



Issues of Improving the Audit of Financial Statements in Winery Industry Enterprises

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ABSTRACT

This article highlights the importance of conducting audits of financial statements and the practical application of audit procedures used to obtain audit evidence in the audit of financial statements. During the audit, proposals and recommendations were developed by independent auditors regarding the sequence of audit actions that should be used in client enterprises, as well as the elimination of problems in their application.

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INTRODUCTION

The processes of deep changes, consistent reform and liberalization of all aspects of political and socio-economic life, democratic renewal and modernization of our society are developing rapidly in our

country.

In the conditions of modernization of the economy, there is a growing need for a new form of professional service - auditor activity, which helps to successfully develop business, gives a conclusion on the reliability of financial reports of economic entities, and provides them with advice, guidance and other types of practical assistance in order to improve the report.

One of the urgent issues today is to increase the efficiency of the corporate management system in joint-stock companies, as well as to ensure their broad participation in investment processes and the implementation of structural changes in the economy, taking into account international requirements for the full implementation of corporate governance principles in our country. In this regard, the adoption of the President's Resolution No. PQ-3946 of September 19, 2018 "On measures to further develop audit activity in the Republic of Uzbekistan" is considered important in the development of audit organizations. This Decision requires conducting audits in joint-stock companies based on international audit standards [1].

ANALYSIS AND RESULTS

The audit organization must document all information that is important to confirm the auditor's opinion that the audit was conducted in accordance with International Auditing Standards. Requirements for working documents are given in ISA 230 "Audit Documentation". All aspects of the audit must be documented. Documentation and documents mean working documents created and executed during the audit.

Based on his professional judgment, the auditor has the right to determine the volume of working documents for each specific financial statement indicator, including the analytical procedures used in the financial statement audit.

At the same time, it should be taken into account that the form and content of working documents are determined by:

- ✓ the nature of the audit engagement;
- ✓ audit report requirements;
- ✓ the complexity of the audited entity's activities;
- ✓ the need to give instructions to the auditors participating in the audit, control them, check the quality of work;
- ✓ special methods and techniques used in the audit process [2].

Based on the internal standards of the auditing organization, he can develop working documents. They can be prepared in paper form, electronic form or other forms of information storage. Mandatory requisites of work documents include: the name of the audit organization, the name of the audited entity, the audited period, the time of audit operations, the executive, the preparation of control procedures, the date of their implementation, the persons who implement them, their signatures, as well as the executive's signature, etc. z.

Also, these working documents should include the following: description of the business of the client enterprise, planning of the audit, initial assessment of the audited entity's accounting and internal control systems, confirmation of this assessment during the audit; assessment of audit risk, significance level, audit selection and methods of conducting it, results of control tests, significant analytical actions,

auditor's results and conclusions on verification, other information necessary to confirm the auditor's conclusions. [3]

When conducting a compliance audit, some files (folders) of working documents may be classified as permanent or current files. A permanent file contains information that reveals the characteristics of the activity of the object under investigation, which is updated as new information becomes available. This file includes copies of charters, state registration certificates, licenses, and other similar information. The current file contains information related to the audit for a certain period.

It is proposed to analyze the working documents of the current file on the stages of the audit task: organization and planning, conducting an audit, summarizing and systematizing audit evidence, forming the auditor's professional opinion on financial statements, including comments, as well as monitoring quality control.

The stage of organization and planning of the audit should be represented by the minimum amount of information disclosed in the working documents. It includes materials on audit planning (auditor appointment order, group approval, audit plan, program with dates and times), compliance with the requirement of independence, and materials on the absence of threats. Therefore, the auditing organization should develop separate working documents for the assessment of the conditions of the contract with the customer, the activities of the audited entity, the environment in which it is carried out, the assessment of the risk of serious misrepresentation of information in the financial statements, non-compliance with regulatory legal documents.

The audit stage, as a rule, should include checking the working documents for segments, as well as financial statements in general, in accordance with the audit plan and program based on the audit of financial statements [4].

Working documents for segments should contain the following information: the name of the segment (department), regulatory and legal documents with which compliance audits were carried out, sources of information (primary accounting documents, accounting registers, local regulatory legal documents), acceptable risk set, importance level, evaluation of the results of the audit, the method of studying the total collection (complex, sampling), the size of the selection, the audit procedures applied to the elements selected in accordance with the necessary conditions for the preparation of financial statements, analysis.

Based on the content of the international standards of auditing, copies of the relevant documents of the audited entity should be provided to confirm the audit procedures carried out in relation to the selected elements. However, in practice, the implementation of these procedures is not always carried out due to limited resources, including technical, temporary obstacles. In this case, it is a mandatory requirement to confirm the incorrect information found during the audit with copies of relevant documents of the audited entity, statements and explanations, if necessary, and written advice.

In general, working documents for checking the compliance of financial statements contain the following information: compliance of the document with the requirements of regulatory and legal documents, compliance with the requirements for accounting and balance sheet identification, disclosure of important information in it, that is, events after the date of the report, related conditional facts of economic activity, factors affecting the continuity of the audited entity's activity, prospective information, corrections related to changes in accounting policy, identified errors, etc., as well as conclusions on them. results of audit actions [5].

Internal work documents are stored in the audit organization and are not usually presented to the audited entity, except in cases agreed with the auditor. In practice, this may be formal responses to inquiries from the client entity and copies of external inquiries made by the auditor with the consent of the client. The audit organization must ensure the confidentiality and security of working documents. Working documents are the property of the auditor. At the auditor's discretion, they may be provided to the audited entity, but are not a substitute for accounting.

It is necessary to develop an algorithm for applying analytical operations in the audit of financial statements in accordance with the requirements of the developed working documents and international auditing standards. We will directly consider the practice of applying these working documents to the audited financial statements during the audit.

For example, the level of significance is understood as the threshold value of the error in accounting (financial) reports, from which a qualified user of these reports cannot draw correct conclusions and make correct economic decisions based on it.

Depending on the nature of the financial statement, the auditor considers the level of materiality both at the level of the financial statement as a whole, and relative to the balance sheet and similar groups of transactions and disclosures. Audit organizations should develop their own approach to the calculation of the level of significance and use it in planning audit activities and in assessing the consequences of misstatements in financial statements. As a basis, you can take the methodology for calculating the level of significance proposed in ISA No. 320 "Significance in Planning and Conducting an Audit" [6].

Let's consider the calculation of the degree of importance on the example of JSC "Tashkent Vино Kombinati".

Table 1. Determining the level of significance¹

Key indicators	Amount of key indicators (thousand, soums)	Significance level, %	Amount of significance limit (thousand, soums)
1	2	3	4
Profit before paying profit tax	137 683 173	5	6884158.65
Net income from the sale of products (goods, work and services).	725 281 664	2	14505633.28
Balance total	544 852 300	2	10897046
Private equity	258 965 083	10	25896508.3
General expenses	638 584 860	2	12771697.2

$M D Ch = (6884158.65 + 14505633.28 + 10897046 + 25896508.3 + 12771697.2) / 5 = 14191008.69$

We calculate the arithmetic average of the 5 indicators given to us in the 4th column: 14191008.69.

Importance level: equal to 14191008 thousand soms.

¹Developed by the author

Table 2. Deviations of indicators from the average value²

Indicators	Deviation from the mean, %
Profit before paying profit tax	-0.51
Net income from the sale of products (goods, work and services).	0.02
Balance total	-0.23
Private equity	0.82
General expenses	-0.10

In general, the degree of materiality of the misstatement of the information on the report is distributed among the significant items of the balance sheet in proportion to the comparative weight of these items in the currency of the balance sheet.

Algorithmization of any process, including the use of analytical operations in the audit of financial statements, provides disclosure of the sequence of actions necessary for the implementation of the methodology and optimal costs for achieving the goal. Analytical activities include the evaluation of financial data by analyzing possible relationships between financial and non-financial data, as well as providing the study of identified deviations.

Thus, the process of applying analytical procedures in the audit of financial statements includes a list of sequential actions that allow collecting sufficient relevant evidence that confirms or does not confirm the existence of risky areas (segments) of accounting that require detailed tests.

CONCLUSION

The above-mentioned sequence and considerations on the application of analytical procedures in the audit of financial statements show that analytical procedures are important at all stages of the audit. The tools used in conducting analytical operations in the audit of financial statements are developed and described, which allows to unify the approach to obtaining audit evidence by applying analytical operations in the audit of financial statements.

Procedures for the development of the company's internal standards for the application of analytical operations in the audit of financial statements were shown, including a detailed description of the technique of applying analytical operations in the audit of financial statements, a set of working documents on the application of analytical operations that allows for the optimization of the audit, processing, obtaining audit evidence and comments on practical guidelines for using them to express an opinion on the reliability of statements, which will help improve audit quality.

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²Developed by the author

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