

УЧЕТ И АУДИТ ОСНОВНЫХ СРЕДСТВ ACCOUNTING AND AUDIT OF FIXED ASSETS

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ABSTRACT: The article discusses the features of audit in small and medium-sized businesses, as well as the interaction of international financial reporting standards and international standards on auditing. Contradictions between the standards are described and suggestions are made to resolve these issues.

KEY WORDS: International financial reporting standards Board (IASB), IFRS for small and medium-sized enterprises, ACCA, audit.

INTRODUCTION:

Recently, small and medium-sized enterprises (SMEs) have become the focus of attention of organizations such as the Council for international standards financial statements (IASB) and the international standards on auditing and assurance (IAASB).

On July 9, the international financial reporting standards Board (IASB) published "IFRS for small and medium-sized enterprises", which make up about 95% of all organizations in the world. [1]

"IFRS for small and medium-sized enterprises" is a 230 – page document" tailored " to the needs and business features of small commercial organizations. Many basic approaches to IFRS (for example, the measurement of assets and liabilities, income and expenses) have been simplified; top cics that are not directly related to the activities of SMEs have been deleted, and the total number of required disclosures has been significantly reduced. In addition to all this, it is promised that changes to the IFRS standards for small businesses will be made only once every three years, so as not to create additional difficulties for companies that will have to stop their reporting practices [2].

Small and medium-sized enterprises (SMEs) are enterprises that: (a) are not publicly accountable, and (b) publish General purpose financial statements for external users. Examples of external users include owners who are not involved in business management, existing and potential lenders, and credit rating agencies.

1.3. an Enterprise is publicly accountable if: (a) its debt and equity instruments are sold on the public market or it is in the process of issuing such instruments for trading on the public market (domestic or foreign stock exchange or OTC market, including local or regional markets), or (b) it holds assets in trust for a broad group of external persons (outsiders), which is its main business. This is typical for banks, credit unions, insurance companies, stock brokers and dealers, mutual funds, and investment banks [3].

1.4. Some businesses may also hold assets in trust for a broad group of external parties (outsiders) because they hold and manage financial resources entrusted to them by customers, buyers, or participants not involved in the management of the business. However, if they do so for reasons secondary to the main business (as, for example, may be the case with real estate or travel agents, schools, charities, cooperative businesses that require a nominal membership Deposit, and sellers who receive payment upfront for the delivery of goods or services, such as utility companies), this does not make them publicly accountable.

1.5. If a publicly accountable entity uses this standard (IFRS), its financial statements cannot be described as conforming to the International financial reporting standard for small and medium – sized enterprises (IFRS for SMEs) - even if the law or regulation in its jurisdiction permits or requires that this standard (IFRS) be used by publicly accountable companies. [12.762p.]

1.6. a Subsidiary whose parent company uses full IFRS (IFRSs), or which is part of a consolidated group that uses full IFRS (IFRSs), is not prohibited from using this standard in its own financial statements, unless the subsidiary itself is publicly accountable. If its financial statements are characterized as complying with the International financial reporting standard for small and medium-sized enterprises (IFRS for SMEs), it must comply with all the provisions of this standard (IFRS).

ACCA-Training materials on the subject F3 "International Management Accounting» some experts note that there is one thing about standards for SMEs: they do not apply to subsidiaries of large companies that, for obvious reasons, use the full set of IFRS. This means something like this: if every year small businesses will make about 200 disclosures in accordance with the new rules, then subsidiaries that will not be allowed to switch to the simplified reporting mode will make more than a thousand. The difference is obvious. Pressure on British regulators is growing, including from representatives of the audit profession. PwC partner Peter Holgate said that ASB [4] should consider extending the "IFRSs for SMEs" to its subsidiaries as well. "This will save time for both companies and auditors, who have to check hundreds of pages of reports that, generally speaking, no one reads," he said. [5]

As you know, in March 2009, the Committee on international standards on audit and assurance of information completed its Clarity project, as a result of which it issued 36 new versions of MSA [6], aimed at improving the overall readability and understandability of these standards. Among other improvements clarified by the ISA, the auditor's goals and requirements that the auditor must comply with when conducting an audit in accordance with the ISA are now more clearly defined.

It is in the public interest for users of audited financial statements to be confident that the audit of businesses, small or large, simple or complex in their specifics, was conducted to the same high standards.

The Code of ethics for professional accountants does not use the term "Small and medium-sized enterprises", but instead uses the term "small entity" – an entity in which:

(a) ownership and management are concentrated in a small number of individuals (usually one); and

(b) there are one or more of the following conditions: (I) a small number of revenue sources; (II) a simple accounting system; and (III) a limited internal control system that allows management to circumvent controls.

The international standards on auditing and information assurance (IAASB) published a new guide on 04.08.2009 in the form of the most frequently asked questions and answers – "Applying ISAs Proportionally with the Size and Complexity of an Entity". As the name suggests, the specifics of applying ISAS are linked to the size of the audited entities and the complexity of their reporting.

In particular, the management explains how the structure of the amended ISAS makes it possible to conduct an audit in proportion to the size of the business and taking into account its specific features.

According to PIAP 1005 [7], the auditor of any entity adapts the audit methodology to the specifics of the entity and the specific agreement. The audit of a small enterprise differs from the audit of a large entity in more simplified documentation and less complex nature of the audit. This allows you to use fewer employees to perform the audit.

The term "small enterprise (small business entity, small entity)" in this context reflects not only the size of the entity, but also its typical qualitative characteristics. Quantitative indicators that characterize the size of an entity may include the balance sheet currency, the amount of the entity's income, and the number of employees. However, such indicators are not inherently determinative. In this regard, it is not possible to give an adequate definition of a small enterprise based only on quantitative indicators.

The guide "Applying ISAs Proportionally with the Size and Complexity of an Entity" notes that the audit objectives are the same for audits of enterprises (organizations) of different size and complexity of the business. However, this does not mean that all checks will be planned and performed in the same way.

When checking an SME, the auditor should have an understanding of the entity and its environment consisting of the following components: (a) industry, legislative and other external factors, including the applicable basis for financial reporting; (b) the nature of the entity's activities, including the choice and application of accounting policies by the entity; (C) goals and strategic plans, related business risks that may lead to material misstatement of the financial statements; (d) assessment and review of the entity's financial performance; (e) internal control system.

The ISA defines that the specific audit procedures that must be undertaken to achieve the auditor's objectives and comply with the requirements of the ISA may vary depending on which entity is being audited, large or small. ISAS require a focus on the issues that the auditor should consider during the audit of SMEs, and on the specific procedures that the auditor should conduct.

Small businesses often offer a limited range of products or services, and operate on one or a limited number of sites, which allows the auditor to quickly understand the specifics of the small business and reflect it in documents, than in the case of a larger enterprise. Applying a wide range of audit procedures can be fairly simple. For example, effective forecasting models can be used when performing analytical procedures. Analytical procedures can provide acceptable evidence that may reduce the need for other substantive procedures in individual cases. In addition, in many small businesses, the totality of accounting data is often insignificant and easy to analyze.

Recall that substantive procedures are audit procedures performed to detect material misstatements at the assertion level; they are divided into two types: (a) detailed tests of transaction classes, account balances, and disclosures; and (b) extended analytical procedures (on the merits).

The appropriate approach to audit and the development and implementation of further SME audit procedures depends on the assessment of audit risk. For example, based on an understanding of the business and its environment, including the state of its internal controls and an assessment of the risk of error detection.

Audit risk is the risk that the auditor will Express an inappropriate audit opinion when the financial statements are materially misstated.

Audit risk is directly related to the risk of material misstatement (or simply "risk of material misstatement") (i.e., the risk that the financial statements were materially misstated prior to the audit), as well as the risk that the auditor will not detect such misstatements ("risk of non-detection"). The risk of material misstatement consists of the following two components: inherent risk and control risk (at the approval level). Non-detection risk is the risk that the procedures performed by the auditor will not allow it to detect misstatements in the statement that may be material, either individually or in combination with other misstatements.

Recall that inherent risk is the possibility of an assertion-level misstatement that may be material in itself or in combination with other misstatements, provided that the necessary internal controls are not in place.

The description of the term "small business Entity" States that it often has a limited system of internal control, which implies that there is an opportunity for management to circumvent controls.

For this reason, the audit of SMEs should also take into account the risk of the control system (Control risk) - namely, that a misstatement that may occur in statements and which may be significant in itself or in combination with other misstatements, will not be timely prevented or detected and eliminated by the entity's internal control system.

Although the absence of a high-tech internal control system does not indicate a high risk of fraud or error, the owner-Manager's acceptance of the position of the dominant leader may contribute to abuse: the actions of the entity's management in circumventing the control system have a negative impact on the control environment of any entity. This increases the likelihood of fraud by the entity's management and material misstatement of the financial statements. For example, an owner-Manager may order employees to make payments, which they would not otherwise do due to the lack of necessary documentation.

The impact on the audit of the fact that the owner is at the same time a Manager, as well as the ability of the entity's management to circumvent the internal control system, largely depends on the integrity, position and motivation of the owner-Manager. During the audit of small businesses, as in the case of other entities, the auditor approaches the audit with a certain degree of professional skepticism.

The auditor cannot assume in advance that the owner-Manager is dishonest or, on the contrary, perfectly honest. This is a very important factor considered by the auditor when assessing audit risk, planning the nature and scope of work, evaluating audit evidence and the reliability of representations of the entity's management.

It should be noted that analytical procedures at the stage of planning an audit of a small enterprise may be limited in nature and scope due to the established deadlines for processing data on business transactions in a small enterprise and the lack of reliable financial information at the time of planning. Small businesses may not have the interim or monthly financial information that is used in analytical procedures at the planning stage.

Alternatively, the auditor may perform a brief review of the General Ledger or other accounting records provided when they are ready. In many cases, proper documentary information may not be available, and the auditor will need to obtain the requested information from the Owner-Manager.

In addition, when the auditor decides to use an audit sample, the same principles apply for small businesses as for large entities. The auditor creates a sample in such a way that it is representative of the population. Very important in the audit of SMEs is the identification of related parties. Significant transactions often occur between a small business and an owner-Manager, as well as between a small business and entities associated with an owner-Manager. Small businesses rarely apply well-developed policies and ethics to transactions between related parties. In fact, transactions with related parties are a characteristic feature of many entities that are owned and managed by a single person or family. In addition, the owner-Manager may not fully understand the term "related party", especially when financial reporting standards consider some relationships between parties to be interrelated and others not. The auditor may need to clarify the technical definition of the term "related party" in connection with the entity's management's views on the completeness of the disclosed information.

When conducting an audit of an SME, the auditor is nevertheless required to prepare appropriate audit documentation in accordance with ISA 230 "Audit documentation".

Recall that audit documentation is a written reflection of the audit procedures performed, audit evidence obtained, and conclusions made by the auditor (sometimes the term "working documents" is used).

The Committee on international standards on auditing and assurance of information in the guide "Applying ISAs Proportionally with the Size and Complexity of an Entity" noted that at a basic level, the audit documentation of an SME audit helps the auditor in planning and performing the audit. This makes it easier to monitor and analyze the work performed by assistants, evaluate the audit evidence obtained, and draw conclusions before completing the audit report. In addition, the audit documentation provides a good start to the audit for the next year. Of particular importance is the fact that audit documentation can contribute to improving the quality of the audit in terms of the quality of audit conclusions. Often, the validity of conclusions is higher when the auditor spends time documenting the facts about important issues and the reasons for the audit report.

The auditor of a large or small enterprise should reflect in the working documentation:

- (a) audit planning process;
- (b) the audit program, outlining the nature, timing and scope of the audit procedures performed;
- (c) the results of such procedures; and
- (d) conclusions drawn from the audit evidence obtained, as well as arguments and conclusions on all material

aspects that require the auditor's professional judgment. [8]

In accordance with ISA 570, the auditor is required to consider the risk that the going concern assumption may not be appropriate. Among the risk factors that are directly related to small businesses, it should be noted: the risk of termination of support from banks and other creditors, the risk of losing a major supplier, main customer or key employee, as well as the risk of losing the right to operate under a license, franchise or other legal agreement.

Given the current economic conditions, the UK financial reporting Council (FRC) recently pointed out the following: "some companies are facing additional difficulties in securing financing and some, according to reports and observations, have reduced the volume of fixed assets. These trends will continue. In some cases, more careful consideration will need to be given to determining whether there is a significant uncertainty that leads to significant doubt as to whether the entity is a going concern." [9]

Understanding the complexity of the economic situation and its impact on the financial reporting process, the UK audit practice Board (ARB) issued recommendations "business Continuity in the economic environment that has developed" [10].

These recommendations note in particular: "in the current market environment, the General economic situation currently prevailing inevitably means that there is uncertainty about the ability of the enterprise to continue operating in the future, or justifies the modification of audit opinions that draw attention to uncertainty about the

business continuity assumptions of the enterprise. If necessary, the auditor makes a decision based on the facts and circumstances to draw attention to the current problems of the legal entity at the time of signing the audit report. As a result, current economic conditions impose requirements for auditors to fully evaluate the business continuity assumptions and refer to the principle of continuity in their audit reports when there is evidence of this."

Accounting according to international standards facilitates the work of accountant's businesses which are dealing with foreign partners. As the audit of fixed assets is a complex process and, given the constant changes in regulations on fixed assets — depreciation, classification — would be worthwhile keeping records of fixed assets in accordance with the International standard, as the audit of fixed assets is a very important part of the overall audit of the company [11. 729 p.].

Thus, auditors should refer to "Going concern" in their reports (conclusions) when checking SMEs only if there is strong evidence that the organization being checked will continue its activities in the foreseeable future.

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