Letter of Comment No: 8
File Reference: 1125-001
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October 30, 2002 5120 Cowell Boulevard Davis, CA 95616 (530) 758-8890

Financial Accounting Standards Board
Director of Major Projects and Technical Activities
File Reference No. 1125-001
401 Merritt 7
Norwalk, CN 06856-5116

Financial Accounting Standards Board:

Re: Financial Reporting Objectives Approach to U.S. Standard Setting

Thank you for the opportunity to comment on the proposal for principles-based approach to U.S. standard setting. I am writing to support strongly the FASB in this.

The success of the financial reporting depends upon meeting the objectives of financial reporting. The objectives are:

- 1. Financial reporting should provide information useful in investment, credit and similar decisions,
- Financial reporting should provide information useful in assessing cash flow prospects, and
- 3. Financial reporting should provide information about enterprise resources, claims to those resources, and changes in them.

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Therefore, the "Statement of Management Responsibility" placed at the beginning of the

financial report should state management's belief that these objectives have been met. Similarly,

the "Auditor's Opinion" on the facing page should also state that in their opinion that these

objectives have been met.

Verbiage that the financial statements are prepared in conformance with generally accepted

accounting principles (GAAP) are of little or no value if the objectives of financial reporting are

not met. Therefore, the focus of the FASB should be assuring that the accounting principles

support these objectives, and that the accounting pronouncements are in harmony with these

principles. The focus of the Auditing Standards Board should be in producing standards that

assure us that auditors are planning and performing work with the goal of determining whether

or not the objectives of financial reporting have been met.

Sincerely,

Robert L. Benson

Ph.D., CPA, CMA, CIA, CISA, CGFM

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