

*Yuldasheva Saodat Khalmurzaevna**PhD and associate professor at International School of Finance  
Technology and Science, department of "Accounting"***EVALUATION OF SUBSEQUENT EVENTS IN AN AUDIT OF FINANCIAL STATEMENTS**

**Abstract:** The article is devoted to current issues of assessing subsequent events in the audit of financial statements of international auditing standards. The article contains explanations and examples, the study of which reveals the features of conducting an audit, assessing subsequent events. The author pays special attention to the facts discovered after the publication of financial statements.

**Key words:** risk assessment, subsequent events, contingent events, review of procedures, controls, financial reporting.

**Introduction**

The auditor should consider the impact of subsequent events on the financial statements and the auditor's report. To do so, the auditor should refer to SFAS 560

**"Following Events"**. The standard includes the following paragraphs: events occurring before the date of the auditor's report, facts discovered after the date of the auditor's report but before the financial statements are issued, facts discovered after the financial statements are issued, and public offerings of securities.

**Subsequent events include** events occurring from the end of the reporting period to the date of signing the auditor's report, as well as facts discovered after the date of signing the auditor's report.

When preparing financial statements, a similar international financial reporting standard, "Contingent Events and Events Occurring After the Reporting Date," is used. This standard defines two types of events:

- events that provide additional evidence about conditions that existed at the end of the period;
- events that indicate conditions that arose after the end of the period.

Audit procedures will depend on the date of discovery of events or facts that may affect the financial statements and the auditor's report.

In international auditing, three types of subsequent events are distinguished:

- events occurring before the date of the auditor's report;
- facts discovered after the date of the auditor's report but before the financial statements are issued;
- facts discovered after the financial statements are issued.

**Audit procedures when identifying events occurring prior to the date of signing the auditor's report.** The auditor must identify all events that occurred up to the date of the auditor's report. The identification of all events is supported by sufficient and appropriate audit evidence obtained through audit procedures. These events may require adjustments to, or disclosures in, the financial statements. Audit procedures designed to identify subsequent events are in addition to normal audit procedures. They apply to specific transactions occurring after the end of the reporting period and provide audit evidence about the closing balances. For example, testing the correctness of inventory transactions in reporting periods or testing payments to creditors. The auditor does not need to perform subsequent tests of all information that has previously been tested and on which satisfactory conclusions have been reached.

Audit procedures to determine subsequent events are performed closer to the date of signing the auditor's report. The standard provides the following audit procedures:

- review of procedures established by management for determining subsequent events;
- review of minutes of shareholder meetings, board meetings held after the end of the reporting period;
- review of cash flow forecasts, interim financial statements and other management reports;
- inquiries addressed to the organization's lawyers regarding litigation and claims;
- inquiries addressed to the organization's management regarding subsequent events that may affect the financial statements. Such inquiries include the following questions:
  - a) planning the sale of assets;
  - b) reflecting unusual accounting adjustments;
  - c) planning the issue of new shares or debt obligations;
  - d) the presence of cases of confiscation of assets by the state or their destruction as a result of fire, flood;
  - d) planning a merger or liquidation of the organization;
  - e) assuming new obligations, making new loans, concluding surety agreements.

If another auditor is auditing a representative office, subsidiary or division, the auditor should take into account the procedures performed by the other auditor in relation to subsequent events. The other auditor should also be informed of the planned date of signing the auditor's report.

The standard provides a basic rule that should be followed when subsequent events are discovered before the date of the auditor's report. The auditor should consider whether subsequent events are properly accounted for and disclosed in the financial statements.

Audit procedures when facts (subsequent events) are discovered after the date of the auditor's report but before the financial statements are published. The auditor is not required to perform procedures or make inquiries regarding the financial statements after the date of the auditor's report. Management is responsible for keeping the auditor informed of subsequent events.

If, after the date of signing the auditor's report but before the financial statements are issued, the auditor becomes aware of facts that may have a material effect on the financial statements, the auditor should take the following actions. First, the auditor should determine whether the financial statements need to be amended. This issue should be discussed with the entity's management.

If management makes changes to the financial statements, the auditor should provide the client with a new report on the amended financial statements. The new report is dated on or after the date the amended financial statements are signed or approved.

However, management may not make changes to the financial statements, but if the auditor believes that changes should be made and the auditor's report has not yet been issued to the client, the auditor must express a qualified or adverse opinion.

If the auditor's report is issued to a client, the auditor must take steps to ensure that third parties do not rely on the auditor's report. In doing so, the auditor must comply with legal rights and obligations and consult with legal counsel.

**Audit procedures when identifying facts (subsequent events) after the publication of financial statements.** After the financial statements have been published, the auditor has no obligation to make any inquiries regarding these statements.

After the financial statements are published, the auditor may receive information about subsequent events that existed at the date of the auditor's report. If such information is available, the need for a revision of the financial statements should be considered and discussed with the organization's management.

Management may decide to revise the financial statements. The auditor, for his part, reviews

the measures taken by management to inform users of the financial statements and issues a new auditor's report on the revised financial statements. The new auditor's report should contain an explanatory paragraph detailing the reasons for revising the previously submitted financial statements and the auditor's report. The new auditor's report is signed no earlier than the date of approval of the revised financial statements.

In relation to the restated financial statements, the auditor has the right to apply audit procedures only to subsequent events. This right is granted to him by the legislation of some countries. In this case, the new auditor's report should make an appropriate reference to the application of audit procedures to subsequent events that gave rise to the restatement.

If the management of the organization refuses to revise the financial statements, the auditor must take the necessary measures to ensure that third parties do not rely on the auditor's report. Such measures are taken only if the auditor considers the revision of the statements necessary. In this case, the management of the organization must be notified.

The need to revise the financial statements and issue a new auditor's report may not arise for the following reason. The organization will have to publish financial statements for the next year in accordance with the deadlines. But these statements should disclose information about subsequent events.

### Conclusion

In the case of a public offering of securities, the auditor should take into account the statutory and related requirements imposed on the auditor in all jurisdictions where the offering takes place. Accordingly, the auditor may be required to perform additional audit procedures covering the period up to the date of the final offering document. The audit procedures cover the period up to the date of entry into force of the final offering document or as close as possible.

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