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## INVESTIGATING THE EFFECT OF ACCOUNTING FOR NON-CURRENT ASSETS ON AUDIT COSTS

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### ABSTRACT

*Permitted reassessment model you can to give until the company able to property by non- current yourself so from ID primitive on basis fair value computing to make. Though ability assurance) can be assurance to be (use from value fair dependent to variable by input evaluation you can be. Standard by accounting this way expression you can They do That People That the face by Financial Take Prepared You can the purpose of this paper is to investigate the effect of accounting for the fair value of non-current assets on audit costs. The sample consisted of 80 companies listed in the Tehran Stock Exchange during the period 2018-2013 is. To analyze the data of this research from the software spss has been used. The findings showed that the cost of representing the estimated value of conventional value may moderate the benefits of using standard value accounting. It also showed that the revaluation of non-current assets on Wage auditing the effect Positive and meaning you have had it.*

**Keywords:** Service Fees, Asset Revaluation, Corporate Governance

### INTRODUCTION

From time the appearance of gave the crisis world wide the part can be attention from topics academic, on accounting value fair property by financial at industry banking shape took. (Bart & Landman, 2010). With this now lack of existence evidence enough on question cost the and benefits use of value fair to property by non-Current contains: the earth and building, Equipment (machinery) and property by non obvious, convert to background oh your direction selection among use from method use from method historical or use from method renew assessment have been being.

According to standard among international reporting that from year 95 at iran to the level Performance at will came, Permission selection among use from two models value fair and model the price historical to the earth and building, equipment (Machine Machinery) and property fund placing and at the face active to be market, to property by intangible existence will had. The staff standards financial accounting acknowledgment has it that market active to some property by relatively unusual existence does not have so direction size making value fair this property by unusual, must with use from method by assessment and estimate by the person third party do to be. Gancaro and colleagues (2013) at research (Company By Structural European) to this result has arrived that, auditors time that employers from value fair at fund placing by special yourself interest a slave they are wage less take at comparison with when from value

historical use you can they made receive have you they are. Decrease this wage expresses it's is that test by loss devaluation required fund placing by special that on basis cost historical computing have been they are very cost superior are. plus, benean, they are ratio found by yourself take at relation with do auditing value fair to scale total economy extend (ratio) data they are that this question cause has been from aspect solitary to be research out to be. So, relationship among expose value fair and audit fees still to title a question basic rest Left is.

Permitted reassessment model you can to give until the Company able to property by non-Current yourself so from id primitive on basis fair value computing to make. Though ability assurance (Can be Assurance to be) use from value fair dependent to variable by input evaluation you can be. Standard by accounting this way expression you can they do that people that the face by financial take prepared you can they do at If that at market active do duty you can they do and from method value fair interest you can brand, must Value the (Price The) take to debt the and assets by the same to rate day and real prepared to make. Challenge the most terrible discuss direction computing value fair, discuss valuation has by non- financial (Contains the earth and Building, Equipment) machine machinery and property by non obvious is that number A handful from this property the at market by active case transaction Put you can take up. So, value fair property by non- Financial, or based on comparison with property by at now transaction at market by active computing you can to be or according to assumptions and claims managerial that non visible you can (The Prophet and Sheriff et al., 2013).

Diagnosis time existence has it that property non -Financial on basis property can be comparison value placing to be from there that size making fair value with use from technique benchmarking (Comparison Oh you) property, has bug very different is, and this difference the in feature by any property and scale It's on you can to make. Maximum level diagnosis time the appearance of you can to give that property non- Financial according to a particular model (yourself mokhtar) size making you can to be and this dumping according to model special to in a way before assumption induction the lack of certainty in size making you can be. Plus, on this, assessment value fair under the effect risk by (dangers) economy macro also you can be.

### ***Background Research***

Islamic et al. (2017) investigated the accounting for the standard value of non-current assets and audit fees. Based on studies and research literature, when non-financial assets (PPE and, investment property and intangible assets) are measured at fair value increase in audit fees paid there. In addition, an independent appraiser significantly undermines the positive relationship between asset revaluation and audit costs. Additionally, companies whose non-core assets are upgraded and companies that re-evaluate their non-core assets each year are significantly higher than audit fees. Other tests provide empirical evidence that the power of corporate governance has a moderating effect on the level of audit costs.

Imani Barandag et al. (2016) in a research study to determine the effect kind of model selective assessment property by non- current on wage auditing at company by accepted at exchange bonds securities tehran began. With check faces corporate finance sample one variable virtual definition have been is that at the face renew assessment by non -current, number one and at non this face number zero to it's ratio data have been is. Found by research imply from it's is that kind of model selective assessment property non- current on wage auditing the effect positive and meaning you have had it

Fei Yu et al (2015) In a research study The relationship between the revaluation of non-current assets and audit fees using 300 companies ASX During 2003 and 2007 began. The findings



suggest that the cost of representing the estimated value of conventional value may moderate the benefits of using standardized accounting.

Etherege and Partners (2013) over research to check relation meaning honey among use from value fair with wage auditing paid and then to check this question that " is auditor's expert affairs bank time that banks from value fair at the face by financial yourself interest you can brand, wage fewer or more take at wanted you can they do " paid they are they are they found that relation positive among use from value fair and wage auditing existence has it. And time that auditors expert affairs bank, work auditing property by value fair take do you can to give wage less take applying for you can they do.

## Theoretical

### *Audit Costs*

One from tools the main responsibility at arena activities economic, audit and accountability is. At actually auditing and accounting at later oversight any systemic place has it and in a way wide from the highest level office country to the smallest the unit commercial usage has it because any system for that durability have be to supervision and feedback need has it. The profession auditing at twenty last year changes fast and appropriate attention y have is.

Decrease regulation at market work auditing to audit institutions permission gave more goals economic take follow up and at search growth income yourself and reduce costs at any work auditing to be. At such a situation auditing succeeded is that can with attention to features the unit case consideration best estimate take from the highest wage yourself have be until the meanwhile maintain quality work, it's take with at least cost do will. Today, auditors independent with pressures growing for control and decrease royalty auditing face are. This issue causing has been that auditor and the owner for facilitate this subject to review relationship between wage and audit work pay attention factors effective on audit fees to two group general divide they get. First group, features institute auditing is and the second group, features the owner or a company is that from the institute auditing invitation to action brings.

### *Non-Current Assets*

All assets that cannot be classified in the headings of current assets, the expected cash during a financial period to have the ability to transform or convert the product is sold and the way it is received non-current assets is called. Long-term investments and intangible assets and tangible fixed assets and other assets in this category are. Non-current assets are assets that do not qualify for repayment in the current assets category.

According to Accounting Standard 1, presentation of financial statements, the main items under minimum known as non-current assets (classified in the balance sheet) are reported.:

- long-term investments
- Evident fixed assets
- Intangible assets

### *Long-Term Investments*

Long-term investment is defined as the category of investment that is intended for continuous use in business activities. An investment is classified as non-current asset that its intention to maintain for a long time is clearly verifiable, or the ability to assign it to the investor is subject to limitations. The separation of investments into current and non-current ones depends on the management's intention. If the management intends to keep an investment temporarily this investment is classified as current assets, otherwise it is classified as non-current assets. Definition of Long Term Investment in Accounting Standard No. 15 Investment accounting may



lead to different perceptions for current and non-taxable categories. In some books, investments that are held for more than a year are considered as non-current investments. This classification is also consistent with the way assets are split into current and non-current ones. Investments in long-term stocks, equity bonds and properties are examples of long-term investments. Investing in stocks can give rise to significant control or influence over investor units. For the permanent depreciation of investments or, in other words, unplanned cuts, storage is considered.

#### *Evident Fixed Assets*

Fixed assets that are evident to a proprietary asset are those that are:

A. To be used in the production or supply of goods or services, lease to others or for administrative purposes by the entity. B. Expected to be used over a financial period

Measured fixed assets in the history of education are measured at cost, and land exclusion is depreciated over its useful life. Fixed assets that are evident to the book value, are depreciated over the accumulated depreciation expense on the balance sheet. Although the cost has a dependable qualitative property, but over time and the existence of inflationary conditions, the attribute of relevance. That is, the fair value (or market) of tangible fixed assets may be much higher than its fair value. For this reason, it is permissible to reconsider fixed assets under Accounting Standard No. 11 of Tangible Asset Accounting. Land, buildings, machinery, vehicles, furniture and facilities are examples of fixed assets that are used in the normal process of operation. Orders and prepayments relating to fixed assets are reflected in tangible fixed asset items.

#### *Intangible Assets*

Intangible assets are non-monetary assets that are not objective in nature:

A. To be used in the production or supply of goods or services, lease to others or for administrative purposes by the entity. Be. B. It is possible to use more than one financial period by the trained entity. C. Recognizable

The ability to recognize is that the asset can be distinguished from other assets and its value does not depend on other assets of the entity or the entire business unit. Copyright, copyright, goodwill, computer software, trademarks, and copyright are examples of intangible assets. Intangible assets can also be reclassified as tangible fixed assets.

#### *Other Non-Current Assets*

Non-legal forms that are not appropriate for classification in one of the preceding headings are reported in the headings of other non-current assets or, if relevant, are shown separately in the balance sheet text. Long-term receivables, long-term staff loan, long-term prepaid expenses, and fixed assets that are set aside for sale; blocked cash is examples of other non-current assets.

## **RESEARCH METHODOLOGY**

This Research from in terms of Target, Investigating - Practical you can be and From Kind of Analysis Correlation is. With Attention to that data by Case Use at it's real and Historical Is, you can Power It's Take From Kind of So Events and at Area Research By Positive Floor The category made. To test Hypothesis, the from regression How many Variable Use Have been is.

#### *Theories*

Revaluation of non-current assets on Wage Auditing Has a significant effect. Company Hi That Renew Assessment Property by non Current Do Data They are Wage Auditing more Ratio To the past (Year Which Renew Assessment Not done They are) the payment You can To make.

## RESEARCH FINDINGS

### *Descriptive Statistics*

As you can see the results of descriptive statistics of the research variables in the Table 1 is shown.

**Table 1: Statistics Descriptive variables of the model \***

| variable                          | average | Middle | Maximum | The minimum | Standard deviation |
|-----------------------------------|---------|--------|---------|-------------|--------------------|
| Audit cost                        | 078/1   | 997/0  | 85/3    | 052/0       | 57/0               |
| Revaluation of non-current assets | 326/0   | 0      | 1       | 0           | 47/0               |
| Non-restated non-current assets   | 817/0   | 1      | 1       | 0           | 39/0               |

According to the results obtained from the statistics Descriptive variables are the research variables it can be stated that all variables have a good distribution.

### *Inferential statistics*

It is necessary to test before model estimation F Limer to investigate the use of data methods Panel with fixed effects versus data method Combined for the above pattern. The assumptions of this test are as follows:

Normal Combined Data

Panel data with constant effects

Test results F Lymer in the Table 2 is displayed.

**Table 2: test results F Lumber \***

| The statistics | Error level | Approved method                         |
|----------------|-------------|---|
| 98/4           | 000/0       | Panel data method with constant effects |

As pictured No (2) is also visible, the results indicate a hypothesis's refusal  $H_0$  Is. As a result of the pattern, the data Panel with fixed effects is the preferred method Now it is necessary to continue the Hausman test in order to choose between the method Panel data with fixed effects versus data method Panel effects with random effects are also done. The assumptions of this test are as follows:

*Panel data with random effects*

*Panel data with constant effects*

The results of the Hausman test on the Table 3 is displayed.

**Table 3: Hausman test results \***

| The statistics | Error level | Approved method                         |
|----------------|-------------|---|
| 41/35          | 000/0       | Panel data method with constant effects |

As pictured the number (3) is also visible, the results indicate a hypothesis's refusal  $H_0$  It is therefore a pattern of data Panel with fixed effects is the preferred method. Now, the results of estimating the pattern of research in the Table 4 with data method the panel is shown with constant effects.

**Table 4: Estimates of the research pattern \***

| variable    | Variable coefficient | T Statistics | Error level |
|-------------|----------------------|--------------|-------------|
| Audit costs | 1/81                 | 3/ 6         | 000/0       |



|                                   |              |         |       |
|-----------------------------------|--------------|---------|-------|
| Revaluation of non-current assets | 0/104        | 3/12    | 0/002 |
| Non-revised non-current assets    | 0 / 197-     | 3 / 61- | 000/0 |
| F-statistic (P-value)             | 9/39 (000/0) |         |       |

Given the results visible on the image the number (4) and the statistic Y F Obtained (39/9) and error (0.000), the It can be stated that in the level of 99 % confidence, the research model has a significant significance. Also, according to the adjusted adjustment coefficient obtained for the model, which is equal to 56 % it can be stated that, in total, independent variables and control of the research account for more than 56 % of the variations of the dependent variable Day. In addition, according to the amount of statistics The Watson Camera is 1.89 it can be stated that self-correlation of rank first between the remaining There are no templates.

#### *Testing the first hypothesis*

In this hypothesis, we review the revaluation of non-current assets on Wage Auditing Has a significant effect Company Listed on Tehran Stock Exchange. Given the results obtained in the image Number (4) from the estimation of the research pattern and the coefficient of the non-recurring asset reconsideration variable (0/104) and error (0/002) can be stated that the acceptable level of 5%, showed that the revaluation of Non-Current Assets Wage Auditing the effect Positive and meaning You have has it

#### *Test the second hypothesis*

In this hypothesis, we examine the company Hi That Renew Assessment Property By Non Current Do Data They are Wage Auditing more Ratio To the past) Year Which Renew Assessment Not done They are (The company's impact Listed on Tehran Stock Exchange. According to the results obtained in the image No. (4) of the coefficient of linear model of research and are not revalued assets Non-Current (167 / 0-) and error (0.000) and It can be stated that at an acceptable level of 5 %, the company Hi That Renew Assessment Property By Non-current done They are Wage Auditing more Ratio To the past the payment You can To make and this Effect Positive Is.

## CONCLUSION

With Attention To Test Hypothesis First Research Change Kind of Model Selective Assessment Property By Non Current Effect Positive On Wage Audit it t has it. So the reason That Coefficient Regression The result From Model Regression Research Positive is And To In terms of Who Possibility Less statistics From Level Error 5% Is, This the effect Meaningful Is. so Hypothesis Research Accept It turns out. And On Basis Coefficient determination Adjusted The model More From About 50% Changes Wage Auditing By Changes Variable Renew Assessment Creation Gets. So Revaluation On Wage Auditing Companies Accepted Have been At Exchange Bonds Securities Tehran the effect Positive And meaningful has it. With Attention to Test It can be stated that the acceptable level of 5%, showed that the revaluation of Non-Current Assets Wage Auditing the effect Positive and meaning You have There. Hypothesis Second Research This Result The result Became That Company Hi That Renew Assessment Property By Non-current done They are Wage Auditing more Ratio To the past the payment You can To make and this Effect Positive Is. From Company Hi That Renew Assessment Property by Non-Current Do Data They are Wage Auditing more Ratio To the past Pay To make. So Company Hi That Renew Assessment Property by Non-current Do Data They are Wage Auditing more Ratio To the past the payment You can To make And This the effect Positive And meaningful Is.

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