

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)].

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2255 Cities in 155 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	THE CONTRIBUTION OF FINANCIAL MANAGEMENT PRACTICES TO FINANCIAL CHALLENGES FACING LOCAL AUTHORITIES IN SERVICE DELIVERY IN KENYA <i>JOHN NTOITI, ROSELYN W. GAKURE, DR. ANTONY WAITITU & DR. MOUNI GEKARA</i>	1
2.	OUTBOUND INDIAN TOURIST'S PERCEPTION OF SINGAPORE TOURISM : A LESSON FOR INDIAN TOURISM <i>DR. RAVINDER VINAYEK & ARCHANA BHATIA</i>	14
3.	EVALUATION OF PRODUCTIVITY AND PROFITABILITY OF SELECT SCHEDULED COMMERCIAL BANKS IN INDIA <i>DR. U.JERINABI & LALITHA DEVI.T</i>	22
4.	CHARACTERISTICS OF LAISSEZ-FAIRE LEADERSHIP STYLE: A CASE STUDY <i>DR. L. JIBON KUMAR SHARMA & DR. S. KESHORJIT SINGH</i>	29
5.	TOTAL QUALITY MANAGEMENT AND CREATIVE THINKING IN THE HEALTH CARE INDUSTRY <i>DR. CHRIS EHIUBUCHE</i>	32
6.	IMPACT OF CSR INITIATIVES ON CONSUMER BEHAVIOR <i>PUSHKALA MURALIDHARAN, DR. C. MADHAVI & DR. SITALAKSHMI RAMANAN</i>	37
7.	CAPITAL STRUCTURE (DEBT-EQUITY) OF INDIAN REAL-ESTATE INDUSTRY (IREI): A STUDY <i>K KISHORE KUMAR REDDY & C. SIVARAMI REDDY</i>	42
8.	CONSUMER BEHAVIOR, ATTITUDE & COGNITIVE DISSONANCE TOWARDS MWO: AN EMPIRICAL STUDY WITH SPECIFIC RELEVANCE TO URBAN MIDDLE CLASS OF KOCHI <i>ANIL KUMAR.N & DR. JELSY JOSEPH</i>	47
9.	VENTURE CAPITAL INVESTMENTS IN INDIA <i>SRINIVAS K T</i>	57
10.	CHILDREN'S UNDERSTANDING OF TV ADVERTISING: A STUDY OF THE CHILDREN IN DELHI AND NCR <i>ZUHAIB MUSTAFA, DR. RESHMA NASREEN & DR. FAROOQ AHMAD SHAH</i>	61
11.	IMPACT OF CELEBRITIES ADVERTISEMENT TOWARDS COLLEGE STUDENTS <i>S.JEYARADHA & DR. K. KAMALAKANNAN</i>	66
12.	DETERMINANTS OF PROFITABILITY OF COMMERCIAL BANKS IN INDIA <i>DR. UPASNA JOSHI & NEETI KHULLAR</i>	71
13.	A STUDY ON ENVIRONMENT FRIENDLY MARKETING <i>AVINASH PAREEK & DR. SATYAM PINCHA</i>	77
14.	EMERGING TRENDS OF UNIVERSAL BANKING IN INDIA <i>RENU SINGLA & KALIKA JAIN</i>	81
15.	THE IMPACT OF THE PERCEIVED QUALITY, CUSTOMER SATISFACTION, BRAND TRUST AND CONTEXTUAL FACTORS ON BRAND LOYALTY <i>MUHAMMAD RIZWAN, ALI USMAN, TAJAMUL HUSSAIN, AKASHA SHAFIQ, SANA RAUF & QURAT UL AIAN AYAZ</i>	83
16.	HOW TO REMOVE THE UNCERTAINTY CONCERNING THE CONTINUITY OF ENTITY: THE STRONGEST EVIDENCE FROM THE VIEW POINT OF THE AUDITORS IN SAUDI ARABIA <i>DR. BADI SALEM ALRAWASHDEH</i>	90
17.	EMPIRICAL INVESTIGATION OF SERVICE QUALITY IN RETAIL BANKING: COMPARISON OF STATE BANK OF INDIA AND ICICI BANK, AHMADABAD <i>RASHI M. GOPLANI</i>	93
18.	CONSUMER LITERACY REGARDING CONSUMER PROTECTION ACT, 1986 <i>SUDESH KHARB</i>	97
19.	A STUDY ON ETHICAL ASPECTS OF ACCOUNTING PROFESSION- AN EXPLORATORY RESEARCH IN MSMEs <i>CHANDRA HARIHARAN IYER & DR. G.RAVINDRAN</i>	105
20.	THE ROLES AND CHALLENGES OF SHARE COMPANIES IN ETHIOPIA <i>NIGUS ABERA</i>	110
21.	CONSUMER MARKET PURCHASE DECISION: A STUDY ON DURABLE GOODS IN JAFFNA DISTRICT <i>SATHANA.VAIKUNTHAVASAN</i>	115
22.	RELATIONSHIP BETWEEN CAPITAL STRUCTURE AND FINANCIAL PERFORMANCE: EVIDENCE FROM INDIAN STOCK MARKET <i>POOJA V. MEHTA</i>	121
23.	AN EMPIRICAL STUDY ON FACTORS AFFECTING CONSUMER SATISFACTION <i>IRSHAD AHMAD BHAT, NAFEES AHMAD RATHER & FAROOQ AHMAD MIR</i>	125
24.	RISKS IN HOUSING FINANCE THE COMMERCIAL BANKS EXPOSED TO – AN OVERVIEW <i>RAJU D</i>	129
25.	THE CAPITAL STRUCTURE PUZZLE <i>SHIVI KHANNA</i>	134
26.	FOREIGN DIRECT INVESTMENT IN INDIA: A CRITICAL ANALYSIS <i>BHUSHAN AZAD</i>	137
27.	CONSTRAINTS IN FINANCING OF SMEs: A CONCEPTUAL PAPER IN THE PERSPECTIVE OF PAKISTAN <i>AAMIR AZEEM & ASMA RAFIQUE CHUGHTAI</i>	143
28.	A SIMPLE PRICING MODEL FOR CALL OPTIONS TRADED IN NSE NIFTY OPTION MARKET: THEORY, MODEL & EMPIRICAL TEST <i>JAYAPALAN.C</i>	147
29.	AFFECT OF SALES PROMOTIONAL TOOLS ON PURCHASE INTENTIONS OF CONSUMERS <i>MUHAMMAD RIZWAN, MUHAMMAD ATIF MAHAR, NOMAN SHOUKAT, RANA ZEESHAN JAVID, GULAN KHAN, MUHAMMAD DILSHAD BHATTI & MUSAB MAMOON KHICHI</i>	156
30.	SOCIAL MEDIA MARKETING: AN IMPORTANT PHASE IN MODERN BUSINESS MANAGEMENT <i>MAHESH L & DR. AMULYA.M</i>	162
	REQUEST FOR FEEDBACK	165

CHIEF PATRON

PROF. K. K. AGGARWAL

Chancellor, Lingaya's University, Delhi
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON

LATE SH. RAM BHAJAN AGGARWAL

Former State Minister for Home & Tourism, Government of Haryana
Former Vice-President, Dadri Education Society, Charkhi Dadri
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

DR. SAMBHAV GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISORS

DR. PRIYA RANJAN TRIVEDI

Chancellor, The Global Open University, Nagaland

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR

DR. BHAVET

Faculty, Shree Ram Institute of Business & Management, Urjani

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P.J.L.N.Government College, Faridabad

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

ASSOCIATE EDITORS

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PROF. V. SELVAM

SSL, VIT University, Vellore

PROF. N. SUNDARAM

VIT University, Vellore

DR. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

DR. S. TABASSUM SULTANA

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

TECHNICAL ADVISOR

AMITA

Faculty, Government M. S., Mohali

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: infoijrcm@gmail.com.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR
IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled ' _____ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:

Designation:

Affiliation with full address, contact numbers & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

NOTES:

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

INTRODUCTION**REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure.** It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parentheses.
 - The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:**BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

HOW TO REMOVE THE UNCERTAINTY CONCERNING THE CONTINUITY OF ENTITY: THE STRONGEST EVIDENCE FROM THE VIEW POINT OF THE AUDITORS IN SAUDI ARABIA

DR. BADI SALEM ALRAWASHDEH
ASST. PROFESSOR
PRINCESS NOURA BENT ABDULRAHMAN UNIVERSITY
RIYADH
THE KINGDOM OF SAUDI ARABIA

ABSTRACT

The research is conducted to study about the removal of the uncertainty concerning the continuity of entity based on the evidence of the view point of the auditors in Saudi Arabia. The researcher recommends that there should be specific indicators for the continuity of the company to take enforceable by the companies through the show in the financial statements, in a way that enables auditors to judge the company's intention and continuity.

JEL CODE

M4, M42

KEYWORDS

uncertainty concerning, the strongest evidence, the continuity of entity.

INTRODUCTION

Conceptual framework of the accounting based on three sets of assumptions are: assumptions related to the environment of accounting, and assumptions relating to the accounting domain, and a set of assumptions to be proved.

Assumptions of accounting environment are:

- Quantification
- Exchange
- Entities
- Time Period
- And unit of measure.

While those related to accounting domain are; financial statements, market prices, personal morale, and tentativeness.

The third set of assumptions includes the following: Continuity, objectivity, consistency, stable unit, and disclosure, which are the field of the external auditor to make sure about their availability, through the mentioned means. In order to ensure compliance with these assumptions, the international accounting standards included procedures and methods to handle the data, if applied by the accounting unit, shall be considered bound to these assumptions. This paper will focus on the assumption of continuity, which were given by the issuers of International Accounting Standards and International Auditing Standards great deal of importance. This importance is due to that the users of financial statements make their decisions according to what was disclosed in these financial statements. And because most of these decisions relate to investment and financing decisions that represent the long-term financial events, it becomes necessary for the auditor to deduce the continuity through reviewing the financial statements. As a result of the keenness of the Standard Committee of the International audit, the committee issued the standard No. 570, which required the external auditor, to make sure that the company has shown its intention and ability to continue working. And through a closer look by the auditor to the financial reports issued by the company, he could decide if the company applying the International Auditing Standard No. 570, the auditor may relies on several indicators to build his opinion about this aspect, such as, the strategic plan of the company, acquisition of long-term assets, financing policy, accounting ratios and etc.

PROBLEM STATEMENT AND QUESTIONS

Given the multiplicity of indicators pointing to a client company's ability to continue, the application of International Auditing Standard No. 570 by the audit firms in Saudi Arabia, depends on the auditor's assessment of the most powerful indicators to confirm the intention and the company's ability to continue.

This paper will discuss this problem by the following questions:

1. To what extent is the commitment of auditing firms, by applying IAS No. 570 in Saudi Arabia?
2. What are the more accepted indicators by the Saudi auditors to assess the company's intention and ability to continue?

THE STUDY OBJECTIVES

The main objectives of this study are:

1. Ensure compliance of audit firms operating in Saudi Arabia, to apply the requirements of IAS No. 570 (continuity), through the auditor to verify the ability and the intention of the financial statements.
2. To give ranks for the indicators accepted by Saudis auditors according to their importance to disclose the company's intention and ability to continue.
3. To develop clear and acceptable indicators by audit firms who operate in Saudi Arabia, that reflect the intention and ability of the company to continue.
4. Disseminate the results of the study to audit firms by the concerned authorities.

THE STUDY IMPORTANCE

Conceptual framework of accounting based on multiple assumptions, and the assumption of continuity is one of the most important of these assumptions. Because it means the intention of the company and its ability to continue. Because of this importance, the Council of International Stands on Auditing allocates the standard No. 570, which required the auditor to the need to ensure the availability of the intention and ability to continue in the company under scrutiny. "For the purpose of this paper the researcher will use the statement of (the client)". Therefore, the duty of auditor in this aspect is limited in the evaluation of the company's ability and intention to continue through he financial data and reports that will be disclosed. And because of the availability of multiple indicators that reflect the company's intention and ability to continue; this important study comes to discern the strongest indicators of the assumption of continuity from the perspective of Saudis auditors, and to publish these indicators on the auditing firms through official channels to become as legal practices.

THEORETICAL BACKGROUND AND PREVIOUS STUDIES**IAS No. 570**

This standard has tackled the auditor responsibilities toward auditing the financial data which indicate the management using of the continuity assumption in preparing the financial statements, where, it requires from the auditor the verification of the company's intention and ability to continue through the auditing of the financial statements and reports issued by the company management, and this means that the client company is not temporary, or it is threatened with extinction. And that this company, under the continuity assumptions continues to work, and is preparing its financial statements on the basis of this assumption, unless the intention of the company management moving toward liquidation of the company. The external auditor could rely on many indicators either from the financial reports or from the clarifications related to deduce the continuity assumption. International Standard 570 has identified the responsibility of the auditor to obtain sufficient audit evidence, and have a sign on the accuracy of the organization's management use of the presumption of the continuing the organization through the proportion and presentation of financial statements, in addition to his responsibility for any conclusion about the fundamental form of the organization's ability to continue, also it was considered that this responsibility is obligatory, even if there was not anything that requires from the organization management to do a specific assessment to the company's ability to continue as an ongoing organization. In this regard, the researcher recognizes that there are facts and gaps been included in the financial statements by the organization, may help in verifying of the company's intention and ability to continue. Moreover, the auditor may insist to search for additional factors and reasons not included in the financial statements to support his point of view, where the auditor, by his own analysis of these facts and gaps, generates significant indicators for the continuity or not continuity of the organization. The following are some of these assumptions:

- The preparation of the financial statements of the organization according to the accrual basis which requires loading each financial period its share of the annual expenses, and giving it its share of the annual revenues. And this will be reflected in the balance sheet through accounts such as, accrued expenses which will be paid in the next period, and unearned revenues. And this finally means the availability of the continuity assumption.

FINANCING POLICIES

Financing policy is one of the important financial policies, because it is associated with Board of Directors and the company's interest. Financing policy cares on how to get money from different sources, in addition to the types of these funds and guarantees related thereto (Ramadan, 1996). When the emergence of long-term loans in the company's budget, and the absence of premiums payable resulting from these loans, this means that this company trusted by the banks, and it is able to meet its obligations to its creditors. Similarly, if there are corporate bonds issued before a period of time, and that the company pays interest to holders of these bonds in a timely manner, this indicates the continuation of the company in the past and later.

PROFITS ACHIEVEMENT

Profits represent the result of the company's operations for a specific period of time, often for a year starts in January 1st up to December 31st. Profits equal to total revenues minus total expenses, and shown in the income statement which was disclosed through the annual report of the company, so, if the company was making profits in previous years, this will increase the conviction of the auditor that the company will achieve a profit in subsequent years, taking into account other evidence, relating to revenue and expenses such as sales volume, pricing policy, and market share. But, in the case of the continuation of the company in achieving the losses, for a number of previous years including the current year under scrutiny, this gives an indication of the failure of the company, causing the lack for continuity.

DECLINING THE CURRENT RATION COMPARED TO THE INDUSTRY

Current Ratio is computed by dividing total current assets, on total current liabilities:

CURRENT ASSETS**CURRENT LIABILITIES**

The outcome of this equation is a number represents the company's ability to meet its short-term through its current assets. If this result was in the company 3.2 for example, and in the industry 5.4, this means that the company has 3.2 dollars as current assets versus each dollar of current liabilities, this may seems good initially, but when it compared with the industry in which the ratio is 5.4, the ratio of the company will be weak (Besley and Brigham, 2000, P. 108), which means that the company suffers from liquidity risks that may threatened its continuity.

CASH FLOW

Cash Flow statement is one of the financial statements that should be disclosed in the annual report of the company. It can be defined as a statement shows cash received and cash paid in a specific period of time to get the net cash flow that resulted from three basic activities operations, investments, and financing, in a manner leads to reconcile the cash balance in the beginning of the period and in the end of the period (Hijazi, 2007). When the net cash flow is negative, meaning that cash arrested, less than the cash paid, and without waiting for the inflows in the subsequent financial period, the company will face difficulties due to poor liquidity, limit its ability to meet its obligations, also, this may constitute an obstacle to lend to the company by banks. In this case, the auditor will come out with a negative result for the possibility of the continuation of the company.

RATE OF RETURN ON EQUITY

This rate is the more sensitive for the shareholders; it equals the result of dividing profits after taxes on the total equity. It represents, the profits obtained by the shareholders against the investment of their money in the company (Bseley and Brigham, 20000, P. 108). If this rate of return has decreased from year to year, or if it was significantly low versus the rate prevailing in the industry, the auditor tends to doubt about the company's ability to continue.

LAWSUITS

A large number of lawsuits against the company mean that the company is suffering from multiple problems with the stakeholders especially the customers and suppliers. And this may lead to the liquidation of the company.

MARKET SHARE

This indicator means the percentage of the company's sales volume of a certain product, to the whole sales of the same product in the market. For example; if the sales volume of the company was 7,000 dollars and the whole sales 100,000, the market share of the company is: $7,000 / 100,000 = 7\%$. Therefore, if the market share of the company was in continuing increase, good profits will be achieved. While, declining of the market share means losing many of the customers which leads to lower profits that threaten the company's continuity.

LITERATURE REVIEW

There are a lot of studies that tackled the international Audit Standard number 570:

1. A study by the Arab Forum of Accountants (2008) under the title: "Analytical Study of the Reports of the External Auditor in the Light of the Standards of U.S. and British".
The study aimed to indicate cases of doubt about the continuance of the company, where the researcher has mentioned that there are many indicators can not limited their impact on the financial statements, such as, frequency of operational losses, significant decrease in the working capital, lack of ability to get new credit, and lower ability to meet the financial obligations, and these situations, may force the company to liquidation.
2. A study by Zureikat and Hmboz (2010) titled: "The Application of IAS No. 570 "the continuity" by Jordanian Statutory Auditors".
The study aimed to identify the IAS No. 570, and to identify the role of the auditor in assessing the carport's ability to continue, and the commitment of the Jordanian auditors to IAS No. 570. And the results were as follows:
 - Jordanian auditors are aware about their responsibility to assess the ability of customers to continue in the future.
 - Jordanian auditor is committed to identifying indicators of doubt, that affect the continuity of client companies such as, the highest increase in current liabilities from current assets, the emergence of negative financial ratios, suffering of operational losses, and to stop the distribution of profits to shareholders.
3. A study by Swayeed (2009) under the title: "To Predict Financial Failure".

The study aimed to clarify the indicators and guidance contained in IAS No. 570, which addressed the auditor responsibility when auditing the financial data that they show the availability of the assumption of continuity in the company, as a basic for the preparation of financial statements. The researcher pointed out three types of these indicators:

- Financial indicators: such as, negative financial ratios, the increase of current liabilities from current assets, and the lack for financing projects for new products.
- Operational indicators: such as; loss of administrative leaders, the loss of franchise, and labor problems.
- Other indicators: such as; changes of governmental regulations, and lawsuits against the company.

METHODOLOGY

This study was conducted by using the descriptive analytical approach, where the secondary data was collected from the books and articles about the topic, while, the primary data were collected from the study sample through a questionnaire designed for the purpose of ranking the indicators of continuity according to their importance from the point of view of the Saudis auditors.

THE STUDY LIMITS

This study was conducted in January 2012, and it was limited on the audit firms in Riyadh city.

THE STUDY POPULATION AND SAMPLE

The study population consists from the employees of audit firms operating in Riyadh city, with 30 of auditors, to represent the study sample.

METHODS AND PROCEDURES

The following questionnaire was distributed on the respondents to put ranks for each indicator according to its importance from the respondent point of view:

No.	Indicators	The Rank
1.	The use of accrual basis is evidence of continuity.	
2.	Strategic Planning indicates to the company's intention and ability to continue.	
3.	The existence of long-term financing policies represents the ability to continue.	
4.	Non-profits for successive periods, means weak capacity to continue.	
5.	Ongoing declining in the working capital, limits the ability to continue.	
6.	Lower liquidity ratio means lower ability to continue.	
7.	Weak in cash flow, leads to lower ability of the company to meet obligations, which threaten its continuity.	
8.	Declining of ROE threaten the company's continuity.	
9.	Increase the lawsuits against the company, may causes the liquidation of the company	
10.	Decreases in the market share leads to difficulties in continuity.	
11.	Ignoring legislations by the company may end its existence.	
12.	Low customer satisfaction indicates to the company failure.	
13.	The application of international accounting principles is an evidence of the company's intention to continue.	

RESULTS OF STATISTICAL ANALYSIS

The statistical analysis for the ranking of the indicators from the point of view of the sample members did not confirm the existence of any indicator most likely to be accepting as the major indicator according to Saudis Auditors vision to ensure the continuity of the company. Where, the first statement received the first rank based on the opinion of four respondents out of 12 respondents. And in the same time the sixth statement has occupied the same level. Therefore, Saudis auditors are focusing on the use of accrual basis and liquidity ratio as evidence to the company's continuity. While the last rank was to the statement No. 13 which is: "The application of international accounting principles is an evidence of the company's intention to continue".

RECOMMENDATIONS

The researcher recommends that there should be specific indicators for the continuity of the company to take enforceable by the companies through the show in the financial statements, in a way that enables auditors to judge the company's intention and continuity.

REFERENCES

1. Alshaire, Mohammad Ali (2010). Strategic Planning Between Theory and Practice. Journal of Knowledge, Volume 179, February, 2, 2010.
2. Besly, Scott and Brigham, Eugene (2000). Essential of Managerial Finance.
3. Hijazi, Muhammed (2007). Link Between the Content of Information to the Income Statement and Statement of Cash Flows. Accountants Directory.
4. Ramadan, ziad (1996). Fundamentals of Financial Management. Jordan, Amman: Dar Alsafa.
5. Swayeed, Abdelbaset (2009). Predict Financial Failure, Swayeed Financial Advisors, Benghazi, Libya.
6. Zureikat, Ayah and Hmboz, Sheren (2010). The Application of IAS No. 570 "the Continuity" By Jordanian Statutory Auditors.

WEBSITE

7. www.acc4arab.com

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail i.e. infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

