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"EXPECTATIONS GAP" AND THE WHOLE COMPLEX OF ENGAGEMENTS, PROVIDED BY CERTIFIED AUDITORS

In professional literature on audit there is often used the term "differences in expectations" or "expectations gap" which means: (1) the discrepancy between the audit information provided by auditors and the expectations of users of financial statements; (2) the discrepancy between public opinion about the essence of the audit and the possibilities of a real audit process, limited to a certain scope. The need to identify the causes of this gap and ways of elimination in the sphere of auditing is an extremely topical scientific problem.

Auditors work within the framework of legislation, according to particular International Standards on Auditing (ISA), which require them to express their opinion on whether the financial statements have been prepared in all material respects in accordance with the applicable conceptual framework. The ISA 200 "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing" emphasizes that the auditor's opinion only enhances the degree of confidence of intended users in the financial statements (paragraph 3). These provisions of International Standards quite vaguely define the requirements for auditors and generally do not meet the expectations of users. This is the very case, according to R. Adams, when the gap (i.e. differences, discrepancy) in the viewpoints arises: the auditors consider their goal in collecting reliable evidence and expressing their opinion on the financial statements and refer the detection of errors to the by-product of the audit, and users of the audit report consider that the duty of the auditor consists, first of all, in the identification of errors (intentional or accidental), and also in the preparation of such audit tests that will ensure the detection of abuses and inconsistencies [Adams, 1995, p. 379]. This problem has not been resolved yet. Users believe that auditors have to identify all errors, frauds or misstatements in the financial statements. But in the International Standards on Auditing this duty is limited to terms "reasonable assurance" and "material misstatements". There is an important aspect which should be noted: the problem of the "expectations gap" is mainly considered in relation to the audit of financial statements or audit engagements. But at the current stage of development of audit activity, it is necessary to take into account the significant transformations that took place in the structure of international standards (the introduction of the concept of "assurance engagement") and the types of engagements performed by certified auditors. Therefore, the issue

of "expectations gap" is less considered in relation to other engagements considering their specific nature. In addition, it is important to investigate the "expectations gap" problem, given the set of engagements that: (1) are currently governed by the International Standards on Quality Control, audit, review, other assurance and related services issued by the International Auditing and Assurance Standard Board (IAASB), International Federation of Accounting (IFAC), include: audit of historical financial information; review of historical financial information; assurance engagements other than audit or review of historical financial information; related services; (2) are not governed by Standards of IAASB: different types of consulting/advisory services; other services.

If we consider the complexity of engagements, provided by certified auditors, in general, then the significant impact is the lack and shortcomings of clarity in users understanding the nature of different types of engagements and the lack of clear recommendations on the delineation and identification of audit, review and other assurance engagements, related and consulting services.

The lack of understanding among users of the differences among different types of engagements, provided by certified auditors, very often leads to the formation of wrong expectations of users and their dissatisfaction with the results of the auditor's work.

It is also necessary to draw attention to the shortcoming of using of the term which would summarize all services provided by the auditor. The term "audit services" is used in the Ukrainian legislation and regulations. The same term is sometimes used in foreign publications, in particular [Tritschler, 2014]. But its application does not allow users to immediately perceive the difference between the engagements performed by the auditor and regulated by the International Standards of the IAASB. Therefore, in the title of the article we deliberately have used the term "engagements, provided by certified auditors".

In the context of these proposals, it is advisable to draw attention to the developments of other countries and international organizations. In particular, the Federation of European Accountants has been offered Survey on the Provision of Alternative Assurance and Related Services across Europe which analyzes the differences between different services. In November 2015, the Australian government (the Department of Finance) issued guidance on the delimitation of the concepts of "audit and assurance" (Resource Management Guide No. 210 Clarification of the Terms "Audit" and "Assurance"), the purpose of which was to provide detailed recommendations for users about the elements. They provide the analysis of the various situations and issues arising from the use of the terms "audit" and "assurance" and suggestions on how to avoid them. They contain only a few examples, but qualitative bases can be used to develop recommendations for choosing the optimal type of engagement for a particular user, considering his/her information needs and expectations.

References

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SOME ISSUES OF USE OF DISTRIBUTION ACCOUNT IN BANK

One of the consequences of the positive changes in currency regulation in Ukraine, is the abolition of the obligatory sale by banks of a part of foreign exchange earnings of domestic subjects of foreign economic activity. To date, the latter, under current legislation, can freely dispose of all the amount of foreign currency that comes from non-residents as a result of transactions, including the export of goods, works, services. At the same time, the rules for transferring foreign exchange earnings to current accounts of bank customers have not changed: the currency is credited to the client's current account through the bank's distribution account. Therefore, a distribution account is a transit account, that is, an account used to account for payments on time before transferring them to a customer's current account.

The necessity of using a distributive account is determined by the current regulatory acts of the National Bank of Ukraine. In particular, the Regulation on Measures to Protect and Determine the Procedure for Performing Individual Transactions in Foreign Currency stipulates that a bank is obliged to transfer funds to a client's current account without assignment no later than the next banking day after the day of their transfer to the distributive account. [1] This requirement does not apply to funds that are subject to sale in the foreign exchange market in accordance with the legislation of Ukraine.

For today, foreign currency sales from a distribution account are compulsory:

- repayments to a resident's address (since the mutual obligations have been partially or completely not fulfilled) in foreign currency purchased and transferred in favor of the non-resident;
- repayments by a non-resident to a resident client of funds in foreign currency, which were transferred to the non-resident at the expense of the received loan in foreign currency, if the resident fulfilled obligations under the loan agreement in full or in part due to the purchased foreign currency or if, at the time of the repayment, the resident purchased foreign currency for the purpose of fulfilling the obligations under the loan agreement but did not transfer it from the current purpose account.