

FINANČNÁ KRÍZA A JEJ VPLYV NA VÝVOJ V OBLASTI ÚČTOVNÍCTVA A AUDÍTORSTVA

Financial crisis and its impact on development of accounting and auditing

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At the beginning of August 2007 almost nobody expected that a crisis with the name „american mortgage“ would affect the situation on markets worldwide. A lot of entities feeled responsible for the consequences of the financial crisis and they tried to solve them. There are international organizations e.g. the World Bank or the International Monetary Fund that focuses on the help to individual countries and world economy. Of course governments and central banks are cooperating in the field how to get over the financial problems.

The financial crisis is not caused only by macroeconomic aspects. As the financial crisis causes, the measurement of securities tied to real estate pricing or incorrect pricing of risk were identified. The value of assets, equity and liabilities presented by financial statements is used by investors to make their decisions at financial markets. If the value is stated at the measurement model that does not present a true and fair view then price-to-earning ratio and other financial indicators could achieve interesting figures for investors. That is why a lot of entities related to accounting or auditing have tried to find and apply some solutions in last years starting by 2007. The International Accounting Standards Board (IASB) and the United States Financial Accounting Standards Board (FASB) together published activities relating to the crisis. To consider financial reporting issues arising from the financial crisis the IASB and the FASB set up the Financial Crisis Advisory Group (FCAG). The advisory group advised the IASB and FASB about standard-setting implications of the global financial crisis and potential changes to the global regulatory environment. The FCAG helps as well with identification of significant accounting issues that require the urgent and immediate attention. As a support of the FCAG by identification of any accounting issues the IASB and the FASB based public round tables in London, Norwalk and Tokyo. The IASB determined consolidation, derecognition, fair value measurement and financial instruments as financial crisis related projects. The fundamental principles of fair value measurement, financial statements and derecognition were highlighted financial crisis issues by the FASB. The IASB's consolidation project resulted in publishing new International Financial Reporting Standards (IFRSs) IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities* in May 2011. The new IFRSs completed the first part of this project. The disclosure requirements regarding the risks to which entities are exposed from their involvement with structured entities are steps the IASB was taking to respond to G20 and the Financial Stability Board (FSB) on behalf of the Declaration on strengthening the financial system. The improvement of disclosure requirements followed the request of users to understand the composition of a reporting entity, to understand the relationships that an entity has with other entities and to estimate the value of investments in other entities. The second part of the consolidation project continues by publishing of exposure draft dealing with definition of an investment entity and a requirement that an investment entity should not consolidate investments in entities that it controls, but to measure those investments at fair value.

The fair value measurement project was based on the importance of having common fair value measurement and disclosure requirements in both – IFRSs and US GAAP. Although the fair value measurement project was added to IASB's agenda before the global financial crisis

began, there were issues connected with its origin. The IASB decided to establish a Fair Value Expert Advisory Panel to address the fair value measurement of financial instruments when markets become less active or the market activity for an asset or a liability declines and how to increase transparency about those measurements. The FASB's Valuation Resource Group was established earlier to address issues relating to valuation for financial reporting. As a result of the joint work IFRS 13 *Fair Value Measurement* was published by the IASB and Topic 820 *Fair Value Measurement and Disclosures* was amended by the FASB. By acceptance of IFRS 13 and updated Topic 820 the Boards achieved the same definition and meaning of fair value and the same disclosure requirements about fair value measurements.

IFRS 9: Financial Instruments (replacement of IAS 39), one of the financial crisis related projects, is still in active agenda of IASB work plan. The IASB planned to improve the usefulness for users of financial statements by simplifying the classification and measurement requirements for financial instruments. The project of replacement of IAS 39 is planned to finish by the year-end 2011 and it consists of three phases: classification and measurement, impairment methodology, hedge accounting. So far the IASB is working on impairment (the second phase), hedge accounting (the third phase) and asset and liability offsetting. The objective of the second phase (impairment) is to improve the decision-usefulness of financial statements for users by improving the amortised cost measurement, in particular the transparency of provisions for losses on loans and for the credit quality of financial assets. The third phase (hedge accounting) deals with hedge accounting in general and in macro meaning. Except for current hedge accounting requirements the general hedge accounting project contains a general hedge accounting model that is important to redeliberate macro or portfolio hedge accounting. The objective of the macro hedge accounting project is to address risk management strategies referring to open portfolios which were not covered by the exposure draft issued for general hedge accounting in December 2010.

The IASB and the FASB jointly issued the exposure draft *Offsetting Financial Assets and Financial Liabilities*, which proposes changes to address the differences that reduce the comparability of financial statements, and are especially prominent in the presentation of derivative instruments, since financial assets and financial liabilities may be presented in an entity's statement of financial position as two separate amounts, or as a single net amount, depending on whether the entity reports using IFRSs or US GAAP.

In report from July 28, 2009 the Financial Crisis Advisory Group proposed recommendations for effective financial reporting, limitations of financial reporting, convergence of accounting standards and standard setter independence and accountability. In response to the global financial crisis the IASB and the FASB have made steps forward by issuing standards and other guidance suggested and overlooked by FCAG.

The global body for professional accountants, the Association of Chartered Certified Accountants (ACCA) noted that the financial crisis and the bail out of banks have thrown going concern and liquidity issues into the spotlight. The question was what benefit the assessment can have if an entity can be classified as a going concern at the balance sheet date and yet have to declare very material levels of additional liabilities a short time later. In the recent crisis there may have been cases of failure to disclose where there are material uncertainties regarding the going concern basis. There may be a reluctance to own up to these uncertainties when the disclosure itself may increase the risk that confidence evaporates and credit may be withdrawn. On behalf of the IFRSs the ACCA mentioned that financial statements prepared in accordance with these standards could provide a great deal of information which should be relevant for users to assess a company's financial health,

however a significant improvement to IFRS would be to extend the future period that needs to be considered.

Other organisations that assist professional accountants in addressing issues related to the global financial crisis are the International Federation of Accountants (IFAC) and the International Auditing and Assurance Standards Board (IAASB). In response to the global financial crisis they focus on increasing awareness among preparers and auditors of existing and newly developed guidance that can assist them in reporting on financial instruments; encouraging further convergence in reporting standards on financial instruments, while at the same time strongly supporting (the continuation of) fair value accounting since reducing transparency is not in the interests of investors; and participation in and promotion of discussions about best practice with respect to the audits of financial institutions and other organizations that are affected by the current crisis.

The European Commission reacted on the global financial crisis by publishing the Green Paper, Audit policy: Lessons from the crisis. The Commission highlighted the role of the auditor, communication by auditors to stakeholders, ISAs, governance and independence of audit firms, supervision, concentration and market structure, creation of a European market, simplification oriented on small and medium sized enterprises and practitioners and international co-operation. All these topics were discussed because of the fact that numerous banks revealed huge losses from 2007 to 2009 and auditors should give clean audit reports to their clients.

This Green Paper was commented by a lot of organizations. One of them was European Confederation of Institutes of Internal Auditing (ECIIA). The ECIIA added the idea to increase the financial stability by including clarification on the role of internal auditors and more specifically their interaction with other assurance providers.

Abstrakt

Od okamihu identifikovania dôsledkov globálnej finančnej krízy veľa organizácií pôsobiacich celosvetovo, ale aj na národných úrovniach ako vlády, národné banky sa snazia eliminovať jej vplyv a prijať také opatrenia, ktoré pomôžu vyhnúť sa podobnej situácii v budúcnosti. Aj účtovnícke a audítorske organizácie prijali a upravili mnohé ustanovenia, ktoré mohli byť spojené so vznikom finančnej krízy. Čas ukáže nakoľko sú tieto opatrenia účinné.

Kľúčové slová: Finančná kríza, účtovnícke organizácie, audítorske organizácie

Summary

A lot of international organizations and as well as national bodies e.g. governments, national banks have tried to eliminate the influence of global financial crisis since the identification of its impact. They prepared and admitted steps that should help to avoid a similar situation in the future. The accounting and auditing organizations accepted several amendments in this content. The time shows up if these amendments are effective.

Key words: Financial crisis, accounting organizations, auditing organizations

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