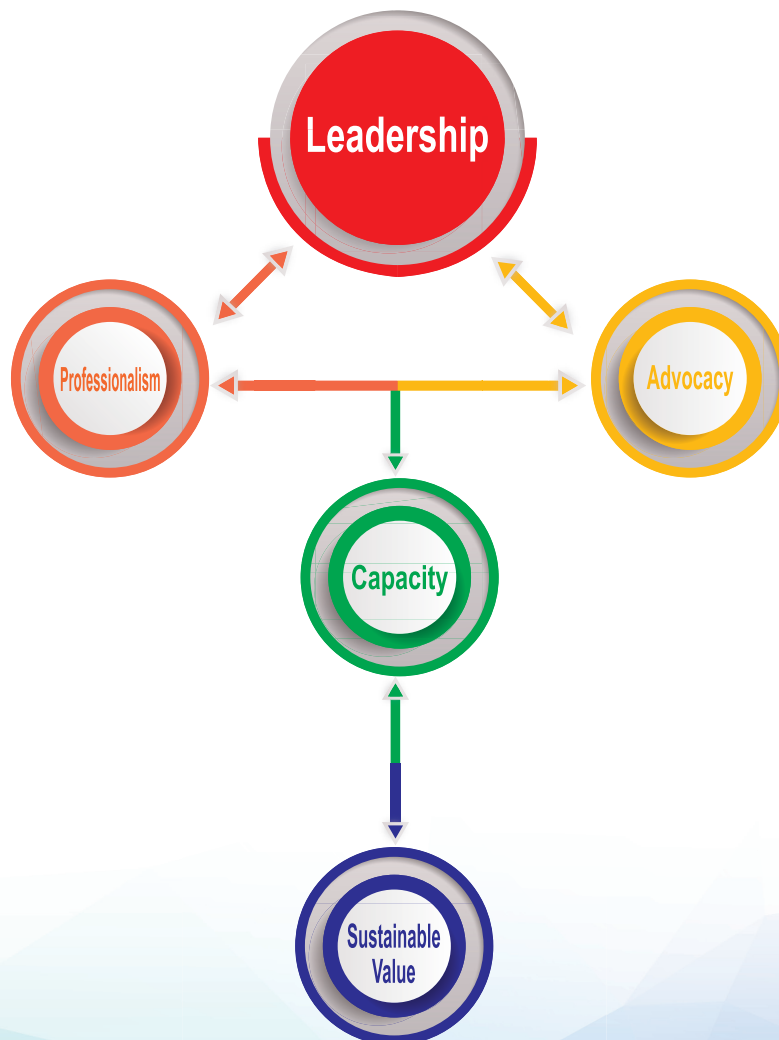
We believe the changes mentioned above is a great opportunity for accounting and auditing professionals to improve themselves and enhance their value.



	Global Trends	The Foundation's Response
	<p>■ Enhanced regulations : Increased legal regulation and active governance for greater information transparency will bring bigger impact on the profession in the future. We expect that the accounting and auditing professionals and related industries will be directly or indirectly affected in various degrees.</p>	<p>The Foundation continued to pay close attention to the updates of laws and regulations, and actively promote relevant professional issues in accordance with the policies, such as a major amendment to Company Act this (2018) year. The Foundation immediately held relevant educational courses to meet the needs of stakeholders.</p>
	<p>■ Expanding professional requirements : because of diversified information demands. Accounting and auditing professionals will be required to have a greater range of professional knowledge and vision in order to provide holistic and forward-looking information.</p>	<p>The Foundation cooperates with industries, authorities and academics, expand capacity, and continues to produce high-quality professional standards, interpretations, Q&As, and professional literatures that are in line with public interest. For example, the "Educational Material for Industry Professional Assessment of Intangible Asset Valuation – Intermediate Level" was completed for practitioners to follow and to lead the development of practice.</p>
	<p>■ Technological innovations : The development of digital technologies will continue to impact the application of financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL); Financial and non-financial information processed with apps and automatic system, will be generated and delivered more efficiently.</p>	<p>The Foundation expands its service capacity through diversified ways such as the Internet and social media and promote all listed companies to upgrade the use of Inline XBRL to declare financial reports.</p>
	<p>■ Internationalization : With the trend of globalization, consistency of professional standards and the development of the digital economy, the accounting and auditing professionals need to understand the latest updates of international professional standards and the influence of digital innovation in order to enhance enterprises' competitiveness.</p>	<p>The Foundation continues to pay attention to and collect the information about the latest development of international professional to understand the potential issues of the profession and formed a close communication network with the Foundation's stakeholders, and promote the professional knowledge required. This is required for the Foundation to continue to be the professional leader of the country.</p>

The Goals and Strategies to 2020

The Foundation is second to none domestically with its **Leadership**, committing itself to **Professionalism** by developing, issuing and promoting financial accounting standards, auditing standards, valuation standards and eXtensible Business Reporting Language (XBRL). The Foundation plays an important role in **Advocacy** urging enterprises to adopt professional standards by organizing sorts of events and courses. The Foundation has abundant **Capacity** of research and development and service. With effective operation and robust financial position, the Foundation maintains its **Sustainable Value**.



■ Relationships chart



Commentary

The Foundation's five strategic goals are "Leadership", "Professionalism", "Advocacy", "Capacity", and "Sustainable Value". These goals will satisfy the trends and changes of global drivers, such as "Enhanced Regulations", "Expanding Professional Requirement", "Technological Innovations", "Globalization" and so on and additionally satisfy material issues, including "Quality of service", "Promotion of professional standards and ethics", "External recognition", "Value for money of the service and products", "Creditability of the Foundation" and "Professional influence & leadership". Moreover, the Foundation developed relevant strategies and key performance indicators based on the five strategic goals.

■ The Foundation's goals, strategies, and key performance indicators

Goals	Strategies	Key performance indicators
Leadership	1. Urge professional dialogue and commentary on issues related to financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL).	1. The number of professional dialogues and commentaries held on issues related to financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL)
	2. Contribute to reporting and discussion on current and emerging issues.	2. The number of reporting and discussion held on current and emerging issues
	3. Develop communication strategies and network that enable the Foundation to collaborate with various parties.	3. The number of members from the Board of Directors and committees who participated in domestic and international events
Professionalism	1. Collaborate with industries, authorities and academics to develop professional standards that meet the public's demands.	1. The number of standards issued
	2. Issue standard-related Q&As and Interpretations as practical guidance.	2. The completion percentage of standards within deadline
	3. Have timely understanding about emerging issues of financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL), etc, and provide interactive recommendations and guidance.	3. The number of Q&As and interpretations issued
	4. Evaluate future trends of professional development and develop diversified learning channels to improve accounting and auditing professionals' capability at workplace.	4. The number of seminars or forums on emerging issues held and new courses held

Goals	Strategies	Key performance indicators
Advocacy	1. Consult and hold outreach (if necessary) on financial accounting standards, auditing standards, valuation standards and eXtensible Business Reporting Language (XBRL), and take comments from primary stakeholders into consideration.	1. The number of external feedbacks on proposed standards received and the number of feedbacks sent to the international standard-setting organizations
	2. Continue to be the authoritative organization for financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL).	2. The number of participants attending the Foundation's professional conferences, courses and events
	3. Develop strategies that influence and serve governing bodies, competent authorities and other stakeholders effectively.	3. The number of professional courses held
	4. Collaborate with other relevant professional organizations and groups to elevate the professional image of financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL), etc.	4. The number of seminars held on financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL) in collaboration with relevant professional organizations 5. The monetary amount of revenue generated from promotional contracts signed 6. The number of viewers on digital video courses
Capacity	1. Cooperate with relevant professional parties to expand the Foundation's influence.	1. The amount of revenue generated from research projects
	2. Enhance the Foundation's professional capacity to provide service of high quality.	2. Course satisfaction rate 3. Event satisfaction rate
Sustainable Value	1. Maintain the Foundation's reputation.	1. The number of visitors to the Foundation's website 2. The number of visitors to the Foundation's social media sites
	2. Ensure a healthy financial structure by applying budget management and internal control.	3. Fund balance 4. Total revenue
	3. Improve the employees' professional capability.	5. Employee education and training hours

Key Strategies for 2019

In 2018, we paid close attention to the latest development of professional standards, conducted researches on emerging issues and offered related courses, provided learning through diversified mechanism, and promoted creatively to strengthen our professional image, all as means to act upon technological innovation and the trend of globalization. In 2019, we will focus on assisting our stakeholders to enhance their value, continue collaborating with domestic and foreign experts on various researches on innovative topics, and on strengthening communication with our global partners to broaden our vision.

Our key strategies for 2019 :

■ Issuing High Quality Professional Standards and Leading the Practical Development

The Foundation interacts closely with industry practitioners and the competent authorities on current events and emerging issues to produce high quality professional services and products which meet practical needs. In addition, given the fast-paced development of FinTech, the Foundation has been devoting efforts to innovative areas such as XBRL and blockchain. The Foundation collaborates with domestic and foreign experts to conduct researches on application of XBRL and blockchain, in an effort to adopt new technologies to operation and management of industrial and governmental organizations, as a way to enhance our competitive advantages.

■ Providing Knowledge and Innovative Views

The Foundation will promote professional knowledge to more targeted users of the standards, including conducting basic accounting and finance knowledge trainings to non-accounting professional organizations and schools and holding series of seminar, and invite foreign experts to share the latest development of various professional areas, so that the Foundation could provide professional knowledge that meet needs and improve the Foundation's visibility. Furthermore, our employees' professional capability and global vision is the source of the Foundation's continuous innovation on researches. The Foundation will continue to collaborate with relevant professional organizations, hold seminars and courses on professional and innovative issues and participate in international events to elevate our employees' professional capability and broaden their horizon.

Strategic Risks and Management

■ We Actively Manage Risks to Achieve Our Goals

We consider market environment when appropriate as a mean to identify the potential risks which need to be timely reported to the Board of Directors. We continuously monitor the risks we face and review the effectiveness of our risk management strategies in order to better achieve our strategic goals.

■ Our Risk Management

Based on the global drivers and strategic objectives, we have identified the risks we may encounter and our level of tolerance towards those risks (risk appetite). We regularly evaluate the appropriateness of our responses to these risks according to the risk appetite.

To achieve our goals, we proactively develop courses, events, and publications that meet the professionals' demands and improve participants' learning experiences. By doing so, we actively respond to risks for which we have higher risk appetite (for example, the risk that our courses, events and publications do not meet the needs of the expanding professional requirements).

We are dedicated to reducing the threat which could affect our reputation and our value in the field of accounting. We have lower risk appetite in some aspects (for example, the standards developed cannot keep up with the changes in the latest international professional standards; the methods of promoting professional standards and ethics cannot keep up with the innovational and changing landscape for learning, and consequently casts doubts on the quality and value of our services and our reputation.)

■ Definition of Risk Appetite

Low

Prefer safer and lower risk options which may limit upside potential



Medium

Consider all possible options and choose the ones with the highest possibility of success, rather than the ones with the highest return



High

Pursue innovative options and choose the ones with higher return, even though those options may have greater inherent risks



■ Our Strategic Risks

Possible Risks	Related Strategic Goals	Risk Appetite
The standards developed cannot keep up with the changes in the latest international professional standards.	Leadership Professionalism	▼
Not being able to timely comply with enhanced regulations.	Sustainable value	▼
Our courses, events and publications do not meet the needs of expanding professional requirements, leading others to doubt the quality and value of our services and products.	Leadership Professionalism Advocacy	▲
The Foundation's promotion of professional standards and ethics may fall behind, due to the new learning channels introduced by technological innovation causing doubts on our service quality, value of service and product, and external recognition.	Advocacy Sustainable value	▼
Information security	Sustainable value	▼
Insufficient capacity for research development and services, causing impact on our brand recognition	Capacity	▲
Introducing innovative and flexible learning programs will increase financial burden.	Sustainable value	■

Risk Mitigation	Corresponding Key Performance Indicators
<ol style="list-style-type: none"> 1.Keep ourselves updated on the development of international professional standards and recommend the latest topics for discussion in Taiwan. 2.Attend international conferences to keep up with the latest change of international professional standards. 3.Report the progress of each Committee in the Board meeting. 	<ol style="list-style-type: none"> 1.The number of professional dialogues and commentaries held on issues related to financial accounting, auditing, valuation and eXtensible Business Reporting Language 2.The number of member counts from the Board of Directors and committees who participated in domestic and international events 3.The number of standards issued 4.The completion percentages of the standards within deadline
Strengthen organizational management and conduct employee education and training to share the latest regulations.	Employee education and training hours
Understand professionals' learning needs and design courses, events and publications accordingly.	<ol style="list-style-type: none"> 1.The number of reporting and discussion held on current and emerging issues 2.The number of seminars or forums on emerging issues and new courses held 3.The number of participants attending the Foundation's professional conferences, courses and events.
flexible learning methods to improve the quality and value of our services and products, and to enhance external recognition.	<ol style="list-style-type: none"> 1.video courses 2.The number of visitors on the Foundation's website
Establish internal policies and procedures on information security and inform our employees about issues related to information security.	Employee education and training hours
Expand the Foundation's capacity for research development and services to enhance the value of the Foundation.	<ol style="list-style-type: none"> 1.The amount of revenue generated from research projects 2.Course satisfaction rate 3.Event satisfaction rate
Conduct proper cost-benefit analysis before developing new businesses.	<ol style="list-style-type: none"> 1.Fund balance 2.Total revenue

Analysis of 2018 Performance

Leadership

The Foundation is considered as the leader in financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL) professions.

■ Performance indicators

1. The number of professional dialogues and commentaries held on issues related to financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL) ;
2. The number of reporting and discussions held on current and emerging issues ;
3. The number of members from the Board of Directors and committees who participated in domestic and international events.

■ Reasons for selecting these indicators

To achieve the goal of “**leadership**”, we must initiate professional dialogues and commentary on financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL), and we need to report on and discuss current and emerging issues. Members from our Board of Directors and all the committees should also participate in domestic and international events actively to lead the development trend of professional fields. Therefore, we chose the three indicators mentioned above to demonstrate how the Foundation achieved the goal.

■ Performance in 2015-2018

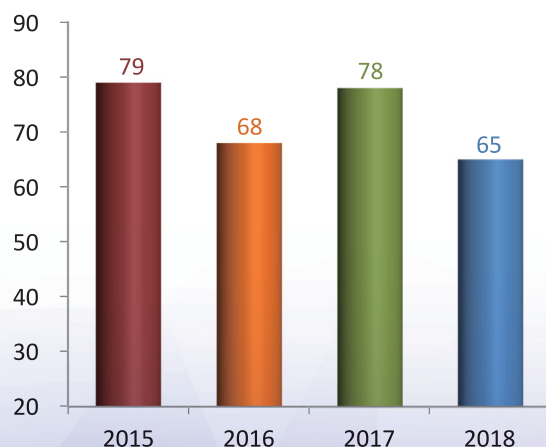


figure 1 : The number of professional dialogues and commentaries held on topics related to financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL)

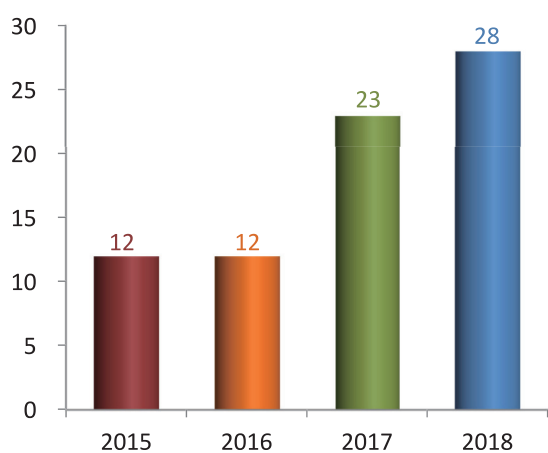


figure 2 : The number of reporting and discussions held on current and emerging issues

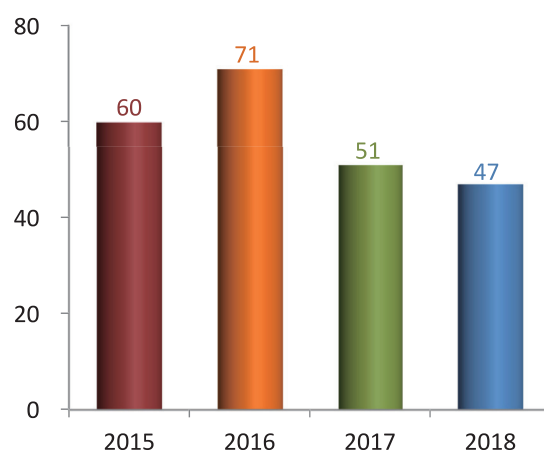


figure 3 : The number of members from the Board of Directors and committees who participated in domestic and international events

Commentary

As the professional organization of research and development of financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL), we continuously initiate professional dialogues and commentary on relevant current and emerging issues. Our Board of Directors and members of committees actively participate in relevant domestic and foreign meetings and event, and maintain a close connection with international professional standard setters. In 2018, the Foundation held a video conference with the International Accounting Standard Board (IASB) and invited representatives from the authorities, the industry and the academic to discuss issues encountered when implementing IFRS17.

Accounting Research Monthly issued by the Foundation covers current and emerging issues and provide in-depth analysis. In 2018, in addition to the Cover Stories, we also put more emphasis on Special Reports which focus on amendments to regulations and the trend of technology. The number of reporting and discussions held on current and emerging issues has increased to 28. By doing do, we provide the latest international professional trends to our readers. (figure 1~ figure 3)

Professionalism

Become a professional organization of financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL), and lead professional development.

■ Performance indicators

- 1.The number of standards issued;
- 2.The completion percentages of the standards within deadline;
- 3.The number of Q&As and interpretations issued;
- 4.The number of seminars or forums held on emerging issues and the number of new courses held.

■ Reasons for selecting these indicators

To achieve the goal of "Professionalism", we need to pay close attention to the latest changes in international professional standards provide explanations to the application of the professional standards for professionals in relevant fields to follow. In addition, we hold seminars or forums and provide an array of courses on emerging issues, enabling an extensive number of professionals to learn the latest trend and improve their capability. Thus, we selected the previous four indicators to evaluate our performance.

■ Performance in 2015-2018

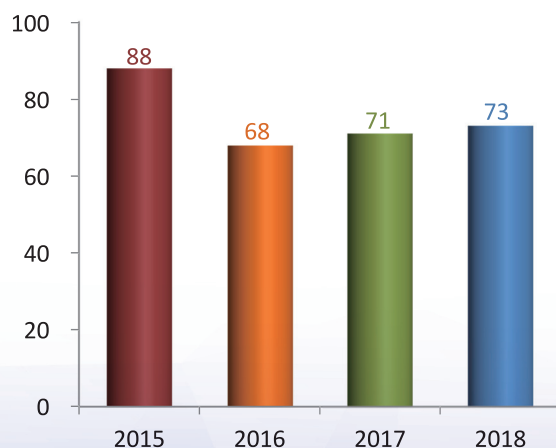


figure 1 : The number of standards issued

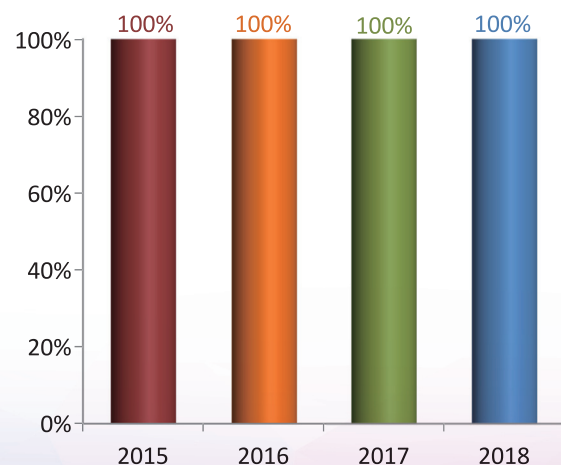


figure 2 : The completion percentages of the standards within deadline

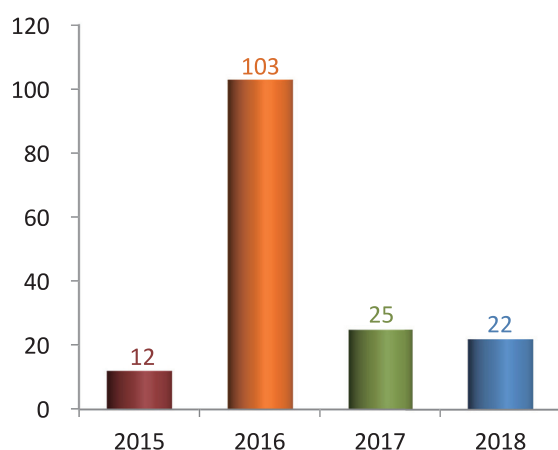


figure 3 : The number of Q&As and interpretations issued

Commentary

In 2018, the Foundation updated and revised the Traditional Chinese version of the International Financial Reporting Standards (IFRSs), Auditing Standards, Valuation Standards and the Enterprise Accounting Standards. The Enterprise Accounting Standards was effective in 2016, therefore we issued more relevant Q&As in that year to facilitate the application of the Standard. Otherwise, the number of standards and Q&As issued remained constant.

(figure 1~figure 3)

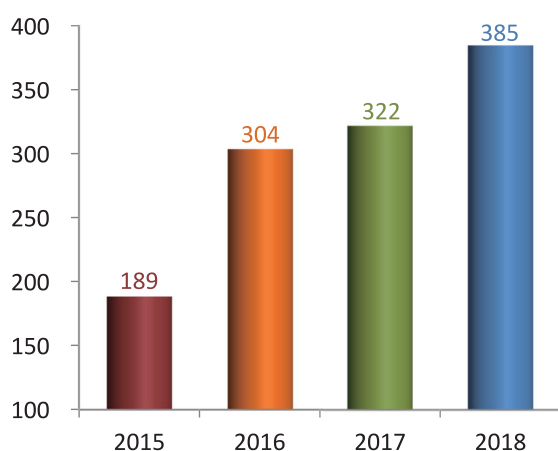


figure 4 : The number of seminars or forums on emerging issues and new courses held

Commentary

In responding to the trend of technological innovation and internationalization, we pay close attention to the progress of the latest standards and provide professionals with seminars and courses. Therefore, the number of seminars/forums and courses held by the Foundation increased year-by-year.

Based on the impact of digital technology, the Foundation held "Digital Innovation and Application Seminar" for the first time in 2018, to assist professionals to understand how to apply the combination of technology and accounting to operational management strategies.

In addition, with the diversified information demands, the role of accounting and auditing professionals has changed nowadays,. Therefore, the Foundation provides a wide range of courses to assist professionals to polish related knowledge and skills required. For example, to coordinate with the "Certificate of Valuation of Intangible Assets" licensing system promoted by the Ministry of Economic Affairs, the Foundation compiled educational materials and held courses to assist candidates preparing for the exam and enhancing their professional competence. (figure 4)

Advocacy

The Foundation provides various information on professional standards and holds professional seminars, courses, and events to ensure its indispensable position in professional fields of financial accounting, auditing, valuation and eXtensible Business Reporting Language (XBRL).

■ Performance indicators

- 1. The number of external feedbacks on proposed standards received and the number of feedbacks sent to the international standard-setting organizations;**
- 2. The number of participants attending the Foundation's professional seminars, courses and events;**
- 3. The number of continuing education courses held for directors and supervisors;**
- 4. The number of seminars in financial accounting, auditing, valuation and the eXtensible Business Reporting Language (XBRL) held in collaboration with relevant professional organizations;**
- 5. The amount of revenue generated from promotional contracts signed;**
- 6. The number of viewers on online courses.**

■ Reasons for selecting these indicators

In order to achieve the goal of "Advocacy", we must seek comments and hold outreach sessions (if necessary) for financial accounting standards, auditing standards, valuation standards and the eXtensible Business Reporting Language (XBRL) and take comments from primary stakeholders into consideration. We also need to continuously advocate that we are the authoritative organization for financial accounting, auditing, valuation and the eXtensible Business Reporting Language (XBRL). We develop strategies that effectively influence and serve the governing bodies, competent regulators and other stakeholders, and collaborate with relevant professional organizations to enhance the professional image of financial accounting, auditing, valuation and the eXtensible Business Reporting Language (XBRL). In addition, we develop online courses and use social media to further achieve our goal. Therefore, we selected the six indicators mentioned above to measure our performance.

■ Performance in 2015-2018

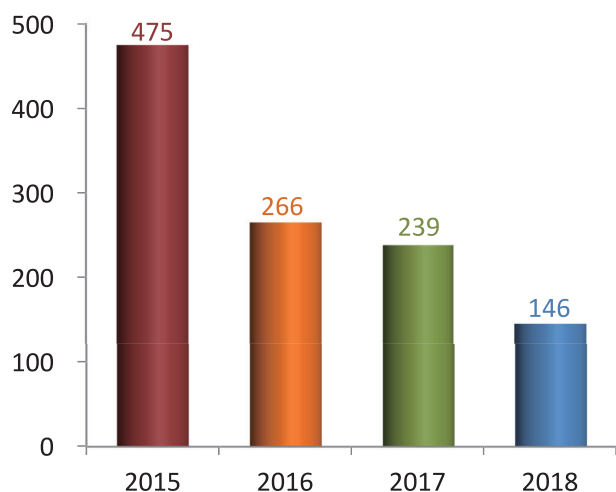


figure 1 : The number of external feedbacks on proposed standards received and the number of feedbacks sent to the international standard-setting organizations

Commentary

As a professional standard setter of financial accounting, auditing, valuation and the eXtensible Business Reporting Language (XBRL) standards, we set up a transparent standard-setting process, and we seek external comments before issuing new standards. Furthermore, in order to enhance the influence of the Foundation on international standards, we actively sent feedbacks to international standard-setting organizations.

As shown in the movement for the total amount of external feedbacks, the number of 2015 was much higher due to the issuance of 22 Enterprise Accounting Standards; fewer standards of comment were asked in 2018, thus the number of feedbacks received was fewer in 2018. (figure 1)

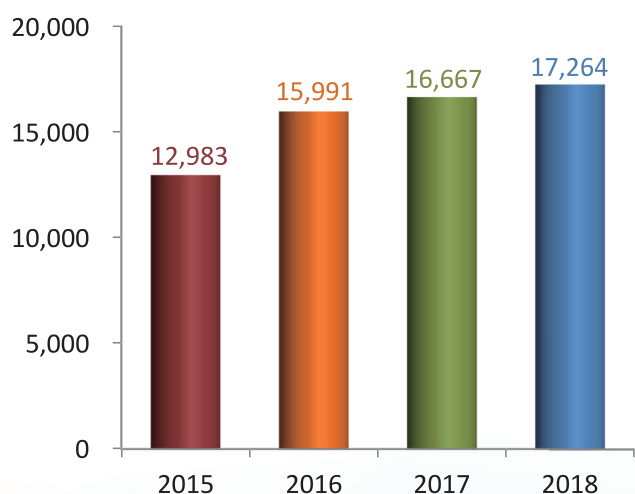


figure 2 : The number of participants attending the Foundation's professional seminars, courses and events

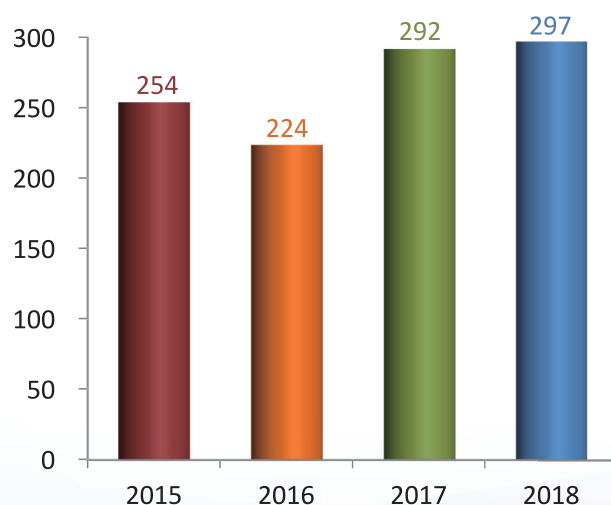


figure 3 : The number of continuing education courses held for directors and supervisors

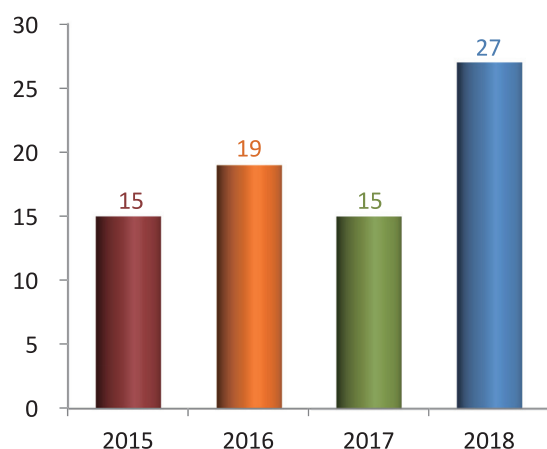


figure 4 : The number of seminars in financial accounting, auditing, valuation and the eXtensible Business Reporting Language (XBRL) held in collaboration with relevant professional organizations



figure 5 : The amount of revenue generated from promotion contracts signed (NT\$ thousands)

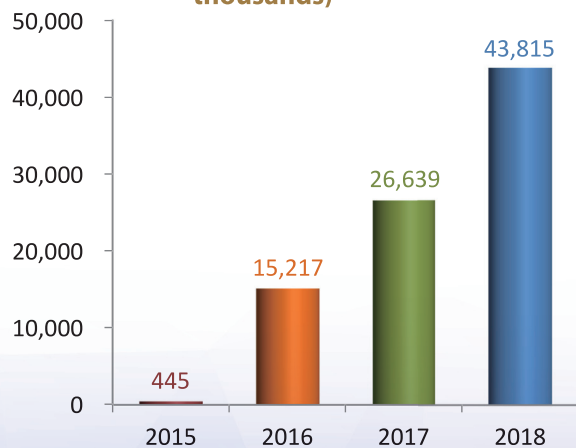


figure 6 : The number of viewers on online courses

Commentary

In order to promote financial accounting, auditing, valuation and the eXtensible Business Reporting Language (XBRL), we continue to hold educational courses and professional seminars to promote professional information via various channels. The Foundation also puts significant effort in campus to expand our influence in the accounting profession, holding "the 30th Accounting Elite Cup Debate Competition", "Youth Finance Lecture", etc. In 2018, the Foundation held 11 advocacy activities of XBRL Adoption, helping business to familiarize with operations of Inline XBRL system. Therefore, the majority of our performance indicators have improved.

We continue to make online videos to expand our reach via social media. The numbers of views on videos and courses have significantly increased to 43,815 times in 2018. (figure 2~figure 6)

Capacity

The Foundation will expand its influence with its capacity

■ Performance indicators

1. The amount of revenue generated from research projects;
2. Course satisfaction rate;
3. Event satisfaction rate.

■ Reasons for selecting these indicators

In order to achieve the goal of "Capacity", the Foundation cooperates with professional organizations in research projects to expand its influence; the Foundation also provides high- quality services to strengthen its professional capacity. Thus, we selected the three indicators above to evaluate the benefits.



■ Performance in 2015-2018

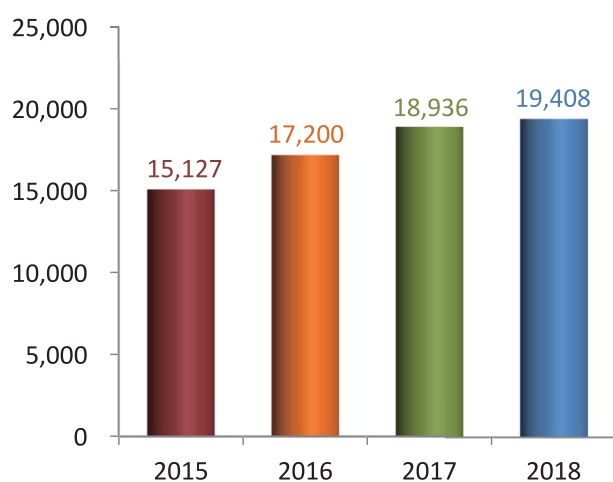


figure 1 : The amount of revenue generated from research projects (NT\$ thousands)

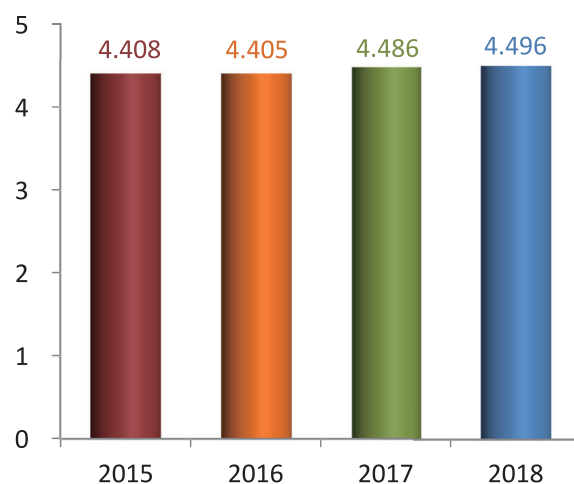


figure 2 : Course satisfaction rate (on a scale of 5 points)

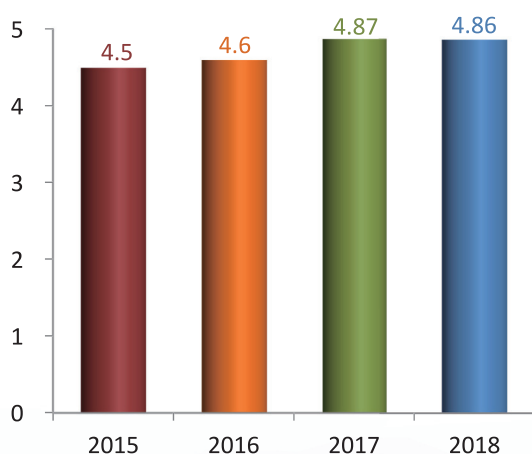


figure 3 : Event satisfaction rate (on a scale of 5 points)

Commentary

The Foundation actively cooperated with relevant professional organizations and met the needs of all parties. Therefore, the Foundation's research capacity and the course/event satisfaction rates were maintained at a healthy level. (figure1~figure3)

Sustainable value

We generate sustainable value through effective operation and a solid financial position.

■ Performance indicators

- 1.The number of visitors to the Foundation’s websites;
- 2.The number of visitors to the Foundation’s social media sites;
- 3.Fund balance;
- 4.Total revenue;
- 5.Employee education and training hour.

■ Reasons for selecting these indicators

One of the key elements of achieving the goal of “Sustainable Value”, and to maintain the reputation of being the authorized pioneering institute in financial accounting, auditing, valuation, XBRL professions, the key element is how the society recognizes our value. The number of visitors on the Foundation’s website and social media sites are vital indicators for the public’s view of our value. We actively manage our budget and maintain an effective internal control environment to achieve a healthy financial status. We also take employee training seriously to create more value and provide better service to stakeholders which all lead to a sustainable operating model. Therefore, we selected the five indicators above to measure our performance.



■ Performance in 2015-2018

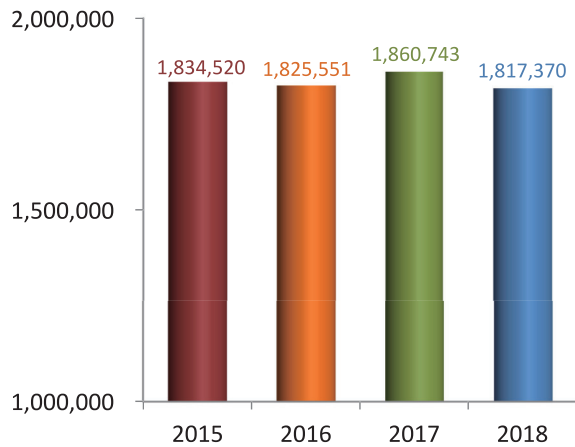


figure 1 : The number of visitors to the Foundation's website

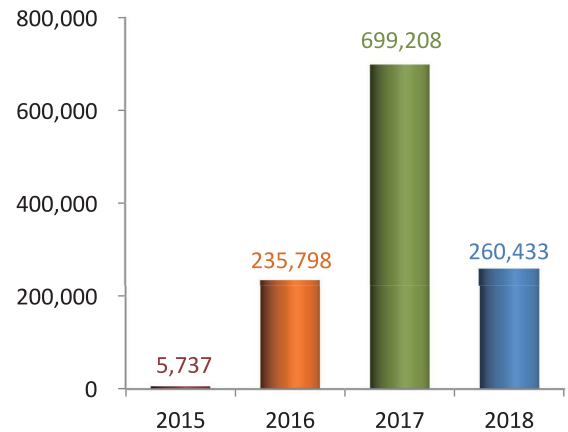


figure 2 : The number of visitors to the Foundation's social media sites

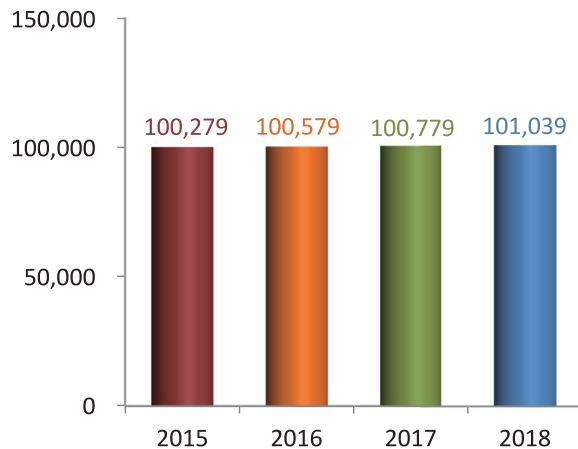


figure 3 : Fund balance (NT\$ thousands)

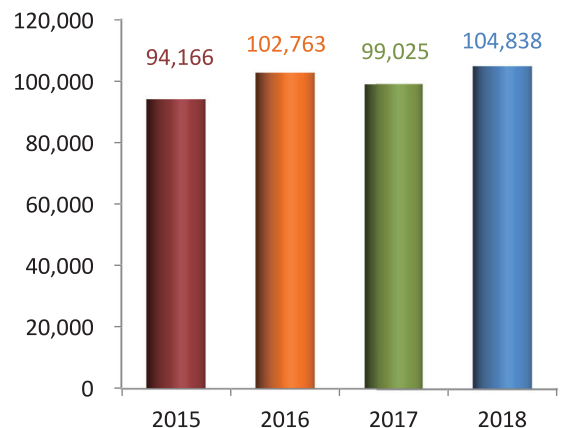


figure 4 : Total revenue (NT\$ thousands)

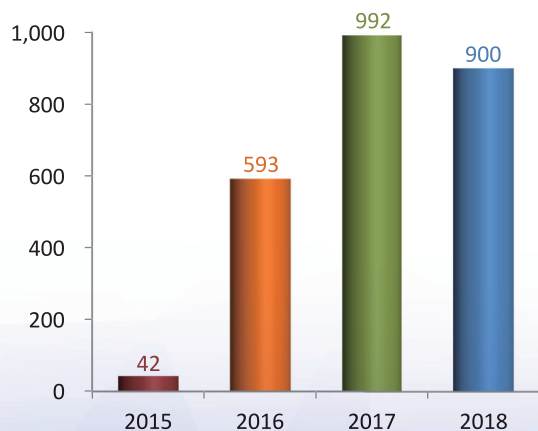


figure 5 : Employee education and training hours

Commentary

In 2018, we continued to publish professional standards and Q&As, and launched new products and services to gain interest from stakeholders and media, while maintaining the professional influence and leadership role of the Foundation. Under the guidance of the Board of Directors, the Foundation's operating result has also grown steadily. (figure 1~figure 5)

Independent Auditor's Report and Financial Statements

Independent Auditor's Report

The Board of Directors

Accounting Research and Development Foundation

Opinion

We have audited the accompanying financial statements of the Accounting Research and Development Foundation of the Republic of China, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of comprehensive income, changes in net value, and cash flows for the years then ended 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of the Accounting Research and Development Foundation as of December 31, 2018 and 2017, and the financial performance and its cash flows for the years then ended, in conformity with the related financial accounting standards of Enterprise Accounting Standards, and related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the Audit of the Financial Statements of our report. We are independent of the Accounting Research and Development Foundation in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Enterprise Accounting Standards, and related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Accounting Research and Development Foundation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Accounting Research and Development Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Accounting Research and Development Foundation internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Accounting Research and Development Foundation ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Accounting Research and Development Foundation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Taiwan

BDO Taiwan

March 20, 2018

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Accounting Research and Development Foundation
Statements of Comprehensive Income
For the Years Ended December 31, 2018 and 2017

(Expressed in New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
Revenues				
Operating Revenues	\$77,294,796	73.73	\$74,161,128	74.89
Research Revenues	13,051,952	12.45	13,087,492	13.22
Membership Fees	5,030,001	4.79	4,830,407	4.88
Contributions	7,827,744	7.47	5,431,240	5.48
Other Revenues	1,633,023	1.56	1,514,425	1.53
Total Revenues	104,837,516	100.00	99,024,692	100.00
Expenses				
Operating Expenses	53,700,848	51.22	50,893,795	51.40
Research Expenses	18,754,360	17.89	16,884,738	17.05
Depreciation	1,631,080	1.56	1,738,342	1.76
Other Expenses	6,759,167	6.45	6,091,606	6.15
Total Expenses	80,845,455	77.12	75,608,481	76.36
Current Surplus Before Tax	23,992,061	22.88	23,416,211	23.64
Income Tax Expense	(2,025,754)	(1.93)	(2,090,322)	(2.11)
Current Net Surplus	\$21,966,307	20.95	\$21,325,889	21.53
Other Comprehensive Income				
Remeasurement of Defined Benefit Plans	-	-	-	-
Total Comprehensive Income	\$21,966,307	20.95	\$21,325,889	21.53

Accounting Research and Development Foundation
Balance Sheets
December 31, 2018 and 2017

Assets	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
Current Assets				
Cash and Cash Equivalents	\$164,993,452	51.79	\$145,859,240	49.05
Accounts Receivable	11,743,056	3.69	8,039,110	2.70
Prepayments	657,170	0.21	658,114	0.22
Restricted Cash-XBRL Account	300,000	0.09	300,000	0.10
Total Current Assets	<u>177,693,678</u>	<u>55.78</u>	<u>154,856,464</u>	<u>52.07</u>
Noncurrent Assets				
Property, Plant and Equipment	77,094,536	24.20	77,982,895	26.23
Restricted Cash-XBRL Account	13,793,889	4.33	14,515,064	4.88
Other Noncurrent Assets	<u>50,001,500</u>	<u>15.69</u>	<u>50,001,500</u>	<u>16.82</u>
Total Noncurrent Assets	<u>140,889,925</u>	<u>44.22</u>	<u>142,499,459</u>	<u>47.93</u>
Total Assets	<u>\$318,583,603</u>	<u>100.00</u>	<u>\$297,355,923</u>	<u>100.00</u>

(Expressed in New Taiwan Dollars)

Liabilities and Net Assets	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
Current Liabilities				
Accounts Payable	\$12,022,912	3.77	\$11,391,045	3.83
Other Payable-XBRL Account	56,712	0.02	110,867	0.04
Deferred Credit-XBRL Account	2,720,000	0.85	4,100,000	1.38
Income Tax Payable	2,025,754	0.64	2,090,322	0.70
Other Current Liabilities	9,109,159	2.86	10,042,890	3.38
Total Current Liabilities	25,934,537	8.14	27,735,124	9.33
Noncurrent Liabilities				
Deferred Credit-XBRL Account	11,317,177	3.56	10,604,197	3.56
Other Noncurrent Liabilities	320,789	0.10	231,809	0.08
Total Noncurrent Liabilities	11,637,966	3.66	10,836,006	3.64
Total Liabilities	37,572,503	11.80	38,571,130	12.97
Net Assets				
Funds				
Statutory Fund	80,000,000	25.11	80,000,000	26.90
Other Fund	21,038,572	6.60	20,778,572	6.99
Total Statutory and Other Fund	101,038,572	31.71	100,778,572	33.89
Surplus				
Accumulated Surplus	158,006,221	49.60	136,680,332	45.97
Current Net Surplus	21,966,307	6.89	21,325,889	7.17
Total Net Surplus	179,972,528	56.49	158,006,221	53.14
Total Net Assets	281,011,100	88.20	258,784,793	87.03
Total Liabilities and Net Assets	\$318,583,603	100.00	\$297,355,923	100.00

Key Members

■ Our Board of Director

The list of directors and consultants

Position	Name	Current Job Title
Chairman	Doris Yi Hsin Wang	Professor, Department of Accountancy, National Taipei University
Standing Director	Li-Chuan Wang	Director-General, Financial Examination Bureau, Financial Supervisory Commission
Standing Director	Louise Ju-Yu Wu	Secretary General, Accounting Research and Development Foundation
Standing Director	Ching-Hua Lee	Director-General, Taxation Administration, Ministry of Finance, R.O.C
Standing Director	Joseph Hung	Professor, Institute of Technology Management, National Chiao Tung University
Standing Director	Sam C. S. Chang	Deputy Director-General, Securities and Futures Bureau, Financial Supervisory Commission
Standing Director	Michael Chang	Senior Certified Public Accountant
Standing Director	Ming Hong Ho	Chairman, Taiwan Securities Association
Standing Director	Yih-Ray Huang	Chairman of Board, National Federation of CPA Association of the R.O.C.
Standing Director	Sheng-Chang Liu	Partner, C.H chang & co. CPA
Standing Director	Chi-Chun Liu	Professor, Department of Accounting, National Taiwan University
Standing Director	Casey Lai	Partner, Deloitte & Touche
Standing Director	Lih-Chung Chien	President, Taiwan Stock Exchange
Board Member	Winston Yu	Partner, KPMG
Board Member	Chien-Lung Tien	Chairperson of the Board of Directors, Taiwan Certified Public Accountants Association

Position	Name	Current Job Title
Board Member	Han Wu	Chairperson, Taipei Certified Public Accountants Association
Board Member	Ai-Ling Lee	CEO, Taipei Exchange (TPEX)
Board Member	Chung-Pei Lee	Director, Bankers Association of the Republic of China
Board Member	Chien-Hung Chou	Partner, PricewaterhouseCoopers
Board Member	Rong-Guo Lin	Assistant Auditor General & director, The Fourth Bureau National Audit Office
Board Member	Chan-Jane Lin	Professor, Department of Accounting, National Taiwan University
Board Member	Yi-Shun Chang	Chairperson of the Board, Kaohsiung Certified Public Accountants Association
Board Member	Wen-Lin Chuang	Senior Executive Officer, Department of Commerce, Ministry of Economic Affairs
Board Member	Bi-Lan Hsu	Commissioner and Director, Department of Accounting and Financial Reporting, DGBAS, Executive Yuan
Board Member	Wen-Fang Fu	Partner, Ernst & Young
Board Member	Thomas M. F. Yeh	Advisor, Chinese National Association of Industry and Commerce
Consultant	Pao-Kuei Chu	Senior Certified Public Accountant
Consultant	Rebecca Chung-fern Wu	Professor, Department of Accounting, National Taiwan University
Consultant	Shi-Ming Lin	Professor, Department of Accounting, National Taiwan University
Consultant	Chow-Fang Chen	Senior Certified Public Accountant
Consultant	Yann-Ching Tsai	Professor, Department of Accounting, National Taiwan University
Consultant	Yang-Tzong Tsai	Professor, Department of Accounting, National Taiwan University
Consultant	Ting-Wong Cheng	Professor, Department of Accounting, National Chengchi University
Consultant	Robert K. Su	Professor, Department of Accounting, National Chengchi University

■ Our Committees

There are four professional committees under the Board of Director, including the Taiwan Financial Reporting Standards Committee, the Auditing Standards Committee, the Valuation Standards Committee and the eXtensible Business Reporting Language Committee.

◆ Taiwan Financial Reporting Standard Committee

Position	Name	Current Job Title
Chairman	Chi-Chun Liu	Professor, Department of Accounting, National Taiwan University
Committee Member	Chuan-San Wang	Professor, Department of Accounting, National Taiwan University
Committee Member	Yi-Mei Chou	Section Chief, Banking Bureau, Financial Supervisory Commission
Committee Member	Ching-Ping Kao	Director, Accounting and Auditing Supervision Division, Securities and Futures Bureau, Financial Supervisory Commission
Committee Member	Wen-Lin Chuang	Senior Executive Officer, Department of Commerce, Ministry of Economic Affairs
Committee Member	Wen-Hsin Hsu	Professor, Department of Accounting, National Taiwan University
Committee Member	Keng-Wei Hsu	Director, Insurance Bureau, Financial Supervisory Commission
Committee Member	Chung-Yuan Hsu	Professor, Department of Accounting, National Chengchi University
Committee Member	Hua-Wei Huang	Professor, Department of Accounting, National Cheng Kung University
Committee Member	Meng-Ping, Yang	Associate Professor, Department of Accounting, Soochow University
Committee Member	Hui-Chun Yeh	Advisor, Chinese National Association of Industry and Commerce
Committee Member	Lien-Sheng Lu	Partner, Earnest
Consultant	Fan-Hua Kung	Assistant Professor, Department of Accounting, Tamkang University

Position	Name	Current Job Title
Consultant	Mei-Yan Jiang	Chairperson, Accounting & Auditing Committee, Taipei Certified Public Accountants Association
Consultant	Mengta Wu	Chairperson, Accounting & Auditing Committee, Taiwan Certified Public Accountants Association
Consultant	Yen-Jung Lee	Professor, Department of Accounting, National Taiwan University
Consultant	Wei-Heng Lin	Professor, Department of Accounting Information, National Taipei University of Business
Consultant	Benjamin Shih	Partner, Deloitte
Consultant	Conrad C. Chang	Professor, Department of Accountancy, National Taipei University
Consultant	Wu-Chun Chi	Professor, Department of Accounting, National Chengchi University
Consultant	Kun-Chih Chen	Associate Professor, Department of Accounting, National Taiwan University
Consultant	Ming-Chin Chen	Professor, Department of Accounting, National Chengchi University
Consultant	Jeff Chen	Partner, Audit Department, KPMG
Consultant	Wei-Tzu Chen	Associate Professor, Department of Accountancy, National Taipei University
Consultant	Wen-Fang Fu	Partner, Ernst & Young
Consultant	Ke-Yi Liu	Chairperson, Auditing & Accounting Committee, National Federation of Certified Public Accountant Associations of the R.O.C
Consultant	Jian-Min Pan	Assistant Professor, Department of Accounting, National Chengchi University
Consultant	Jen-Yao Hsieh	Chairperson, Financial Accounting Regulations Committee, Kaohsiung Certified Public Accountants Association
Consultant	Yann-Ching Tsai	Professor, Department of Accounting, National Taiwan University
Consultant	Chih-Cheng Hsieh	Partner, PricewaterhouseCoopers

◆ Auditing Standard Committee

Position	Name	Current Job Title
Chairman	Michael Chang	Senior Certified Public Accountant
Vice Chairman	Hung-Chao Yu	Professor, Department of Accounting, National Chengchi University
Committee Member	Li-Jen Wang	Deputy Auditor-General, National Audit Office
Committee Member	Mengta Wu	Chairperson, Accounting & Auditing Committee, Taiwan Certified Public Accountants Association
Committee Member	Jan-Zan Lee	Professor, Department of Accountancy, National Taipei University
Committee Member	Chan-Jane Lin	Professor, Department of Accounting, National Taiwan University
Committee Member	Atlan Hsu	Partner, PricewaterhouseCoopers
Committee Member	Jia-Ling Tu	CPA , Ernst & Young
Committee Member	Chia-Ying Ma	Professor, Department of Accounting, Soochow University
Committee Member	Ching-Ping Kao	Director, Accounting and Auditing Supervision Division, Securities and Futures Bureau, Financial Supervisory Commission
Committee Member	Wen-Lin Chuang	Senior Executive Officer, Department of Commerce, Ministry of Economic Affairs
Committee Member	Grace Chen	CPA, KPMG
Committee Member	Ke-Yi Liu	Chairperson, Accounting & Auditing Committee, National Federation of Certified Public Accountant Associations of the R.O.C
Committee Member	Chien-Hsin Hsieh	Partner, Deloitte
Consultant	Joanne Kuo	Accounting & Auditing Committee, Taipei Certified Public Accountants Association
Consultant	James Tsai	Senior Certified Public Accountant
Consultant	Fong-Lin Tsai	Senior Certified Public Accountant
Consultant	Jen-Yao Hsieh	Chairperson, Accounting Auditing Committee, Kaohsiung Certified Public Accountants

◆ Valuation Standard Committee

Position	Name	Current Job Title
Chairman	Joseph Hung	Professor, Institute of Technology Management, National Chiao Tung University
Committee Member	Chia-Mei Pai	Senior Auditor, Securities and Futures Bureau, Financial Supervisory Commission
Committee Member	Chiming Wu	Associate Professor, Department of Finance, National Chengchi University
Committee Member	Da-Bai Shen	Professor, Department of Accounting, Soochow University
Committee Member	Alpha H. H. Cho	Chairman, Honda Appraisers Joint Firm
Committee Member	Tsoyu Calvin Lin	Professor, Department of Land Economics, National Chengchi University
Committee Member	Szu-Wei Lin	Manager, Research and Development Department, Joint Credit Information Center
Committee Member	Bei-Wei Chen	Chairman, Valuation and Forensic Accounting Committee, National Federation of Certified Public Accountant Associations of the R.O.C
Committee Member	Gwo-Shiuan Chen	Chief, Knowledge Services Division, Industrial Development Bureau, Ministry of Economic Affairs
Committee Member	Su-Chen Chen	Vice President, Wau Yuan Property Appraisal Co., Ltd
Committee Member	Hsiao-Fen Huang	Partner, PricewaterhouseCoopers Taiwan
Committee Member	Huo-Shu Peng	Professor, Department of Accountancy, National Taipei University
Committee Member	Ling-Ching Chan	Professor, Department of Accounting, National Chengchi University
Committee Member	Che-Yen Chao	CPA, Le Dar CPA Firm
Committee Member	Jia-Song Liu	Chairman, Professional Education Committee, National Federation of Certified Public Accountant Associations of the R.O.C.

◆ XBRL Committee

Position	Name	Current Job Title
Chairman	Rebecca Chen	Senior Executive Vice President, Taiwan Stock Exchange
Committee Member	Sherry Wang	Manager, Credit Information Department, Joint Credit Information Center
Committee Member	Julie Wang	Head, Issuer Services Department, Taiwan Depository & Clearing Corporation
Committee Member	Jing-Yi Lin	Chief, Accounting and Auditing Supervision Division, Securities and Futures Bureau, Financial Supervisory Commission
Committee Member	Kuo-Hua Chou	Associate Professor, Department of Accounting, National Pingtung University
Committee Member	Yvonne Chiu	Chairman, Information Service Industry Association
Committee Member	Arvin Hsu	Partner, Deloitte
Committee Member	Samuel Au Y.K.	Partner, KPMG
Committee Member	Tony Chang	Executive Vice President, Ernst & Young
Committee Member	Gary Hsu	Partner, PricewaterhouseCoopers
Committee Member	Chuan Hsi Chen	Director-General, Fiscal Information Agency, Ministry of Finance
Committee Member	Thomas Tang	General Auditor, Internal Audit Office, Taipei Exchange (GreTai Securities Market)
Committee Member	Ke-Yi Liu	Chairperson, Accounting & Auditing Committee, National Federation of Certified Public Accountant Associations of the R.O.C
Committee Member	Pei-Wen Liu	Executive Vice President, First Bank
Executive Director	Shih-Hao Chou	Vice President, Corporate Planning & Strategy, Taiwan Stock Exchange

Ebook



2018 Integrated Report

Internationalization

Professionalization

Universalization



財團法人

會計研究發展基金會

ACCOUNTING RESEARCH AND DEVELOPMENT FOUNDATION

