

FEATURES OF CARRYING OUT OF AUDITOR CHECK OF THE BUILDING ORGANIZATION IF THE CHECKED ENTERPRISE IS THE DEVELOPER

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Key words: building objects, building industry, construction objects, accounting, taxation, audit, construction organizations, tax accounts, developer-organization, shared construction, ownership certificate, building permit, project declaration.

Questions of audit planning of construction organization are considered. The considered information is necessary for determining of running and peculiarities of audit of organization being developer-organization.

Building industry is one of the most dynamic developing sectors in our economy. In 2007 tendency of growth of number of building objects let in Russia strengthened, which is conditioned by reforming and toughening of state control towards construction organizations. Further development of sector is possible only under condition of interaction of public authorities and business.

Peculiarities of accounting and taxation of production operations, realizations of construction works and results of these realizations are conditioned by duration of production run, by peculiarities of cost estimate of volumes of effected building and assembly jobs.

The main goal of audit of construction organizations is confirmation of reliability of information of accounting and tax accountability, which is the main criterion of quality of information.

If an enterprise stands as developer-organization, it is reasonable to begin audit with checking the documents, determining competence of developer to carry out shared construction. These documents include, first of all, documents of title of the estate: ownership certificate or lease of the estate, passed through state registration.

Category and purpose of the estate are indicated in these documents.

The absence of the following documents result in refusal to take part in shared construction: building permit and project declaration, which includes information about the developer and project of construction¹.

Building permit is the fundamental document, after it is received, investment project is

realized, attracting and using the money of participants of shared construction.

Building permit is issued subject to the status of estate by the Federal executive authority of the subject of the Russian Federation or by local government in accordance with their competence.

Project declaration is published in mass media and (or) placed in information and telecommunication networks of public use not later than before 14 days till the day of execution of contract with the first participant of shared construction. During the audit it is necessary to check this condition and also to find out if the project declaration was delivered to the authority managing state registration of rights in land, and to the Federal executive authority, responsible for effecting control in the sector of shared construction².

After considering above listed documents a conclusion concerning competence of carrying out function of developer by organization under audit, execution of Agreement of Participation in Shared Construction and attracting funds of its participants in particular, is made.

It is necessary to remember that, only developers qualifying current legislation have the right to attract funds from citizens for constructing multi-storey building on the basis of Agreement of Participation in Shared Construction. In case these funds were attracted by a person without such rights, a citizen can insist on funds return, and also paying off double percent of this sum and compensation for damages³.

Then Agreements of Participation in Shared Construction of the attracting funds from phys-

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ical and legal persons concerning every multi-story building or another state of property are checked. These contracts, as it was already mentioned, can be executed on condition of presence building permit and not before 14 days after publishing of project declaration.

According to the current legislation the contract must contain:

a) defining of concrete object of shared construction subject to transfer in accordance with project documentation after receiving by the developer of permit for implementation of multistory building and (or) another real estate object;

b) date of handing-over of the object to the participant of shared construction;

c) cost of contract, date and manner of payment (cost of contract can be defined as sum of money for the paying of developer services of discharge of contract)

d) warranty period on the object of shared construction.

If these conditions are absent contract is not concluded. Conditions of the contract concerning exemption of developer's liability are very little.

Date of handing-over of the objects of shared construction must be the same for all the participants.

At the same time there is a condition in the contract, according to which the participant is obliged to accept the object of shared construction after receiving a message of developer concerning the completion of the object building on the date stipulated in the contract, and if such date is not mentioned in the contract, then during seven working days from the date of receiving the message.

During they audit it is necessary to check if the order of contributing funds according to the contract is kept. In case of breaching the terms of contributing funds by the participants it is necessary to check, if the developer made a claim to the participant concerning paying of penalty in the size of 1/150 of refinancing rate of Central Bank of Russian Federation on the date of fulfillment an obligation, estimated from the sum of overdue payment for every day of the delay, and the sides of the contract have no rights to change the size of liability.

Warranty period for the object of shared construction must be not less than 5 years. The period is estimated from the date of handing-

over an object to the participant. The stated warranty period must be stipulated in the contract in case if specialized organization is involved to fulfill the client's functions.

During the audit it is necessary to pay attention to the negotiations according to which part of investment is paid not by money sums but by way of transferring the debt of the former participant to the present one. Transfer of the debt by the debtor to another person is allowed only by creditor's approbation, who is the developer in shared construction. It is necessary to check the documents of debt transfer, which are processed in compliance with s.p. 1 and 2 of art. 389 of Civil Code of RF.

Check of the initial documents is effected by selective way. To provide representativeness of audit sample system selection is used: every fifth document is studied.

Then comes check of image in the economic accounting operations, connected with the use of estate for building, and also satisfying the contract in shared construction.

When carrying out the calculation and taxation developers follow the documents of regulatory control of accounting current tax legislation. Separate points of Accounting Regulations of long-term investments are used in particular, and if it is necessary - separate regulations (standards) on accounting confirmed by FinMin of Russia.

Especially for developer there is a course book of accounting and accountability rules: such right is given to assignee of control of shared construction together with federal executive authority, carrying out normative legal regulations in finance.

During the audit the operations of credit of estate are fixed in the calculation, if the estate is the property of developer.

According to the current order of calculation of fixed assets, purchased estate is taken into account as a separate real estate object.

Expenses on purchasing the estate are accounted beforehand on the count 08 "Investments into non-current assets", sub count 1 "Estate purchasing". Tax on added cost is not singled out, as the operation of realization of estates of any purpose (share of them) are not considered to be an object of VAT taxation in compliance with s.p. 6 of p. 2 art. 146 of Tax Code of RF.

For calculation of estate in count 01 "Fixed assets" a separate sub count is is-

sued. When purchasing estate, developer also purchases building and constructions, situated in the estate.

Expenses on purchasing the indicated buildings and constructions are accounted beforehand on the count 08, sub count 4 "Purchase of objects of fixed assets", and are also taken into account on the count 01 as separate objects of fixed assets. VAT sums on the indicated expenses according to the invoice of the Seller are taken into account on the count 19 "Tax on added cost on purchased values", sub count 1 "VAT for purchasing fixed assets". Organization accepts sums of paid VAT to the taxation after paying of to the Seller the cost of buildings and constructions.

Demolition of buildings and constructions is fixed in the calculation as retirement of fixed assets because of their liquidation. To define the cost of expenses on demolition budget is made up. Works carried out by contractor organization are processed by acts of form N KC-2. Paying off for these works is carried out on the basis of reference of form N KC-3.

Expenses on clearing out the territory of estate from the buildings situated there are considered as capital expenditures and are subject to rating to a count 08, sub count 3 "Construction of objects of fixed assets". Cost of material and details, got after demolition of buildings and constructions, is defined by special calculation to the budget for the demolition and considered in the total summary estimate⁴.

Developer before receiving building permit implements expenses on paying land tax or estate lease, on demolition of buildings and constructions, on design of architectural plan and scheme of planning organization of the estate, project of construction organization, project of demolition works and others.

These expenses are also considered as to capital expenditures and are subject to rating to a count 08, sub count 3 "Construction of objects of fixed assets".

These expenses the developer before opening an object of calculation of capital expenditures and sources of financing of shared construction takes into account on the calculation of expenses with the corresponding providers and contractors. After receipt of the building permit and beginning of the contracts executions with the participants the developer gives them to the client, with whom the contract of fulfilling the functions of client is executed.

During the audit the fullness of fixation of gain in the size of charged reward and also calculations of VAT sum are checked.

The count 19, sub count 1 "VAT for purchasing fixed assets" takes into account sums of paid tax on expenses connected with the construction.

Sums of VAT considered in the count 19 the developer writes off with the help of gained financing (Debit 86 Credit 19) and sends to the organizations-owners of the built objects:

a) dwellings - for including these objects into the fair value in compliance with s.p. 22 and 23 p. 3 art. 149 of Tax Code of RF;

b) objects assigned for issuing production assessed by VAT, - for presenting for the taxation.

¹ FL 214-FL "About the participating in shared construction of multistory buildings and other real estate objects and about addition of changes into some legislative acts of RF" dated 22.12.2004.

² Adamov N., Chernyshov V. Application of ODR and IFRS in contraction construction. 2006. № 7.

³ Kuvaldina T.B. Contraction contracts: calculation of expenses and profits // Audit sheets. 2008. № 2.

⁴ Audit: third addition. M., 2005.