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A Qualitative Research Examining the Impact of the Earthquakes on Financial Reports within the Scope of IAS 10 *

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Abstract

Deeply affecting the Turkish economy, the earthquakes that struck Kahramanmaraş on February 6, 2023, had an adverse effect on the operations of numerous companies. As of the occurrence date, these earthquakes have been reported in the financial statements of many publicly traded companies as events after the reporting period. The purpose of this study is to determine how events after the balance sheet date are reported in the financial statements of companies in Türkiye in the post-earthquake period. In line with this objective, two sample groups were created from companies whose stock trading was suspended after the earthquake and those in the BIST-100 Index that continued trading. The financial statements of these sample groups, specifically regarding events after the reporting period, were separately examined. Qualitative methods were employed in the analysis, and word frequencies and word clouds were obtained using Maxqda Analytics Pro 24. The analyses confirmed that publicly traded companies report events after the reporting period in accordance with International Financial Reporting Standards. Additionally, the study qualitatively revealed the economic impacts of the earthquake disaster in Türkiye, resulting in both material and non-material losses. This study has the potential to contribute to the limited domestic literature by addressing events after the reporting period through conceptual or theoretical examinations. Additionally, it stands to contribute to the broader international literature on the subject.

Keywords: Events After the Reporting Period, Accounting Standards, Financial Reporting, Qualitative Research.

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1. INTRODUCTION

One of the most crucial attributes of financial information affecting the success of decision-makers' predictions and preferences is its completeness. Financial statements reflect the company's performance and financial position regarding its activities in the relevant period at the end of the accounting process. Financial statements are prepared at the end of the period, that is, as of the balance sheet date. However, the audit of financial statements, correcting entries, publication, and approval of financial statements can be completed within a considerable period of time after this date. In the period from the balance sheet date until the financial statements are published, new information may be obtained, or new events may occur that affect the relevant period or can be associated with the relevant period and, therefore, need to be presented to users of financial statements. In summary, financial statements may be affected by information obtained or an event occurring after the balance sheet date. When evaluated in terms of completeness of financial information, it becomes a necessity to convey such information and events to decision-makers.

International accounting and auditing standards determine reporting and auditing responsibilities for events after the balance sheet date. International Accounting Standard (IAS) 10: Events After the Reporting Period, translated into Turkish and published by the Public Oversight Authority (POA), is applied to account for events within this scope and disclose them in footnotes. International Standard on Auditing (ISA) 560: Subsequent Events, published by the International Federation of Accountants (IFAC) and translated into Turkish by the POA, regulates the responsibilities of independent auditors regarding such events. The purpose of international standards is to ensure the appropriate accounting or disclosure of subsequent events and that affect the financial statements in favor of or against the company and to guide the independent audit in the processes of obtaining evidence of such events and explaining them in the audit report.

Publicly traded companies in Türkiye are subject to Turkish Financial Reporting Standards (TFRS), which are fully compliant with International Financial Reporting Standards (IFRS). The TFRS are published and supervised by the POA, an independent body responsible for setting, implementing, and auditing financial reporting standards in Türkiye. The Capital Markets Board (CMB) regulates the financial reporting processes of publicly traded companies and ensures investor protection. Therefore, financial reporting practices in Türkiye aim to comply with international standards and be transparent.

The primary aim of this study is to qualitatively analyze the subsequent events reported in the financial statements of companies directly impacted by the Kahramanmaraş earthquakes of February 6, 2023, deemed the "disaster of the century" and characterized as the most severe natural catastrophe in the history of the Republic of Türkiye. These earthquakes disrupted the economic activities of many companies in Türkiye and deeply affected the Turkish economy. Occurring before the approval of many companies' financial statements, the earthquakes affected the 2022 financial statements of publicly traded companies and were thus evaluated as events after the reporting period. In this study, the financial statements of the companies directly affected by the earthquake and the BIST-100 Index companies other than these companies were included in the scope of the research, and the subsequent events were examined.

In the next part of the study, the conceptual framework and relevant literature directed by international standards that determine the reporting of events after the reporting period in financial statements and the responsibilities of the audit are discussed. In the following sections, the research method and the findings obtained from the financial statements of the companies included in the research are included, respectively. The final section encompasses conclusions and recommendations.

2. CONCEPTUAL FRAMEWORK

In this section, the conceptual framework guided by ISA 560: Subsequent Events and IAS 10: Events after the Reporting Period has been elucidated.

2.1. Events after the Reporting Period

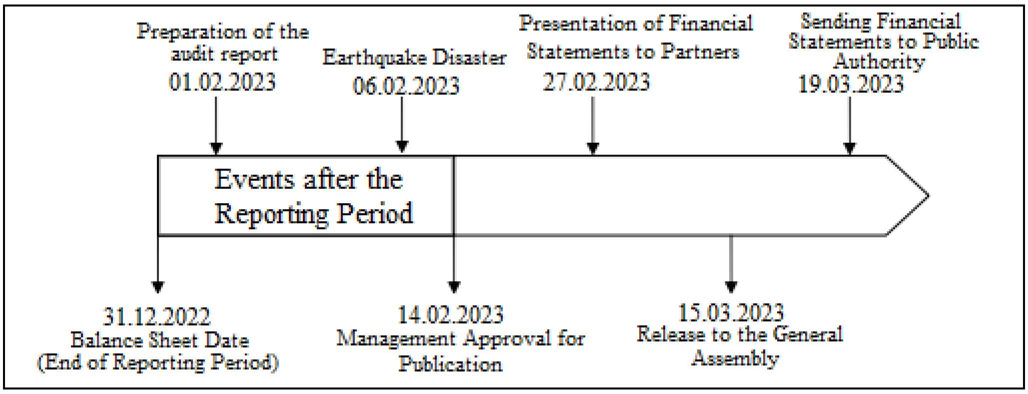
IAS 10 defines events that occur within the period between the end of the reporting period, or in other words, between the balance sheet date and the date when the financial statements are approved for publication, and that affect the business favorably or unfavorably, as either event after the balance sheet date or events after the reporting period. In the standard, such events are divided into two: events that require adjustment and events that do not require adjustment. Adjustment is required where there is evidence that the relevant events existed as of the balance sheet date (end of the reporting period). In cases where there are conditions indicating that the relevant events occurred after the balance sheet date (end of the reporting period), no adjustment is required (International Accounting Standards Board, 2003, p. 2). ISA 560 adopts a similar approach to accounting standards when defining subsequent events. Accordingly, it is underlined that financial statements may be affected by subsequent events, and such events are classified into two categories: events confirming the situations existing at the balance sheet date and events indicating situations occurring after the balance sheet date (Financial Reporting Council, 2018, p. 5).

Legal regulations and practices considered when preparing financial statements and the structure of management may differentiate the processes for approving financial statements for publication. In addition, in some cases, the financial statements of companies may need to be presented to their partners after their publication for approval, in other words, for acquittal. In such cases, the date of approval of the financial statements is accepted as the date on which the board of directors decided to publish the financial statements, not the date on which the partners approved the financial statements.

E Inc. prepared its financial statements on 31.12.2022. Audit firm F prepared the audit report on the financial statements on 01.02.2023. On 06.02.2023, one of the largest earthquake disasters in history occurred in Türkiye. The company's board of directors approved the publication of the financial statements on 14.02.2023. Financial statements were presented to partners and other relevant parties on

27.02.2023. The company's financial statements were released to the general assembly on 15.03.2023 and sent to the relevant public authority on 19.03.2023. The date of approval of the financial statements is considered to be 14.02.2023, which is the date that the company's senior management approved their publication. The events are shown chronologically in the Figure 1.

Figure 1. Scope of Events After the Balance Sheet Date



Some situations may have arisen during the period from the balance sheet date until the date when the financial statements are approved for publication by the management. (1) Events may have occurred or emerged that may affect future financial statements. (2) Information regarding past events may have just been obtained. (3) Changes may have been made regarding the terms used in the preparation of financial statements. While the first two of these are evaluated within the scope of events after the reporting period, the last one is evaluated within the scope of accounting policies, changes in accounting estimates, and error standards (Sümer & Erer, 2009, p. 3).

The date on which the board approves the financial statements of directors for publication must be disclosed to the public. This date is important for financial statement users to know, as the financial statements do not cover information and events after this date. In addition, if the company's owners and partners, managers or other relevant parties have the authority to change the financial statements, this must be disclosed to the public. In this study, events after the balance sheet date were examined by dividing them into two: events that require adjustment and events that do not require adjustment, as discussed in accounting standards.

2.1.1. Events Requiring Adjustment After the Reporting Period

Events that require adjustment in the financial statements after the reporting period define situations where there are conditions that provide evidence that the relevant events existed as of the balance sheet date. Events that require adjustment in the financial statements are events that have evidence of their existence as of the balance sheet date and have a materiality level that will affect the estimates regarding the financial statements. Reflecting such events in the financial statements will ensure that useful financial information is complete and relevant, which are its most basic characteristics. The simplest distinction as to whether an event occurring after the balance sheet date will require adjustment in the financial statements is to determine whether the event in question affects any accounting item. Accordingly, if an event affects the amount of any account, it requires adjustment in the financial statements. If conditions arise regarding events that require adjustment in the financial statements, the relevant accounting accounts are corrected or those that were not previously shown in the financial statements are included in the financial statements. Examples of such events can be listed as follows (Tüm & Memiş, 2015, p. 325):

- The bankruptcy of a customer who owes the company money,
- Selling inventory below its net realizable value,
- Determination or change of net realizable amounts of stocks,
- Occurrence of erroneous or fraudulent situations before the reporting date,
- Determining the reasons for excesses or deficiencies,
- Determining the revenues related to the sale of assets or the costs related to their purchase,
- Finalization of bonus or dividend amounts to be provided to employees,
- The resolution of a legal case related to a subsequent event for which a provision was previously recognized,
- A change in significant accounting estimates.

2.1.2. Events Not Requiring Adjustment After the Reporting Period

Events that do not require adjustment in the financial statements, as stated in the standard, reflect situations where conditions exist that indicate the relevant subsequent events. In short, these are events that do not exist as of the balance sheet date but occur after this date. Although such events do not affect the amounts reported in current financial statements, they will affect the amounts of future periods. Although no adjustments will be made in the financial statements for these events, the characteristics and financial effects of the events or the reasons why it is not possible to detect them should be presented in the footnotes of the financial statements. Examples of such events can be listed as follows (Pamukçu & Pamukçu, 2009, pp. 75-76; Sümer & Erer, 2009, pp. 10-11; Doğan & Cengiz, 2018, pp. 128-129):

- Significant impairment losses on assets,
- Disposal of a subsidiary or significant merger,
- Disclosure of management plans for the liquidation of an activity,
- categorization of assets for divestment or disposal,
- Purchase, exchange, expropriation or nationalization of important assets,
- Devastation of significant operating facilities due to fire or other disaster,
- Announcement of a plan for restructuring a debt or implementation of the announced plan,
- Conducting share purchase and sale transactions reaching significant amounts,
- Significant changes in foreign exchange rates and asset prices,

- Making or announcing that important tax regulations affecting the company's current tax receivables or debts will be made,
- The company is a party to significant commitments, contingent liabilities or guarantees,
- Opening of an important lawsuit to which the company is a party, due to a subsequent event.

The declaration of dividend distribution and the loss of validity of the going concern assumption, which can be considered as important events that do not require adjustment in the financial statements, are regulated explicitly under separate headings in the relevant standards.

In cases where it is announced that dividends will be distributed to stockholders after the reporting period, dividends are not reported as a liability in the financial statements since no obligation binding the company arises on the balance sheet date, and information is provided only in the footnotes of the financial statements. When dividend payments are announced to be made in the period between the balance sheet date and the date the financial statements are approved for publication, that is, when the approval of the payments is no longer at the initiative of the company, the dividends are not reported as liabilities in the financial statements because they do not meet the criteria for short-term liabilities. Information about these is presented only in the balance sheet footnotes in accordance with IAS 1 (International Accounting Standards Board, 2007; Yılmaz & Sarı, 2013).

3. LITERATURE

There are few studies in the Turkish literature examining events after the reporting period. Most of these studies examined the subject only theoretically. In the studies of Sümer and Erer, (2009), Delikanlı (2009), Pamukçu and Pamukçu (2009), Şalış (2011), Gönen and Kutay (2013), Doğan and Cengiz (2018), events after the reporting period are defined within the framework of IAS 10 and they are classified into two: events that require adjustment and events that do not require adjustment. In these studies, it is explained by giving examples of how such events will be accounted for and reported within the scope of accounting standards. In two studies (Dönmez, 2010; Tüm & Memiş, 2015) obtained as a result of the literature review, subsequent events were evaluated in terms of auditing standards. However, in these studies, the subject is primarily explained within the framework of IAS 10 and reporting examples are included. In these two studies, unlike the others, the responsibilities of the independent audit regarding subsequent events are briefly explained in the context of auditing standards.

The study of Yılmaz and Sarı (2013) differs from the studies in the literature, albeit limited. In this study, subsequent events are briefly explained within the scope of standards, accounting and reporting examples are given, and in the research section, subsequent events footnotes in the financial statements of Borsa Istanbul 100 Index companies are examined. As a result of these examinations, research reveals that 63 out of 100 companies made statements regarding subsequent events in their financial statements. Their research showed that the statements of those 63 companies comprised 171 subsequent events, classified into 28 topics. This study is the only research article in the Turkish literature, albeit in a limited scope.

Relatively more studies in the English literature have examined events after the reporting period. A considerable portion of these investigations employ quantitative methodologies. In numerous studies, data were gathered via surveys. Janvrin and Jeffrey (2007) investigated the impact of events after the reporting period on the independent audit process and auditors' perceptions on the matter. A combined total of 106 independent auditors participated in the data collection process, with 46 respondents completing printed questionnaires and 60 respondents filling out internet-based surveys. The findings indicated that evidence pertaining to subsequent events holds considerable significance within the independent audit process. Moreover, auditors demonstrate a stringent adherence to the prescribed audit procedures outlined by auditing standards when gathering such evidence. Nawaiseh and Jaber (2015) aimed to determine to what extent independent auditors in Jordan comply with ISA 560. Data was obtained via a survey administered to 62 out of 189 auditors in Jordan. The answers showed that they strictly adhered to the directive of the standard in the audit of subsequent events in the period between the balance sheet date and the audit report date, and that they avoided assuming their responsibilities after the audit report was published. Results indicate that auditors' characteristics, including professional expertise, experience, and education, do not significantly influence compliance with the standards. Another similar study that used a survey as a data collection tool is Özdemir and Gökçen (2016). The main motivation of this study is that the Capital Markets Board of Türkiye shortened the period between the balance sheet date and the report announcement date, thus the legally allowed period for the preparation of financial statements. Their findings are presented regarding which events after the reporting period are considered important by auditors in Türkiye. Subsequent events have been identified as a difficult audit area (Chung et al., 2013). In another study, Herda and Lavelle (2014) collected data from 76 auditors through a survey and reported suggestions that may be useful for improving the audit of subsequent events. Oyedokun (2015) examines the adoption of IFRS in Nigeria and the challenges posed by IAS 10 in audit reporting, particularly in distinguishing between adjusting and non-adjusting events. Abu-Nassar and Orabi (2012) assess the compliance of Jordanian companies with IAS 10, finding that adherence to its provisions remains low.

In a few studies in the English literature, models examining relationships in which subsequent events are included as a variable have been tested using statistical analysis methods. Michels (2017) examined investors' reactions to the distinction between recognizing disclosures related to natural disasters either within the reporting period as of the occurrence date or within the subsequent events. Evidence suggests that investors' responsiveness to statements made within the realm of events after the reporting period is delayed. Hategan and Crucean (2018) sought to elucidate the significance of events after the reporting period for financial statements, factors influencing reporting, and their implications for auditing. The study tested four regression models to assess an equation explaining the binary dependent variable, which measured whether events after the reporting period were reported. The findings present whether there exists a relationship between the independent variables, including the audit opinion, auditor type (Big4), the company's financial performance (profit or loss disclosure), and the company size, and the reporting of subsequent events. In another empirical study, Donatella et al. (2022) investigated to what extent situational factors related to the COVID-19 outbreak affected the possibility of disclosing COVID-19 information as an event after the reporting period in 2019 financial statements. In the study, logistic regression models were applied to estimate the probability of COVID-19 being disclosed within the scope of events after the reporting period, utilizing annual financial statement and audit report data. In the first of two other studies examining the impact of the COVID-19 pandemic, Al-Bishtawi and Al-Harasees (2022) analyzed how COVID-19 affected reporting on IAS 10 in Jordanian firms. In the second study, Esen and Sakin (2022) conducted a content analysis of Turkish firms, revealing deficiencies in post-reporting event disclosures during the pandemic. Collectively, these studies provide a comprehensive evaluation of IAS 10’s role in financial reporting and regulatory compliance.

Studies examining the impact of earthquakes on financial reports and accounting practices explore various effects of natural disasters on financial reporting and markets. The current study, which qualitatively examines the earthquake-related disclosures in financial reports within the scope of IAS 10, is also related to these studies in this aspect of the literature. Collectively, these studies provide a comprehensive analysis of the financial reporting, investment, and market fluctuations associated with earthquakes. Ferreira and Karali (2015) analyze the influence of earthquakes on stock market returns and volatility, highlighting market resilience. Shaw (2011) provides a financial risk management perspective on the economic consequences of the 2011 Tōhoku earthquake and tsunami. Miyazaki (2013) investigates the financial burden on local governments following earthquakes, while Scholtens and Voorhorst (2013) examine changes in stock values post-earthquake. Tunji et al. (2022) assess the impact of IAS 10 on investment decisions, whereas Yamada et al. (2012) analyze the financial consequences of earthquakes on a railway company. Skufina et al. (2017) evaluate the global economic implications of large-scale earthquakes, and Dhakal et al. (2024) examine the financial risks and post-earthquake performance of commercial banks in Nepal.

Studies examining the effects of natural disasters on financial reporting, financial management, and investment decisions provide valuable insights into the economic consequences of such events. The current study can be defined as a part of the literature consisting of these studies as it provides important inferences regarding the economic consequences of the Kahramanmaraş earthquake through qualitative examinations. Collectively, these studies provide a comprehensive understanding of how natural disasters affect financial stability, investment behavior, and policy responses. Chen (2020) analyzes the financial impact of natural disasters on local governments, highlighting their influence on liquidity, debt, and fiscal reserves. Keerthiratne and Tol (2017) examine the effects of natural disasters on financial development, particularly their influence on private credit markets. Miao et al. (2018) investigate how natural disasters affect public finances, including government expenditures, debt issuance, and tax revenues. Miao et al. (2020) analyze how disasters shape fiscal policy and intergovernmental financial transfers in China. Seo et al. (2018) assess the role of local financial capability in mitigating disaster-related economic losses. An and Park (2019) examine the impact of natural disasters on sovereign credit ratings and international financial accessibility in developing countries. Pauch et al. (2024) investigate the role of insurance in mitigating the financial burden of disasters and supporting asset reconstruction.

4. METHODOLOGY

After the balance sheet date of 2022, Türkiye occurred an earthquake disaster that impacted 11 provinces, resulting in significant destruction, particularly in 5 provinces. From a financial reporting perspective, this major disaster is reported as events after the reporting period. In this context, our study examined the financial statements of companies operating in the earthquake-affected areas. The purpose of this review is to elucidate how companies documented the earthquake in their financial statements and assess the repercussions the disaster had on the companies' operations. Conversely, the earthquakes on February 6, dubbed the "disaster of the century," impacted all companies nationwide, albeit indirectly, beyond the area of direct devastation. For this reason, in our study, the financial statements of other companies, as well as companies operating in the earthquake zone, were examined within the scope of events after the reporting period. In this context, the study sample was divided into two groups and compared based on the data reported within the scope of events after the balance sheet date.

To identify the companies directly affected by the earthquake, the statements published by Borsa Istanbul's (Stock Exchange of Türkiye) management on the Public Disclosure Platform (PDP) were considered. Accordingly, it has been decided to suspend the transactions of partnership shares located in the earthquake zone until the companies make a special situation statement regarding how they were affected by the earthquake. In addition, four companies with activities or investments in the region, apart from the companies for which Borsa Istanbul took measures, were evaluated within this scope. As a result of this sample selection methodology, a total of 12 firms were encompassed in the scope of companies directly affected by the earthquake. Information about these companies is presented in Table 1.

Table 1. Companies Directly Affected by the Earthquakes

	Market Value (TL)	Index	Province
Sasa Polyester Industry	212,529,149,300	BIST-30	Gaziantep
Bossa Trade and Industry Enterprises	3,987,200,000	BIST-100	Adana
Bilici Investment Industry and Trade	1,263,000,000	BIST-100	Adana
Sanko Marketing Import Export	2,249,100,000	BIST-All	Gaziantep
Hateks Hatay Textile Enterprises	589,050,000	BIST-All	Hatay
Iskenderun Iron and Steel	96,744,000,000	BIST-50	Hatay
Arsan Textile Trade and Industry	1,635,595,720	BIST-100	Kahramanmaraş

(Table 1 cont.)

	Market Value (TL)	Index	Province
Rubenis Textile Industry Trade	1,536,190,000	BIST-100	Şanlıurfa
Çemaş Foundry Industry	1,190,000,000	BIST-100	Kahramanmaraş
Aydem Renewable Energy	8,490,000,000	BIST-100	Adana
Barem Packaging Industry	3,230,000,000	BIST-100	Gaziantep
RTA Laboratory Biological	720,000,000	BIST-All	Malatya

In our research, a second sample group was formed from the BIST-100 companies for comparative analysis with the first group's data. To prevent redundancy and maintain consistency with the study objectives, the companies from the first group of BIST-100 firms were excluded from the second group. Consequently, the second group comprised 91 companies.

A qualitative research methodology was adopted in our study. In line with this methodology, first of all, the financial reports of the companies we divided into two sample groups were examined, and their statements regarding the scope of events were analyzed after the balance sheet date. Thus, it will be determined what kind of disclosures companies make in their financial statements regarding events after the balance sheet date. In addition, such statements will reveal the extent of the earthquake's impact. Then, the words in the data set obtained from the companies' financial reports will be classified according to a certain frequency limit. Thus, it will be possible to make an inference about which events were reported after the balance sheet date. Finally, the methodology of this study ends with word cloud analysis to reinforce the previous analysis. Word cloud analysis allows the researcher to visualize the relationships obtained from the data set and to understand the relationships within the data set more easily. In this analysis, the purpose of visualization is to provide information on the subject rather than aesthetic concerns (Williams et al., 2013). The summary provided by the word cloud will enable judgment regarding subsequent events to be made. In this analysis, the most repeated words in the data set are presented with a font size consistent with their frequencies (Heimerl et al., 2014, p. 1833).

Within the scope of the research, the 2022 financial reports of a total of 103 companies, 12 of which were companies whose activities were directly affected by the earthquake, were analyzed. The data of the study were analyzed with the Maxqda Analytics Pro 24 program (MAXQDA, 2024) which is a computer software that allows detailed qualitative analysis. The outcomes derived from content analysis are expounded upon in the subsequent section. Throughout the analysis process, conjunctions, prepositions, suffixes, punctuation marks, and irrelevant words were excluded from the dataset, ensuring relevance to the research objectives. The findings were then interpreted in alignment with the aims of the study, with particular attention given to highlighting disparities between the two sample groups.

5. FINDINGS

In presenting the findings of our study, we adhered to an approach suitable for qualitative research methodology. Initially, significant findings pertaining to the disclosure of "Events After the

Balance Sheet Date" were elucidated based on the examined reports. Subsequently, the analyses outlined in the methodology section of the study were detailed.

In the financial reports of most companies within the research scope, "Events After the Balance Sheet Date" are typically addressed in a distinct footnote located on the final pages. Upon scrutinizing the financial statements, occurrences falling under "Events After the Balance Sheet Date" are delineated under various headings, supplementing the standard nomenclature. These titles include:

- "Events After the Balance Sheet Date (Nomenclature in Accounting Standards)"
- "Events After the Reporting Period"
- "Events That Occurred After the Balance Sheet Date"
- "Events After Reporting Date"
- "Disclosures and Footnotes Regarding After the Balance Sheet Matters" (In Banks' Reports)
- "Subsequent Events"
- "Events After the Financial Position Statement (Balance Sheet) Date"
- "Subsequent Events from The Financial Position Statement"

Upon reviewing the financial reports of the companies, it was noted that within sections detailing the reporting standards adhered to, concise elucidations regarding "Events After the Reporting Period" were provided. Within these statements, "Events After the Reporting Period" are defined, and a distinction is made between events that require adjustment and events that do not require adjustment. For example, the report of Akfen Renewable Energy Inc. includes the following statements: "*Events after the reporting period encompasses all occurrences between the balance sheet date and the date when authorization for the publication of the balance sheet is granted, irrespective of any prior disclosure of profit or other pertinent financial data. Should events necessitating adjustments arise subsequent to the balance sheet date, the Group rectifies the figures presented in the consolidated financial statements to reflect this new development.*" A comparable instance is Alfa Solar Energy Industry and Trade Inc., which can be cited as follows: "*If an event necessitating adjustment arises in the financial statements between the balance sheet date and the authorization date, the requisite adjustments are implemented. In instances where no adjustment is required, the pertinent event is elucidated in the footnotes of the balance sheet.*" The concept of materiality has been mentioned in certain reports. For instance, the following statement is contained in the report of Aksa Acrylic Chemical Industry Inc.: "*Events that occur after the reporting period of the Group and may affect its situation during the reporting period (events that require adjustment) are reflected in the consolidated financial statements. Events that do not require adjustment are explained in footnotes if they are of particular importance.*" In some reports, emphasis is placed on the presentation of financial statements in accordance with the new circumstances after defining "Events After the Balance Sheet Date". An example of this is the report of Bilici Investment Industry and Trade Inc.: "…*It refers to the events that* *occur in favor or against the Group between the balance sheet date and the authorization date for the publication of the balance sheet. If there is new evidence indicating that the mentioned events occurred as of the balance sheet date or subsequent to it, the Group elaborates on these matters in the corresponding footnotes. The Group adjusts the amounts included in the financial statements if events requiring adjustment occur after the balance sheet date, aligning them with the new circumstances*."

Upon examination of the financial reports, it was identified that two events transpired in the first quarter of 2023, both of which were disclosed in the footnotes pertaining to "Events After the Reporting Period". The first of these is the earthquake disaster, which is the reason for the sample classification of our study. The second is the Social Insurance and General Health Insurance Law and the Law on Amendments to the Decree Law No. 375, which came into force after being published in the Official Gazette on March 3, 2023. It has been observed that pension regulations impact the financial statement footnotes of companies that disclose their annual financial reports after the publication date. This adjustment is specifically reported in the footnotes under "Events After the Balance Sheet Date". For instance, the financial statement footnotes of Ahlatcı Natural Gas Distribution Energy and Investment Inc. include the following explanations: "*The Law on Amendments to the Decree Law No. 375 entered into force by being published in the Official Gazette No. 32121 dated March 3, 2023. Although this issue is considered as an event that does not require adjustment after the reporting period within the scope of TAS 10: Events After the Reporting Period standard, studies on measuring its impact on the Group's operations and financial position are continuing*." A similar explanation is also available in the footnotes of Alarko Holding Inc.: "*The Law on Amending the Social Insurance and General Health Insurance Law No. 7438 and the Decree Law No. 375 entered into force by being published in the Official Gazette No. 32121 dated March 3, 2023. This issue was evaluated within the scope of TAS 10: Events After the Reporting Period standard*."

The Kahramanmaraş earthquakes that occurred in February 2023 caused tangible and intangible damage in the region covering the borders of 11 provinces. It is predicted that material damages will be over 100 billion dollars (Bloomberg HT, 2023). In the report by the Turkish Economic Policy Research Foundation (TEPAV), it was estimated that the funding needed to address the financial repercussions of the earthquake and to facilitate the region's development amounted to approximately 150 billion dollars (NTV, 2023). The negative economic effects of the Kahramanmaraş earthquakes impacted much of Türkiye beyond the earthquake zone. In the Kahramanmaraş and Hatay Earthquakes Report by the Presidency of Strategy and Budget, it was projected that the earthquake would exert a negative influence of 1-1.4% on the economic growth figures of Türkiye in 2023 (Presidency of Strategy and Budget, 2023, p. 122). The earthquake caused direct damage to the facilities of companies operating in the region or loss of workforce. For example, the following statements are included in the annual financial reports of Arsan Textile Trade and Industry Inc., which we determined has production activities in the earthquake zone: "*Following the earthquake centered in Kahramanmaraş on February 6, 2023, the Group notified* *the insurance company regarding the damages incurred in its production facilities. Experts assigned by the relevant insurance company have started to work to determine the damage in the Woven Fabric, Woven Dyeing Finishing, Knitted Dyeing Finishing, Yarn Dyeing Finishing, Purification Facility and Energy Production facilities of Arsan Weaving Dyeing Industry and Trade Inc., which realizes almost all of the production and textile turnover of the parent company. The review and negotiation processes are continuing regarding the type and amount of damage occurring in the specified production facilities, who will carry out the maintenance, repair and commissioning works of the construction and machinery and how long it will take. Again, depending on these processes, the relevant insurance company and its experts continue to work on the amount of Profit Loss that should be taken for the period when the facilities are not in operation. Due to these reasons, there is currently no definite opinion on when the production facilities of Arsan Weaving Dyeing Industry and Trade Inc. will become operational. Nevertheless, it is expected that the production facilities will resume operations before the expiration of the Loss of Profit policy period. Consequently, the Group's shares are suspended from trading on the stock exchange due to the abovementioned circumstances. A significant portion of the Yarn Production facilities owned by Arsan Textile Trade and Industry Inc. sustained damage, resulting in a total compensation payment of 222,609,670 TL by Anadolu Turkish Incorporated Insurance Company. Investigations by the insurance company regarding the stocks in the Group's production facilities are continuing, and some of the stocks have still not been reached due to the damage to the buildings. The value of inventory in the damaged buildings is approximately 44,000,000 TL, and it remains unclear how much of this inventory has been damaged. This inventory is covered by insurance*."

On the other hand, many companies outside the region were damaged because they carried out direct or indirect commercial activities with companies in the earthquake zone. Since the majority of companies carrying out production activities outside the region carry out commercial activities in the earthquake region, their relationships have been damaged and they have lost their customer base. The adverse economic impacts were also evident in the financial statements of companies unaffected directly by the earthquake, primarily due to the absence of production activities in the earthquake region. For instance, the financial statement footnotes of Ülker Biscuit Industry Inc. include the following disclosures: "*Following the earthquakes centered in Kahramanmaraş, which impacted multiple provinces, a state of emergency was declared encompassing 10 provinces in the area. Efforts to assess the situation and closely monitor the developments related to this natural disaster are ongoing*." Similar statements were echoed by numerous service businesses. Examples of such statements can be found in the footnotes of financial statements, such as those made by Albaraka Turkish Bank Inc.: "*An earthquake struck the southeastern region of Türkiye, impacting several provinces. Efforts to gauge the effect on the Parent Bank's operations and financial standing are ongoing, as the full extent of this earthquake, resulting in the loss of thousands of lives and injuries, remains uncertain*."

Finally, another observation we made after reviewing the financial reports is that many companies felt compelled to issue statements even if they were not directly affected by the earthquake. This finding indicates that companies perceive the earthquake as an event of significant magnitude that will profoundly impact the entire country. The statements of Eczacıbaşı Investment Holding Corporation serve as examples in this regard: "*The developments concerning the earthquake disaster that affected 11 provinces in the same region, with Kahramanmaraş at the center, on February 6, 2023, are being closely monitored. There are no conditions or uncertainties affecting the company's operations and financial statements*."

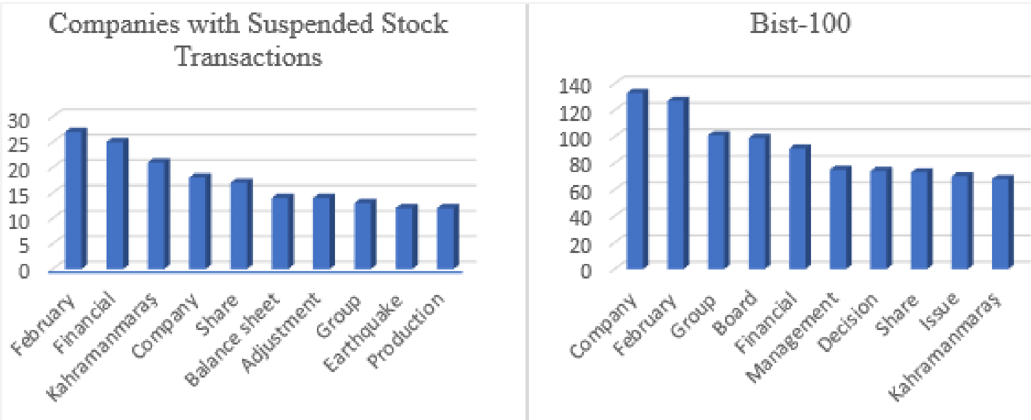
After detailed qualitative analysis without using any computer program, frequency and word cloud analysis was carried out with the help of Maxqda Analytics Pro 24. The data set used in these analyzes consists of documents containing events after the reporting period footnotes in the financial statements of a total of 103 companies. Analyzes were applied separately to the two sample groups we defined before. Table 2 presents the most frequently repeated words in the footnotes concerning subsequent events for two distinct groups: one comprising 12 companies, whose stock transactions were suspended by Borsa Istanbul until a special disclosure was made by the company management on the public disclosure platform, and the other consisting of 91 companies listed on the BIST-100 Index. Word frequency tables are visualized with the graphs in Figure 2.

Table 2. Word Frequencies

Companies with Suspended Stock Transactions				Bist-100			
Row	**Word**	**Fre.**	**Percentage**	**Row**	**Word**	**Fre.**	**Percentage**
1	February	27	3.26	1	Company	133	0.83
2	Financial	25	3.02	2	February	127	0.79
3	Kahramanmaraş	21	2.53	3	Group	101	0.63
4	Company	18	2.17	4	Board	99	0.61
5	Share	17	2.05	5	Financial	91	0.56
6	Balance sheet	14	1.69	6	Management	75	0.47
6	Adjustment	14	1.69	7	Decision	74	0.46
8	Group	13	1.57	8	Share	73	0.45
9	Earthquake	12	1.45	9	Issue	70	0.43
9	Production	12	1.45	10	Kahramanmaraş	68	0.42

Following the word frequency analysis, it was observed that there were 168 words with a frequency of at least 3 in the events after the balance sheet date footnote in the financial statements of the companies whose stock transactions were suspended by Borsa Istanbul. It was determined that there were 1423 words with a frequency of at least 3 in the data set of BIST-100 index companies other than these companies. Table 2 and Figure 2 present the findings regarding the first 10 most frequently repeated words for both sample groups. Word frequency analyzes appear to confirm the detailed analysis of the events after the reporting period footnote presented previously. It was determined that among the most frequently repeated words in all companies, the words associated with the February 2023 Kahramanmaraş earthquakes were at a significant level. The weight of such words is higher in the data of companies whose stock transactions have been suspended.

Figure 2. Word Frequency Graphs

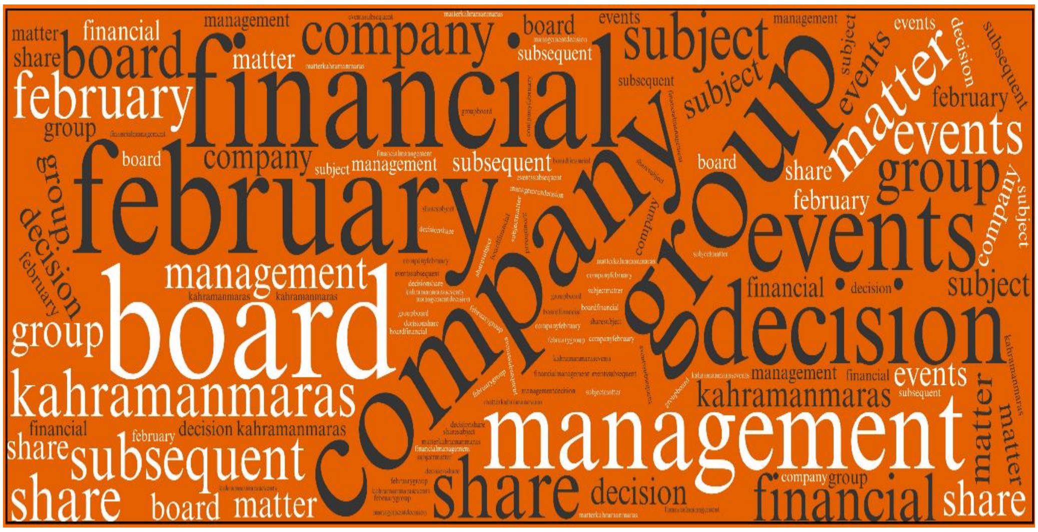


Word clouds were created with data from both groups to visualize the frequency in the data sets. The minimum frequency and number of words in word clouds were determined in a manner consistent with the size of the data set. Figure 3 depicts the word cloud generated from the data of companies whose stock transactions were suspended following the earthquake. Figure 3 shows a word cloud of companies with suspended stock transactions. The size of each word indicates the frequency of its occurrence in the companies' financial reports.

Figure 3. Word Cloud of Companies with Suspended Stock Transactions

When the Word Cloud developed with the data of companies whose Stock Transactions were Suspended is examined, it is understood that words related to the February 2023 Kahramanmaraş earthquakes are predominant. Considering the criteria of the word cloud, it can be said that a significant portion of the most frequently repeated words are related to earthquakes. Similar analysis was conducted for companies in the BIST-100 index. Figure 4 presents a word cloud of BIST-100 Index companies. The size of each word corresponds to its frequency within the companies' public disclosures related to subsequent events.

Figure 4. Word Cloud of Bist-100 Index



The analysis of the word cloud generated from the data of BIST-100 companies reveals that while there are fewer earthquake-related words compared to the companies whose stock transactions were suspended post-earthquake, they are still present. Particularly, words associated with the Kahramanmaraş earthquakes are noticeable among those with repetition above certain frequency thresholds. This observation aligns with the extensive scale of the earthquake disaster and its significant economic repercussions nationwide. The word clouds and frequency tables effectively reflect the findings obtained from the detailed qualitative examinations conducted through the footnotes of subsequent events.

6. CONCLUSION

In this research, events after the balance sheet date are conceptually examined, primarily within the framework of ISA 560: Subsequent Events and IAS 10: Events After the Reporting Period. Following these conceptual reviews and definitions, qualitative reviews and analyses were conducted to assess how events after the balance sheet date were disclosed in the financial statements of Turkish companies. The primary motivation for investigating this issue within the research scope is to observe how the Kahramanmaraş earthquakes, significantly impacting Türkiye, were reported within the context of events after the balance sheet date. This determination confirms that companies listed on Borsa Istanbul report events after the balance sheet date in accordance with IAS 10, and the qualitative analysis reveals how the effects of the earthquake disaster, causing substantial tangible and intangible losses in Türkiye, are reflected in the financial statements.

In addition to companies whose production facilities were directly damaged, service businesses that had commercial relations with companies in the earthquake zone or whose customer base resided in the region were greatly damaged by the earthquake. The destructive power of the earthquake that affected the whole country was reflected in the financial reports of almost all of the publicly held companies within the scope of our research. However, it has been determined that the longest statements were made by companies that had production activities in the earthquake zone and whose stock transactions in Borsa Istanbul were temporarily suspended immediately after the earthquake.

In addition to the earthquake disaster in 2023, another significant event considered within the realm of events after the reporting period is the enactment of amendments to pension laws. This legal reform impacts approximately 5 million employees nationwide. Given that a substantial portion of those affected by the regulation are employed in public entities, its repercussions on financial reporting are magnified. Many companies, issuing their financial reports after March 3, the date of publication of the law in the Official Gazette, assessed the implications of the retirement regulation under the events after the balance sheet date category and elucidated its influence on financial reporting.

Turkish literature concerning events after the balance sheet date predominantly comprises conceptual or theoretical analyses. Empirical investigations on the topic are scarce in the international literature as well. Our study holds promise for bridging this identified gap in the literature. Future research endeavors, particularly those employing quantitative or mixed analysis methodologies, have the potential to yield further insights and advancements in the field.

Ethics Committee approval was not required for this study.

The authors declare that the study was conducted in accordance with research and publication ethics.

The authors confirm that no part of the study was generated, either wholly or in part, using Artificial Intelligence (AI) tools.

The authors declare that there are no financial conflicts of interest involving any institution, organization, or individual associated with this article. Additionally, there are no conflicts of interest among the authors.

The authors affirm that they contributed equally to all processes of the research.

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