

THE PRINCIPLE OF BUSINESS CONTINUITY IN TERMS OF FINANCIAL AUDIT

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Abstract:

Standard IAS 1 Presentation of Financial Statements requires disclosure of all significant accounting policies used in preparing the financial statements. It also indicates the business continuity assumption as one of the basic principles of all aspects of the accounting policy applied. Therefore, if the financial statements are not prepared on a business continuity issue, the reasons behind its failure must be submitted. Entity's management is responsible to evaluate based on the information held the fulfillment of this principle, the time horizon should not be limited to 12 months from the balance sheet date, because this is the minimum acceptable. From the complexity of aspects regarding the risk of bankruptcy, which is essential for decision making, is the static analysis of bankruptcy risk on balance sheet heritage. This article has as objective presentation of the importance of determining and reporting the business continuity concern basis (fundamental principle) of the financial statements especially in the current global financial crisis stage where more and more entities avoid deliberately referring to this principle. Towards achieving this goal through qualitative analysis - empirical study aims to present financial statements in conformity going basis by state-owned companies with the same aspect in the realization of a local sample. Research directions included the following: financial analysis patrimonial state-owned companies and mixed in Alba county during the two financial years (2010-2011) and the importance of audit opinion expressed by the independent auditor regarding obtaining reasonable assurance on the correct application of the business continuity basis in preparing the financial statements. The result of the research is the development of a mandatory reporting methodologies of business continuity principle.

Keywords: *the principle of business continuity, ongoing capital, asset, circulating active*

JEL codes:: *M40, M41, M42*