A proposed framework for the application of Financial Analysis in Measuring the Ability of Enterprises to Continue To Engage In Activity from the Viewpoint of the Auditor

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Abstract
This study is based on a proposed framework of the application of financial analysis to guide auditors when assessing the assumption of continuity as one of the accounting assumptions that builds upon Auditor to his opinion. The researcher has reached a number of conclusions; The enterprises that are experiencing problems in repaying its obligations in the short term means the inability to continuity in the term, but does not necessarily mean that their inability to continuity in the long term as it is possible to continue to engage in business in the long term, The International Auditing Standard No. (570) and statement of auditing standards SAS No. (59) contain clear guidance for the auditors can be guided them to identify the extent of continuity of enterprises to engage in the activity.

Keywords: Liquidity ratios, Continuity, Financial failure, Profitability, Audit standards, Analytical procedures

Introduction
The assumption of continuity is one of the basic assumptions in accounting theory and is derived from this assumption many of the principles, and is in addition to that represents one of the criteria that the auditor to make sure to apply when auditing the enterprise. And the other extreme of continuity is to stop practicing the activity (liquidation). It was address this subject because of some cases where a report Auditor and with that clean enterprises exposed to bankruptcy cases leading to liquidation, and this of course impact on the credibility of the audit profession. And this study on the subject of continuity in an attempt to provide a model helps Auditor to measure the ability of enterprises to continuity in the activity, and thus improve the audit report which is based on stereotypes, in addition, they are trying to reflect the professional care given by Auditor to one of the most important accounting assumptions; and explains that interested in them from the start when planning the audit process. We can be achieved that through the use of indicators analytical procedures and how to take advantage of them when the auditor to audit the overall performance of the entity, and can be achieved also interesting aspects of descriptive data, which is as important as the quantitative aspects, so it must be integrated aspects of descriptive and quantitative assessment entity's ability to continuity in the activity.

Problem of the Study
There is a belief among many auditors that the process of financial analysis carried out by the auditor considers not essential function for the main activity, and this belief is the impact on the ability of auditors to predict the risk of enterprises stopped practicing their work. And generally can express this problem as follows:

1- Does not use financial analysis as one of the analytical procedures when assessing the assumption of continuity; by most auditors, is shown clearly through displays many of the enterprises are audited at risk to stop practicing its activities after a brief period of audit (less than a year).
2- Financial crises affect the continuity of the enterprises after a brief period of audit led to undermine confidence in the audit process.

The Importance of the Study
Importance of the study summarized in the following points:
1- Submission of an attempt to contribute to improving the professional judgment of the External Auditor regarding to the prediction of the continuity established in the conduct of its work.

2- Attempt to find a method which can develop the ability of Auditor to planning and audit process to predict possibility of continuity enterprises in activity.

**Objectives of the Study**

The objectives of the study are as follows:

1- Illustrate how to use indicators of financial analysis to determine the ability of enterprises to continuity in the conduct of their activities and maintain their customers.

2- To build a general framework to guide auditors in planning the audit, as well as on the use of indicators of financial analysis to support their professional judgment regarding the ability of enterprises to continuity in the activity.

**Questions of the Study**

For the purpose of finding solutions to the problem of the study and the achievement of its objectives researcher seeks to answer the following questions:

1- What are the implications on the non-use of indicators of financial analysis during and after a audit process in planning and professional judgment to the auditors in predicting bankruptcy of enterprises that are audited?

2- Do you provide International audit Standard No. (570) and SAS No. (59) specific instructions to guide auditors when assessing the continuity of enterprises to engage in the activity?

**Methodology of the Study**

Researcher used the inductive and deductive approach, which was based on the inductive approach when formulating the problem of the study, while relying on the second when formulating the study questions.

**Organization of the Study**

To achieve the purpose desired from this study were divided into three points dealt the first point the assumption of continuity and the risk of failed enterprises, and the second auditing standards related enterprises continuity in activity, thirdly was addressed to proposed framework to assess the ability of enterprises to continuity in the activity.

**Previous Studies**

1- Study (مطر, 2001, pp. 7-63)

The study aims to explore the indicators used by the auditors and financial analysts in Jordan in predicting the failure of financial companies and then identify aspects of the agreement and the difference between these two groups in terms of the nature of these indicators or in terms of their relative importance and serve the study of other social groups of investors, lenders and others, and provide them with an early warning about the possibility of default in the companies in which they invest and those that are in the process of investment, which help them to avoid the risks associated with the bankruptcy of these companies, the study followed the descriptive analytical approach and style of the case study, the study found the need to provide indicators to detect the failure of companies, is situated to perform this task on auditors, financial analysts, and it guided by a set of indicators shows how continuity of the company, the study recommended the auditors and analysts to hold on to their responsibility social of care to enlighten social groups risks of financial failure, and by providing early indicators in a timely manner about the prospect of failure.

2- Study (إدريس، 2005):

The problem of this study is the prevalence of financial failure for companies and how to reduce them use effective for financial analysis which is based on financial statements that appropriate and in accordance with the rules accepted accounting principles. Was the importance of the study in: that the financial analysis tool with a feature active help in making decisions. The role of the financial analysis of the data give corporate performance indicators and to contribute to the provision of appropriate information to users of financial statements that enable them to make decisions.
The study found that auditors, accountants and financial analysts are responsible for providing early indicators of accidents failed companies with a view to reducing the financial damage and moral implications of this faltering, also reached to the importance of guided some of the indicators used to assess the company's ability to continue or not and pointed to the importance of the use of mathematical models or to predict the statistical probability of failure for companies and also a researcher pointed out that there is an agreement between the majority of researchers according to their specialization that there is a relationship between financial analysis and good planning.

Financial ratios have a direct impact on controlling also pointed to the agreement all researchers to predict financial failure can occur in the absence of financial analysis.

**First: The Assumption of Continuity and the Risk of Failed Enterprises**

This includes the following:

1-1 Concept of the presumption of continuity.
1-2 Evolution of responsibility on the auditor assess the ability of enterprises to continuity in the activity.

**1-1 Concept of the assumption of continuity**

The assumption continuity of the important assumptions in accounting and the consequent many of the principles, perhaps the most important and most notably the principle of historical cost. This assumption is based on the premise that viewing or observation made on the nature of the accounting unit is that the most appropriate accounting units are organized in order to work for an indefinite period Therefore, it is often said to be a logical step to acknowledge the necessity of looking at the accounting unit on it continues to exercise its work indefinitely under normal circumstances and for this are evaluated most of the assets pursuant to this assumption on the basis of historical cost , and this assumption explains the reasons for using the basis historical cost to evaluate the resources instead of using current value, as well as procedures for the depreciation of fixed assets, and that the distinction between fixed assets and current and long-term liabilities and current is the result of the application of the assumption of continuity, and so the assumption is meaningless if it is decided to liquidate established any inability to continue.

Can build on the development of this assumption within the things necessary due to the application of accounting generally acknowledges this assumption generally within the entire accounting process. And if I want to be a assumption of continuity acceptable general acceptance if a necessary support for the subsequent assumptions must be considered intuitive environment. And as applied generally intuitive continuity accounting assumes that the unit will continue to exercise its operations for a period long enough to implement existing commitments. But Sterling(Glauter,1978, P295) believes that as long as the liabilities belonging to different periods, the new liabilities must be made in the future and continuously to implement all liabilities, and this really makes the assumption is obvious for continuity and as a mean life of non-specific, and if there is evidence that the accounting unit will not last in existence for a long time enough should not be applied generally accepted accounting standards, and according to Sterling it is located on the accountant's responsibility to inform the beneficiaries of the financial statements so.

And so we find that the reason behind the continuity intuitive consideration is that generally supports the use of historical cost as opposed to liquidation values (current value) and also supports the utility theory in the assessment. Most theorists are not agree on the above interpretation of the continuity intuitive and many of them are not established within intuitions appropriate, Chambers (Chambers, 1965,P219) constant mentions that the entity is the entity that adapts itself through the sale of its assets through its normal practice activities - through regular liquidation as opposed to obligatory liquidation - and therefore an intuitive assumption supports his hypothesis regarding the appropriateness of the Current cash Equivalent. And from the second side, Mattessich (Glauter,1978,P298) Offers a hypothesis on the life expectancy of the economic entity without the need to assume that it will be extended indefinitely, and this means that the life of a small her, and mentioned Vatter that the concept of continuity is not a assumption intuitive, but it condition or the reality of the special inherent for business can be verified, and it is therefore considered continuity hypothesis and reality it is just an extension of the measurement process.
Sterling says (Chambers, 1965, p294) in his response considering that continuity as hypothesis the reality as false and misleading, and rather than as assumption intuitive, it must be considered predictable (means, it predicted it to occur), in addition to that as soon as our assumption that economic entity will not be forced into liquidation does not never justified the adoption of the assessment is based on the historical cost as the other valuation may be more appropriate. We conclude from this - according to these views - that intuitive continuity should not be interpreted as assuming intuitive the current situation (and reality) and not be a justification for the use of historical cost or the concept of benefit when evaluating assets, but it intuitive appropriate lead to information concerning assets and liabilities and future operating activities. Continuity impose a kind of coherence or the link between the past and the future, although it does not necessarily have to be the future replica or duplicate of the past, in the case of lack of continuity - imposed liquidation - the entity should not use normal accounting procedures and the accountant's responsibility to disclose the enterprise's inability to continuity in the activity.

Researcher consistent with some of the opinions that dealt with the assumption of continuity, which believes that continuity means that the entity will continue to engage in activities indefinitely as long as there is no evidence to the contrary, and this requires a course based on the principles and standards accepted accounting principles, this side accounting, but from the standpoint of auditors to acknowledge as the year of the assumption of continuity, it lack the conviction and undergo absolute this delivery he if dealing with this assumption that predict expected to occur, which requires him to necessarily use different procedures for audit that supports him this prediction, and therefore available to him and make sure conviction regarding the ability of the entity subject to audit continuity in the conduct of its activities. And the main reason for raising the issue of continuity in this research stems from the philosophy that any action would influence this assumption is not necessarily affect the rest of the assumptions and the accounting principles generally accepted, which will reflect negatively on the audit report, which is based on the opinion artistic about the sincerity and fairness of the financial statements conformity what extent the allegations outlined economic entity in its financial statements with the announced standards, they represent assumptions and accounting principles (profit projects), Add to that the increasing incidence of bankruptcy in recent times leading up to the liquidation and faced by enterprises and companies after a brief period of review, which affected the credibility of audit process by a third party - the beneficiary-, add to that the increasing demand on the responsibilities of Auditor on his assessment of the assumption of continuity with note that this responsibility is not in isolation from the audit process as a whole, in other words, that does not cost the Auditor specifically for that procedure.

And generally can extract the most important symptoms and manifestations of the inability of enterprises to continuity in the activity as follows: 1 - insolvency. 2 - Failure.

Second: Auditing Standards Related Enterprises Continuity in Activity

Will be addressed through the following points:

1- International Audit Standards (IAS .No. (570))
2- Statement Audit Standards (SAS No.(59))

1-International Audit Standards(IAS .No. (570))

This standard is intended to establish standards and provide guidance on the responsibility of the Auditor on the assumption of continuity assessment when reviewing the financial statements. Will be addressed through the following points (ICAS, 1993,p11):

1 -1 The nature of the responsibility of management and auditor for evaluating the assumption of continuity.
1-2 Risk indicators assumption of continuity from the viewpoint Standard No. (570).
1-3 Evidence for the appropriateness of the assumption of continuity in accordance with the standard number (570).

1 -1 The nature of the responsibility of management and auditor for evaluating the assumption of continuity:

This point is made from two sides; first the responsibility of management, and the second the responsibility of Auditor. And we'll explain it as follows:

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First side: The responsibility of management:

The management assessment of the entity's ability to continuity in the activity. And management within the framework of preparation the financial statements may not be there is a clear requirement on the department's assessment of the ability to continuity, however, the management responsibility to assess this assumption and given that the basic assumptions underlying the process of preparation of financial statements. There are many factors that affect management's estimate of the assumption of continuity and that must be taken into consideration and these factors are:

a) The uncertainty outcome of an event increases whenever the event is related to the future, and most of the parties that have an interest in financial reporting requests from management taking into account all the factors that are available.

b) That any judgment about the future depends on the information available at the time of judgment, so it is likely that subsequent events conflict with this judgment.

c) The outcome of events influenced by the size of the enterprise and the complexity of its business and the nature and circumstances of the activity. And there are many events or circumstances that may constitute alone or combined uncertainty in the continuity established in the activity, for example; financial events such as indicators withdrawal of financial support by creditors and debtors, and a net inflow of negative cash from operations, and take financial ratios reversed what is required, and the loss of the main market or concession or license, as well as other events, such as non-compliance with the requirements of the capital market or legal requirements, and lawsuits pending against the property and that may be adjudicated often in invalid enterprise.

The second side: Auditor responsibility:

The responsibility of the auditor in evaluating the appropriateness of the use of management to the assumption of continuity in the preparation of financial statements, the auditor to verify the claims that although there is no explicit obligaation of management to carry out an assessment of the ability of a specific enterprise continuity in the activity. Auditor cannot predict future events that would cause stop the company for the conduct of their activities, and this requires of course that does not understand the audit report, which is devoid of signal to any warning about the uncertainty continuity established that ensures the ability to do so, and this is in fact what creates expectations gap in the auditing, because the express auditor to his opinion on the financial statements are as one unit. Therefore researcher believes that it was necessary to have a clear definition and precise auditing standards in this regard, as long as there are things that might explain the reality is about the continuity.

1-2 Risk indicators assumption of continuity from the viewpoint Standard No. (570):

There is some risk that the auditor observed on the fact that continuity may not be appropriate. And may be explained in paragraph (6) of the standard risk indicators which raised the question about the possible continuation of the company has come from the financial statements or from other sources. And explained this paragraph are some examples of these indicators, which must be considered by the auditor. It should be noted that the presence of one or more of these indicators does not always mean that the assumption of continuity is questionable. And these indicators can be divided into three groups as follows:

Group A: Financial Indicators: and include:

1. The financial position represent on the net liabilities or net current liabilities.
2. It's for the date of payment of loans with specific periods and there is no real expectation for renewal or paid or highly depended on short-term loans to finance long-term assets.
3. Appearance the basic ratios negatively.
4. Large operating losses.
5. Late the distribution of profits or stopped.
6. Inability to pay creditors in a timely manner benefits.
7. Difficulties in the application of the loan agreements.

Group B: operational indicators: and include:

1. 1-Loss of administrative leaders without compensation.
2. Loss of a major market, excellence or license or a major supplier.
3. Labor difficulties or shortage important facilities.
Group C: Other indicators: and include:

1. Failure to implement major requirements or legal.
2. Legal proceedings pending against the company could result in provisions cannot be implemented.
3. Changes in laws or government policy.

1-3 Evidence for the appropriateness of the assumption of continuity, according to IAS No. (570):

The auditor should design procedures to obtain evidence to prove assisted in the formation of opinion on the extent of the entity's ability to continuity in the activity and highlights the importance of these procedures when doubt arises in this capacity, as it is necessary to take additional measures or update the information already obtained, as indicated in paragraph (10) that when you analyze cash flow and profitability expectations and other appropriate, that auditor to ascertain the extent of confidence in the system that has been established through the preparation of this information. As it to make sure that the assumptions upon which these expectations are appropriate. Auditor note that the longer the time period of the plan and anticipated events not to rely upon them. As it is often the focus is on the plans that have a significant impact on the ability of the company to pay all of its obligations in the foreseeable future. And the auditor to obtain evidence to prove sufficient and appropriate that these plans and the process is likely to be applied and that the results of these plans will lead to the improvement of the general situation of the company, and the Auditor mostly to obtain written statements from the administration of these plans.

2-Statement Audit Standards (SAS No.(59)):

Will be addressed through the following points:

2-1 Basic requirements.
2-2 Methods of application.

2-1 Basic requirements:

The auditor to evaluate whether there is significant doubt on the company's ability to continuity in the activity for a reasonable period of time usually no more than one year from the date of auditing the financial statements, and with it, the auditor is not required to design audit procedures specifically to identify the circumstances and events that indicate a problem in the continuity of the company. For auditors to study the results of the regular audit and determines whether these results indicate a significant doubt about the assumption of continuity, if that’s the suspicion that he has to:

a) get the information about the administration's plans to reduce the problem
b) Assess the possibility of actual implementation of the plans.

c) To identify those elements especially important for reduce the problem of the continuity of the company, planning and performance of audit procedures to obtain evidence concerning those elements. Add to that if the financial information is important for the future management plans, auditor to confirm the adequacy of assumptions made by management to solve the problem of continuity (AICPA,1996).

2-2 Methods of application:

These methods include three sides as follows(2004 حماد):

First: procedures: According to the SAS No. (59), the auditor evaluates the ability of entity to continuity, according to the knowledge of the special circumstances and events related to the prevailing, that is, it does not need to procedures designed specifically to identify these circumstances and events function a problem of continuity, where enough regular audit procedures;, which include:

a) Analytical procedures.
b) Check the following events.
c) Revision adhere to the conditions and the terms of the debt and loans agreements.
d) read the minutes of meetings of shareholder’s meetings and the board of directors and technical committees of the Board of Directors.
Second: the study of management plans: After the auditor to examine these circumstances and events may consist has complained substantially about the entity's ability to continuity in the activity so it study management plans, and include this study is on the following aspect: I: plans to reduce expenses or deferred. II: plans to increase equity. III: Plans to borrow money or restructure debt. IV: plans for the disposal of assets.

Third: the study forecasts administration: According to the Statement Auditing Standard No. (59), the auditor is not required to examine the administration forecasts, but it read these predictions. And the Auditor should pay particular attention to the cash flows and implementation of management plans taking into account that the company remain in continue during the year from the date of the current balance position of the audit. And Auditor when studying these predictions follow the following steps:

The first step: getting on assumptions on management for:
1- General economic conditions. 2 - Economic conditions within the industry.
3- Sales. 4 - Cost of sales. 5 - The cost of the work. 6 - Expenses and expenses of plant and equipment.
7 - selling expenses and general administration. 8 - Income taxes. 9 - Borrowed funds and interest expense and duration of the credit facilities.

Step Two: Identify the sources of management and, especially with respect to:
1- The basic assumptions and core predictions or expectations.
2- Assumptions that are usually uncertain or sensitive to change.
3- Assumptions deviating from historical trends.

Step three: Make ensure the internal consistency of the assumptions must be internally consistent assumptions administration, and examples of this consistency:
1- To be a logical relationship between the cash flow, net sales, expenses, debtors and creditors.
2- To be a logical relationship between sales and cost of goods sold, labor, rent, and advertising.
3- To be a logical relationship between the income statement items and balance sheet as follows:
   a - sales and accounts receivable. b - Cost of sales and inventory. c - Sales and working capital.

Third: The proposed framework for assessing the ability of enterprises to continuity in the activity:
Includes the following points:

3.1 The use of financial analysis in the evaluation of the assumption of continuity.

3.2 use to predict the future in the evaluation of the assumption of continuity.

3.3 Summary of the proposed model to assess the assumption of continuity.

3.1 The use of financial analysis in the evaluation of the assumption of continuity:
This point will we begin to clarify the relationship between liquidity and continuity of the company's activity, where is this relationship in the two phases of the impact of liquidity on the continuity of the company, first phase in the short -term , and the second phase in the long term . Companies may face the risk of failure in the continuity in the activity in any term , depending on course on the degree or amount of liquidity available to it, and models to predict the failure of companies that have already dealt worked on the find a relationship to certain variables that have a correlation with liquidity in the short and long term; for example, model Beaver intake ratios in the short term, such as the ratio of surplus cash to total assets. And long-term rates such as the ratio of debt to total assets. And also a model Altman intake rates in the short -term, such as the ratio of net working capital to total assets, and long-term rates such as the ratio of retained earnings to total assets. And applying the same note on the rest of the models we conclude that all of the models that have already dealt with are actually working on a study of the state of the company in terms of liquidity in the short term and the long term . So it will be our focus here on the descent, which has a link directly or indirectly on the liquidity company in the short term and long term, in addition to the financial analysis methods such as the study of the trend of the values of absolute and vertical analysis and try to take advantage of them in the analysis over the dimensions timetables short- and long-. Consequently, it can be used in the financial analysis assessing the assumption of continuity as follows:

a) Use financial ratios.

b) The use of other methods.
a) The use of financial ratios

After reviewing all the previous models - that relate to assessment of the ability of enterprises to continuity in the activity - which used financial ratios, can be classified these ratios according to the time of the impact of a liquidity squeeze on the continuity of enterprises in activity, as well as other ratios that have a relationship - directly or indirectly –the liquidity enterprises, as in table (1), and that the table is clear to us that there are (16) ratios in the short-term by which to judge the liquidity and quality of enterprises, compared to (10) in long-term rates;, which have been used in models that have already addressed. The table(2) shows a summary classification of these ratios.

Table (1): classification of liquidity ratios as the timeframe for its impact on the continuity of the companies.

<table>
<thead>
<tr>
<th>No.</th>
<th>Ratio</th>
<th>Type of ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The ratio of net working capital to total assets</td>
<td>Liquidity</td>
</tr>
<tr>
<td>2</td>
<td>The ratio of net profit before interest and taxes to total assets</td>
<td>Earnings</td>
</tr>
<tr>
<td>3</td>
<td>The ratio of sales to total assets</td>
<td>Activity</td>
</tr>
<tr>
<td>4</td>
<td>The ratio of net profit after tax to total assets</td>
<td>Profitability</td>
</tr>
<tr>
<td>5</td>
<td>The ratio of cash to total assets</td>
<td>Cash flow</td>
</tr>
<tr>
<td>6</td>
<td>The ratio of liquid assets to total assets</td>
<td>Liquidity</td>
</tr>
<tr>
<td>7</td>
<td>The ratio of liquid assets to current liabilities</td>
<td>Liquidity</td>
</tr>
<tr>
<td>8</td>
<td>The ratio of earnings to total assets</td>
<td>Earnings</td>
</tr>
<tr>
<td>9</td>
<td>Percentage of profit before interest and taxes to total interest paid</td>
<td>Leverage</td>
</tr>
<tr>
<td>10</td>
<td>The ratio of current assets to current liabilities</td>
<td>Liquidity</td>
</tr>
<tr>
<td>11</td>
<td>Percentage of profit before interest and tax to shareholders’ equity</td>
<td>Earnings</td>
</tr>
<tr>
<td>12</td>
<td>The ratio of net profit before tax to intangible assets</td>
<td>Earnings</td>
</tr>
<tr>
<td>13</td>
<td>The ratio of net operating cash flow to total debt</td>
<td>Cash flow</td>
</tr>
<tr>
<td>14</td>
<td>Turnover debtors</td>
<td>Activity</td>
</tr>
<tr>
<td>15</td>
<td>Inventory turnover rate</td>
<td>Activity</td>
</tr>
<tr>
<td>16</td>
<td>Indicator internal defense or defense time period</td>
<td>Liquidity</td>
</tr>
</tbody>
</table>

Second: the impact of liquidity in the long term: the impact can be measured by the following ratios:

<table>
<thead>
<tr>
<th>No.</th>
<th>Ratio</th>
<th>Type of ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The ratio of retained earnings to total assets.</td>
<td>Earnings</td>
</tr>
<tr>
<td>2</td>
<td>Ratio of the market value of shareholders’ equity to total liabilities.</td>
<td>Leverage</td>
</tr>
<tr>
<td>3</td>
<td>The ratio of equity to total liabilities.</td>
<td>Leverage</td>
</tr>
<tr>
<td>4</td>
<td>The ratio of equity to total assets</td>
<td>Leverage</td>
</tr>
<tr>
<td>5</td>
<td>The ratio of total assets to total liabilities.</td>
<td>Leverage</td>
</tr>
<tr>
<td>6</td>
<td>The ratio of total equity to total fixed assets.</td>
<td>Leverage</td>
</tr>
<tr>
<td>7</td>
<td>The ratio of debt to total assets.</td>
<td>Leverage</td>
</tr>
<tr>
<td>8</td>
<td>Capitalization rate = the average market value of the company's ordinary shares over five years / Total long-term loans</td>
<td>Leverage</td>
</tr>
<tr>
<td>9</td>
<td>Ratio of the market value of shareholders’ equity to total assets.</td>
<td>Leverage</td>
</tr>
<tr>
<td>10</td>
<td>Turnover assets</td>
<td>Activity</td>
</tr>
</tbody>
</table>

Source: prepared by the researcher

Table 2: Classification of ratios used as a basis for predicting the failure of enterprises

<table>
<thead>
<tr>
<th>Particular</th>
<th>In the short-term</th>
<th>In the long-term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity ratios</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Activity ratios</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Leverage ratios</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Profitability ratios</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Cash flow ratios</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>10</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: prepared by the researcher
b) **The use of other methods:**

Meant other methods in this area all of the horizontal analysis and vertical analysis of the terms of the financial statements, the following explanation for this:

I - Financial Analysis horizontal: means the comparison figures in the financial statements for several consecutive fiscal periods, and an example of the comparison between the net profit over a several of period prior periods. And may be the comparison of financial ratios, such as comparing the current ratio at the end of the year under audit with the current ratio in the previous periods. It should be noted that the realistic outcome of this type of analysis rises the greater the time range for the fiscal periods of comparison. For the purposes of assessing the ability of enterprises to continuity in the activity it can perform financial analysis horizontal range ratios previously classified on the basis of both the short and long term, where this analysis helps to identify areas where there is a difference on a large scale requires him it Auditor the need for his research and examination, as Auditor can also perform analysis of the components of the horizontal ratios in absolute terms and on the basis of classification previous schedule, ultimately leading to the integration process of analysis, both quantitative and relative, and be input to determine the relative importance of the items that are subject to audit, and necessarily requires auditors effort and careful when interpreting each of the absolute change of the items as well as the change in the form of a percentage of the absolute change; In addition to the financial ratios.

In general, the auditor to exert its attention on items that include a relatively large changes in the financial statements.

II. Vertical analysis: defined as the means by which the expression of each item in the financial statements as a percentage of the item and one particular referred to the amount of the base, is based on the study of structural and which aims to transform the elements of the financial statements to the modular unified or joint basis of certain from which to make comparisons more useful, as is the expression of every element of the financial statements as a proportion of one important elements.

Summary so that it can be Auditor to the expectation degree of reasonability to the appropriateness of the assumption of continuity in the activity of the company through the subject of audit:

- The use of financial ratios that have a correlation with liquidity and that has been classified in to ratios affect the liquidity in the short term, and liquidity ratios affect the long term.
- The use of trend analysis (horizontal) to set ratios classified in the above point, as well as the values of items included these ratios.
- The use of structural analysis (vertical) ratios of the components contained in the above point.

And so can Auditor to conceptualize reasonable to assess the entity's ability to continuity in practicing activities, and at the same time have been fulfilled to some generally accepted auditing standards and that, for example, that make care professional due diligence, and also works to collect evidence of adequate and suitable for conducting Rated for this assumption is something of objectivity.

3-2 use to predict the future in the evaluation of the assumption of continuity:

In order to achieve the purposes of the Auditor to predict it:

1. Determine the source adding Auditor forecasts rates and liquidity indicators.
2. Comparison is made between the predictions of the financial ratios and industry standards to determine the amount of deviation, and this would explain the auditors to the effectiveness of the management plans and expectations towards the future activities of the company. And then explain the Auditor to management's assessment of the continuity company in the future.
3. Make a comparison between predictions and actual results, and this would explain the auditor to the commitment of the enterprise plans in place and the extent of their efficiency in running the operations as planned.

And it must be emphasized that the prediction has become a cornerstone of financial planning in economic projects, and of the most important tools used in this area is enterprise financial statements, which include income statement, balance sheet, and statement of cash flows, which are prepared to a subsequent financial period based on certain assumptions.
And Auditor to the study of the assumptions upon which to build these lists and to ensure of reasonableness to take into account in addition to the historical performance of the company both of their circumstances and their potential in the present and the future, taking into account the environmental conditions surrounding it and so that it can rely on financial ratios predicted.

As well as auditor to check out some of the things on which depends the success of the preparation of financial statements expected and then its effectiveness as a tool to predict, and these things are as follows:

1. That is characterized by the actual data, which is considered as the basis for preparation of financial statements expected to objectivity and comprehensiveness, any such data to be extracted from the accounting records regularly and that has been prepared in accordance with generally accepted accounting principles and in accordance with the objective measurement methods.

2. That characterized the models and methods used to predict the objectivity and comprehensiveness; any that are building those models under the scientific approach takes into account all the variables affecting the activity predict replaced with a focus on controlling factor (such as the amount of sales at building expectations for sales).

3. The time period to be reasonable place to predict, since the shorter the forecast period increases the accuracy of forecasts and vice versa.

4. Taking into account the effects on predictions by the changes or transformation that occur on the phenomena or variables covered by the model to predict, for example, the equation of the regression line that has been derived to build a model to predict sales may not be suitable for predicting sales of the company itself after it has doubled the size of its activity and changed environmental conditions surrounding; therefore, must take into account circumstances created for the construction of a new regression equation may change the number of variables.

After a Auditor to reassure the safety of the assumptions that are based on the preparation of financial statements expected, can then derive the expected financial ratios, and in this context, it is interested in both liquidity ratios, which aims to verify the appropriateness of the assumption of continuity as expectations of management and thus rule the accuracy of management's expectations of the assumption of continuity. And The auditor also not be overlooked aspects of descriptive, which can be addressed through model Argenti and which is known in the business world under the name of (A-Score) (مطر، 2003, p 370) and is based on various criteria that combines financial indicators and qualitative or descriptive, though it gives more weight, and this model can be used for Auditor to discover the risk related with financial failure of enterprises. And notes on this model as described below; encompassing most aspects of descriptive advocated by the International Standard on audit No. (570), as well as SAS No. (59) and requesting Auditor studied and from which to explore the risk of failure facing the enterprise. Therefore, the researcher believes that the adoption of this model by offering great service Auditor beside the quantitative aspects of the report on the ability of enterprises to continuity in the activity.

According to this model (Argenti) he believes that the company failed going through the following stages:

**Figure 1:** Stages of corporate failures

1. **Occurrence of disadvantages**
2. **Errors occur**
3. **Result in appearance**
4. **The actual failure**
5. **Symptoms of failure**

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Prepared by the researcher

And in the actual application of the model, given all of the stages leading to the failure of the actual degree commensurate with the relative weight and specified in the model as follows:

1- Defects the relatively weight of 43
2- Weight the relatively errors 45
3- Symptoms the relatively weight 12
Total 100

Argenti has proposed for each of the three elements of the previous set of detailed indicators as shown in Table (3), and then setting the standard for the use of the model to assess the status of the company under study and accordance with the following scale:

1- Be little probability of failure if the total score at least (18) degrees.
2- Is a reasonable probability of failure if the total score is greater than 18 degrees and less than 35 degrees.
3- Is a strong probability of failure if the total score (35) degrees or more.

Noted that the model Argenti provides a valuable contribution to the cover the side of the descriptive and has been neglected by most of the previous models, which related to the assessment of the ability of enterprises to continuity in the activity.

Table (3): Indicators descriptive criteria for judging whether or not the failure of enterprises

<table>
<thead>
<tr>
<th>stage</th>
<th>Indicators</th>
<th>Standard or the relatively weight in the model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ddisadvantages (Failure Regulatory)</td>
<td>1-Autocratic management</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>2-combining the position of Chairman of the Board of Directors and Director-General</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>3- the low efficiency of the executive management</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>4- low efficiency of financial management</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>5- defect in the internal control system</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>6- Defective accounting systems and management information systems</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>7- defect in the appointment and promotion systems and training</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>8- the deterioration of staff spirits</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>9- high staff turnover</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Errors (Failure Financial)</td>
<td>1- growing steadily in size and higher debt leverage indicators</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>2-a major expansion and is not justified in the company's activity</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>3-to engage in large projects more than energy company</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Symptoms</td>
<td>1-bad financial indicators</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>2-Excessive creative accounting procedures</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>3-Change in accounting policies frequently with the large number of reservations in the Auditor's report</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: (Translate by Researcher)

3.3 Summary of the proposed model to assess the assumption of continuity:

Given the importance of the decisions of the auditors regarding the uncertainty of the ability of enterprises to continuity in the activity and the impact on the users of financial statements, it can put points in the previous two integrated framework in an attempt to help auditors in identify the extent of the ability of enterprises to continuity in the activity. The framework has three aspects as follows:
First: the quantitative aspect: is derived from models that are relate to the prediction of financial failure of the enterprises, and that have already dealt with, and this includes the examination of financial indicators and trends negative with the need to take classification schedule into consideration (short-term and long-term), and limited to these indicators: 1 - profitability. 2 - Liquidity included with ratios of cash flow. 3 - Leverage. 4 - activity Indicators.

Second: the descriptive side; is derived from the auditing standards and specifically IAS No.(570) and the SAS No. (59), and includes this aspect:
1- Study of the economic and regulatory conditions relating to the company under of the audit.
2- Assess the efficiency of administration.
3- Assess the company's internal activities.
4- changes in the application of accounting principles.

Third: Examine the events subsequent to the preparation of the financial statements.

First: the quantitative aspect:

Examined the financial indicators and negative trends: Auditor to examine the financial indicators and the negative trends that help him in the report on the extent of the entity's ability to continuity in the activity. Generally these indicators are limited to the following:

1- **Profitability:** considered one of the important objectives of the entity's economic as it will fail to continuity in the activity without achieving enough profits in the long term, so it is considered to be one of the important indicators to predict the ability of entity continuity in the activity, and this is what explains that profitability is one of the one of the most important variables of the models that have already dealt and that means measuring or predicting the financial failure of the enterprises. And you can use the following indicators to express their profitability and that serve to improve the forecasting process and appreciation for Auditor regarding the assumption of continuity:

- The percentage of net profits before interest and taxes to total assets( Short Term) - Gross profit ratio (Short Term)
- The ratio of net profit (Short Term)
- Return on assets ratio(Short Term)
- The ratio of net profit after tax to total assets(Short Term)
- The ratio of net profit before interest and tax to shareholders' equity(Short Term)
- The ratio of net profit before interest and tax to intangible assets(Short Term)
- The ratio of retained earnings to total assets(long Term)
- The rate of return on investments(Short Term).

2- **Liquidity** ratios included cash flow: is one of the important elements. There are two points of view with regard to the importance of liquidity ratios to predict the ability of enterprises to continuity in the activity, where you see the first view that liquidity ratios can be used as a basis for predicting the failure of enterprises (الجزيرة, 1981, p 436), while the second view believes that the liquidity ratios of possible to show signs of inconsistent over time, as they are affected by the actions taken by the administration to provide cash and meet its obligations and therefore do not help to predict the failure of enterprises(Hambrick, 1988,p8).

It is noted that all the models that addressed the issue of predicting the failure of enterprises is not confined dealt liquidity ratios only, so the researcher believes that it is incumbent on the auditor examine indicators liquidity ratios with the study of the results of other indicators, and the second view enhances our rating schedule of ratios on the basis of short-term and long, as the enterprise trying to improve the liquidity situation in the short term to sell some assets, which is reflected on the impact of future activity. In general, the following ratios can be used when assessing liquidity:

- Net working capital (Short Term)
- The ratio of net working capital to total assets(Short Term)
- The ratio of cash to total assets (cash flow ratio). (Short Term)
- The ratio of net operating cash flow to debt (cash flow ratio). (Short Term)
- The ratio of liquid assets to total assets. (Short Term)
- Defensive indicator. (Short Term)
- The ratio of current assets to current liabilities. (Short Term)
- The ratio of liquid assets to current liabilities. (Short Term)
- The ratio of liquid assets to total liabilities. (Short Term)

The auditor also study the negative trends and clarified by the international standard No. (570) and SAS No. (59), which are as follows: - frequent operating losses. - The existence of a deficit in working capital. - cash flow is negative. - Lower sales. - Lower gross profit. - A decline in net profit. - The emergence of basic financial ratios in the reverse direction. - Inability to repay creditors benefits in a timely manner. - Rely heavily on short-term loans to finance long-term assets.

3- **Indicators of activity:** There are a range of ratios that reflect the activity, and is considered the most important in the field of quality testing and quality liquidity as follows: - Inventory Turnover (Short Term) - Turnover debtors (Short Term) - Turnover assets (the percentage of sales to total assets) (short Term)

In addition to the auditor that have to examine changes in stock prices in different periods, as the negative changes that may indicate the inability of companies continuity in the activity. Where some believe that the changes in stock prices may be considered as early warning signals to the risk of failed corporate (Foster, 1986, pp555-559), and is, I believe, more reliable analysis of the ratios given that equity markets are more sensitive to information that is not reflected in the financial statements, and can be seen clearly through the manipulation that has been in the company (Enron) inflating the nominal value of shares through imaginary profits (creative accounting procedures), it was discovered through the manipulation of the sudden decline of stock prices in the stock market.

4- **Leverage:** These ratios are related to the structure of the financing of the company, and the high degree of leverage means a high degree of risk and are measuring the degree of financial leverage as follows:

\[
\text{DFL} = \frac{\text{EBIT}}{\text{EBT}}
\]

DFL represent Degree of Financial Leverage
EBIT represent Earnings before Interest and Tax.
EBT represent Earnings before Tax.

And in the case of preferred shares in the capital structure is determined by the degree of leverage as follows:

\[
\text{DFL} = \frac{\text{EBIT}}{\text{EBT}\left[\frac{\text{DP}}{1-\text{T}}\right]}
\]

DP represents Dividends for Prefer Stock
T represent Tax Income Rate

Therefore, the auditor examine the company's debt to have it is one of the factors that may lead to failure, as it identify the extent of compliance with loan agreements, as the non of commitment is threatened by the entity's ability to obtain new debt in the future. And the most important ratios that can be used as follows:

- Total shareholders' equity to total fixed assets. (Long term)
- Total shareholders' equity to total assets. (Long term)
- The market value of shareholders' equity to total liabilities. (Long term)
- The market value of shareholders' equity to total assets (Long term)
- Total debt to total assets*. (Long term)
- Total shareholders' equity to total liabilities. (Long term)
- Total assets to total liabilities. (Long term)

* This ratio is one of the most important indicators in predicting the ability of enterprises to continuity in the activity, where the average this ratio in enterprises which went bankrupt about (3) and is twice the ratio in enterprises did not go bankrupt. For more details, please refer to:
- Profit before interest and taxes to total interest paid. (Short Term)
- The capitalization rate. (Long term)

It also auditor examine the following information (descriptive) when examining the debt, which is in fact derived from the International Standard on Audit No.(570) and SAS (59): 1 - rely heavily on short-term financing. 2 – dependence on a single source of funding. 3 – the inability schedule the debt. 4 - to pay higher interest rates than the rates prevailing in the market. 5 - inability to repay the debt on time. 6 - the inability to obtain new financing. 7 - increasing reliance on debt financing. Summary so that it can be said that the proposed quantitative model to predict the ability of enterprises to continuity in the activity includes thirty financial ratio as shown in Table (4), which summarizes the financial indicators of these ratios on the basis of the basis of the timeframe.

**Table (4): Summary of the ratios of a quantitative model to predict the ability of the proposed enterprises to continuity**

<table>
<thead>
<tr>
<th>Particular</th>
<th>Number of ratios in short term</th>
<th>Number of ratios in long term</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity ratios (including two cash flow ratios)</td>
<td>9</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Activity ratios</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Leverage ratios</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Profitability ratios</td>
<td>8</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>9</td>
<td>30</td>
</tr>
</tbody>
</table>

Prepared by the researcher

We note that the liquidity ratios, including ratios of cash flow the relative weight of the proposed model is equivalent to the relative weight of the leverage ratios and profitability, accounting for 30% each, while the form of activity ratios relative weight in the form of 10%. It also notes that the financial ratios in the short term relatively weight in the form of 70%, while a the form of financial ratios in the long term relatively weight in the form of 30%.

**Second: descriptive side:**

These aspects include the following:

a - the study of the economic conditions and regulatory requirements relating to the company:

Auditor should study the economic and regulatory conditions related to the industry in which they operate the company, and that may have a direct impact on the assumption of continuity, for example the case of deflation. As the auditor and familiarity with prevailing laws governing the work of the company, and to make sure of their commitment and established the extent of that obligations.

b - Assessment of management efficiency: The management efficiency significantly affect the success or failure of the enterprises, so must the auditor to assess the efficiency of the administration in the exercise of its discretion to fit the assumption of continuity, which is the most important assumptions underlying the preparation of financial statements and which are the responsibility of the administration (the process of preparing the financial statements). And Auditor can do so as follows:

1- study management plans, where the auditor should examine their assumptions management's expectations. As well as by evaluating management plans to deal with unexpected events to recognize the administration behavior to address these future events, and whether management plans for the disposal of some assets? Or to borrow new funds or debt restructuring? Or to reduce or defer expenses? Or are plans to increase property rights?.

2- Study management plans to deal with risk, and examples of those risks (Kakacek, 1984, pp 28-35), credit risk and that may be exposed to the company as a result of the inability of one of the parties in the implement the contracts agreed upon, and market risk as it may entail carrying company for losses as a result of the inevitability of change in interest rates or stock prices or the prices of the products or price of foreign exchange, and liquidity risk, and that may result from the inability of the company to meet its obligations as a result of the lack of sufficient cash, and may be the reason that there are no errors relating to non-interview sound between cash inflows and cash outflows.
Auditor to make sure to follow the administration of appropriate methods to avoid the risks that may be exposed to the company or reducing the adverse impact that may entail.

As the auditor to make sure that the disclosure has been adequately and appropriately in financial reports for the risks that may be exposed to the company and that may affect the decisions of the users of those reports, as the non-disclosure leads to a decrease in trust of the users of those reports in the information they contain, in addition they had to bear losses as a result and thus may take legal action against the management of the company or auditor for compensation, which may affect the company's ability to continuity in the activity and abuse of the audit profession.

c - Assess the company's internal activities: An examination of information on the activities of the interior company may indicate sometimes there are difficulties related to the operator, so auditor to carefully examine this information, and that information is related to the internal activities in the follows:

1 - Individuals; The information studied by the Auditor in: Quick turnover in jobs, and the presence of essential functions filled by individuals not skilled sufficient, and lay of members or administrators without compensating them, and strike at work leads to stop working.

2 - Marketing; information is studied by the auditor: reliance on a single product, and rely on a particular market, focusing on a particular client, and good knowledge of competitors and customers.

3 - Production; information is studied by auditor in: the existence of idle, exploited energy, and rely on the production of a particular product, and high production costs affect competition.

d - Changes in the application of accounting principles: the auditor examine changes in the application of accounting principles, which may play some companies abuse the application of accounting principles in order to hide the problems of insolvency (accounting procedures creative), and through the application of accounting policies that lead to increased profits in short-term, so the Auditor careful and that examines these changes carefully and make sure it need to disclose any changes in the application of accounting principles.

Third: Examine the events subsequent to preparation of the financial statements:

Auditor to examine the events subsequent to the date of preparation of financial statements, which may result in what refers to the existence of problems related to the ability of companies to continuity in the activity, and an example of such subsequent events as follows: 1 - a disaster uninsured. 2 - the expropriation of some of the company's assets. 3 - the bankruptcy of a major customer. 4 - loss a major supplier. 5 - Low market prices for the stock.

Results and Recommendations

First: Results

1 - The companies that are experiencing problems in repaying its obligations in the short term means the inability to continuity in that term, but not necessarily mean that their inability to continuity in the long term as it is possible to continue to engage of their business in the long term. The companies that are experiencing problems in repaying its obligations in the short-term and long-term means that they fail to continuity in the conduct of their activities in the short and long term, which means bankruptcy. In other words, the failure may not necessarily lead to bankruptcy and therefore cannot use the term to refer to the bankruptcy of failed companies.

2 - Most of the models that attempted to assess the ability of companies to continuity in the activity - such as model Altman - The classification of financial ratios used in accordance with the extent of the time the impact of the lack liquidity on the assumption of continuity, and worked these models to test the quality of liquidity using ratios or financial indicators such as profitability, activity and financial leverage. In other words, this result is relates that he cannot predict the ability of companies to continuity in the activity relying solely on liquidity ratios, it is imperative to test the quality of these ratios.
3- Integrated into the process of assessing the ability of companies to continuity in the activity using quantitative model of the proposed and the descriptive proposed, where he works in every aspect of the proposed model to take up the evaluation process from the perspective of a private (the quantitative and descriptive). And help in this evaluation process to improve the external audit report and through the narrow gap expectations concerning the responsibility of the Auditor on the assessment of the assumption of continuity.

4- Included quantitative model is proposed to assess the ability of companies to continuity in practicing the activity on thirty (30) Financial ratio, distributed on the basis that the financial ratios in the short term, is relative weight in the model of a rate 70%, while rates in the long-term relative weight in the form 30%.

And this included a category qualitative ratios that make up the model on the level of liquidity, including ratios of cash flow relative weight of 30% in the proposed model, and rates of activity relative weight of 10%, and rates of leverage relative weight of 30%, and rates of profitability relative weight of 30% of the proposed model. So we can say that there are many financial ratios and meaning interpretation of the multiple, as well as the disqualification of all financial ratios for all purposes or for different decisions. The descriptive model is the outcome of the proposed International audit Standard No. (570) and the SAS No.(59).

5- The reliance on liquidity ratios only indicators to predict the ability of companies to continuity in the activity may not give a true indication of this assumption is true, so the other indicators are used beside the liquidity ratios from which to determine the quality and liquidity ratios. Add to that the division of financial ratios in both the short and long-term and its impact on liquidity provides a contribution to identify the extent of the possibility of continuity companies in the business.

6- International Auditing Standard No. (570) and SAS No. (59) contain clear guidance for the auditors can be guided by them to get to know the ability of companies to engage in the activity of continuity.

**Second Recommendations**

1- We recommend auditors when applying the proposed model to assess the assumption of continuity of the companies into Auditing considering the all sides, which is in the quantitative aspect, and the descriptive, which summarizes the statement by the International audit Standard No. (570) and American audit standard No. (59) and represented by the model Argenti, by examining the events subsequent to the date of preparation of the balance sheet.

2- We recommend Auditor when deciding to rely on the results of the analytical procedures in the planning Auditing process to take into consideration the relative importance of the item concerned and other review procedures and accuracy that can predict the results of the analytical procedures.

3- We recommend the auditors need to improve their performance and abilities regarding the evaluation of the ability of companies to continuity in the activity, and provide warning signs about the dangers of corporate failures for users of financial statements and can be achieved through the use of the proposed model.

4- We recommend the auditors not to rely on liquidity ratios only to evaluate the assumption of continuity for companies subject of Auditing, as they give often the rule is not true, but they test the impact of liquidity on the continuity of companies in the short term and long term through financial indicators related to the required quality and the quality of liquidity and illustrated by the proposed model in the indicators of financial leverage, and activity indicators, and profitability indicators, in addition to cash flow indicators.

5- We recommend that researchers in the field of Auditing continuously search for alternatives that would help auditors to improve their ability to predict the continuity of companies to engage in business in order to increase the credibility of the outputs of the accounting system on one side, and on the other side work to narrow the expectations gap.
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