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THE ROLE OF ANALYTICAL PROCEDURES IN THE AUDIT OF THE COMPANY'S FINANCIAL RESULTS

Abstract: The analysis of financial statements according to national accounting standards and international financial reporting standards was carried out, and it was concluded that methodological approaches should be adjusted when conducting financial analysis. At the same time, the reasons for differences between national accounting standards of Uzbekistan and international accounting are identified.

Key words: accounting, auditing, fixed assets, tangible assets, depreciation, inventory, international standards. National accounting standards, IFRS, analysis, accounting, reporting, audit.

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Introduction

In modern conditions, when the organization of the process of providing reliable information about the work of domestic enterprises plays an extremely important role for successful long-term planning of the state budget, the topic of monitoring and improving the quality of audits of financial results of enterprises is becoming more and more relevant. In turn, the quality of audits is characterized by the rational construction of the audit process, the use of advanced and scientific audit methods, and the completeness of information services. Thus, the quality of the audit is improved by improving the organization of the audit and rational use of available resources.

Audit firms are also interested in optimizing audit procedures, due to the fact that competition in the market of audit services is increasing every day, and the heads of audit firms strive to monitor both the cost of services provided, while striving to maintain quality.

Audit is the activity in which it is essential to provide the customer with a quality service that is for the company guaranteeing that it will be able to maintain the number of regular customers, developed by the firm over the years on the market and will have

the opportunity to acquire new customers. One of the important conditions for the activity of audit firms is to control and optimize the costs of conducting audit procedures, trying to minimize unjustifiably arising costs. Therefore, reducing the labor cost of conducting an audit is important in this issue. As a solution to optimize the complexity of the audit, it is possible to use analytical procedures, which in turn are one of the main means of obtaining audit evidence. Analytical procedures provide the auditor with the bulk of the information he needs, while requiring less time than conducting detailed testing.

ISA 520 defines "analytical procedures" as the evaluation of financial information based on the study of natural relationships between both financial and non-financial information. Analytical procedures also cover the study of identified deviations and relationships that contradict other relevant information or significantly differ from the predicted data [1, p.534].

The standard specifies that the auditor must apply analytical procedures in the process of planning and conducting an overall audit review. However, analytical procedures can also be used at other stages of the audit.

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Currently, many auditors consider the information obtained as a result of analytical procedures as not very convincing, and, as a result, concentrate their efforts on documentation, inspection, recalculation, confirmation procedures, which result in a greater degree of confidence, and analytical procedures are used rather as formal. In fact, analytical procedures are very effective and can help identify up to 27% of errors [2].

You should also take into account the fact that analytical procedures are much cheaper than detailed tests that focus on collecting and analyzing documents. Analytical procedures include comparing financial information with previous periods, budgets, and forecasts, as well as similar industries.

Analytical procedures used during the planning stage help you understand the client's business and the changes that are taking place in it, identify areas of potential risk, and plan other procedures. Audit planning is usually carried out before the annual financial statements are prepared. Accordingly, any analytical procedures performed at this stage of the audit will necessarily be based on interim financial statements, anticipated or planned financial statements, financial statements prepared for internal management purposes, or even, in some cases, on previous financial statements. The auditor expects that there is a relationship between the various items in the financial statements, and should check the information available at the planning stage to determine whether his expectations are consistent with the accounting data. In any case, if there are discrepancies between the results and the auditor's expectations, the auditor should plan further work.

When forming its expectations, the auditor should take into account non-financial information and the possible impact of changes in external factors. For example, knowing that a customer has increased their production capacity may lead to an expectation of an increase in turnover; on the other hand, knowing that the industry as a whole is experiencing a decline in demand may lead to an expectation of a decrease in turnover. In any case, if the audit procedures reveal such discrepancies, the auditor should plan further work to determine the causes [3, p. 122].

When performing analytical procedures, the following factors should be taken into account [4, p. 68]

- the purpose of applying analytical procedures and the degree of their reliability;
- the type of enterprise and the level of detail of information (for example, the ability to apply analytical procedures to individual sections of the enterprise's activities or to subsidiaries, divisions, segments);
- availability of financial (estimates or forecasts) and non-financial (the number of units produced and sold) information;

- reliability of information (for example, reliability of budgeting);
 - significance of information (for example, making estimates, budgets based on expected results);
 - source of information (for example, when assessing the reliability of the source of information, you can use ISA 500 "Audit evidence»);
 - comparability of information (for example, the ability to compare industry data or indicators at comparable prices);
- information obtained during previous audits (for example, to eliminate contradictions in the results of analytical procedures).

It should be noted that the use of analytical procedures is based on cause-and-effect relationships between financial reporting indicators, which leads to the fact that the relationship between data can be determined with great accuracy and take place regardless of changes or errors in accounting.

During the planning stage, procedures are performed to assess the risk of elements of the financial statements, with the help of which the auditor determines the explicable relationships. For example, there is a causal (correlation) the relationship between firm sales and the resulting gross profit, the amount of cost of goods sold, cost of sales, valuation of inventories, the inventory turnover. It should be noted that the relationship between profit data is more predictive than the relationship between the data in the balance sheet, since the indicators from the profit and loss statement in the company are formed during the reporting period, and the balance sheet indicators are a "scan" of the company's property status at the reporting date.

If the results of the analysis show unexpected results, they are analyzed for the presence of significant distortions. The analysis may reveal indicators that do not correspond to the evidence obtained during the audit, or the existing forecast values. The auditor should carefully examine such facts, request management's explanations, and obtain appropriate audit evidence.

In order for the auditor to rely solely on analytical procedures for the audit of a new client, the amount of the article should be insignificant, while the client's internal control system should be reliable, and, if necessary, comparable information should be available for enterprises in a similar industry.

Usually, the subject of analytical procedures is small costs with a small probability of distortion (for example, the cost of purchasing office supplies, paying for telephone conversations of employees). They are compared with similar expenses of previous periods.

Often, auditors compare information for the current year with data from the previous period, and study these ratios in a comprehensive comparison with the data expected by the auditor. Such comparisons are called complex tests. This analysis is used by

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auditors to analyze depreciation expenses: the auditors have information about the initial cost of fixed assets in the group, the depreciation rate set by the accounting policy for the group, and the amount of deductions in the past year. The auditor can add the amount of expected depreciation for received fixed assets, as well as make adjustments for the amount of depreciation for written-off fixed assets. Using this value, you can estimate the amount of depreciation charges for the audited period; if it is equal to the amount in the "depreciation of fixed assets" account, the auditor can consider this expense item verified using analytical procedures. the audit of the financial control inspection

Through a General analysis and review of business transactions, an estimate of probable expenses is made and whether these expenses are actually recorded in the accounting registers is analyzed.

You can also perform a separate analysis of expense accounts, for which the total amount of expenses is divided into separate types of expenses that are checked and analyzed. In particular, special attention can be paid to expenses and income on rent, or on interest payments, the amounts for which can be compared with Bank statements and compared with the terms of lease agreements.

Thus, the use of analytical procedures at all stages of the audit of financial results can significantly

improve the quality of the audit, while reducing the time spent by auditors on the audit. The significance of analytical procedures in the audit of financial results can be described as follows: if there are no unusual deviations from the results of the conducted analytical procedures, this leads to a reduction in the labor costs of the audit team and a reduction in the cost of the project; if significant deviations are detected, this leads to a more detailed consideration of the problem areas of accounting that are potentially distorted, which leads to the detection of most errors.

Moreover, by focusing on areas where the risks of non-detection of errors are higher, you can reduce the time spent checking areas with the lowest audit risk.

Based on the above data, it can be concluded that the critical role of analytical procedures in the audit is due to the need to use them both during the planning of the audit in order to get an idea of the business and possible risk, and the substantive review procedure, and when conducting an overall review at the final stage of the audit.

In addition, analytical procedures are important when checking the financial statements for the appropriateness of the business continuity assumption at the final stage of the audit, when the auditor expresses his opinion on the business continuity in the foreseeable future.

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