

THE SIGNIFICANCE OF THE AUDIT PROFESSION IN THE FINANCIAL ANALYSIS OF AGRICULTURAL ENTERPRISES OF THE REPUBLIC OF SERBIA

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Abstract

The primary function of the audit is that their activities and tasks focus on providing services to the management that it could more optimally and as realistic as possible to void the company. This contributes to the company can exercise its existence in the market.

So the assumption is that a true and correct financial and other reports to management on the one hand, but on the other report I must be true to state authorities. Subject reporting agricultural and other enterprises are widely regulated and applicable to a wide range of issues within the company. The audit of its activities continuously and becomes more and more important to improve the security business decision-making in enterprises in the Republic of Serbia.

It is expected to be completed in the coming years to begin the process of privatization of a large number of public companies, companies in bankruptcy and other. In all of these audits as a profession needs to launch a series of technical issues connecting to improve the true financial and any other reporting. This is especially important to be true, according to the state bodies of the Republic of Serbia, banks, and financial international and other organizations.

Keywords: *audit, financial analysis company.*

Classification JEL: *M41*

1. Introduction

Revision of the Republic of Serbia should be considered so that it should give its full support to management, as well as state authorities, especially in terms of creating general conditions of safety and operation of the enterprise. This applies to all companies, and therefore the one that basically exist in primary production, including in the context of agriculture. It principally produces improved overall system operation.

Acceptance of its recommendations can influence the improvement of the work of all parts within the company. So the revision should be seen as one factor security that points to failures and indicating the weakness of the system.

The audit may affect the general improvement in the security business sistemaska creating solutions for the safe management of many companies.

This contributes to the overall safety of operations. It can therefore be said that the management of corporate [1], that is, the international management company [2] to a large extent depends on the financial reporting [3], [4], [5].

Different forms of organization of audit activities should aim at improving the governance and management of a large number of enterprises in the Republic of Serbia [6], [7], [8], [9]. In addition, management should provide continuous and regular review audit plans, in order to enhance the effects of the financial reporting [10], [11]. This in turn makes the revision condition is approaching optimalanog existence in companies which essentially justifies its existence and the engagement [12], [13].

The audit is carried out equally well in all of the economy regardless of the industry in which the company operates. How decisions are made after management received documentation of the audit should be similar in any enterprise [14], [15], [16], [17]. The aim is to improve management while increasing the reliability of information that should be delivered to all parts of the company. The audit can greatly contribute to the reduction of various forms of crime, such as computer and other forms, which are continually evolving and changing its shape.

2. Financial statements as a framework for audit activities

Control of the entire territory of the former Yugoslavia had several decade traditions. Control mechanisms are very important for a true and fair financial reporting. The most common reports, according to International Accounting Standards in writing the financial statements are as follows:

- Balance sheet
- Profit and loss
- Statements of changes in equity
- Statements of cash flows and
- Notes to the financial statements.

Therefore financial reporting has to do with the issues related to the standardization of financial statements that are submitted to management, and other financial organizations and government agencies. In this context, taking into account the observation of the International Accounting Standards and International Financial Reporting Standards is essential and by the management but also by audit. This contributes to the improvement of governance at all levels in companies. Audit activities should be seen as a compromise between cost and planned security operation of the company.

International Accounting Standards and International Financial Reporting Standards, predict, leaving the possibility of applying several methods to enable it truer financial reporting on all key areas of the business at any time. Another important feature should be emphasized and that the necessary adaptation of the audit with the accounting policy of the company. This is essential in times of economic crisis, especially since 2008, when realistically perceive the existence of fewer funds for investment, increasing interest on the borrowed funds and more.

On this basis, it should be noted that it is necessary in order when making management decisions to take into account the methods of application and presentation of the audit of financial reporting within the company's management. Only possible, access to the benefits and disadvantages of the authors displayed in table 1.

Table No. 1. Methods of application and presentation of the audit within the financial reporting of enterprise management

The method of application and presentation of the audit within the financial reporting of enterprise management	Advantages	Disadvantages
Presentation	<ul style="list-style-type: none"> • Interactive • Flexible • Easier acceptance • Assist in the review of serious issues and solutions • Increase the chance of implementing measures • Contributes to focus on priority issues • Audit can influence taking action 	<ul style="list-style-type: none"> • You can not present all of the evidence • It can lead to difficulty in presenting complex data, which can lead to misunderstandings • Needed are presentation skills and active participation of two persons • Thorough preparation • The possibility of domination by one person or a certain problem • The user may continue to require reports

Source: Production authors.

In addition it should be noted that it is necessary to conform to several control mechanisms and policy management. The authors provide an overview of possible organization of the agricultural enterprise medium-sized to the Republic of Serbia, only that in Figure no. 1.

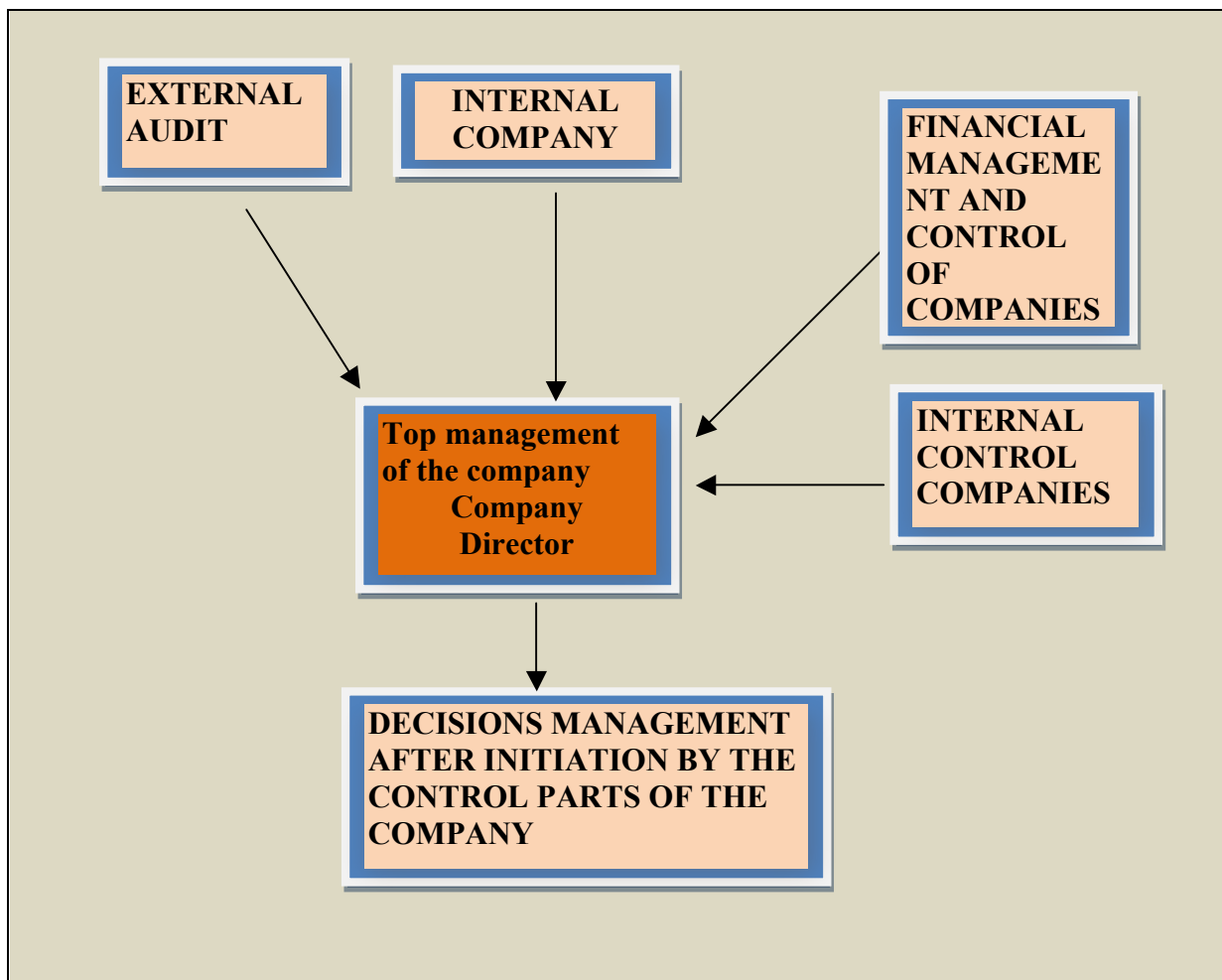


Figure 1 - Only possible developments that management decisions after initiation by the control parts of the company

Therefore it is necessary that management has a widespread network of acquiring information and mechanisms, such as internal control, internal audit, external audit, financial management and control, and others. This is a possibility and security of enterprise management significantly increases the effectiveness and future activities of the company guaranteed.

Besides the mentioned Figure 1 most often refers to medium and large enterprises, which can be in the field of agriculture, because they have a need for greater control of all parts of the system.

3. The importance of standardization for the financial control mechanisms of observation

Modern business depends on the quality of financial reporting. It is performed in a unique way and unique forms of financial reporting. Financial reporting of the company's management is carried out continuously, in essence, a kompropis cost control and management wants to achieve a more secure financial reporting. Moreover, this reporting is done for purposes of reporting the state authorities for the needs of investors and shareholders, but also for banks, insurance companies and other organizations.

Financial reporting is essential for the success of the company. Affect the financial success of the company and management depends on the survival and development of enterprises in any industry and sector of the economy.

The authors show the importance illustrates the data on potential application while recognizing those of the authors [18] and is presented in tabular table 2.

Table No. 2. An illustrative example of the use of guidelines for conducting internal audits

FORMS OF STANDARDIZATION	REQUIREMENTS REGARDING THE PERFORMANCE OF CONTROL AND AUDIT
Atribut standard	Applying standard requires a professional attitude, competence and professional care, competence, knowledge and other competencies to perform internal audits.
Implementation standards	The auditor must obtain help, if there is no knowledge, skills, or other competencies needed to perform all tasks related to the audit or his involvement.
Performance standards	The auditor must effectively manage internal audit activities. Must plan and prioritize internal audit, based on the assessed risk.
Implementation Standards - advice	The auditor should consider accepting proposed involvement in the assessment and should propose improving the organization of the subject in which audits. Data Solutions suggestions.

Source: Production authors.

Apart from emphasizing the importance of professional influence professional audit and controls, are possible and different ways of risk analysis. These activities arise principally within the company. It is possible in different ways to get to the visible display.

Authors below give access possible approach to problems and solutions. Display is possible by using different ways. For example by way of the diagonal, where there is simultaneous effect of two risk factors. Then the overall level of risk depends on the type of risk and their interactions. It is based on expert estimates. The display is simplified with respect to the various control objectives. Here, the connection control maps high level objectives and the assumption is made that the specific control objectives are related to each other as their original analog inputs (see figure 2).

Domai n id	Id	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	P o	A i	
		1	2	3	4	5	6	7	8	9	10	11	11	11							
PO	1		+ -	+ -	+ +	+ -	+ +	+ +	+ +	0	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	0
			+ -	+ -	+ -	+ -	+ -	+ -	+ -		+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	0 -
PO	2			+ +	+ 0	+ +	+ +	- +	- +	0	+ -	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +
				- -	0 -	- -	- -	- 0	- -	- 0	- -	- -	- 0	- -	- 0	- -	- 0	- -	- 0	- -	- 0 -
PO	3				+ -	+ +	+ +	0 +	0 +	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -
					+ -	- -	- -	0 -	0 -	- +	- +	- +	- +	- +	- +	- +	- +	- +	- +	- +	- + -
PO	4					+ +	+ +	0 +	0 +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +
						- -	- -	- -	- -	- +	- +	- +	- +	- +	- +	- +	- +	- +	- +	- +	- + -
PO	5					+ -	+ -	+ -	+ -	0 +	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -
						+ -	- 0	- 0	- 0	- +	- +	- +	- +	- +	- +	- +	- +	- +	- +	- +	- 0 -
PO	6									+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -
										- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- + -
PO	7									+ 0	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -
										- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- 0 -
PO	8									+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -
										+ -	- 0	- +	- +	- +	- +	- +	- +	- +	- +	- +	- + -
PO	9										+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ +	+ 0
											- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
PO	10																				+ -
																					0 -
PO	11																				+ 0
																					- -
AI	1																				

Figure 2 [19].

4. General assessment of the impact on financial system of the Republic of Serbian sector

Control mechanisms and auditing companies in Serbia is mostly limited to the assessment of the financial system for individual companies. In this sense, the primary interest of the auditors do not represent the accounting reports prepared at the request of management accounting by companies, but also to control that ensure the quality and accuracy of accounting data within a comprehensive enterprise's financial statements, a widely observed and the economy as a whole.

On this basis, financial audit, should include:

- audit of financial and accounting reports in order to obtain reasonable assurance about whether the financial statements present fairly the financial position of the legal entity of the public sector,
- analysis of financial data in order to evaluate compliance with the criteria adopted within the company,
- consideration of compliance with companies in specific financial requirements,
- looking at the structure of the internal control with the financial reporting,
- acquiring beliefs that control properly designed and implemented in an appropriate and effective manner.

Auditors also include a series of partial financial analysis such as:

- monitoring of revenue and expenditure,
- movement of the report on the distribution of cash
- Monitoring the budget request of state authorities according to the legal entities that are audited,
- determination of the difference between projected and actual financial condition,
- control of compliance with laws and regulations;
- Control of data storage,
- control of IT systems companies,

- possibility of fraud and
- the emergence of possible criminal and illegal acts.

Consequently, the revision is connected to the two major sub-systems. The first is financial accounting and others, and information systems companies. In addition to the aforementioned accounting and financial activities of continuing interest's audits and controls, there is a connection with the application of auditing skills to the entire IT sector.

Accordingly, the audit includes an independent evaluation and testing procedures related to:

- the safety performance of business procedures,
- IT planning procedures,
- purchase of new IT systems and
- IT economy,
- effectiveness and efficiency in the use of IT companies.

The audit should be familiar with the basic concept of applying IT technology; as usual audit controls in companies are part of the standard audit system. Progress and development of IT, are increasing and objectives of the audit, because it must be constantly improved and perform continuous specialized training, while emphasizing that it must take into account the ongoing costs of hiring workers in controlling and auditing.

The said audit activities are just part of the overall audit strategy preduzećaića system that continuously implemented, and the effects of audit activities are most visible in the form submitted publicly available financial statements of accounting and financial sector management or državanim authorities.

Weaknesses stated are submitted to management with suggestions as follows:

- the need to develop systems of each enterprise sector,
- determine the basic objectives of the new organization's control,
- provide alternative solutions,
- give the contours of the organization and control of the development process and
- give their vision and after implementation of novelties introduced by management.

In the Republic of Serbia in the coming years is expected to introduce more practical control mechanisms companies. In addition, the expected launch of many new valuation of the company's assets, which will certainly have an important place and controls within the company.

In addition a number of not transformisanih small enterprises will be restructured. All this requires management to increase the safety of work and business, which certainly takes the control of certain important place.

Revision of the Republic of Serbia only, is essentially to fight for the structural impact of the companies in which it operates. In agriculture administration of these audits should be that the effects of the segments from production to finance in order to warn the management of the critical points of possible exposure. Views financial analysis therefore must depict more realistic behavior of the company in order to take appropriate measures and actions taken by management.

5. Conclusions

The audit and control mechanisms companies in Serbia should be essentially oriented to the future that is improving the effectiveness, efficiency and economy. Tose especially true for companies that have existence in the area of primary production and agriculture. Operation of the funds by the management requires continuous control.

In recent years, in the Republic of Serbia starts operating a growing number of internal auditors in medium-sized enterprises, and then I noticed the migration process in other sectors and industries. It should be noted another fact, which is that the state itself faced with the problem of

fundamental and systemic governance in the public sector of the economy, because it sees the need for the transformation process of public companies, operated by state and local governments.

In addition it should be noted that the public sector is still a major employer in the country, and through the mechanism of internal audit should be strengthened and increased security in doing the respective legal entities. In a word Control mechanisms in the coming years will increasingly gain in importance in the entire Republic of Serbia.

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