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**DEVELOPMENT OF AUDIT OF FINANCIAL INVESTMENTS IN SECURITIES IN PRACTICE
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In the article there is considered the economic essence of financial instruments as objects of audit from the perspective of the investor and issuer. The author's technique of audit is developed which will promote the improvement of work quality of audit organization and expression of reliable opinion in the audit report.

In the Republic of Belarus, at the present stage of development, the national accounting system and audit based on practice of rapprochement with the international standards and designed to render assistance to development of the social and economic relations is formed. In this regard, founders and shareholders and also holders of securities and creditors are interested in receiving reliable information about the solvency and financial condition of the organizations. Users of financial statements can obtain such information by results of independent financial control – audit.

Thus, auditor activity is a component of the mechanism of market economy. The integral attribute of market economy are as well securities. Therefore audit of securities is one of the most important directions of auditor activity for today.

In the Republic of Belarus National rules of auditor activity «Audit planning» are approved. The list of the questions which are subject to check during the obligatory audit of annual accounting (financial) reports includes check of correctness of reflection in accounting of financial investments debt securities and authorized capitals of other organizations, check of correctness of reflection in accounting of the granted loans and also formations and uses of reserves under depreciation of short-term financial investments [1].

Thus, according to National rules, objects of audit of securities are reflected in the account and reporting of operation with securities of the managing subject. Respectively concrete types of securities and sources of their financing are excluded from this list though they have significant effect on formation of accounting reports. The analysis of standard and legal base of the Republic of Belarus causes a need of development of a technique of audit of financial investments which will allow to carry out audit of the specified financial instruments separately at the investor and issuer (see fig. 1).

For example, in registration practice of the investor, securities are the short-term or long-term financial asset certifying the property and non-property rights which the organization intends to keep before a repayment period or resale in the secondary market [2]. And in registration practice of the issuer, securities are a short-term or long-term financial obligation which the issuer is obliged to execute on the expiration of a certain period, presented in the electronic or paper form, the established form and the corresponding requisites [3].

At the first stage when determining an object of audit it is necessary to consider what object of external audit of securities of the investor and emiten is reflected in account and the reporting of operation with securities, and objects of internal audit – the securities withheld before repayment and intended for trade.

When checking formation of structure of financial investments, the auditor recognizes that according to the legislation of Republic of Belarus financial investments in securities are classified proceeding from circulation periods and are reflected in long-term and short-term assets of the balance sheet.

The auditor determines for acquisition and sale of financial investments by primary documents and contracts what objects are correctly considered on account 58 "Short-term financial investments" and 06 "Long-term financial investments" and also on account 76 "Settlings with different debtors and creditors" [4].

The following procedure is a check of correctness of formation of financial investments cost. It should be noted that standard and legal documents on accounting of securities give several definitions to the cost at which they can be considered. According to the Instruction for accounting of securities « acquisition of securities in accounting is reflected at the actual price of acquisition ..." or at "fair value" [5]. According to IFRS (IAS) 39 financial instruments have to be reflected at their fair or market value, but not at prime cost. In registration practice of the investor and issuer can different types of securities will be applied, namely [6]:

- 1) the financial investments estimated at fair value with reference of her change in profit and losses;
- 2) the financial investments available for sale (are intended for deduction in the organization for unlimited term and can be sold for the purpose of increase in liquidity of the organization);

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3) the financial investments withheld before repayment (with the fixed payments and a repayment period).

4) the financial investments brought in the account of a contribution to authorized capital of the organization are accepted to accounting at the initial cost which represents their monetary assessment coordinated by founders (participants) of the organization if other isn't provided by the legislation.

During check features of formation of cost of financial investments at their leaving as any mistakes are essential from the point of view of their influence on reliability of formation of financial results have to be considered. The cost of leaving of financial investments by which the current market value is determined has to pay off proceeding from the last assessment. When leaving securities by which the current market value isn't determined their cost can be calculated in various ways which have to be fixed in accounting policies.

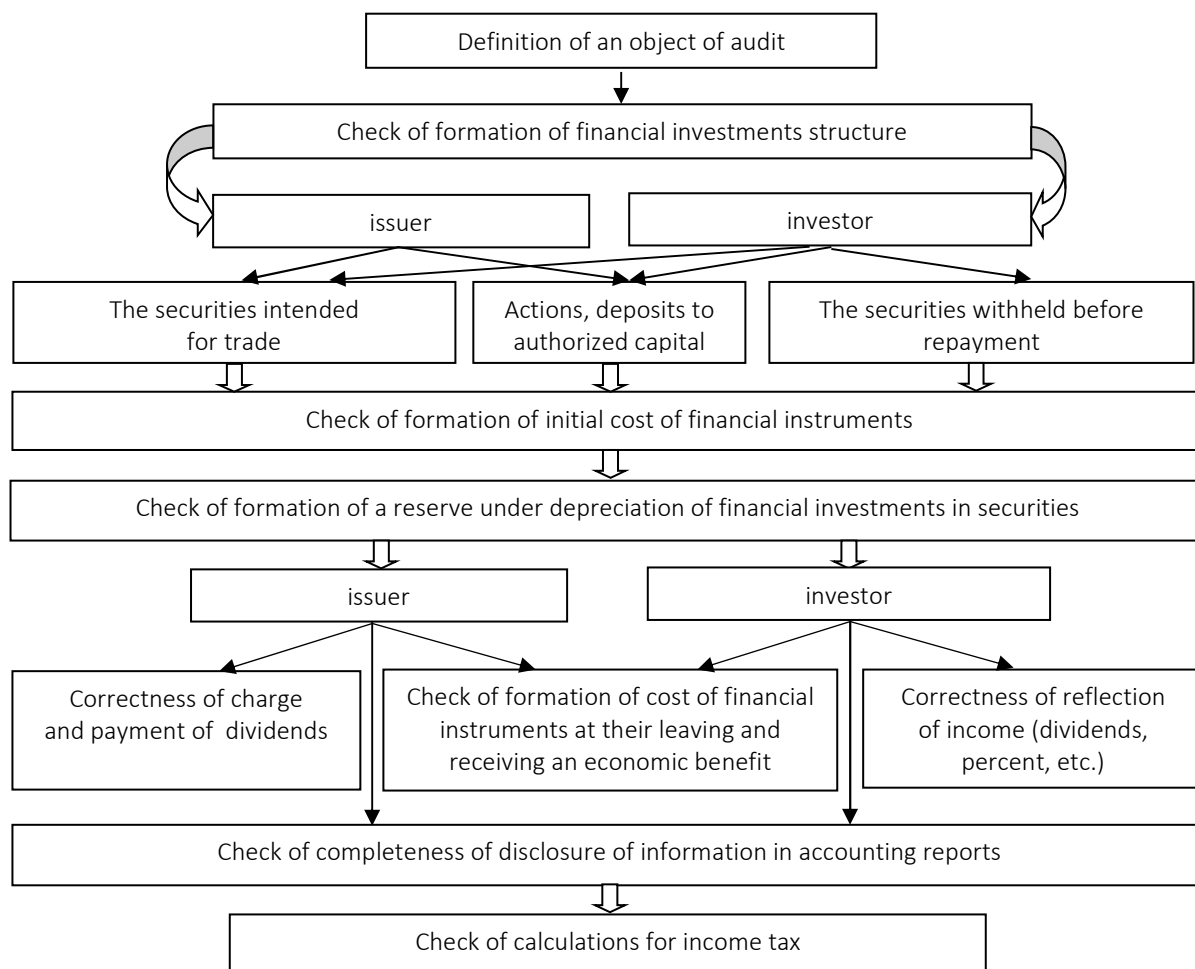


Fig. 1. Classification of financial instruments

In the conditions of rapprochement of a domestic accounting system with the international standards the technique of check of the operations connected with depreciation of financial investments was considerably updated. Check on depreciation should be made at least once a year as of December 31 of financial year with signs of depreciation. The organization has the right to do such check and for reporting dates of intermediate accounting reports. At confirmation of financial investments depreciation in the organization due to financial results the reserve under depreciation of financial investments has to be created. Information on reserves under depreciation of investments in securities is reflected in account 59 "Reserves under depreciation of short-term financial investments".

Check of completeness of disclosure of information in accounting reports consists in disclosure at least of information on determination of the current cost of long-term and short-term financial investments and also the reserve sums under depreciation of short-term financial investments. As are presented in the balance sheet of the data on financial investments in narrow structure, all other necessary information on them should be

reflected in the explanatory note and with division of financial investments depending on their look (withheld before repayment and intended for trade).

When checking calculations for income tax by the auditor features of definition of tax base on operations with securities which are regulated by the Tax Code of Republic of Belarus have to be considered.

Thus, when carrying out audit of operations with financial investments it is necessary to be guided by the International principles and standards and also to consider essential changes of requirements of the legislation.

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