

## SPECIFIC FEATURES OF COLLECTING AUDIT EVIDENCE

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**Abstract.** In this article, we will get acquainted with the requirements for audit conclusions of economic entities and the requirements for audit evidence. Also, in the article, the methods of collecting the classification of audit evidence in the audit of financial statements are highlighted, and the auditor's work on the development and implementation of the principles of the audit procedure in order to have sufficient relevant audit evidence to be able to form reasonable conclusions when justifying the auditor's opinion opinions about responsibility are scientifically based.

**Key words.** Appropriateness of audit evidence, reliability of audit evidence, reliability value, law on audit activity, audit control, application of risk and significance in audit.

**INTRODUCTION.** Audit evidence is necessary to support the auditor's opinion and report . It is generally collected and obtained primarily from audit procedures performed during the audit period. In addition to internal and external sources of information about the entity , the entity's accounting records are also an important source of audit evidence. Much of the auditor's work in forming an auditor's opinion involves obtaining and evaluating audit evidence. Obtaining audit evidence may include, in accordance with audit procedures, additional testing, observation, confirmation, recalculation, re-performance, and analytical procedures, and in many cases some combination thereof. The sufficiency and appropriateness of audit evidence are interrelated . It is important to note that sufficiency is a quantitative measure of audit evidence . The auditor 's assessment of the risks of misrepresentation of the amount of audit evidence required and the quality of such audit evidence are affected.

**LITERATURE REVIEW.** An auditor must have a well-developed and effective plan to provide objective and substantiated evidence when examining the activities of an enterprise or organization, a business entity . When forming an auditor's conclusions, the auditor's evidence must be accurate and objective in accordance with the laws and standards on auditing activities.

According to the requirements of International Standards on Auditing, ensuring the

quality of evidence should meet requirements such as sufficiency of evidence, reliability of evidence, specificity of evidence, and relevance of evidence.[1]

B. Hamdamov , the process of collecting audit evidence, based on the requirements of a market economy, is manifested in the following stages:

- assessing the fairness of financial statements, i.e. the main goal is to collect sufficient evidence to make this assessment, as well as to evaluate the financial statements by parts, i.e. the audit is conducted on each section of the balance sheet and the information is summarized.

- verifying the management's confirmations and explanations on the parts of the report, determining the main objective of the audit on the parts.[2 ]

- accounting and internal control of a business entity

the nature of the system, as well as the assessment of integrity and control risks;

- asserts the source and reliability of the information.[3]

- The audit organization should follow the following general principles when assessing the reliability of audit evidence:

Audit evidence obtained from external sources is more reliable than that obtained from internal sources.

If the existing accounting and internal control system is working effectively, audit evidence obtained from internal sources will be reliable . In addition, audit evidence collected directly by the audit organization is more reliable than audit evidence obtained from the business entity, and at the same time, audit evidence obtained in writing is considered more reliable than evidence given orally.[4]

The most valuable evidence for the auditor is external evidence . The evidence collected is reflected in the auditor's working papers, and in addition, the following are considered sources of audit evidence:

- primary documents of the business entity and third parties;

- accounting documents of the business entity, including inventory reports, accounting registers and oral explanations of a third party.[5]

In conclusion, it is worth noting that the requirements for audit evidence in the formation of audit conclusions must be very reliable and sufficient. The preparation of audit conclusions must be proportionate and consistent with legislation and other regulatory legal principles and be objective.

**ANALYSIS AND RESULTS.** When we say " reading " a financial statement or balance sheet, we often mean classifying the financial statement by its addressee (owner), form of ownership (private, joint-stock, etc.), unit of measurement (national and foreign currency), legal address, and periodicity (for which period it is prepared). In fact, reading is a broader concept. It should also include issues such as the division of property into own

and borrowed parts, if the enterprise has funds, who currently owns them, if the enterprise has a profit, what assets they are formed from (financial and non-financial), what explains the growth of the balance sheet, and if the enterprise is financially stable or unstable, what is its location on the balance sheet.

When calculating horizontal analysis in financial statements, the financial indicators of the reporting period are compared with the indicators of the same period (quarter, year) of the previous year. The financial indicators of the report are compared with the indicators of the same period of the previous year (for example, comparing the 1st quarter of the current period with the 1st quarter of the previous year).

Horizontal analysis is a method of assessing changes in financial position by comparing individual financial indicators. Changes are determined in absolute and relative terms. Based on the horizontal analysis of financial reporting elements and items, financial indicators, their growth rates are assessed.

Table 1

Horizontal analysis of the balance sheet.<sup>1</sup>

Balance sheet asset	At the beginning of the reporting period	By the end of the reporting period	Difference (+;-)	Growth percentage
1	2	3	4	5
Asset				
Long-term assets	3 610 404	3 332 020	-278 384	-7.71
Current assets	9 955 482	8 038 122	-1,917,360	-19.25
Total assets	13,565,886	11 370 142	-2 195 744	-16.18
Passive				
Source of own funds	5,815,759	7 214 147	1 398 388	24.04
Obligations	7 750 127	4 155 995	-3 594 132	-46.37
Passive total	13,565,886	11 370 142	-2 195 744	-16.18

<sup>1</sup> Author's development

Above, we have considered the analysis of the balance sheet of the “Yog'gar” joint-stock company for the previous year and this year. The assets of the enterprise at the beginning of the year amounted to 13,565,886 soums, but by the end of the year they decreased to 11,370,142 soums, which in turn amounted to -16.18 percent, which is negative for the enterprise. It should be noted that the long-term assets and current assets of the enterprise at the beginning and end of the year were disproportionately -7.71% and -19.25%, which in turn indicates a negative situation for the enterprise.

Each business entity prepares a balance sheet and financial statements for the enterprise and for government agencies. When preparing these reports, the enterprise finds out whether the enterprise has made a profit or loss in the current year and the previous year. The enterprise finds out whether the enterprise has made a profit or loss in the current year and the previous year based on analysis. That is, it compares and evaluates the reports of the current year and the previous year by comparing them with the quarterly reports.

Vertical analysis - characterizes the assessment of the structural aspects of the elements and items of financial statements as a complementary method to horizontal analysis. These aspects can be applied to all forms of financial statements. Based on the weight of individual units in the overall composition and their changes, it becomes easier to diagnose the financial condition of the enterprise. The main aspects in understanding and knowing the financial condition of the enterprise are focused on the correct correlation of individual lines in the overall composition.

Table 2

Vertical analysis of the balance sheet<sup>2</sup>

Balance sheet items	Last year		Reporting year		Difference(+; -)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1	2	3	4	5	6	7
Asset						
Long-term assets	3610 404	26.6	3 332020	29.3	-278 384	-7.71
Current assets	9 955 482	73.38	8 038 122	70.69	-1,917,360	-19.25

<sup>2</sup>Author's development

Total assets	13,565,886	100	11 370 142	100	-2 195 744	-16.18
Passive						
Source of own funds	5,815,759	42.87	7 214 147	73.58	1 398 388	24.04
Obligations	7 750 127	57.12	4 155 995	36.55	-3 594 132	-46.37
Passive total	13,565,886	100	11 370 142	100	-2 195 744	-16.18

According to the data presented in the table, long-term assets amounted to 3,610,404 soums at the beginning of the year, and by the end of the year amounted to 3,332,020 soums, which significantly decreased by -278,384 soums, or -7.71 percent. If we look at the passive part, based on the data in the table, the source of own funds increased positively by 24.04 percent, from 5,815,759 soums at the beginning of the year to 7,214,147 soums by the end of the year.

**CONCLUSION.** This article considers the requirements for audit evidence in the formation of audit conclusions. In particular, research was conducted on this topic and the opinions of scientists were also reviewed. Audit evidence in the formation of audit conclusions should be reliable and objective. It is worth noting that each auditor or audit organization must conduct control and observations when collecting evidence and correctly apply arithmetic operations with arithmetic accuracy to form an audit conclusion. The main aspect that an independent audit organization pays attention to when forming an audit conclusion is the effectiveness of the internal control system in the business entity, that is, if the internal control system of the business entity is effective, the evidence obtained from the client will be more reliable.

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