

**AUDIT OF LIABILITIES: THEORY, METHODOLOGY AND
PRACTICE**

Farxodjon Ochilov

*PhD, Associate professor in Audit department at the
Tashkent State University of Economics*

Abstract. Nowadays a number of regulatory and legal documents are being developed on auditing and giving conclusions financial statements of economic entities of various ownership types operating in the territory of the Republic of Uzbekistan based on the requirements of international audit standards. In this article explained the theoretical and practical considerations of the use of international audit standards by auditors in conducting risk-based audits of business entities. In addition, suggestions and recommendations were developed to eliminate inconsistencies in financial statements and reduce the risk of significant misstatements.

Key words. liabilities, international standards on auditing, financial statement auditing, audit risk, level of materiality, internal control system, analytical procedures, audit evidence, control tests, subsequent events, going concern assumption.

Conducting audits of business entities based on the requirements of international audit standards is important at the moment. The international auditing standards approved by the Committee on International Standards of Auditing and Assurance Engagements enable the quality of audit investigations and the reliability of audit conclusions. One of the most important aspects of compliance with international standards of auditing is the provision of consistency and uniformity of these standards in audits conducted on a global scale. The general principles and conceptual framework presented in the international standards of this audit create a basis for conducting audits in a systematic and comparative manner in economic entities with different business characteristics.

Application of international audit standards to the practice of audit organizations operating in the market of audit services of the Republic of Uzbekistan is of urgent importance today. It is known that liabilities are one of the most important objects in the audit of financial statements. Economists have conducted scientific and research work on improving the audit of obligations. However, the methodological issues of conducting and organizing the audit of obligations are not fully covered in these scientific studies.

Conducting audits of business entities in accordance with international standards of auditing is important for the formation of high-quality, consistent and fully disclosed audit conclusions. This, in turn, increases the reliability and truthfulness of financial statements, contributes to the efficient functioning of capital markets and increases the confidence of stakeholders in the auditing

BARQAROR IQTISODIY O‘SISH ORQALI AHOLI TURMUSH FAROVONLIGINI OSHIRISH MASALALARI

profession. Auditing financial statements based on international auditing standards is crucial for several reasons (Figure 1).



Figure 1. The importance of auditing financial statements based on international auditing standards¹

The results of the financial statement audit conducted on the basis of international audit standards are accepted and recognized globally. Also, the organization and conduct of audits based on the requirements of international audit standards serves as the main lever for increasing the reliability of financial statements. International standards of auditing reflect the most basic systematic approaches to solving problematic aspects of financial reporting and auditing.

Professional skepticism is an essential mindset and attribute that auditors must maintain throughout the audit process. It involves a questioning attitude, critical assessment of evidence, and a cautious approach to gathering and evaluating information. Here's why professional skepticism is crucial:

1. **Objectivity:** Professional skepticism helps auditors maintain

¹ Made by author.

objectivity and impartiality. By approaching audit procedures with a skeptical mindset, auditors are less likely to be influenced by personal biases or preconceived notions.

2. **Risk assessment:** Skepticism enables auditors to identify and assess risks effectively. By questioning the validity of information provided by management and considering potential areas of fraud or error, auditors can better prioritize their audit procedures and focus on areas of higher risk.

3. **Detection of fraud:** Professional skepticism is essential for detecting fraud. Skeptical auditors are more likely to recognize red flags, inconsistencies, or unusual patterns that may indicate fraudulent activities. Their cautious approach can help uncover fraudulent schemes that might otherwise go unnoticed.

4. **Evaluation of evidence:** Skepticism guides auditors in critically evaluating the sufficiency and reliability of audit evidence. Instead of accepting information at face value, skeptical auditors verify the accuracy and relevance of evidence through independent inquiry and corroborating procedures.

5. **Enhanced audit quality:** Maintaining a skeptical mindset contributes to the overall quality of the audit. Skeptical auditors are more thorough in their examination of financial statements and internal controls, reducing the likelihood of material misstatements going undetected.

6. **Professional judgment:** Professional skepticism is closely linked to the exercise of professional judgment. Skeptical auditors weigh the available evidence, consider alternative explanations, and make informed decisions based on their assessment of the risks and circumstances.

7. **Regulatory requirements:** Many auditing standards and guidelines explicitly require auditors to exercise professional skepticism. Compliance with these requirements helps ensure that audits are conducted with due care and diligence, meeting the expectations of regulatory authorities and stakeholders.

8. **Ethical behavior:** Professional skepticism aligns with the ethical responsibilities of auditors to act in the public interest and uphold the integrity of the profession. Skeptical auditors are less susceptible to pressures that may compromise their independence or ethical standards.

In summary, professional skepticism is a fundamental principle of auditing that promotes diligence, thoroughness, and integrity in the audit process. It serves as a safeguard against errors, fraud, and bias, ultimately enhancing the reliability and credibility of audit findings and financial reporting.

REFERENCES

1. Noel, J. and Patterson, E. (2003) Audit strategies and multiply fraud opportunities of misreporting and defalcation. *Contemporary accounting research*, 20(3), p. 519-549.
2. Fukukava, H., Mock, J.Th. and Wright, A. (2006) Audit Programs and Audit Risk: A Study of Japanese Practice. *International journal of auditing*, 10(1), p. 41-65.
3. Cohen, et al. (2011) The Impact on Auditor Judgments of CEO Influence on Audit Committee Independence. *Auditing*, 30(4), p. 129-147.
4. Frishkoff, P. (1970) An Empirical Investigation of the Concept of Materiality in

BARQAROR IQTISODIY O‘SISH ORQALI AHOLI TURMUSH FAROVONLIGINI OSHIRISH MASALALARI

Accounting. Journal of accounting research, 8(3), p. 116-129.

5. Grejadan, G., Joldos, M.A. and Stanciu, C.I. (2010) Pillars of the audit activity: Materiality and audit risk. Annals of the University of Petrosani, Economics, 10(2), p. 225-238.

6. Самадова Н.Р. Хўжалик юритувчи субъектлар иқтисодий салоҳияти тушунчаси ва унинг назарий асослари. // Бизнес эксперт (илмий-амалий журнал). – Тошкент, - №4. 2021. – 87-91 б. (08.00.00; №4)

7. Самадова Н.Р. Хўжалик юритувчи субъектларда иқтисодий салоҳиятни ифодаловчи кўрсаткичлар таҳлилининг амалий жиҳатлари // Scientific Journal of “International Finance & Accounting” 3/2023.

8. Ibragimov Gayratjon Artikovich. (2023). DIGITAL ECONOMY AND CHANGES IN BUSINESS ANALYSIS. International Journal of Research in Finance and Marketing (IJRFM), 13(12), 47-52. Retrieved from <https://euroasiapub.org/wp-content/uploads/IJRFM4Dec2023-Uzb.pdf>

9. Ibragimov Gayratjon Artikovich, Kurbanbaev Jurabek Eruvbayevich, Mukhiddinova Barno Gafurjanovna. (2019). The main differences between IFRS and NSA. International Finance and Accounting, 3(13), 1-12. Retrieved from <https://core.ac.uk/download/pdf/285998049.pdf>

10. Klichev Bakhtiyor Pardayevich. (2022). ISSUES OF PRODUCT PRICING IN THE ANALYSIS OF OPERATIONAL. Пандемия шароитида иқтисодиёт, молия ва бошқарувда рақамли трансформация жараёнлари (IV ФОРУМ «ЭКОНОМИКА В МЕНЯЮЩЕМСЯ МИРЕ» 2022 май КАЗАНЬ-ТАШКЕНТ), Казань-Ташкент. <https://doi.org/10.5281/zenodo.6641015>

11. Ibragimov Gayratjon Artikovich. (2023). DIGITALIZATION OF THE ECONOMY AND OPERATIONAL SAFETY. International Journal of Research in Economics and Social Sciences(IJRESS), 13 (11), 95-101. Retrieved from <https://euroasiapub.org/wp-content/uploads/IJRESS10-Nov2023-Uzb.pdf>

12. Қличев Бахтиёр Пардаевич. (2023). ХЎЖАЛИК ЮРИТУВЧИ СУБЪЕКТЛАРДА ОПЕРАЦИОН ЦИКЛ ТАҲЛИЛИНИ ТАШКИЛ ЭТИШ МАСАЛАЛАРИ . World Scientific Research Journal, 16(1), 196–203. Retrieved from <http://wsrjournal.com/index.php/wsrj/article/view/2718>

13. Ibragimov Gayratjon Artikovich. (2024). EKSPORT-IMPORT OPERATSIYALAR HISOBI NAZORATINI TAKOMILLASHTIRISH YO‘NALISHLARI . World Scientific Research Journal, 23(2), 215–222. Retrieved from <http://www.wsrjournal.com/index.php/wsrj/article/view/3034>

14. Gayratjon Ibragimov. (2024). TIJORAT BANKLARIDA MBMB TIZIMINI JORIY ETISH MASALALARI . World Scientific Research Journal, 23(2), 223–230. Retrieved from <http://www.wsrjournal.com/index.php/wsrj/article/view/3035>

15. Қличев Бахтиёр Пардаевич. (2023). ОПЕРАЦИОН ФАОЛИЯТ ТАҲЛИЛИНИ ТАШКИЛ ЭТИШ МАСАЛАЛАРИ . World Scientific Research Journal, 12(2), 263–271. Retrieved from <http://wsrjournal.com/index.php/wsrj/article/view/2557>

16. Пардаевич, Қ. Б. (2023). Хўжалик юритувчи субъектларда операцион фаолиятида ишлаб чиқариш ҳажмини ифодаловчи кўрсаткичлар таҳлили. *Scientific Journal of “International Finance & Accounting*, (2), 2181-1016.

17. Ibragimov Gayratjon Artikovich. (2024). MUQOBIL IQTISODIYOTNI SHAKLLANTIRISH: MUAMMOLAR VA YECHIMLAR . World Scientific Research Journal, 23(2), 231–238. Retrieved from <http://www.wsrjournal.com/index.php/wsrj/article/view/3036>

BARQAROR IQTISODIY O‘SISH ORQALI AHOLI TURMUSH FAROVONLIGINI OSHIRISH MASALALARI

18. Тулаев, М. С., & Кличев, Б. П. (2022). ВОПРОСЫ СОВЕРШЕНСТВОВАНИЕ УЧЕТА КОРПОРАТИВНЫХ ОБЛИГАЦИИ: ОБЯЗАТЕЛЬСТВО ИЛИ КАПИТАЛ. In Учет, анализ и аудит: их возможности и направления эволюции (pp. 146-154).
19. Ibragimov Gayratjon Artikovich. (2024). BIZNES JARAYONLARNI OPTIMALLASHTIRISH YO‘NALISHLARI . *World Scientific Research Journal*, 23(2), 239–246. Retrieved from <http://www.wsrjournal.com/index.php/wsrj/article/view/3037>
20. Қличев Бахтиёр Пардаевич. (2023). ОПЕРАЦИОН ФАОЛИЯТ НАТИЖАЛАРИНИ ИФОДАЛОВЧИ КЎРСАТКИЧЛАР ТАХЛИЛИ. *World Scientific Research Journal*, 21(1), 182–188. Retrieved from <http://www.wsrjournal.com/index.php/wsrj/article/view/2876>
21. У.А. Нурманов. (2024). ЖОРИЙ АКТИВЛАРНИ ҚЎЛЛАШ ЖАРАЁНИДА БОШҚАРИШ ФУНКЦИЯСИНИ ТАКОМИЛЛАШТИРИШ. *World Scientific Research Journal*, 26(3), 140–147. Retrieved from <http://www.wsrjournal.com/index.php/wsrj/article/view/3257>
22. Yuldashevna, R. U. (2022). Monitoring of Credit Risks as Financial Resources In Commercial Banks. *International journal of trends in business administration*, 12(1).
23. Rozmatova Umida Yuldashevna. (2024). NOMODDIY AKTIVLAR AUDITINI TAKOMILLASHTIRISH. *World Scientific Research Journal*, 26(3), 177–184. Retrieved from <http://www.wsrjournal.com/index.php/wsrj/article/view/3261>
24. Rozmatova Umida Yuldashevna. (2023). IQTISODIYOTNI RIVOJLANISH ISTIQBOLLARIDA AXBOROT KOMMUNIKATSIYA TEXNOLOGIYALARINING AHAMIYATI . *World Scientific Research Journal*, 16(1), 20–22. Retrieved from <http://wsrjournal.com/index.php/wsrj/article/view/2693>